Local Investment Promotion in the Mediterranean

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ANIMA Investment Network is a multi-country platform supporting the economic development of the Mediterranean. The network brings together over 80 Investment Promotion Agencies (IPA), international networks and players involved in the territorial development of the Mediterranean region. The objective of ANIMA is to contribute to a better investment and business climate and to the growth of capital flows into the Mediterranean region.

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Authors

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Mediterranean territories competing for investment

The countries which line the Mediterranean are marked by a strong tradition of centralised economic development policies:

✧ On the Northern rim, **decentralisation** has enabled territories to gain influence over the policies affecting their economic attractiveness.

✧ In Southern MED countries, governments tend to prefer exceptions to a burdensome inland investment regime (free/special economic zones), which reinforces the **concentration** of economic activities and territorial discrepancies. Local state representatives dealing with sub-national investment promotion often see investment as paperwork and potential rent rather than a virtuous cycle needing specific support.

✧ Yet the sustainable development of the region will rely more and more on the dissemination of a pro-active investment promotion culture in order to help its territories face tougher territorial competition.

Foreign Direct Investment concentration in Med countries

(source: ANIMA-MIPO 2008-10 => www.medmaps.eu)

Towards a MedValley: reinforcing local investment promotion capabilities

A local roll-out of cutting-edge strategies and tools

This practical compendium comprises 10 case studies, which show different ways of:

✧ defining a **promotion strategy** (conducting a SWOT analysis or benchmark, internally or through a carefully-chosen consultancy);

✧ turning your promotion strategy into an effective **communication plan** (building an image/a brand, forging ahead with the right differentiating messages, favouring suitable tools and channels);

✧ fine-tuning your **prospecting plan** (identifying and canvassing your potential partners and targets, calibrating your tools).

Each case study (ranging from 6 to 8 pages depending on the available information) provides:

✧ an institutional profile (allocated missions/means put into perspective, national and local economic or institutional peculiarities);

✧ an analysis of the organisation’s promotion strategy;

✧ an examination of its prospecting and communication plans (both the elaboration process and its output will be studied).

For whom is this compendium intended?

For the staff of any public or para-governmental organisation whose missions are significantly or totally connected to investment promotion in a sub-national territory: local authorities, industrial park managers, special economic zones, local representatives of central State administrations, regional investment centres, Chambers of Commerce and Industry (CCIs), economic development agencies.
The strength and experience of a peer network

After years of capacity-building efforts intended mainly for national investment promotion institutions, ANIMA, through its Med Academy (Euro-Med experience sharing seminars), took stock of the growing demand for specific actions expressed by local players, who will make tomorrow’s markets. Now to be found informally gathered under the MedValley label are a number of players involved in local investment promotion, both Mediterranean pioneers and their European counterparts. This embryonic MedValley network has provided sufficient grounds for the production of this compendium and the primary materials required.

No waffle: get the best out of accessible practices

This practical compendium is not a plea for the creation, South of the Mediterranean, of local economic development and investment promotion agencies following European models. It rather aims at addressing new operational challenges facing both mature and recently-created MED organisations that wish to develop a home-grown promotion culture and tools and whose status, missions and capabilities vary greatly.

Faced with a growing number of requests for technical assistance ranging from highly complex issues (how to position a Moroccan agri-business park in regional value chains?) to more basic (how to design convincing communication tools with a small budget?), ANIMA decided to investigate existing indigenous realities, rather than shedding light on fancy unaffordable practices (call in a global strategy consultancy), exotic success stories (Bangalore, Shanghai, Dubai, etc.) or global best practices which often poorly suit local peculiarities. Our focus is on the hic et nunc of local investment promotion in the Mediterranean.

A mirror of very diverse challenges, means and approaches

The 10 case studies are 100% Made in Med (50/50 North/South). They cover Northern, Southern, Eastern and Western Mediterranean territories (coastal/mountainous, rural/urban), enjoying distinct levels of economic development and diversification (desert land of Upper Egypt v. Silicon Wadi technoparks in Israel), under the leadership of organisations endowed with highly heterogeneous status, means and missions (the powerful Catalan agency ACC1Ó, Lebanese CCI, an Israeli municipality, European metropolitan and regional development agencies, ad hoc entities in Egypt, Greece and Morocco, a mixed capital company running a Tunisian business park, etc.) and whose approaches (in-house/outourcing, collaborative/exclusive, low cost/heavy artillery) reflect the great diversity of available options.
Local Investment Promotion in the Mediterranean

Methodology: listening to professionals on the ground

Through field trips or questionnaires (phoning, emailing) addressed to carefully chosen organisations around the Mediterranean, ANIMA wished to obtain operational insight from investment promotion professionals. Elements provided by these partner organisations were complemented by data collected by ANIMA’s economic intelligence team, mostly on the web. This final selection of 10 case studies shows that:

- Promotion should be a transversal and permanent process;
- Success is not a status: it is fragile. “The devil is in the details”;
- Success is not a function of available means but rather of intelligence (situation understanding skills, including having a genuine operational plan consistent with one’s promotion strategy, etc.);
- A dose of autonomy can greatly help of course;
- Internal leadership and political support are the key: “where there’s a will, there’s a way”!

Find out more on local investment promotion

June 2011 - pierre.henry@anima.coop & jeanne.lapujade@anima.coop

What this toolkit is not: no theory no systematic benchmark

Through the practices exposed, this toolkit is to reinforce local investment promotion capabilities in the Mediterranean. For a systematic benchmarking of performances, (cf. GIPB 2009 report or Sub National Doing Business), a detailed introduction to investment promotion and territorial marketing theories and methods (cf. EURADA and Vale Columbia Center - VCC guidebooks for institutional issues or promotional websites templates, and also the Club des Développeurs Economiques d’Ile-de-France for SWOT matrices) or regional decentralisation policy discussions (pros and cons of the decentralisation of economic policies), please refer to the above- or below-mentioned resources.

Going into greater detail… (useful resources & links)

- EURADA Guidebook (02-1999), « Creating, development and management of Regional Development Agencies »
- Vale Columbia Center on Sustainable International Investment - VCC, « Handbook for Promoting Foreign Direct Investment in Medium-Sized, Low-Budget Cities in Emerging Markets » (09-2009)
- Med Zones, Guidebook on the creation & management (including promotion) of business parks (only available in French)
- MedIbtikar Guidebook « Plan & Manage a Science Park in the Mediterranean », cf « Strategic positioning of Science Parks » section (12-2009)
- MovieMed Study, « Enhancing territorial image through movie and film » (01-2011)
Local Investment Promotion in the Mediterranean
Mapping of surveyed organizations
Hybrid structures at the interface with business

The most frequent approach to investment promotion consists in creating an *ad hoc* entity whose missions often also include the internationalisation of local businesses (exports, inter-cluster relations), and sometimes the overall attractiveness of the territory (qualified migrants, especially executives, research workers and students, tourism). This hybrid status (a legal entity under private law with public service missions/prerogatives) is propitious to a governance which is open to entrepreneurs: not-for-profit (Reims), special legal status (*Azienda Speciale*, special agencies of the Italian Chambers of Commerce, Beirut Chamber of Commerce), a limited company (Tunisia) or 100% public-controlled businesses (Greece, Haifa, Upper Egypt). Nor are the public administration departments absent from the sample often associating the private sector (CCI, business organisations) in the governance (Çukurova) or their operations (Agadir).

Whatever the status of the personnel, management has the key

80% of the organisations studied employ personnel 100% under private contracts. The SMD - Agadir Regional Investment Centre (CRI) depends on mixed teams (with civil servants), which involves certain problems of equality of treatment: but for the CRI as for all the others, what matters is above all the quality of the management. One third of the CRI team is composed of personnel under contract, but the latter are all senior executives with competence acquired in the private sector. Recruiting is delicate: to manage inter-departmental project teams and inter-organisational partnerships on transversal missions, the qualities of coordination and the wealth of professional networks are often what make the difference to pick to the right managers.

In the South: the top-down creation of network coordinators

Whilst the initiative for their creation remains in the hands of the State (Moroccan Interior Ministry for the CRI, GAFI at the origin of the UEICO in Upper Egypt and Ministry of Industry of the Monastir - El Fejja cluster in Tunisia, Turkish Regional Development Agencies under the auspices of the National Planning Organisation - Prime Minister’s office), locally targeted promotion systems should maintain a territorial network which justifies a regional base (coverage, offices, teams). The importance of proximity with central leverage (ministries, etc.) and the HQs of national or foreign businesses on the contrary incites investment in a presence as close as possible to the large principals (in the country’s capital, even internationally). It is the wealth and the solid nature of these relationships, whether horizontal (de-concentrated administrative departments, local entrepreneurs, local authorities and civil society) or vertical (national decision-makers) which ensures their effectiveness.

Resources: effectiveness depends on agility, rather than size

The differences in means within the sample are striking. ACCIÓ, the Catalan competitiveness agency, with its EUR 240 million budget and its 250 employees is remarkably agile. The Haifa Business Development Department which can only count on two people is also a model of efficiency. Invest in Reims, with its 7 employees, creates more than 500 new jobs each year with a budget of only EUR 1.3 million. The management, the quality and the de-compartmentalisation of the personnel, coupled with an evaluation/incentive system which promotes solidarity and performance would seem decisive, as is the case with hierarchical or political support for the mobilisation of the inter-departmental or inter-institutional teams.
Strategic diagnosis: what scale, what stakes?

Without falling into the trap of semi-scientific comparisons, good situation intelligence is always useful (see Haifa). Many diagnoses are made on scales or on factors with little relevance. Each value chain has its own geography, its own location imperatives. The economically relevant scale may not correspond to the operating territory of an organisation (see the G10 around Reims). The strategic diagnosis may also enable the identification of levers to be activated (partners to be mobilised or public goods, infrastructure or support schemes to be created) to improve the local offer (see CRI Agadir-SMD).

Define a strategy: a crucial step

Counting on one’s instinct to define a promotion strategy (see Reims and Milan) is not given to everyone. To earn legitimacy and satisfy all the stakeholders, many prefer to exchange views (internally or with a consultant, see CRI Agadir-SMD), at the risk of wasting time (as well as money, for public consultations, discussion workshops) and a little sharpness. When the local strategy is highly constrained by a national framework, its acceptability to the territorial partners requires their involvement upstream as well as with each evaluation. It is a precious asset to be able to count on a) a mid to long term strategy (3-5 years for our sample, against 10 years for London for example), which is made public, for it should be the subject of social and political validation, consistent/concomitant with national planning, b) an annual and often confidential tactical-operational schedule. The intra & inter-territorial consistency between the partners’ strategy and tactics may be increased through crossed nominations to the boards of directors/trustees or working parties rather than by rigid national planning.

Positioning: identification and differentiation

For fear of closing doors, the territories hesitate to adopt a really firm marketing position. Milan and Barcelona want to be identified as “Creative Metropolitan Areas“ with, in the case of Milan its design and fashion differentiating factor. In the category of “Regional Metropolitan Areas“, Reims stands out as a virtual capital, i.e. nearshore alternative to Paris. The territories of the South tend to lack a clear vision of the “family” to which they belong, nor of their competitive field. In these conditions, it is difficult for them to formalise their “difference”.

Targeting versus opportunism

Not all the organisations studied have made the choice of precise targeting (especially sectoral). The Beirut Chamber puts its money on a policy of customer satisfaction at the service of domestic entrepreneurs (building loyalty) rather than the construction of an offer. The absence of targeting may also be a sign of weak leadership. Choosing in fact means somehow giving up a little. You cannot promote everything. The organisations want to have it both ways: push side, they retain 5-6 actively promoted sectors (8 for Çukurova or 12 for Barcelona). On the pull side, they propose incentives for any promising project presented to them. Two visions would seem to confront each other: “realism/opportunism” versus “resoluteness/regional planning“. Where the former put their emphasis on existing attractiveness factors, the latter put their money on the future. Yet, if an offer is well put together over time, to be credible it should nevertheless be tangible today. UEICO is in between: by investing in new profitable projects, it shows the existence of overlooked business potential, and hence increases it.
In practice: communication

**Web: ergonomy, design and multilingualism**

Communicating on internet is a *must*. It is a powerful vector of communication on the condition that you respect some common sense principles. During our survey, the shop-windows on the web of the organisations studied were, however, not always presentable or correctly referenced: graphic identities poorly adapted to their target, non respect for basic surfing rules. For North and South alike, the time taken to download the pages was at times excessive, the site architecture did not respect the 3-click rule, etc. Better to go for a site which is simply bilingual, well referenced and proposes fluid surfing, frequently relooked (*mfcpole*) and updated (*UEICO*). Creating a reduced version in a foreign language may nevertheless pay dividends, for a minimal investment, if the messages are appropriate (see *Promos*).

**Inform investors on the web: not too much, not too little**

A wide range of options has been explored among the organisations studied. The municipality of Haifa carries out part of its promotion on a *semi-official blog*. Reims proposes a *mini-skirt site* which merely gives the information essential to convince and provide a direct lead. The opposite strategy may prove to be risky: the CRI SMD Agadir thus proposes a 40 page pdf on the costs of the factors of production, whilst *Invest in Catalonia* proposes dozens of pages in English and very comprehensive sectoral brochures. Approaches of this type involve devoting important means to the updating of data, which may have the virtue of obliging the organisation to maintain its data bases on a regular basis and thus be in a position to provide pre-investment information, or formulate an offer (land available, market data, etc.) within short lead times.

**Reputation, image: nourish the buzz for next to nothing**

*Perception is reality.* Sadly, few territories have the means to build a strong brand. The strategies of influence are easier to reach and more widespread. The Agadir CRI backs *film shoots* in Ouarzazate. Some prefer prescribers and opinion multipliers to costly media plans. Reims chose to do both: after having convinced heavyweight ambassadors, Invest in Reims spotlights them in advertising campaigns chosen to hit a business target (massive poster campaign in the TGV station in Paris, here we see Gérard Mestrallet, CEO of GDF-Suez). In terms of local image building, constancy, consistency and simplicity pay dividends, provided the correct positioning is found and promises are kept. Reims has succeeded, with a stable *marketing mix* and visual identity (black and gold) which mix price (Paris but cheaper) and image (Paris but better = quality of life).

**Draw on the experience of service providers to hit the target**

The eyes of an outsider (ad agency, focus group with businesses) may help you to find your target (segment the audience correctly, find the right tone, the most suitable messages and channels). But the strategy must be yours. Most of the organisations studied externalise the conception for all media (especially for the web) and gain a pro look from it. Despite the constraints of public calls for tender, it is preferable to make a sustainable partnership with a service provider who operates in such a sensitive domain.
The passive approaches, referred to as pull

Due to a lack of ambition or perhaps means, they are very widely used, including for those territories which are insufficiently visible. Having an attractive web site and waiting for spontaneous contacts will not do. You need as a minimum to provide a competent person to answer the telephone and ensure that customer relations follow-up is faultless. An intermediate approach would be to present yourself as a facilitator rather than a merchant (product/services pairing). The mfcpole, in charge of industrial parks, would thus like to be seen through In'Tex as a business development partner and not a salesman of square metres.

The devil is in the details (but beware the white elephants!)

The active, commercial approaches of promotion

At times, the national players have the means, on the model of Invest in France, for determined approaches. Qualified as push, they aim to provoke leads, and not wait for them to come, via a presence close to prospects. The local systems often have available fewer means (apart from the powerful Barcelona and Milan agencies). The most effective usually enjoy a great deal of autonomy. They are capable of overstepping their formal mandates and finding resources for doing more. The municipality of Haifa re-injects the dividends from its famous Technological Park MATAM into its new projects. Organisational innovation is permanent (see ERAI’s international incubator).

Prospect networks, business communities

Like Reims, which called upon consultants to prospect in Europe and Canada before throwing in the towel, the majority of organisations prefer national targets (see the Cairo HQ of UEICO). Internationally, a low cost approach would consist in depending on prescriber networks (see Synergassia, Reims’ ambassadors) or decentralised cooperation (Dayton’s representative office in Haifa). Certain prefer a low-key direct presence (representative on site, see the Beirut CCI on the attack in Milan via Promos) or more sizeable (ERAI offices financed by hosted French businesses). Haifa has gambled everything on recruitment: an ex-senior consultant with a well-filled address book coordinates niche networks and puts on scientific events under the cover of which he can create leads. The use of sectoral (Halieutis for Agadir) or generalist events (Milan Expo 2015) is a propitious vector. Not forgetting international cooperation (see the Çukurova agency or mfcpole with its TEX-TECH Med initiative).
A formal local democracy in a centralised Republic

The 1971 Constitution (+ law n°52 of 1975) divides Egypt into 5 territorial units. Governorates (a 2009 reform brought the number of muḥāfaẓat to 29) are subdivided either into urban districts (23 in Cairo and 6 in Alexandria), or into regions (“markaz”, 232), towns (217), and villages (4617) for rural governorates. Voter turnout for directly-elected but powerless popular councils has been low. The post-Mubarak government was to dissolve them in March 2011 and organise elections. The State controls taxes and economic planning, and contributes over 80% of local budgets. Powerful governors are appointed by the President of the Republic and appoint subordinate local executives (Mayors).

The government keeps the upper hand on local development

Governorates are the only local authorities with a certain latitude of action. Governors approve or oppose local budgets and local council decisions. Even if villages and towns are required to devise economic, social and urban development plans, they rarely obtain the necessary means to carry them out. As exposed by Helen Chapin Metz in her US Library of Congress country study, before the 1952 revolution, State penetration in rural areas faced strong notables, until Nasser’s land reform reduced their socio-economic dominance. Sadat’s Infitah (openness) pro-business policy “stimulated alliances between government officials and the local rich.” Under Mubarak, local development policies seemed to have started to gain ground, even though the central administrations responsible for economic planning and investment promotion (mostly the General Authority for Investment and Free Zones -GAFI) reinforced in parallel their regional presence by setting up local offices in most governorates.

Regional development company
Est. in 2007/ Status: Joint Stock Company

Operational territory: Upper Egypt
9 Egyptian governorates out of a total 29

Missions

**Sustainable regional promotion**
Cooperation with local stakeholders in Upper Egypt governorates (business associations, universities, etc.) to foster harmonious regional development

**Investment catalyst**
UEICO identifies and markets opportunities, provides pre-feasibility studies, equity investment & facilitation services for greenfield projects in priority sectors

Resources

**Annual budget: EUR 600 k**
State-owned shareholders: National Bank of Egypt and Banque Misr (27.5% each), Misr Insurance Co - MIC (20%), Holding Company for Tourism, Hotels and Cinema - HOTAC (25%)

**29 employees** (private contracts renewable annually, collective bonus if annual investment target achieved)
Cairo headquarters: Investment Promotion, Administration & finance (24)
Assiut branch office: Field operations (6)

Governance

The **Board of Directors** is the central decision-making body (representatives of the 4 shareholders) with the upper hand on UEICO investment decisions

**CEO & top management**
CEO appointed by shareholders with no State-related interference/Key positions nominated through CEO+Board approval

Learn more

Web [www.ueico.org](http://www.ueico.org)
Email [info@ueico.org](mailto:info@ueico.org)
Phone (+202) 24140228

Upper Egypt Investment Company
6 Hassan El-Sherei St.
Ard ElGolf-Heliopolis
Cairo - EGYPT
A private-public investment vehicle

UEICO emerged as an initiative from the GAFI in 2006 for "encouraging investment in Upper Egypt governorates by creating a conducive environment for domestic and foreign investors alike". UEICO’s CEO and CFO have private-sector experience while its Chief Investment Officer is ex-GAFI. One of UEICO’s main missions is to channel public and private funds into new sustainable business ventures. It can provide 20 to 40% of total greenfield equity (exit strategy 7-10 years max, expected internal rate of return 22-25%). UEICO also finances social development projects. While the original project called for private investors, UEICO came into operation (09/2007) with a capital 100% subscribed by State-owned companies (EGP 1 bln authorised, +/- 120 mln EUR/EGP 100 mln paid-up capital). An EGP 50 mln paid-up capital increase was being discussed in early 2011 to accelerate investment.

Symbiotic cooperation with the national investment agency

Upstream, UEICO identifies and markets regional investment opportunities while downstream, it provides facilitation services for business set-up procedures. "Keeping a close relationship with the General Authority for Investment and related ministries" is a key to success in both missions, confirms Moataz Yeken, Chief Investment Officer. GAFI provides investment leads (domestic & foreign potential investor databases), and also communicates on Upper Egypt opportunities in its promotional activities. Its offices in different Upper Egypt governorates collect information for UEICO feasibility studies and arrange meetings with local public officials, while its one-stop-shop caters for administrative facilitation needs. UEICO organises, however, its own direct communication, promotion and prospection activities for Upper Egypt.
Regional development strategy: watering blossom in the desert

**Strengths**
- Nile valley agriculture, export-oriented crops from Nov to May
- Cheap utilities for energy-hungry industries (cement, aluminium)
- Large workforce (pop. of 27 mln regionally, 35%<14), low wages
- Pro-FDI government policies prioritising Upper Egypt (see GAFI for incentives)
- Sohag international airport, Upper Egypt-Red Sea Road
- Tourism (from Fayum to Aswan)

**Weaknesses**
- Illiteracy (53% of population over 15, v. 38.6% nationally), unemployment, lack of up-to-date technical training offer
- Distance, lack of telecom, road and rail transport infrastructure
- Poverty rate above 60% in Assiut and Sohag, 762 of Egypt’s 1,000 poorest villages in these 2 governorates and in Minya (Al Ahram Weekly Online, 01/2010)
- Strong outward migration

**Opportunities**
- Toshka desert land reclamation (New Valley mega-farm project)
- Nile shipping, from Sudan to Alexandria (cf. Nile Logistics)
- Support from bilateral (cf. CIPA) and multilateral donors expected to increase in post-Mubarak era
- Additional incentives to inland regime: free land (except in Fayum); technical assistance through IMC, fast track set-up procedures, equity investment and feasibility studies by UEICO

**Threats**
- Frequent droughts
- Cumulative effect of global economic crisis and post-Mubarak political instability (reduced FDI)
- Lack of local democracy and initiatives, insufficient budgets
- Insufficient public investment in education, health
- Unbalanced growth (sharp contrast between Nile Valley regional metropolis, mineral-rich Fayum & deserted surroundings)
- Frequent sectarian strife (Minya)

**Development strategy: firing on all cylinders**
- Objectives: Support labour-intensive industries, Develop local income, skills and social cohesion, maximise local positive spill-overs
- Sectors: Agribusiness, Minerals, Construction, Tourism, Manufacturing (packaging) & Support Services (Distribution, Finance)
- Zones: Qeft Public Free Zone (Qena governorate) + industrial areas whose management/promotion is not part of UEICO mandate
- Players: Large state-owned/private businesses, foreign investors (mostly in construction - Homex, Kuwait’s M.A. Kharafi, Saudi BinLadin Group; cement - Horus, Titan, Cemex, Lafarge; fertilizers in Fayum - M.A. Kharafi, China’s CNCEC, Greece’s Indagro, US Agrifos)
- Measures: Contribute in infrastructure projects (transport, hotels, industrial zones), strengthen the local offer of support services (logistics, leasing) and skilled workforce (ongoing negotiations with a university in Fayum to set up a technical university through a PPP)

Credit: European Investment Bank
**Prospecting in progress, freeze on international communication**

- **Planning:** Medium range strategic targets defined by the Board according to GAFI priorities for Upper Egypt => Operational strategy designed internally / no systematic revision of overall prospecting strategy & efforts; regular follow up on affiliates’ operation
- **Targets:** EGP 300 mln in direct investment for 2007-09 / 1,200 mln in total
- **Tools:** New bilingual website (En/Ar) with the right balance of corporate and promotional data, up-to-date sectoral briefs based on GAFI figures and sales pitches, detailed strategy papers under preparation for agribusiness, mining & quarries (other sectors will follow)
- **Actions:** Direct marketing; Participation in national business events; Bi-monthly visits to different Upper Egypt governorates
- **Impact:** 4 projects by end-2010: UETRED (hotels in El-Balyana and Minya), UELease (leasing services for SMEs in Assiut), UEESC (language schools and technical institutes), UEFFI (frozen food factory in Beni-Suef) => Current investment (2010) = EGP 243 mln/ New target = reach a total EGP 1,000 mln over 2010-2012

An aesthetic and updated website conform to the 3-click rule

**Building an offer while stimulating demand**

As explained by Moataz Yeken, “**UEICO applies both pull and push strategies: we open the door for investment ideas from people looking to do business in Upper Egypt, and we also have our own mandate to create new companies and invite the private sector to participate**”. On the **pull** side, UEICO has developed an online **project idea submission system**. On the **push** side, the target for now is mostly domestic (Cairo-based businesses). According to GAFI data, demand for investment opportunities in Upper Egypt is globally low. However, it shows a strong international segment which could be further prospected (total FDI attracted by Upper Egypt over 2000-2010 reaches EGP 20 bln in issued capital, i.e. only 4% of Egypt’s total FDI inflows, but it weighs a third of total investment in Upper Egypt). Upper Egypt struggles to reach foreign SMEs, contrary to the Cairo, Delta or Suez industrial areas.

**Stepped-up communication efforts on hold**

UEICO was about to launch an awareness campaign when the global crisis broke out. So far, no specific message or image building strategy has been developed. Until UEICO reaches a critical mass of investments, a low profile strategy has been chosen, which still fetches decent media attention. UEICO might later communicate more and go to the markets showcasing successes to raise its own capital in the first instance. Through GAFI (web, brochures), or the Investment Portal (former Investment Ministry’s interactive investment map), UEICO’ existence is highlighted (+ information on incentives & investment opportunities in Upper Egypt). However, at the time of our audit, no contact details were provided, while these partners’ English web pages mentioned Southern Egypt instead of the positive term Upper Egypt.
Spain is one of the most decentralised countries of Europe. From 1812 on, laws governing local politics have been as numerous as for national politics. The 1978 Constitution established 17 autonomous communities, themselves divided into 50 provinces and more than 8,100 municipalities. According to their statutes, autonomous communities enjoy a certain degree of autonomy and some of them have other official languages besides Castilian. They pass the legislation applicable to their community and can partly shape the scope of local competences. The latter commonly include public utilities, transport and equipment, security, social services, etc. The Constitution also provides for associations of municipalities and metropolitan areas as administrative bodies that may be formed to encourage inter-municipal cooperation.

Regional bodies with greater experience than national agencies

As early as 1985, the Generalitat de Catalunya (Catalan Government) set up CIDEM (Centre d’Innovació i Desenvolupament Empresarial), as the first investment promotion body ever in Spain. In 1987, COPCA (Consorci de Promoció Comercial de Catalunya) was created to promote Catalan exports. Similar organisations were progressively created in the 16 other communities throughout Spain. To coordinate their work at the national level, a “territorial internationalisation council” with annual meetings was created. This council comprises a trade promotion committee and an investment promotion committee which meet every 6 months. Collaboration within the first committee is much more natural than within the second because communities are competing to attract investments. Invest in Spain was established in 2005 to promote Spain as a whole and introduce more coordination mechanisms.
A merger to better address the challenges of globalisation

In 2007, the newly elected Catalan government decided to merge COPCA and CIDEM into a new organisation, ACC1Ó, bringing under a single umbrella driving forces for growth that are crucial for Catalonia’s competitiveness: innovation & inward investment (CIDEM) and internationalisation of Catalan companies (COPCA). Thanks to this merger, more actions were implemented in 2009 with a lower budget than 2008 (25% decrease). Furthermore, the new initiatives, combining innovation and internationalisation, “i+i”, allow knowledge-sharing between the innovation and internationalisation teams. For Diego Guri, Director of the ACC1Ó Business Internationalisation Centre, there is no contradiction between inward investment promotion and internationalisation mandates. “If a Catalan company needs to produce in Morocco in order to stay competitive, we will help it in its project. Otherwise, we would risk losing the headquarters, the R&D, the design, etc.”

Complementary regional & national investment promotion tools

Established in 2005, Invest in Spain concentrates on international promotion and policy-advocacy activities. It organises, co-organises or sponsors events to promote the image of Spain as a business investment destination. It publishes studies and develops databases from which all regional agencies benefit. Invest in Spain does not, however, handle investment projects. When it identifies a prospect, it enters the related details into the intranet shared by all regional agencies, which can prepare a proposal according to the company’s needs. The chosen agency manages the project itself. Foreign investors can benefit from incentive schemes offered independently by Invest in Spain and Invest in Catalonia, the total amount received being limited by EU regulations.

Strong links with the other Catalan economic institutions

ACC1Ó works together with all public and private Catalan economic institutions: the Catalan Ministries, the municipalities, the chambers of commerce, the business organisations, etc. Most of them are represented in ACC1Ó’s Governing Board and play a key role in defining its strategy and bringing in leads. In Barcelona for instance, ACC1Ó has a day-to-day relationship with Barcelona Activa, the local development agency, and 22@Barcelona, the municipal company charged with turning the old industrial area of Poblenou into Barcelona’s Innovation District (see focus on p.XX). Investment projects that are better handled by municipalities, such as projects from entrepreneurs or with a low technology level, are automatically transferred to them. Conversely, the latter transfer to ACC1Ó projects that are out of their area of expertise.
A strategic process calling on all available expertise

To analyse its competitive position and develop its strategy, ACC1Ó relies on the expertise of its own staff and that of its partners. The agency’s International Foresight Centre (OME) analyzes macro and micro-economic trends, as well as the future of specific markets, sectors and technologies. This expertise is used to develop a suitable strategy for Catalonia and provide Catalan companies with a valuable business service. The Secretary of ACC1Ó also carries out benchmarking studies to help position the agency. “Invest in Catalonia’s Ambassadors”, a network of Catalan executives working for multinationals all over the world, also act as a think tank to explore investors’ needs and expectations. Finally, special meetings were organised in 2009 to invite foreign companies established in Catalonia to participate in the development of the new strategy. Other stakeholders include the recently defined 10 competitive hubs of Catalonia (see next page), which bring together the Catalan government, municipalities, universities, R&D and technology transfer centres, the industrial community, etc.

Strengths
- Strategic location: 9th busiest airport in Europe
- Tourism and quality of life: 1/4 of foreign tourists in Spain, the 3rd most visited country worldwide
- Dynamic economy: 20% of Spain’s GDP
- Balance of industry and services: extensive portfolio of suppliers ensuring production efficiency
- International and globalised: 3,400 foreign companies, 36% of Spanish exporting businesses
- Pro-business government: own self-government, pioneering region in attracting FDI in Spain

Weaknesses
- Low rate of patents and R&D spending related with GDP (1.68%) when compared with other European regions

Opportunities
- Potential to become a leading innovation region in Europe
- Opportunities offered by globalisation to Catalan companies: new business models, new markets (Hub for Latin America)
- General Secretariat of the Union for the Mediterranean recently based in Barcelona

Threats
- Delocalisation of low knowledge-intensive activities to countries offering cheaper labour costs
SPAIN: Autonomous Community of Catalonia

ACCÍÓ - Invest in Catalonia

Strategy: become the best location in Southern Europe for value-added products and activities

A structured strategy with clear objectives, targets and means

- **Period:** Strategic Plan => 5 years  Promotion Plan => 1 year
- **Process:** Annual promotion plan developed internally, based on the 2009-2013 Strategic Plan and the Governing Board’s priorities
- **Objectives:** Foster innovation, promote business expansion and position Catalonia as the best location in Southern Europe for value-added products & services and key activities in the value chain
- **Sectors:** Health and biotech, Renewables, ICT, Nanotechnology (emerging sectors) + Pharmaceuticals and chemicals, Logistics, Marketing and business services (traditional sectors) + Smart cities, Smart-packaging, Corporate universities (market niches)
- **Zones:** 10 Competitive Hubs (see below)
- **Players:** International firms (greenfield & reinvestment projects)
- **Measures:** Unification of all technological centres under the TECNIO network, Loans to companies investing in the 10 Hubs or developing technological projects, subsidies for high impact investments

10 Competitive Hubs

**Innovation & Creativity,** Barcelona
**Mobility & Logistics,** Barcelona South
**Synchrotron & Advanced Technologies,** Cerdanyola
**Optics & Health,** Terrassa and Sabadell
**Agro-Food Innovation,** Lleida
**ICTs in Health & Wellness,** Mataró
**Clean Materials & Technologies,** Manresa
**Chemicals & Sustainable Energy,** Tarragona
**Functional Nutrition,** Reus
**Water & Food Hub,** Girona

A continuous process of improvement

The Investment Promotion Area carries out constant monitoring and evaluation activities to identify necessary strategic adjustments (enter or leave a market, launch or abandon promotion activities in a specific sector, etc.). With its scoreboard, it follows a certain number of indicators on a quarterly basis and the results of the annual plan are assessed at the end of the year. The promotion strategy has, however, to be long-term and cannot be completely reshuffled each year. Invest in Catalonia also works together with the Marketing and Communication Area and the Project Management Area (in charge of advisory services & support to companies) to analyse its impact and improve its actions.
Distinct strategies for Catalan and foreign companies

Invest in Catalonia has a specific communication strategy within ACC1Ó that targets international companies. For Catalan firms, ACC1Ó aims at giving the image of “a very close and helpful agency, very Catalan”, explains Diego Guri. “As Invest in Catalonia, we are working with bigger companies. We present ourselves as an international organisation. In Japan, we talk with people in Japanese. In China, we talk in Chinese. That's why we work with local people.” The product is also different. “In Catalonia, we sell services. Abroad, we sell a territory. Our message is that Catalonia is an innovative region, where setting up a company is natural, and has been the driving force of Spain for centuries and the tradition of entrepreneurship and trading goes back to the Middle Age.”

Growing use of online communication channels

ACC1Ó’s main communication channels are the web, events and the media. As regards the web, ACC1Ó’s Catalan website is slightly different from the international website (in English and Spanish) because the targeted audience is different. ACC1Ó also has micro-sites for its 34 offices, which are connected to the main website. For events, the agency focuses on topics that can have an educational value and increase its visibility. In terms of FDI promotion, it organised 13 presentations in international events in the period 2010-2011. Finally, ACC1Ó conducts advertising campaigns in the media, mainly in the online press (The Economist, Site Selection), which is cheaper than the printed press. These ads are sometimes coupled with articles, such as in fDi Magazine (FT Group), which distinguished Catalonia as “best region of the future in Southern Europe” for 2010.

A horizontal activity requiring internal and external resources

- **Period:** Strategic Plan => 5 yrs / Communication Plan => 1 yrs
- **Content:** International, online and offline communication actions
- **Process:** In-house planning (in Autumn), based on Strategic Plan objectives for the next year => Outsourcing of activities the staff cannot handle (organisation of fairs, presentation of achievements, media coverage) to advertising agencies (Bassat Ogilvy, Story&Co)
- **Staff:** Around 30 people
- **Tools:** Websites of ACC1Ó and Invest in Catalonia, ACC1Ó newsletters (Catalan) and Catalonia in Business (English and Spanish), Anella online community, brochures on ACC1Ó and Catalonia
- **Activities:** Organisation of events, Presentations and press conferences, Advertising, Release of press bulletins, etc.
- **Impact:** New investment projects notified through the website

**Communication: branding Catalonia as a first-class location for living and doing business**
Prospecting: a core activity for Invest in Catalonia

A fully internalised activity to better reach strategic targets

- Planning: Actions defined in the respective annual plans of the promotion division and the projects division
- Process: In-house planning (in Autumn), based on the Strategic Plan objectives for the next year => In-house implementation
- Sectors: Aeronautics, Food and Drink, Audiovisual, Automobile, Biopharma, Shared Services Centres, Electronics, Renewable Energies, Railway, Logistics, Chemical, ICT
- Projects: High added-value investments in accordance with regional development strategies

Prioritising sectors, countries and activities

To define the sectors, countries and activities on which its prospecting actions and resources should be focused, ACC1Ó takes into account: standard economic indicators such as growth rates, investment flows, etc. and the presence of companies of this origin in Catalonia. Indeed, “80% of FDI in a developed country comes from companies that already have a presence in the country” explains Diego Guri. “That’s why aftercare is so crucial” (Invest in Catalonia promotes companies’ new investments as well as reinvestment and business expansion). For data collection and analysis, Invest in Catalonia works with the International Foresight Centre (OME), which has developed an observatory of foreign markets. Then, a prioritisation process leads to the definition of a set of sectors, countries and activities. Finally, a specific promotion plan is defined for each targeted sector and country.

An integral part of overall promotional efforts

Prospecting actions, either at national or at international level, are often carried out simultaneously with promotion actions during visits to municipalities, companies, scientific institutions, international organisations, etc. To pursue the different objectives and targets identified in ACC1Ó’s promotion plan, Invest in Catalonia has developed different programmes: “On the Spots” (investment opportunity detection), visits to companies in Catalonia and abroad, visits to institutions in Catalonia and abroad, aftercare, participation in international fairs. For example, ACC1Ó used the Spanish pavilion at the Shanghai Expo 2010 to promote Catalonia and participated in the Catalonia Week organised there in May 2010. These actions are generally defined with regard to potential institutional, business and press contacts.
Affording a network of foreign offices

Before the merger in 2008, COPCA had 34 offices abroad and CIDEM only 2. These 2 offices, located in New York and Tokyo, were 100% dedicated to investment promotion. Since 2008, 18 former COPCA offices are also working on investment promotion, including one in Madrid. The proportion of time spent on this activity depends on the market but is never higher than 20%. The New York and Tokyo offices now spend 50% of their time on investment promotion and the other 50% on other activities. Thus, the merger enabled the pooling of resources and services. Indeed, “without the fees paid by Catalan companies for chargeable services, ACCIÓ would not be able to employ 125 people in 34 locations, including 18 delivering free services to foreign investors” explains Diego Guri. “The allocated public funding would only cover the operating costs of 20 to 22 offices. However, having such a network is cheaper than it looks because we are working on local costs. Half of the directors are Spanish and half of them are local. 98% of the rest of the staff is local. Altogether, around 80% of the staff is local.”

Prospecting: a structured scheme relying on ACCIÓ’s international network

Significant means for a successful campaign

- Staff: Investment Promotion Area (promotion & detection) + Project Management Area (advisory services & support) + 18 international offices working part time on investment promotion
- Tools: Presentations, videos and brochures with up-to-date information on Catalonia (general, economic, legal, etc.)
- Activities: Customised candidatures, Visits to target companies, Investor missions, Industries/countries Promotion Plan, Collaboration agreements, Seminars & events, International fairs, Image building
- Awards: FT Group/fDi Magazine (1st Southern European region, 2010), Committee of the Regions (European Entrepreneurial Region Award, 2010), SITE Selection (4th Region Western Europe, 2009)

Good results for an experienced agency
A municipal company promoting a cluster approach in Barcelona’s transformation districts

An urban renovation project managed by a private company
- Context: Major urban transformation project launched in 2000 by the City Council (as part of the Barcelona Economic Triangle)
- Operator: 22@Barcelona, private firm funded by the City Council, chaired by the Deputy Mayor, steered by business representatives
- Missions: Urban planning + Economic development & promotion
- Sectors: Media, ICT, Biotech, Energy, Design
- Key players: Yahoo, MediaPro, Endesa, Agbar, Sanofi Aventis, etc.
- Results: Creation of 1,502 new companies (+44.6%) and 44,600 new jobs (+72.5%) between 2000 and 2009

Turning obsolete factories into innovative clusters
The 22@ project aims at transforming 198.26 ha of privately-owned obsolete industrial land into a compact urban district, with publicly-owned improved land and many job opportunities. Out of 4 mln sqm gross floor space created, 3.2 mln are dedicated to productive activities and 0.8 mln to housing, facilities and services. To attract knowledge-intensive activities, a cluster approach targeting 5 sectors (see box opposite) has been adopted. In the media cluster for example, companies, students and researchers share an area structured around an ancient factory smokestack and composed of office space, classrooms, laboratories, work equipment, libraries, pitching rooms, incubators, etc. The idea is to use the industrial heritage as urban landmarks around which the different stakeholders will meet and develop links.

A business-friendly environment to attract innovation & talent
Besides its cluster strategies, 22@Barcelona implements cross-cutting programmes in partnership with Barcelona Activa (local development agency): entrepreneurship, business services, internationalisation, community of professionals, relation between clusters, marketing. As part of its promotion activities, it participates in international roadshows and trade fairs, organises business delegations (126 in 2009), etc. It provides advisory services and organises networking activities for the different players from the district. Companies are grouped into associations to encourage technology transfer and involved in 22@Barcelona’s steering committee to facilitate dialogue with the public sector. Given the success of the project, the economic department of 22@Barcelona has recently been merged with the city council services. Thus, experience and know-how accumulated since 2000 will benefit future projects.

June 2011 - Production & validation jeanne.lapujade@anima.coop, pierre.henry@anima.coop
Gradual empowerment of local authorities

In France, despite the strong presence of the State, a dual process of both the de-concentration and decentralisation of power started as early as the 1960s, before accelerating in 1981-82. To date, the 3 main territorial levels of government are: the Municipality (local competence), the Department (social action, education, transport) and the Region (higher education, training, the economy, town and country planning). In 1999, the law promoted the development of what is referred to as “intercommunality”. A grouping of municipalities aiming at greater effectiveness of services, this public establishment, with its own budget, specialises in urban transport, housing, waste disposal, the economy and cultural facilities. A reform underway is intended to bring Departments and Regions together by creating a single territorial councillor.

Agencies close to the ground for increased effectiveness

After decades of town and country planning directed from Paris, by 2006 some 122 development agencies and expansion committees had been established (3 inter-regional, 22 regional, 63 departmental and 34 local). Created thanks to an initiative of territorial authorities, with the status of an association, they intervene in 4 large domains: support for business, advice to territorial authorities, European action, studies and communication. With an average annual budget of EUR 1 mln, these organisations employ on average 8 to 12 people. Twenty or so regional or interregional agencies are correspondents of the French Agency for International Investment (AFII) and undertake prospecting actions in conjunction with it. Certain local and departmental agencies also exercise this competence but in a very variable way.
Collective know-how *Made in Reims*

So as to offer a response adapted to the needs of businesses, Invest in Reims depends on some 20 local partners, among which:
- the *City of Reims*, the Reims Métropole conurbation and the Reims-Epernay CCI, involved in matters concerning land and real estate;
- the Regional Council of Champagne Ardenne and General Council of Marne, which are prime contacts for support to employment and training;
- the Regional Development Agency of Champagne Ardenne (CADev), correspondent of the AFII, which passes on to Invest in Reims those requests likely to concern its territory.

Once a decision has been taken on location, businesses are assisted in their administrative procedures by the economic departments of the City, of the conurbation and the Reims CCI. In return, Invest in Reims provides its advice to the local authorities as concerns the planning, development and commercialisation of business parks.

**The G10, a reflection of the metropolitan dynamic**

Initiated by the elected representatives and Invest in Reims, the aim of G10 is to structure a territory which is economically more relevant than that of the conurbation, based on administrative divisions. Consisting of 10 urban zones organised around Reims, 12th largest city in France (183,837 inhabitants), this territory is experiencing real economic dynamism. Following an industrial reconversion phase, it has recorded a higher rate of business creation than the national average, especially in the previously under-represented services sector. This evolution has been encouraged by the presence of quality higher education establishments which have made Reims the 7th largest French student city.

**The 10 assets of the Reims metropolitan area**

- Metropolitan area with 715,000 inhabitants
- TGV (High Speed Train) city 30' from Roissy CDG (No.1 French airport, 2nd in Europe)
- Leading conurbation for gastronomy in France
- Best location site at 45' from Paris (according to KPMG)
- 1,000 ha of land available and 320,000 m² of premises programmed (R&D, industry and logistics, offices, housing)
- 35,000 students (Sciences-Po, Centrale Paris, university, etc.)
- City of Art déco and UNESCO (Reims Circuit, Grand Théâtre, etc.)
- Global agro resources competitiveness cluster
- EUR 3 billion of investment between now and 2013
- A network of 135 Prestigious Ambassadors
**Strategy: take advantage of the arrival of the TGV to become the Paris back-office**

**Individualised know-how to fire the imagination**

Created 1,600 days prior to the arrival of the TGV in Reims, the Invest in Reims agency was given the mission of taking advantage of an investment of more than EUR 55 bln in rail infrastructure by encouraging the location of businesses. In the face of aggravated competition between local French authorities, a hundred of which had their own promotion agencies, Invest in Reims sought to develop a know-how which would fire the imagination. According to Jean-Yves Heyer, its Director, “the quality of the product proposed is not enough alone to attract attention and fire the imagination. It is the quality of the service offered which makes businesses come to Reims rather than Lille, Orléans, Tours or Rouen.” By taking advantage of its network of some 20 local partners, the agency can commit itself to respond within 48 hrs to any serious request from an investor and offer him a warm and personalised welcome.

**Reims, 1st nearshore destination for Parisian businesses**

Based on the nearshore concept, the internally developed strategy is aimed at profiting from the proximity of Paris and comparative advantages in salary terms (-10K€/p.a./percapita), productivity (+10%) and staff turnover (-15%). Given the absence of public aid for relocation, indispensable for capital intensive projects, it targets tertiary and industrial activities with high job creation potential: nearshore, computer security, industrial transformation, local logistics, e-business, low cost market. It counts on its cultural assets (6 national theatres, 12 museums, a 15,000 m² conference centre, 300 cultural and tourist events per annum and 4 monuments classified by Unesco as World Heritage sites, 150 km of caves to visit, nature and theme parks) in Reims.

**A strategic operational plan to reach the goal of 500 new jobs each year**

- **Timing:** Strategic plan => 3 years    Action plan => 1 year
- **Content:** Strategic orientations + Operational programme
- **Status:** Confidential
- **Process:** Diagnosis and internal proposals (Director) => Approval from the 3 stakeholder organisations
- **Objective:** 500 new jobs per annum
- **Sectors:** Agro-resources, automobile, packaging, health/beauty, services
- **Zones:** 2 TGV business parks (generalist), a logistics park
- **Target:** Any private business but commerce and pure creation
Communication: show pride in the territory to reassure economic decision-makers

A “chic and cheap” image campaign

- Timing: Comm. plan => 3 years Campaign => 1 year
- Staff: 1 full-time equivalent
- Budget: Between 150 and 200 K€/ p.a.
- Process: Focus group with business leaders created by a specialist firm => Internal planning => Technical implementation (graphic creation, web development) by outside service providers
- Target: Workforce (CSP+) and Managing Directors not located in the East of France (Parisian groups seeking proximity savings)

Differentiation, conquest and pride in a territory

So as to reassure the target group of decision-makers about the quality of the Reims offer, Invest in Reims has deployed a threefold strategy of differentiation, conquest and pride in the territory. By using celebrity marketing, co-branding and a black and white visual identity, developed with Aloha Création to symbolise the luxury of champagne, the agency has created a single brand: “Invest in Reims”. To position itself in relation to the competition, it has called upon recognised professionals (Ernst&Young, KPMG) to validate its benchmark.

<table>
<thead>
<tr>
<th>Prejudgment</th>
<th>Reality</th>
<th>Action</th>
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<tr>
<td>Unknown City in the East</td>
<td>City to the East of Paris</td>
<td>Base line: 45’ from Paris</td>
</tr>
<tr>
<td>Cold city</td>
<td>1.80° less than Paris</td>
<td>The sun rises in the East</td>
</tr>
<tr>
<td>Average city</td>
<td>12th city in France</td>
<td>London made in Reims</td>
</tr>
<tr>
<td>Champagne city, not</td>
<td>Best location site at 45’ from</td>
<td>The Decision-makers vote for Reims</td>
</tr>
<tr>
<td>identified in business</td>
<td>Paris (KPMG)</td>
<td></td>
</tr>
<tr>
<td>Beautiful but sleepy city</td>
<td>EUR 3 bn of investment between</td>
<td>People: Poivre d’Arvor, Adjani,</td>
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<tr>
<td></td>
<td>now and 2013</td>
<td>Pires, Barber</td>
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</tbody>
</table>

With the arrival of the TGV in 2007, Invest in Reims chose to mobilise the Chairs of the large groups already located in the Reims metropolitan area to promote its trump cards. 135 decision-makers, who make up the Ambassadors’ Club, thus accepted to pose with a “Invest in Reims” ballot paper in the hand. The message “Decision-makers speak to their peers”, reinforces the credibility and clout of the campaign “The decision-makers vote Reims – your future TGV location just 45’ from Paris”.

FRANCE : Reims Métropole
Invest in Reims
Effective TV and press campaigns

The concept defined by Invest in Reims is reflected in the different communication actions. The campaign “The decision-makers vote Reims” profited from regular presence in the national press (Challenges, la Tribune, Les Echos, le Monde etc.).

In 2009, because in times of crisis “you need a rain check”, that is you need to be present in the field and create events, the campaign was devised for television as a weather report. Broadcast for 1 month on Canal+, “The sun rises in Reims” was a first in France for a parapublic structure. The slogan “For me, the sun rises in Reims, how about you?” is a metaphor which refers to the success of the well-known entrepreneur decision-makers who successfully chose Reims to develop their activity.

Intelligent use of the various communication tools available to create a buzz

After having received the Trophée de la Communication 2008, Invest in Reims decided to provide itself with a new internet site. The keynote: design, originality and ergonomics. Developed by Horizon Bleu and launched at the beginning of 2010, this real “mini-skirt” site only gives essential information to win over and provide leads. Video presence of a “virtual guide” accompanies the internaut as he surfs.

On top of its Internet site, Invest in Reims seeks to optimise the use of other communication tools: newsletter, information blog, social networks, sharing on-line vidéos, etc. Nor does its Director hesitate to accept invitations to TV studios (TF1, France 3, France 5, etc.), a free arena of communication with a powerful impact.

A powerful impact, unanimously recognised

The TV Campaign “The sun rises in Reims”:
- Seen by 85% and judged excellent by 67% of the Invest in Reims contacts (on-line survey carried out from 20 to 30 October 2009)
- 300% increase in visits to the internet site in October 2009

Prospecting: sexy tools to provoke an initial contact

A subtle mix of original and more classic methods

So as to attract projects, Invest in Reims allies customised detection operations (see following page) with more classic prospecting actions, such as mail-outs and phoning. The agency devotes itself particularly to the former and delegates a part of the latter to specialist firms (Carniel Marketing, ComSoft). On the basis of the 3 month contract, the latter contact a certain number of businesses and pass on the contact once a prospect has been identified. Invest in Reims has, moreover, called upon the services of consultants for prospecting missions in Europe and Canada. These efforts are, however, more especially concentrated on Paris, where the Director makes a trip each Wednesday to meet French and international businesses.

Sexy tools to win over prospects

All the tools developed by Invest in Reims aimed at potential investors echo the visual identity composed of black and white, which symbolises luxury, and of gold, which reminds us that “the sun rises in Reims”. By limiting itself to essential information for the prospects, the internet site should make people want to learn more and trigger an initial lead. It comprises three sections: news (access to the blog, press review), Reims (trump cards of the metropolitan area, photos), ambassadors (presentation of the 135 ambassadors, membership application form). The Reims Trends Letter presents all the facets which represent the attractiveness of the metropolitan area: sport, culture, economy. It enables the reader to rapidly develop an opinion on “Reims on the move”. The paper brochure, distributed during trade fairs and meetings with businesses, echoes all the elements of communication and benchmarking to promote the 10 Reims trump cards.

A targeted campaign taking advantage of the proximity of Paris

- Timing: Strategic plan => 3 years   Action plan => 1 year
- Staff: 2.5 full-time equivalents
- Budget: 220,000 €/p.a.
- Process: Definition of the strategy and the action plan internally => Implementation by the team with from time to time the use of outside service providers for mail-out and phoning actions
- Sectors: Computer security, nearshore, industrial transformation, local logistics, e-business, low cost, agro-resources
Trade fairs and visits to present the Reims trump cards

So as to detect new projects in the targeted sectors, Invest in Reims participates each year in two trade fairs as an exhibitor and a dozen or so as a participant. Given the cost involved, the choice of trade shows to attend is the subject of an in-depth reflection. Thus, by exhibiting in March 2010 and for the fifth consecutive time at the Salon international du transport et de la logistique in Paris, Invest in Reims was able to create awareness in more than 500 businesses and identify 11 new investment projects totalling 71,000 m² and creating 186 jobs. The agency also organises 2 to 3 “Invest in Reims” approved special events each year to help company directors discover the assets of Reims. In March 2010, it was able to draw the attention of the members of the French Real Estate Expertise Valuation (CB Richard Ellis, BNP Paris, John Lang Lasalle, etc.) to the important programmes launched within the metropolitan area.

The Reims companies, ambassadors of the metropolitan area

Invest in Reims has organised numerous activities to create and maintain convivial relations with businesses. Once won over, the latter become the leading allies of the agency in its mission of promoter of the metropolitan area. Hence, Invest in Reims events help decision-makers discover the gastronomic, cultural, sporting and economic trump cards of Reims. The programme 2 by 1 invites any Reims business to put Invest in Reims in contact with 2 businesses from outside Reims. The Club aims to encourage the Chairs of large conglomerates to make their networks available to Reims. Finally, the Club Contacts made in Reims organises quarterly information and discussion meetings to respond to the issues of the local customer relations sub-sector.

A goal of 500 jobs per annum easily achieved

- 63 businesses located and 3,200 jobs created from 2003 to 2009
- Sectors: 95% services, more especially back office functions (banking, insurance, computing, logistics), agribusiness, optics, etc.
- Location: 95% in Reims itself (preponderance of services)
- Origin: essentially French (3 foreign companies)
- An effect of anticipation of the TGV (commissioned in 2007)

<table>
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<tr>
<th>Year</th>
<th>2003</th>
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<td>165</td>
<td>662</td>
<td>622</td>
<td>563</td>
<td>503</td>
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</tr>
</tbody>
</table>
Invest in Rhône Alpes: the regional reference for attracting foreign investors

An agency entrusted with important missions and means

- Status: Regional development agency (association, 1901 law) created at the initiative of the Rhône-Alpes Regional Council in 1987
- Missions: Supporting businesses in their international ventures, internationalisation of competitiveness poles and regional clusters, attracting foreign investors, international cooperation, funding
- Budget: Overall subsidy from the Regional Council (EUR 7 mln/p.a.) + invoiced services (EUR 3 mln for Export activities in 2009)
- Staff: 150 people, 60 of whom at the Lyon HQ (9 for ERAI Invest) and 90 in overseas offices (7 for ERAI Invest)
- Tools: Web sites of ERAI & ERAI Invest, newsletter, E-mailing
- Activities: Promotion, prospecting (trade fairs, conferences), location assistance, monitoring of regional and overseas development
- Results: 2nd French region in terms of FDI since 2005

1 international network, 30 offices, 5 business fields

A dynamic region, open to the world

Second French region in terms of surface area and population, Rhône-Alpes benefits from a diversified and highly internationalised economy. Situated at the crossroads of the large European and national communication routes, it is placed in 6th position in Europe by GDP. The promotion strategy is structured around poles and clusters (renewable energies, bio-technologies, mecatronics, software/video games, logistics) and international Rhône-Alpes partnerships (Quebec, Pennsylvania, Parana, Shanghai, Timbuctoo). ERAI takes advantage of each event to promote the region and depends upon its local networks and its 30 offices (affiliates or partnerships) in 24 countries to identify and qualify high added-value projects. An annual plan together with rigorous monitoring indicators help to prioritise and guide its actions.

Teams in France and abroad for greater effectiveness

As the regional correspondent of the AFII, ERAI participates in weekly meetings during which the projects detected by the 22 Invest in France offices abroad are presented. Concurrently, the agency undertakes its own prospecting activities. A 9 person strong team is based in Lyon and a further 11 abroad (Spain, Italy, Germany, Japan, China, Canada, USA) prospect foreign businesses at trade fairs. From Lyon, ERAI organises missions with the region’s 8 departmental agencies (the latter target both foreign and French companies). In 2009, the 92 prospecting actions undertaken provided opportunities for meeting more than 3,300 decision-makers and 76 projects to be qualified. 40 companies have visited Rhône-Alpes and 22 have taken the decision to locate there. Germany, Italy, Switzerland, United States, Canada and Japan are the main foreign creators of jobs in the region.
Towards a more consistent and effective administrative map

Greece has a central government system with a recently overhauled 2-tier local democracy. A priori state control was abolished in the 1980’s but the share of local governments in national public expenditure has remained relatively low (4.3% of GDP for 2010). The 2010 reforms abolished the 57 prefectures, maintained the 13 Regions (also called Peripheries) and amalgamated the thousands of Greek municipalities and communities into 325. Seven decentralized administrations, each grouping 1 to 3 Regions, were established and headed by elected Heads of Regions. Municipalities and Regions, headed by popularly-elected Mayors, Councils and Heads of Regions, share responsibilities for welfare and social services, licensing, education, infrastructure, etc. The most relevant player in economic development is now the Region.

The growing influence of local players on regional development

Even though new to Greece, local development agencies have multiplied rapidly. However, most of them took the form of companies dedicated solely managing EU-funded projects, depending directly on EU-related contracts (with complementary financial support from local government when needed). Sometimes geographically overlapping, they competed with each other as well as with local technical offices, making central government intervention necessary. The "Kallikratis" plan, named in honour of an ancient Greek architect, brought about much-needed local government and development process reforms. This resulted in a new administrative architecture, leading to powerful and efficient municipalities armed with new powers and resources, and self-administering regions with key responsibilities, such as handling the regional programmes of the National Strategic Reference Framework.
Committing all stakeholders to regional development

Launched in 2006, the Synergassia initiative originated when Invest in Greece (IiG) realised that a) involving local stakeholders in promoting their region would more likely result in projects that they would accept because they perceive them to be appropriate, effective and sustainable b) international stakeholders (foreign diplomats in Greece) knew very little about regional business opportunities (gap in the flow of information) and c) regions were eagerly looking for ways to promote their comparative advantages abroad. Synergassia was therefore set up as an umbrella programme covering a broad range of activities to assist in the development of regional Greece. It creates bridges between domestic and international business communities and the regions, targeting sectors and products with growth potential.

Strong support from local and regional government bodies

Synergassia is an internally-run project that involves many local stakeholders: regions, prefectures, municipalities, investor reception centres (KYE), business and technological development centres (KETA), chambers of commerce, federations of industries, technoparks, universities, industrial areas, local companies, port authorities etc. Established as part of Greece’s Competitiveness programme (funded by the European Regional Development Fund), KYE and KETA are located at the development office of every prefecture and employ 2 to 4 people. KYE coordinates all public services participating in business establishment procedures, acting as a "one-stop" to assist investors/entrepreneurs. KETA provides information and support to SMEs. This well-organised framework appears as an alternative to the usual model of regional development agencies, less necessary in a small country.

A specific promotion strategy centred on 3 key areas:

1. Creation of an online portfolio of real estate and investment opportunities per prefecture (in cooperation with the local communities): regional official investment plans, catalogue of land available for investment, etc.;
2. Cooperation with local government bodies (especially KYE and KETA): awareness-raising and capacity-building seminars on investment promotion, dialogue and partnerships with local stakeholders to increase the potential for business activity based on local financial capacity, etc.;
3. Promotion of regional investment opportunities to foreign diplomats (in partnership with the regions): presentation of each region’s comparative advantages, organisation of business exploring trips to the regions to reinforce the outward orientation of Greek companies (8 trips were organised from 2006 to 2010, including Central Greece).
A team initiative

Within Invest in Greece, 3 units are actively involved in the implementation of the Synergassia initiative:

- the Stakeholders Bureau (coordination and contact with diplomats);
- the Communication Unit (all communication issues);
- the Investor Support Unit (relations with local authorities and firms).

Approximately 3 staff members (1 from each unit) are committed to effectively organise each mission.

Every year, IIG dedicates some EUR 25,000 to Synergassia. In addition, each prefecture concerned brings around EUR 60,000 to the budget available for the mission. Finally financing relies heavily on local sponsors. This leverage enables the organisation of 2 to 3 business trips.

A communication strategy focused on 3 main objectives:

1. Provide accurate information to potential foreign investors on investment opportunities in Greece (external);
2. Create awareness of Greece’s business-friendly environment abroad, with “Greece. Business Naturally” as motto (external);
3. Disseminate information on IIG’s strategy and services domestically.

- Process: Policy formulation and action plan implementation by the Communication Unit / Outsourcing of graphic and web design
- Staff: 4 people
- Sectors: Tourism; Microelectronics; Biotechs & Chemicals; Transport; Food & Beverage; Renewables & Environment

Dipping into the toolkit and adapting to the project’s content

Depending on the project, one or more of the following actions are implemented: ad campaigns in print and electronic media; press releases, interviews, media relations; participation in conferences, high-profile exhibitions and business missions; organisation of meetings, B2Bs and information sessions; sending of information packages to interested parties; website; newsletter. It is also the case for Synergassia activities. Even though the initiative has its own philosophy, logo and designs, which were developed by the Communication Unit in cooperation with an advertising agency, it is promoted through the IIG website, in a dedicated section. A one-page ad is also inserted in the local print media before every mission to a region. Flash videos, template presentations, press releases and interviews are also used. These actions resulted in media coverage of about 50 published articles, which raised stakeholders’ awareness of the Synergassia initiative.
Dedicated resources, tools and activities for promotion

- Mission: Implement outreaching activities to promote Greece as an investment location and showcase its unique advantages and investment opportunities
- Staff: 12 experts
- Sectors: Tourism, Energy (renewables), ICT, Life Sciences, Food & Beverage, Environmental Management, Industry
- Activities: Participation in Ministerial visits to foreign countries (China, USA, etc.), liaison with economic attaches at Greek embassies (organisation of investment seminars), collaboration with economic counsellors of foreign diplomatic representations in Athens to disseminate info, etc.
- Tools: Website (8 languages), newsletter (English), brochures (8 languages)

Defining each region’s promotion strategy: a common process

Before any Synergassia mission, the IIG team organises meetings with all stakeholders (Region, Prefecture, Municipality, Chamber, etc.) to define the promotion strategy. The following methodology is applied:

- Definition of objectives and expected results with local authorities;
- Definition of involvement of local organisations;
- Definition of the region’s comparative advantages for promotion;
- Thorough preparation of the mission.

SWOT analyses are conducted with local authorities to define the objectives of the mission and the key sectors to be promoted. For each sector, strategic subsectors and related companies are identified. Their business will be presented as examples of investment opportunities.

Using stakeholder networks to promote the regions

To promote Greece internationally, the agency participates in Ministerial visits abroad and has developed a well-conceived international network. It works with economic and commercial counsellors of the Greek missions abroad and with the economic and commercial counsellors of foreign diplomatic missions from Athens. This network of ambassadors is intended to generate a multiplier effect, enabling more investors to be reached than by a direct marketing strategy. Invest in Greece works on an equal basis with all regions to identify their specific comparative advantages and disseminate these co-developed territorial offers to potentially interested parties within its networks.
A beautiful region in the centre of Greece

Occupying the Eastern half of mainland Greece, the region of Central Greece has a population of 605,329 (around 5% of the total population) and a surface area of 15,549 km² (11.8% of the country's area), divided into 5 prefectures (Evia, Evrytania, Phocis, Boeotia, Phthiotis). Despite a continuing downward trend, agriculture (tomatoes, cotton, tobacco, potato, oil, wheat, meat, honey, fish, wood) still represents around 4% of employment and remains a key factor for cohesion in rural areas. Accounting for nearly 29% of employment, industry contributes more than 42% of gross regional product (mineral processing, manufacturing along the Chalkida - Thebes axis). Finally, the tertiary sector continues to grow in strength already accounting for more than 67% of employment. Large department stores and retailers congregate in urban centres. Archaeological (Delphi) and natural (Evrytania, Phocis) sites seek to exploit their potential and attract more tourists.

Defining a promotion strategy with the Central Greece region

- **Process:** SWOT analysis => Objectives and expected results => Sector analyses => Key subsectors/Investment opportunities
- **Sectors:** Renewables (photovoltaic panel production), Tourism (thermal spas), Industry (aluminium production), Local goods (wine)
- **Zones:** 4 industrial parks located in different prefectures
- **Players:** Foreign Diplomatic Corps, Local Authorities and organisations, Local Companies
- **Measures:** Investment incentives (up to 40% of project value, depending on sector and location), Public Private Partnerships (PPPs), EUR 525 mln EU-funding for investment and support programmes, Accelerated licensing procedures for major investments

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<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
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<tr>
<td>• Geographical position</td>
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<td>• Developed infrastructure</td>
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<td>• Great diversity of scenery</td>
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<td>• Highly skilled labour force</td>
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<td>• Quality natural resources</td>
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<td>• Strong clusters in various sectors of activity (agri-business, tourism, industry)</td>
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<td>• Favourable climate conditions</td>
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<td>• Extensive coastal areas</td>
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<td>• Proximity to capital (1h drive)</td>
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<td>• Distance from EU Markets</td>
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<td>• Regional discrepancies (GDP, infrastructure, population)</td>
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<td>• Low public investments in R&amp;D</td>
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<td>• Environmental problems</td>
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<th>OPPORTUNITIES</th>
<th>THREATS</th>
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<tr>
<td>• Expansion of PPPs</td>
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<td>• EU’s National Strategic Reference Framework 2007-2013</td>
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<td>• New investment incentive law</td>
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<td>• Further labour market reforms</td>
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<td>• Extensive IT use</td>
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<td>• Natural hot springs</td>
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<td>• Largest snow centre</td>
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<td>• No 1 region in wind power</td>
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<td>• No 1 in mining &amp; metallurgy</td>
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<tr>
<td>• Recent international financial crisis</td>
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<td>• Recent fiscal crisis resulting from high public debt (followed by reduction of public investments, inflation &amp; economic recession)</td>
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<td>• Growing international competition</td>
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Source: Invest in Greece
Central Greece case study: communication tools and business-exploration trip

A well-organised mission involving all stakeholders

- **Period:** 3 days (30 June - 3 July 2010)
- **Participants:** 22 diplomats from 19 foreign countries
- **Budget:** EUR 12,000 for travelling expenses (IIG) + accommodation + organisational costs (Central Greece region + sponsors)
- **Programme:**
  - Day 1: general and sectoral overview of the region by representatives and experts from Ministries, local authorities, prefectures, chambers of commerce, business federations
  - Day 2: on-site visits to selected local businesses (manufacturer of ceramics machinery & photovoltaic parks, aluminium producer, vineyard)
  - Day 3: one-to-one meetings between diplomats and local businesses

Central Greece and its companies under the microscope

Day 3: more than 800 one-to-one meetings were organised between the 22 diplomats and 40 local businesses. The latter explored cooperation opportunities with companies from the 19 countries represented. In order to assess the results of the mission in the short- and medium-term, follow-up activities were implemented: exchange of contact information between foreign diplomats and companies involved, completion of an evaluation form by foreign diplomats, suggestions of follow-up and promotional activities to companies. Participants expressed their satisfaction with the mission which, they said, should result in win-win partnerships. June 2010 was a busy month for the Central Greece region in terms of international promotion activities, as it was also one of the eight regions selected to present their investment opportunities at the 8th World Investment Conference in La Baule, France.
Great local dynamism under a formal centralised State

Due to the Ottoman, British and Zionist state influence, power concentration by central institutions is hard to challenge for self-ruled localities (Iriya i.e. city councils > 20,000 hab., Mo'atza Mekomit or local councils > 2,000 hab., and Mo'atza Azorit i.e. regional councils gathering dispersed settlements). In a small country faced with permanent risks of war, the Interior Ministry controls local budgets and by-laws in 6 districts governed by State-appointed commissioners (Jerusalem, Tel Aviv, Haifa, Northern-Tiberias, Central-Ramle and Southern-Beersheba). It seems, however, that beyond this formal centralisation, local dynamics and initiatives are gaining ground over the national stage and agenda.

Emerging territorial communities taking over local development

Since the 1990’s, drastic cuts in State grants has led municipalities to go beyond their legal jurisdiction (utilities, infrastructure, civil security, social & educational services) and set up economic development entities (dedicated department or corporation) to improve their local tax base through economic expansion. In a free market economy whose attractiveness remains strongly conditioned by national regulations (infrastructure, education, fiscal and industrial policies, investment and R&D incentives), attractiveness and investment promotion have gradually become an issue for emerging local economic communities, under the reinforced leadership of directly-elected municipal leaders (since 1978), in relations with territorial partners such as the local Histadrut agency (national labour union), business associations, chambers of commerce and clusters, along with agricultural committee (rural areas) or elected neighbourhood committees (Kiryat Haim in Haifa). The TLV Global City project launched by Tel Aviv-Yafo is a good example.

Local development agency

Established in 1972

Operational territory: City of Haifa

Status: private corporation 100% owned by Haifa Municipality

Missions

The city’s development arm
Planning and creating “business anchors”, i.e. new physical infrastructures (business parks, exhibition complex, commercial areas, cultural, sports and recreational developments)

Business support initiatives
Aimed at specific sectors (virtual biotech network, bed & breakfast network, life sciences incubator, production of photovoltaic electricity from public buildings)

Resources

Budget: Development budget according to investment plans (cf. EUR 92 million for new Haifa stadium) / Operating budget mostly covered by real estate asset revenues (business tenants)

Employees: 100% private contracts
CEO, CFO, Chief Engineer, Project Managers, Legal Counsel, Marketing Consultant, Director of Business Development

Governance

Board of Directors directly appointed by the Mayor and the City Council => Chaired by Yona Yahav, Mayor of Haifa

CEO Nomination: tender for participation, ad hoc nomination committee with some non-Haifa related personalities for more transparency

Learn more

Web www.hec.co.il (Hebrew/English)
Email mail@hec.co.il
Phone Tel: +962 4-855-0150
Economic development: software & hardware specialisation

The Haifa municipality counts on in-house departments and subsidiaries to tackle local economic development issues. Internally, its strongest departments are dedicated to producing economic data (for planning purposes), building and maintaining physical networks (transport, utilities), and managing construction, land use and permits (city engineers with their own business development staff). The Business Development (BD) department is surprisingly small (a Director, one research worker) but efficient, as it is forced to act as a catalyst, a coordinator of all Municipal forces in the battle for local competitiveness. Its mandate puts a special emphasis on high tech, life sciences & clean tech clusters, promoted through “soft” initiatives, such as setting up technology-based networks and events. The HEC on the contrary was created to deal with physical business anchors such as MATAM, the first ever technological park in Israel and still one of the most successful today.

Shared projects to enhance intra-municipal cooperation

Shaul d’Angeli, Business Development Director, recognises that “there is some overlapping between the HEC and [his] services, and on the other hand, there is always room for tightening up the collaboration so that business leads do not fall between two stools”, for instance by sharing with the HEC the BioNorth network, one of the department’s flagship projects. “We had created a forum of interested parties in the field of medical devices. We connected it to a website, BioNorth, which targets bio and life sciences. We convinced the HEC to deal with BioNorth, by being our formal contact and connect BioNorth to their website. Our purpose is, through BioNorth, to attract companies to come to the Life Sciences Park being developed by the HEC”.

Igniting virtuous circles

Israel has gained rare expertise in fine-tuning public policies to support private sector growth, as has Haifa. Beyond the usual tax incentives or direct subsidies, the Ministry of Industry, Trade and Labour (MOITAL) and the Municipality sometimes act, separately or together (in the development of the Haifa port for instance), as venture capitalists, risk-taker entrepreneurs. On the incentives side, the Municipality can go beyond what the national investment promotion agency, Israel’s Investment Promotion Centre, might offer, through municipal tax exemptions. On the entrepreneurial front, the Municipality boasts interesting local specialties. Through the HEC, it has developed MATAM, originally a 100%-owned project, the oldest and largest technological park in the country. A 50.1% stake in MATAM was sold in 1998 to GAV-YAM, a major real estate group with business parks all over Israel, which made MATAM further flourish. The Municipality uses dividends from the MATAM success story to finance new projects, such as the Life Sciences Park. The HEC also manages hiCenter, a business accelerator for start-up companies in the commercialisation phase. It is sponsored by the State’s Office of the Chief Scientist - OCS, which invests, equally with the project promoter, up to ILS 1 million (about EUR 200K ) in incubated projects selected after a joint review, and is entitled to royalties.
Positioning: Haifa works, Jerusalem prays and Tel Aviv plays

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<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>A tolerant metropolis, 2nd in Israel (population of 1 mln), an exotic Mediterranean ambiance</td>
<td>Demographic stagnation (city &lt; 300,000 inhabitants v. 800,000 for Jerusalem and 400,000 for Tel Aviv) ⇒ Metropolitan areas of Beersheba (South, 560,000) and Tel Aviv (Centre, 3,200,000) are growing nearly twice as fast</td>
</tr>
<tr>
<td>Affordable real estate</td>
<td>Tough competition with Central Israel (Ashdod Port, financial power of Tel Aviv, political power of Jerusalem)</td>
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<tr>
<td>Strong industrial clusters (Petrochemicals, IT, Electronics, Aerospace &amp; Defence, Health)</td>
<td>Trade openness = national exposure to global crisis</td>
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<tr>
<td>Academia &amp; innovation: MATAM + Technion = Israel’s MIT</td>
<td>Image deficit (declining, rusty, air contamination, etc.) ⇒ Insufficient promotion efforts</td>
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<td>Largest port in Israel: attractive regional gateway (Jordan especially)</td>
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<td>thanks to convenient rail/road connections (far less congested than in Ashdod)</td>
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<tr>
<td>Assets: Bahai Gardens (Unesco), Haifa International Film Festival</td>
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<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>New gas finds &amp; gas pipeline</td>
<td>Reinforced attractiveness of Tel Aviv (TLV Global Initiative)</td>
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<td>Government-backed development plans for Haifa port</td>
<td>Feud over port privatization</td>
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<tr>
<td>Business anchors: new Life Sciences park, Disney park</td>
<td>Industrial relocations (textile, mechanics, electronic components) &amp; competition for venture funds (US investors hit by crisis)</td>
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<tr>
<td>Growing MICE tourism + football diplomacy (new sport complex for famous Maccabi team)</td>
<td>Regional political uncertainty, constant threat to tourism boom</td>
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<td>Health tourism assets (Rambam)</td>
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Major gas finds in the Levant: Haifa, the next energy hub?
Flexible annual working plans part of a long term vision

In Haifa, annual economic development budgeting and planning is elaborated in the framework of Haifa 2020 vision, a public document which provides the overall scheme and goals. Traditionally, when a new Mayor takes over, he revises rather than destroys the previous master plan. It gives quantitative objectives (i.e. 15,000 new residential units until 2020, double hotel rooms to 6,000, port of Haifa to be 3rd in the Mediterranean). The Municipality’s Economic Data Department is responsible for preparing the annual city plan (land planning, public investments), while the Business Development (BD) department prepares its own annual plan with the approval of the Municipality’s Director General. Most BD targets are qualitative (sector priorities, favoured tools), some quantitative indicators can be used, however, not for highly hypothetical job creation, etc., but rather as regards the number of promotional events to be organised during the year (professional conferences, missions in or out of Haifa). HEC activities are planned as part of a home-made marketing strategy. Strategic coherence is guaranteed by the presence of the Mayor himself, as HEC board Chair.

A detailed local development plan

- **Fields:** Competitiveness, Social cohesion, Sustainability
- **Sectors:** High Tech, Real estate, Tourism - Leisure, Healthcare
- **Zones:** MATAM, International Convention Centre, Life Sciences Park, Sports City & Samy Ofer Stadium, German Colony & Beaches
- **Measures:** infrastructure investments; support to academia in connection to research and industry; support to high tech; transforming traditional industries into highly efficient and low contaminating powerhouses; turning Haifa into a major domestic and international destination for medical tourism; development of the city beaches and rehabilitation of downtown Haifa (cf. German Colony project); fostering growth of MICE tourism; expanding leisure & sport offer: new 32,000 seats stadium with UFA-FIFA labels

Economic & land planning: a reinforced top-down approach?

In such a small State-controlled country, the influence mayors gradually gained over local strategy-making and land planning is noteworthy. It is, however, being questioned. National economic planning has been weak for years, but the National Economic Council (created in 2006, which formulates biannual socio-economic plans) and the Planning Administration in 2011 launched a tender for a foreign consultancy to help formulate strong long term national strategy. Land issues are a prime attractiveness factor too, as land is scarce and expensive. 93% of land is State property managed by the Israel Land Administration, leased to “owners” over 50-100 years. Mayors and government are in dispute over the land planning system: State representatives are highly influential in Regional and Local Planning and Building Commissions while the government seems tempted to take full control over permits.
Strategy: positive messages to overshadow a negative bias

Branding and image building are issues Israelis are highly interested in, due to the sharp contrasts in the messages carried by international media regarding their country (peace process, intifadas, terrorism, innovation, OECD membership). In Haifa, the only systematic campaign launched until now was tourism-oriented (see Haifa Tourists Board) rather than targeting the global business community to create a perception of Haifa as a valuable business location. Messages found in both the HEC and the Municipality's communication tools are, however, consistent: they build momentum on the success of the Technion ("the Israeli MIT"), MATAM ("a worldwide leader in technology") and its prestigious tenants (Intel, Google, Philips, Microsoft) to position Haifa as the high tech capital of Israel, "a flourishing centre for entrepreneurial development". This message has been so successful abroad that the main challenge is now to narrow the gap with national representations (rusty Haifa, heavy steel industries, port and petrochemical factories + 2006 Hezbollah bombings) or local ones ("a sleepy workers city" where air contamination is considered to deter residents and tourists alike).

Indirect communication pays off

- Municipal plan: Part of the Business Development annual plan
- Human resources: Municipality Spokesman Department
- Municipal budget: None specific/HEC budget: confidential
- Tools and actions: Specific business communication through professional events and networks, rather than costly direct communication (ads, billboards) / Cooperation with State promotion bodies (mostly Israel’ IPC) / Strong web presence = Municipality-backed English & Hebrew blog, HEC extensive English website, YouTube
- Impact: Haifa reaps the benefit of national communication efforts (cf. media coverage caused by the best-seller "Start-up Nation") => boasts headlines in most major Israeli business media (cf. dozens of positive headlines annually in economic press leader Globes, such as "IBM Haifa lab receives most US patents in Israel", 11/01/2011) + good international audience, especially after famous British Monocle magazine dubbed Haifa as Business hotspot for 2011
Prospecting through business communities

A partly coordinated prospecting campaign

- Resources: No specific budget / Multiple players = GAV YAM national marketing management + on-site MATAM sales team (2 people) + HEC marketing department + Head of Municipality's Business Development department (former senior accountant)
- Sectors: Aerospace & defence, Homeland security, Electronics, Medical devices, Life sciences in general
- Targets: Mostly US investors. Depending on the projects => For MATAM park = national and international high tech companies / For new Life Sciences Park = domestic start-ups companies
- Actions: Web, professional events, start-up companies delegations to the US, business delegations, foreign interest offices
- Impact: MATAM Park only = 98% occupancy rate, about 50 Israeli and international high-tech & biotech companies with a workforce of over 8,000 employees

Betting on the human factor + involved leadership

The Municipality BD Department is instrumental in coordinating prospecting efforts. Shaul d'Angeli has a tailor-made resume to head this public - private interface: as a former senior partner with Ernst & Young Israel, he was recruited in 2008 to develop business in the sectors he was dealing with as an auditor. Counting on strong support from the Municipality top leadership also helps. Shaul d'Angeli: "the Secretary of the Municipality is very active in bringing the right persons to our events, and we also have my direct connections with all the business and research community". GAV YAM, the Haifa-headquartered group which captures most foreign projects thanks to its national business location portfolio, seems however to play rather solo. Its sales team boasts trophies such as Google or Yahoo. "We do not need to make great efforts to convince major high tech companies to settle in MATAM", admits Ofer Avraham, VP marketing at GAV YAM.

Using networks & relays to reach out to target communities

The BD Dept’s favourite tool is to "bring in conferences on professional issues which emphasize Haifa centrality". Two international events on medical devices have for instance been organized in Haifa. The Municipality wants the BD communication budget to be spent on sponsoring professional events during which a high profile speaker promotes local strengths, while "the BD Dept addresses specific prospects and identifies persons to talk to". It also sends local start-up delegations touring the USA, and hosts business missions. Haifa convinced Dayton to set up a local interest office: "we provide office space; they pay a permanent representative to promote business with Haifa and vice versa. We are going to have the same for Massachusetts and hope for more to come".
ITALY: Lombardy Region
Promos - Invest in Milan

The strength of Italian regionalism

Investment Promotion Department of PROMOS - Special Agency of Milan Chamber of Commerce established in 1989

Operational territory: Province of Milan / Lombardy region

Missions

Internationalisation of SMEs
Promos offers assistance to Milan and Lombardy region-based businesses willing to reach out to foreign markets (market research, matchmaking, etc.)

Territorial Marketing & Support for Competitiveness
Reinforce and promote all pre-eminent factors of attractiveness: fashion, culture, tourism, research, investment

Resources

Promos budget (2009): EUR 22 M (incl. 14 M funded by Milan Chamber, the rest from Lombardy Region + service fees). Investment promotion budget (Invest in Milan) is about EUR 350K

6 full-time + 4 part-time employees for Invest in Milan out of 20 for Promos Territorial Marketing Department (100% private contracts, individual targets and bonuses)

Governance

President: a businessman appointed by Promos Steering Committee
Promos General Director = Secretary General of Milan Chamber
Embedded into Promos Territorial Marketing Department
Invest in Milan reports directly to the Head of Territorial Marketing

Learn more

Web www.investinmilan.com
Mail info@investinmilan.com
Phone +39 0285 155 214

The centrality of local authorities in regional economic policies

A decentralised State, Italy is divided into 20 regions (including 5 autonomous regions) with legislative power. The local autonomy principle, constantly reinforced since the 1948 Constitution, recognises normative, financial and organisational powers for all local authorities, which put them on an equal basis. Public establishments such as Chambers of Commerce are also considered as local authorities. In practice, the responsibilities of municipalities (a total of 8,101) include public services, land use planning and economic development. The provinces (110 in all) are concerned with planning on a larger scale. Seeking territorial coherence and economies of scale, more and more inter-municipal cooperation establishments are created to deliver better public services, planning, infrastructure and economic development.

Strong local promotion agencies

Invitalia, as an agency of the Italian government, deals both with inward investment promotion and support to national business competitiveness. Its FDI promotion efforts benefit primarily the less-advanced Southern Italy which is why most rich regions and provinces (about 20) have set up their own development agencies. Enjoying full autonomy from the State, their status, missions and strategies vary significantly. Some of them were established as stock companies by a region (Abruzzo, Emilia-Romagna, etc.), possibly in partnership with local business associations (Piemonte). Others are special agencies (law no.580 of 1983) of Chambers of Commerce, which is the case in Firenze, Campania and Lombardy. Promos is the strongest internationalisation agency of all Italian chambers, and Invest in Milan therefore the main local Investment Promotion Agency.
Promos, a special agency for a special chamber

- The Milan Chamber of Commerce, Industry, Craft Industries, Trade and Agriculture, was established in 1786. The Chamber is governed by a Board of Directors, appointed by business, consumer associations and labour unions. The board - together with its Chair - defines strategic guidelines, while the Secretary General is responsible for their implementation. With an annual budget of EUR 120 million (2009), employing more than 800, the Chamber is organised as a holding, where 8 Special Agencies are entrusted with specific areas of expertise.

- Promos is the Special Agency set up to foster the internationalisation of the province of Milan and beyond, of the whole Lombardy region, thanks to funding from the Region. It has many overseas offices.

"Il sistema camerale": favouring cooperation among chambers

Regionally, some of the services provided by Promos are also offered to members of Unioncamere Lombardia, the Lombardy Association of Chambers of Commerce with headquarters in Milan (and its own representative office in Brussels), in a effort of mutualisation. Nationally, even though Invitalia wishes to better coordinate regional efforts through permanent agreements, collaboration with the national Investment Promotion Agency occurs on a case-by-case basis. On the contrary, a national coordination among Italian chambers has long been organised within Unioncamere. Milan is a very active member of this powerful association, of which, Carlo Sangalli, the Milan Chamber Chair, was the head for two consecutive terms between 2000 and 2006. Unioncamere is also an influential member of Eurochambers, the European association of chambers of commerce. When preparing international promotion campaigns, once again, Invest in Milan favours partnerships with bilateral Italian chambers of commerce abroad.
Defining a promotion strategy: a great autonomy within a regional frame

A strategy defined internally and revised annually
- Period: Annual
- Framing: In line with Unioncamere Lombardia/Lombardy Region Programme Agreement but independent from other Territorial Marketing Department strategies (tourism, human capital attraction)
- Content: Diagnosis + General objectives (not quantitative)
- Status: Confidential document
- Means: None specific

Regional framing of economic development policies
In 2006, Unioncamere Lombardia and the Lombardy Region signed a Programme Agreement, renewed in 2009 to cover 2010-2015, which provides a common diagnosis, certain co-financing, and the annual co-planning of joint actions. This regional planning covers “the promotion of the territory and the environment, the adjustment of physical and technological infrastructure, the environmental, tourist and cultural attractiveness, the attraction of film productions, the development of human capital and knowledge, the prospection for the establishment of non Lombard businesses”. A Board of Direction and Supervision controls its implementation. Chaired by the Chair of the Regional Council, it brings together relevant regional councillors and the 12 Chairs of the Lombardy Chambers of Commerce.

A holistic approach to territorial marketing & attractiveness
Promos Territorial Marketing Department is the main arm of the regional promotion scheme. Its aim is to stimulate international interest in Milan first, and also in Lombardy thanks to regional financing. Its mandate is broad, encompassing inward investment attraction, human capital attraction (foreign scientists & students), but also the promotion of fashion, culture, and tourism. These 5 business lines are in interaction, as shown by Carlo Sangalli, Chair of Milan Chamber: “Culture is decisive regarding local quality of life but is also an important factor in competitiveness because it helps strengthen the "Made in Italy" that combines product excellence and knowledge”. Invest in Milan was set up in 2005 within the Territorial Marketing Department to reinforce FDI promotion but has only had full-time dedicated staff since 2009. Its focus is Milan but Lombardy, as an attractive hinterland, is also covered.
ITALY : Lombardy Region
Promos - Invest in Milan

Regional positioning: the Euromed capital of creative industries

Strengths
- Italy’s powerhouse: metropolitan area of 7.4 M people, Milan = 10% of GDP (Lombardy > 20%)
- Competitiveness: Milan better than Paris, Frankfurt, London (KPMG Competitive Alternatives)
- Capital of world fashion, along with Paris and New York
- Innovative fabric: prestigious universities (Bocconi, Politecnico), 10% of all Italian students, strong patents production
- Established attractiveness: Lombardy’s share of foreign equity investments in Italy > 50%
- Milan Fair: 2nd in Europe, 100 events/year, 4.5 million visitors

Opportunities
- Euromed market = 780 mln customers (Single market of 440 M Europeans, average income> USD 30,000 + 340 M South Med consumers, income> USD 10,000 vs. China: USD 5,900)
- Milan Expo 2015
- Closer regional coordination of communication & promotion efforts (joint territorial branding through Milano Globale project)
- Creative industries: fashion, design, ICT, biotechs, multimedia and publishing, finance
- Emerging markets for Lombardy machinery & luxury goods

Weaknesses
- Italian bureaucracy
- Labour unions
- High corporate income tax
- Freight costs
- Utilities costs (electricity)

Threats
- Competition for HQs and R&D with other dynamic European regions: Lyon, Barcelona, etc.
- Relocation of manufacturing SMEs southwards
- Italian political instability
- Impact of the crisis (real estate)
- Appreciation of the euro

A legitimate pretender to the title of Euromed economic capital

When seeking to attract decision-making and R&D centres, differentiation is the key. For Milan, competition mostly comes from Europe. One of the city’s unique selling point is its position as a crossroad between the Lisbon-Kiev axis and the North-South dividing line of Europe. Milan also positions itself as a gateway to the South. Promos therefore has an Euromed department to increase its impact in regional cooperation. This is consistent with the efforts of Milan’s Chamber and City Council, and also of the Italian government to promote Milan as a perfect location to host future Union for the Mediterranean agencies (SMEs, etc.).
ITALY: Lombardy Region
Promos - Invest in Milan

Communication: marrying up style and innovation

A synthetic visual identity for Invest in Milan

Promos, as every special agency, part of the Milan Chamber holding, sets out the new visual identity of the Chamber, designed to express style and tradition, in its own colour (blue): the logo stylises the iconic figure of St. Ambrose. Since 2005, Invest in Milan has had its own marketing identity, which somehow resembles Oldenburg & Van Bruggen’s sculpture *Ago, Filo e Nodo* on Piazzale Cadorna in Milan (Needle, Thread, and Knot, a reference to the fashion industry). The colours illustrate the cooperation between the Region (green), the Chamber (red), and Promos (blue).

Towards integrated territorial communication?

Invest in Milan has a 100% bilingual, readable, content-rich and well-referenced website. It is distinct from that of Promos in order to better address foreign investors’ informational needs (mostly indications on local business potential and costs). Its red & white graphic house style capitalizes on the Milan Chamber and City council colours. It was designed by an agency which also works for Promos, the Lombardy Region, etc. Reciprocal links between the websites of the Milan Chamber, Promos, Milano Metropoli Development Agency, the Tourism Office etc. ensure a fluid navigation and an efficient lead-sharing process. Further coordination of regional communication efforts would be a plus, according to the recommendations of the *Milano Globale* project, while Milan Expo 2015 is already a powerful incentive to do more. Invest in Milan systematically promotes this event when campaigning abroad.

Communication actions/tools

- **Plan:** Confidential => Budget & Human resources: Promos
- **Tools:** Website in Italian and English, brochures, gadgets, roll up, short video clips (outsourced production) on the Invest in Milan website and You Tube (the first on *Milan Expo 2015* and two others on investment opportunities)
- **Actions:** Participation in selected business fairs and visibility events (21 million visitors expected for Milan Expo 2015); Adverts in targeted national & international newspapers; *Ad hoc* newsletter for each campaign
- **Impact:** 1,000 monthly unique visitors on *www.investinmilan.com*, hundreds of viewings for promotional videos
Prospecting strategy: a blend of opportunism and targeting

- Range: Medium/Status: confidential (internally defined)
- HR: 2 FDI promotion + 1 customer care managers in Milan + commercial agents in 3 Promos offices (Brazil, India and China)
- Sectors: Creative industries (Fashion, Design, Financial services, ICT, Multimedia and publishing, Life Sciences and Biotechs)
- Zones: 16 clusters (geographically defined), 5 metaclusters
- Target: Focus on medium companies from emerging economies
- Tools: Intelligence, Website, Videos/no specific incentives
- Actions: Phoning (no subcontracting), meetings through local agents. Contacts taken during business trips, visibility events, workshops. Road shows in 2010 in China, Japan, Brazil, India, Israel
- Impact: 100 companies assisted by customer relation dept/18 deals in 2010 (+20 expected for 2011)/90 jobs created (2010)

The benefits of an efficient network management

Invest in Milan works closely with the Province and City of Milan, local universities and business associations. It has no agreement with Milano Metropoli Development Agency (re-industrialization in North Milan, sectoral networks and business incubators). The Lombardy Region funds Invest in Milan customer relation services (pre-investment data and assistance in local business creation) as they benefit all of Lombardy but does not yet finance pro-active prospection. For that reason its seeks private sponsoring to finance overseas campaigns. Invest in Milan also depends on a large network of private partners (lawyers, banks, real estate, recruitment) for both prospection and facilitation. Its agents in overseas offices are partly evaluated on their efforts to build and maintain a dynamic network of local contacts.

Be creative!

Invest in Milan focuses its prospection efforts on medium and large firms (EUR 50-100 M turnover) from developing countries, all sectors included. It considers that these medium-sized firms would find Invest in Milan's networks affordable and useful while multinationals rather count on their own consultants. As for developed countries, Invest in Milan concentrates on selective campaigns in niche sectors lesser known than fashion, etc...Invest in Milan commercial agents in Brazil, India and China take care of economic intelligence (press screening), local databases, local business events. The last promotion campaign in India was prepared by Milan (ad hoc newsletter) in cooperation (+ co-financing) with the local office of Deloitte. Invitalia joined in, bringing along another Southern Italian region which is no direct concurrent for Lombardy. Invest in Milan used its own local staff and the local Italian chamber in India to deal with logistics and B2B contacts; while Invitalia co-financed the logistics of Italian companies. When campaigning in Israel or Japan, Invest in Milan uses local Promos office staff (not fully dedicated to FDI) and local private partners to provide contacts.

Prospecting during a World Exposition: Milan Expo 2015

Hosting a World Expo is a huge opportunity, both in terms of visibility and prospection. It involves massive investments (EUR11 billion being spent mainly on infrastructures). The official topic, “feeding the planet, energy for life” should provide companies operating in fields such as agrofood, biotechs, renewable energies, life sciences, real estate, logistics and infrastructures, with business and investment opportunities. Promos Territorial Marketing Department and Invest in Milan are actively targeting international operators interested in Milan Expo 2015.
A reversing balance between centralisation and local power?

According to the 1989 Taif Agreement (Constitution), "Lebanon is a united state with strong central authority". It is divided into 6 governorates (8 in theory since 2003), managed by a Mohafez, i.e. an Interior Ministry representative. Aside from Beirut and Aakkar, each governorate is split into State-ran districts (25 in total), divided into municipalities (around 960, potentially grouped into federations). The latter have a decision making body (municipal council) and an executive officer (Mayor with 6-year term). In Beirut, executive power is exercised directly by the governorate’s Mohafez. Due to limited resources, municipalities provide only basic services, even though the law provides them with general competence. Political opportunism, reinforced by the 1975–1990 Civil War, tends to increase centralisation, while periodic State paralysis force local authorities, including CCIA, to take action. After a long night (no local elections 1963–98), the awakening of local democracy brings in new initiatives and multiplies municipal groupings.

Business Representative Organisations taking charge

Despite chronic crises and a lack of national coordination, positive changes were introduced thanks to the involvement of international organisations and the private sector: administrative simplification, inter-ministerial committees on economic reforms, etc. Chambers of Commerce and Industry and the Association of Lebanese Industrialists are instrumental in bringing about these policy changes. Whenever national institutions are unable to address ever-changing regulation and business support issues, the private sector launches its own initiatives. The Chamber of Commerce of Sidon and the South region, together with the Sidon municipality and private partners, launched for ex. the South Business Innovation Centre to provide financing and coaching to SMEs.
A catch-all organisation of national importance

The first mission of the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon (CCIA-BML) is to service its members, providing them with administrative, certification, training services, etc. With around 13,000 members, the Chamber is actually the largest business organisation in Lebanon. As such, it was granted public missions by the government, which has reinforced its vocation to serve the national business community. Most of its services, including participation to fairs and trade missions are free and open to any Lebanese business. Active promotion is also part of its job (investment & trade).

A close complementarity with the national promotion body

The Chamber clearly assumes 3 of the main roles of any Investment Promotion Institution (IPI): policy-advocacy missions towards a more investment-conducive business environment (nationals and foreigners are treated equally in Lebanon), economic intelligence and investor information (pre-investment data) through the Chamber’s Center for Economic Research, and facilitation services thanks to a One-Stop-Shop (OSS) which will gradually be available on-line. The Investment Development Agency of Lebanon (IDAL), set up in 1994 directly under the Presidency of the Council of Ministers to “spearhead Lebanon’s investment promotion efforts”, has also a policy-advocacy mandate and was instrumental, in 2001, in having the Investment Development Law 360 approved. IDAL too informs investors, facilitates their projects (OSS), prepares promotional materials and operations. Contrary to the Chamber however, it mostly deals, from Beirut, with large projects seeking incentives packages, while the CCIA-BML is focused on small businesses and can count on trade missions to carry out active promotion abroad.

Federating all chambers of commerce

The CCIA-BML is a territorial organisation in charge of the Beirut and Mount Lebanon governorates. Historically, it used to act as the national representative of all Lebanese chambers, before a federation, the FCCIAL, was formally created in 1996. Beirut provides both office space and staff for the FCCIAL at its headquarters in Sanayeh, but governance and direction of the committees has been gradually shared over the years with the 3 chambers covering the rest of Lebanese governorates: Sidon - South-Lebanon (CCIAS), Zahle and the Bekaa (CCIAZ) and Tripoli and North-Lebanon (CCIAT).

The voice of business in the law-making process

Due to its strong membership base, the Chamber tends to overshadow other Lebanese business-representative organisations. The Association of Lebanese Industrialists (ALI), hosted by the Chamber, tries to advocate a pro-industry policy. IDAL too advises the government on investment policy issues. IDAL and ALI can only partially embody the interests of Lebanese businesses, while the Chamber covers also their internationalisation needs (including outward industrial relocations). The Chamber is involved in advisory committees at the Ministries of Economy-Trade and of Finance. It systematically reviews draft laws dealing with business environment and trade enhancement. It takes part in the National Committee for WTO accession and collaborates with multilateral organisations such as the IFC on various projects.
**LEBANON : Beirut and Mount Lebanon**

CCIA Beirut and Mount Lebanon

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**A small market open to the world**

The Lebanese economy is remarkably open to trade and capital inflows (trade openness coefficient near 60%), with FDI around USD 4.5 billion (vs. 7 billion for Turkey, WB estimates for 2010) and USD 23 billion in total trade (incl. USD 18 billion in imports) out of a USD 39 billion GDP, untouched by the global crisis (2010, official exchange rate, CIA World Factbook). Industry is in trouble when not simply relocated abroad while traditional agriculture needs modernisation. On the contrary, design-rich industries and high added-value services thrive (high-end tourism, ICT, media, banking & finance, civil engineering). Long dubbed “Switzerland of the Mid East” (strong banking sector), Lebanon counts on Switzerland both as main export market (luxury goods) and competitor on global fine chocolates markets. CCIA-BML president M.Choucair runs chocolate-maker Patchi, a best-selling export product.

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**Positioning: betting on openness**

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**Strengths**

- Central location, the heart and head of Lebanon’s economy
- Modern international airport and port (gate to Syria, Jordan, Iraq, and Gulf States; transhipment platform for MSC and CMA-CGM)
- Entrepreneurial, educated, multi-lingual human resources
- Quality health care & education (prestigious AUB, St Joseph)
- Business-friendly national legal framework: non-discriminatory (no restrictions on capital ownership, financial transfers, no sector-based limitations), banking secrecy + low taxation (flat 15% corporate tax) + exemptions for greenfield projects

**Weaknesses**

- Small market (4 M inhabitant) with high social disparities
- Cost of land & speculation, lack of productive investment
- Insufficient public transport infrastructure
- Insufficient vocational training, R&D and innovation
- Emigration of qualified workers to the Gulf, Europe and USA
- Insufficient promotion efforts
- Large and fast-growing public debt, red tape
- Lack of consistent policy framework for economic and social development
- Cost of working visas

**Opportunities**

- Free Zone + Logistics Free Zone (LFZ), a booster for manufacturing and transportation projects
- Entrepreneurial diasporas
- Berytech Technological Pole
- High net worth individuals, inflows of foreign visitors & capital

**Threats**

- De-industrialisation: energy shortages, high factor costs
- Regional (Egypt, Turkey) and international competition
- Political instability = insufficient public investment and lack of regulation
Contributing to organic investment growth

The main competitive advantage of Lebanon lies in its non-discriminatory approach. As underlined by A. Nasr, Director of the Center for Economic Research: “Lebanon doesn’t have a Foreign Investment Law but an Investment Law: that is a major advantage compared to other regional economies.” In support of this egalitarian treatment of domestic and foreign investors, CCIA-BML focuses its efforts on general improvements of the business environment. Even if projects of new free zones are being studied, Lebanon preferred until now betting on integrated investments. Incentives provided by IDAL are related to project localisation rather than nationality.

Developing local SMEs into job multipliers

The Chamber serves mostly SMEs, “the main providers of jobs in Lebanon”, according to A. Nasr. “They form the bulk of the informal sector and face competitiveness issues more than financing problems”. Through its national lobbying activities (in favor of a Small Business Act), its training and one-stop-shop services, the Chamber intends to lighten the administrative, fiscal and social burden which prevents SMEs from revealing their real growth potential. To get closer to them, it opened 3 local branches apart from its headquarters in central Beirut: Jounieh (in the North of the Mount Lebanon governorate), Baakline (South) and Sin el Fil (Centre). To answer new demands, CCIA-BML is gradually becoming an e-chamber, with online information and facilitation. In parallel, a project called Membership Relationship Management might reinforce the local character of the Chamber’s activities and better address the specific needs of SMEs based in Beirut and Mount Lebanon.

Opening up new markets to boost investment

Widening the access of SMEs to regional and international market is a priority of the Chamber. It actively supports the negotiations for WTO membership, and the project of creation of a cooperation council and a free trade area with Turkey, Syria and Jordan. CCIA-BML does not have strong sector-related policies. According to M. Choucair, CCIA-BML Chair: “The Chamber primarily looks after SMEs from an infinity of sectors and sub-sectors. So it is difficult to predict how things will evolve. This is why we prefer to place importance on equal opportunities in the help we offer and to let the market make the selection. We are often astonished to see very dynamic enterprises emerging from seemingly moribund sectors, such as the textiles industry…” (interview 01-2011).
Counting on strong international brand

In spite of national/regional crises, Beirut is described as “vibrant, cosmopolitan, dazzling, bustling”. Once “Paris of the Middle East”, sometimes compared to Switzerland thanks to its hypertrophied financial sector, the Beirut area reaps the benefits of a sort of passive pull strategy, i.e. the cumulative seduction power of the region on foreign investors gained through various channels such as media & cultural influence (Lebanese pop or TV, classic music stars such as Fairuz, literature Kahlil Gibran, contemporary arts), tourism and “ambassadors” (of Lebanese descent, such as Carlos Ghosn, CEO of Renault-Nissan) or flagship products (fashion, jewelry, sweets). Beirut has managed over the years to earn a reputation as a cultural, financial and luxury haven.

Communicating in the national interest

- Dedicated plan: Not yet. Confidential budget.
- Human resources: Public Relations Dept or service providers
- Corporate identity: Complete corporate identity revamping (under development, see below the new blue logo vs. old red one)
- Tools & activities: No specific focus on Beirut & Mount Lebanon, promotion of Lebanon as a whole
  - Ad hoc presentations for business delegations (Fr, En, Ar)
  - Web tools, especially the “Lebanon Corner”, a section accessible from all pages of the website, featuring "The Lebanese and Arab Economy" (national indicators, monthly update in Arabic only), a monthly corporate newsletter and 2 less-updated brochures, “Doing Business in Lebanon” and “Types of Business”, prepared in partnership with a local consultancy. “More will be done in the future for that section, at the enterprise rather than macro level”, says A. Nasr.
  - Business events hosted by the Chamber + delegations trips abroad
An emerging campaign

- **Dedicated plan:** Not yet => the new Board of Directors (elected late in 2010) is working on an ambitious 5-year pipeline of CCIA-BML delegations to targeted international fairs, open to IDAL
- **Staff and budget:** Recent strengthening of the PR Department
- **Target:** No sectoral or geographical targeting but some *de facto* successes (real estate, ICT, finance) in countries where Lebanese nationals emigrate (Gulf, Europe, North America, etc).
- **Actions:** Annual participation in 40 events (recent fairs in Belarus, Lausanne, Damascus, etc.), B2B meetings with foreign delegations (16 in 2009, 26 in 2010), campaigns for Lebanese diasporas (permanent CCIA-BML representative in Brazil, see also IDAL)
- **Impact:** Large FDI inflows from Gulf-based investors in the tourism and real estate market, small service projects from Europe, USA => FDI proved resilient over the years but remain a smaller source of external revenues than booming remittances or tourism income (see graph below, in USD million)

Active promotion: future prospects

IDAL does not have a clear mandate and sufficient means to actively prospect foreign investors abroad. On the export front, the long awaited creation of a national dedicated export promotion agency has yet failed to materialise. This encourages CCIA-BML to continue its export and investment promotion activities through thematic workshops, B2B meetings (more than 40 over 2009-2010), and the participation of Lebanese companies in international fairs, such as Medfel (France) and Macfrut (Italy) for the agrifood sector. The reception of foreign business delegations at the CCIAB is a key tool for the promotion of the Beirut-Mount Lebanon region and the country: a majority of delegations over the past 3 years came from Europe, while Arab, Mediterranean and emerging economies (3 Chinese delegations in 2010, 2 Iranian, large Brazilian delegation in 2009) were well represented.

International cooperation: a useful and low cost tool?

Due to the lack of commercial *attachés* in Lebanese embassies, the Chamber seeks international representation though alternative channels: for instance, it plans to send staff to Promos in Milan, the internationalisation agency of the Chamber of Commerce. The CCIA-BML also counts on cooperation with other chambers as a privileged promotion and prospection tool: through the ASCAME network of course, but also through various bilateral agreements with numerous Chambers in Turkey, Syria, Jordan, Gulf countries, France, Italy, Spain and Maghreb (Tunis, Morocco), etc. It relies on EU-backed initiatives to provide contacts with foreign businesses, for instance through the Med Cosmetics initiative (Lebanon, Syria, France) funded under the Invest in Med programme, with B2B meetings in Paris in September 2010.
From de-concentration to decentralisation

The principle of decentralisation was written into the Constitution as early as 1962 but was not applied until 1976, and was bolstered in 2002 with the adoption of the Municipal Charter. Whilst the latter may have strengthened the powers of local councillors, in practice the process would appear to be a de-concentration. Morocco to date has 16 regions, 74 prefectures (urban constituencies) and provinces (rural constituencies) and more than 1,500 municipalities. Even if their competence varies considerably, these local authorities vote a budget, approve the accounts, define an economic and social plan, introduce public services and facilities, make partnerships and may create local development companies. Inter-authority cooperation is also promoted by law.

The region, leading contact in economic matters

Granted the rank of territorial authority in 1992 after having been a mere constituency for planning purposes, the region has gradually become the reference level of government in economic terms. Beyond the general competence of the local authorities, the Regional Council is responsible for promoting all action likely to encourage the economic development of the region. The State has moreover transferred to it the creation and maintenance of regional infrastructures and facilities (schools, universities, hospitals, business parks). Finally, it is consulted on public services, development policies and promotional actions to be implemented in the region. In 2002, each region was moreover granted a Regional Investment Centre (CRI) to facilitate the administrative procedures of those wishing to create businesses and investors and participate in local development.
Management: collective emulation at the service of entrepreneurship

The SMD Region, spirit of enterprise champion in Morocco

Despite its status of public organisation, human relations management (HRM) within the CRI is highly performance-oriented. Interregional emulation brought about by the fine benchmarking of the Subnational Doing Business report (effective lead time to create a business, granting of licences, transfer of property rights, performance of a contract, etc.) would seem to play an even more important role in the mobilisation of the CRI teams than HRM. The SMD Region, a traditional space for entrepreneurs, has in 3 consecutive years, been considered by the World Bank, as the No. 1 region in Morocco in terms of the improvement in the business climate. A real consecration for the CRI.

A team tightly knit around 3 operational departments

The CRI relies upon senior executives with private contracts, whose performance is recompensed by individual bonuses. The position of Director of the CRI, usually reserved for a senior State civil servant, from the Ministry of Trade and Industry, or the Interior Ministry, is often a stepping stone towards a position of Governor or Wali. The CRI team covers the whole of the regional territory thanks to its HQ in Agadir, its office in Ouarzazate, and its provincial branches, run by executives from the provincial governments and regional prefectures. Other than administrative functions, the CRI team is split into 3 departments corresponding to its main missions:

- Aid for the creation of business (5 people + 1 at Ouarzazate)
- Aid for investors (3 people + 1 at Ouarzazate)
- Promotion and Cooperation (3 people)

Doing Business: Agadir is doing better than the OECD countries

According to the World Bank Subnational Doing Business report (criteria involving local decision-making power), Agadir is the region of Morocco where it is easiest to settle a trade dispute. It takes less time in Agadir than in Paris or Istanbul.

Furthermore, it takes only 93 days on average to obtain a building permit there compared with 157 for the OECD countries.

You can count a mere 9 days to start a new activity against around 13 within the OECD.

As far as the transfer of property rights is concerned the SMD region also does better than the OECD average, with 22 days against 25.
MOROCCO: Souss Massa Drâa Region
CRI SMD - Agadir

Missions: a team in the region at the service of the entrepreneur

A one-stop for all business projects in the region

The first mission of the CRI is to inform, orient and support business creators and investors gratuitously. The CRIs are thus charged with the implementation of the Very Small Enterprise (VSE) support programme **Moukalawat**. Using this one-stop service is highly recommended for it enables a project to be started in a very short time. Especially since it is obligatory to use the CRI to obtain certain land-related authorisations (see Investors space on the CRI site: derogation for zoning plans, etc.). Finally, the CRI coordinates its network of partners to put together or support important projects (cf. Agadirshore project below), and promote an improvement in the local business climate with the Wali and local authorities.

A kingpin in regional economic development

To support the entrepreneur, the CRI is in contact with:
- the Regional Wilaya and the Ministry of the Interior (supervision);
- the Office of Industrial Property, and Social Security (creation);
- the ministerial delegations, the Regional Inspection of the Habitat, Town and Country Planning, local authorities and urban agencies (land & development schemes),
- the SMD Regional Council, with which it develops both the regional strategy and a number of operational tools (see box below);
- The ANPME (SMEs), the ANAPEC (employment), the professional chambers - CCI (support for entrepreneurship—the project SMD Initiative cf. France Initiative— and training);
- Invest in Morocco (strategic projects), the SMIT (stations of the Plan Azur), and MedZ (development of business parks such as Halipolis).

The CRI, a facilitator at the heart of the regional and national investment commissions

The CRI provides the secretariat of the regional investment commission which studies requests for authorisation for certain investment projects, so as to enable the regional Wali to sign the appropriate administrative paperwork. This commission comprises permanent members (Urban Agency, Regional Water and Forestry Departments, and Town and Country Planning) and non-permanent members, concerned by the application being studied: local authorities, ministerial delegations and other involved players.

The CRI can on request assist investors eligible for national aid from the **Investment Promotion Fund** (amount > MAD 200 M/permanent jobs > 250/priority territories/technology transfer/protection of the environment) in the preparation and defence of their application.

Finally, the CRI is responsible for controlling the compliance of the project with the commitments made by its promoter in the investment agreement signed with the State. This function is provided by a local project progress monitoring committee.
**Souss Massa Draa among the country’s main driving forces**

According to the Ministry of Economy and Finance, the region is the 2nd largest contributor to national GDP (12.2% against 19% for Greater Casablanca), while only covering 10% of national territory, and housing 10% of its population (3 million). According to data from the Plan High Commission, however, it is only 5th. The SMD is a crossroads area: country’s 2nd commercial port and 3rd airport hub.

**A strategic plan initiated by the Regional Council**

- **Timing:** Strategy => 5 yrs (2010-2015 plan validated 12/2010) Operational plan => 1 year (defined in coordination with the partners, Regional Council - RC in the lead)
- **Content:** Strategic orientations (consistent with national priorities) + set out in pilot actions
- **Process:** Consultation workshops (per sector and per Prefecture/Province) run by Regional Council (with the participation of the CRI) => Diagnosis entrusted to a well-known strategy consultancy following call for tenders from Regional Council => Approved by the RC
- **Sectors:** Agro, Tourism, Seafoods, Offshoring, Cinema
- **Tools:** Sectoral funds, industrial areas and Science Parks such as Haliopolis, AgadirShore & Agropole
Inflections of the 2010-2015 plan: diversify

- Confirmation of the main orientations of the 2005-10 strategy: fishing, agriculture, tourism
- Exploration of growth niches (offshoring, renewal of craft industries, green economy). In 2015, Ouarzazate will host the 1st element of the Moroccan Solar Plan (500 MW thermodynamic solar plant, PPP launched end 2010).
- The development of services and distribution-logistics

SWOT analysis for the Souss Massa Draa

**Strengths**
- Traditional entrepreneurial dynamism
- Solid network of determined partners
- Consolidation of the key sectors (leading agricultural producing-exporting region, downstream reinforcement of fishing sub-sector, 1st beach resort destination in Morocco, growing tourist income)
- Wealth of the terroir (casbahs, argan, palm groves, saffron, handicrafts)

**Weaknesses**
- Lack of qualified labour
- Strong dependence on 3 sectors (tourism, intensive agriculture and fishing)
- Terrestrially landlocked
- Low added-value in products and services

**Threats**
- Access to water for agriculture
- Traditional sectors under pressure, especially mining, craft fishing industry...
- Destruction of shoreline (concretisation)
- Reduced investment flows: increased inter-regional competition (Casablanca Marrakesh, Tangiers, the Oriental Region) as well as international (Eastern Europe, Med, Asia)

**Opportunities**
- Infrastructure investments: transport, (Marrakesh motorway, regional roads), tourism, business/logistics parks
- Cinema, agrotech, offshoring, clean energy, Tourist diversification
- Valorisation through IP of regional assets (PDO for saffron/argan)

**Tools consistent with national and local planning**

A number of regional schemes are promoted by the CRI with target businesses. They are often the fruit of regional consultation and provide financing tools, including from the private sector.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Morocco</th>
<th>SMD Objectives</th>
<th>Regional projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro</td>
<td>Morocco Green Plan</td>
<td>Regional Agricultural Plan - PAR</td>
<td>Creation Agrotech hub/ Agropole Project (study positioning and programming in progress in 2010)/Creation Protected Designation of Origin &quot;Saffron from Talouine&quot;/ Fund for the Development and Promotion of Local Products/ TARGA Investment Fund (MAD 30 M) with Crédit Agricole Morocco</td>
</tr>
<tr>
<td>Seafoods</td>
<td>Halleutis</td>
<td>Fix activities downstream (v. move to South)</td>
<td>Launch of Parc Haliopolis (investment of MAD 6.6 bilion), 8% stake held by the Regional Council SMD</td>
</tr>
<tr>
<td>Tourism-Cinema</td>
<td>Vision 2020 for Tourism</td>
<td>PDRT: consolidate the beach resort offer, exploit micro tourism in hinterland/ Cinema: make Ouarzazate the African leader of film shoots</td>
<td>&quot;Pays d’Accueil Touristique&quot; (PAT): Imouzzer, Ouarzazate/Zagora, Chouka Ait Baha, Taroudant and Tiznit/Station Taghzout Eco-Resort (Plan Azur) ; Restoration of Ksours and Casbahs as authentic accommodation (national fund of MAD 300 billion); Station Immioouadar (Plan Bldi internal tourism)/microtourism fund (up to 30% subsidcy)/ IGRANE Investment Fund/ Fund for Cinematic Development of Ouarzazate (MAD 3 M)</td>
</tr>
<tr>
<td>Offshoring</td>
<td>Emergence</td>
<td>Build up high added-value tertiary activities</td>
<td>Announcement in May 2010 of the creation of a new offshore park at Agadir by MedZ, subsidiary of CDG and promoter of CasaNearshore and Rabat Technopolis, Fez and Marrakesh Shore</td>
</tr>
<tr>
<td>Renew. energy</td>
<td>Solar Plan/ FDE + WS Clean Tech Fund</td>
<td>Regional plan for renewable energy and energy efficiency</td>
<td>Launch of a 500 MW solar project at Ouarzazate between now and 2015/Creation of a Centre for Industrial Competence and Services/Atlas regional wind turbine/biomass master plan/ financing of feasibility studies for windfarms, solar and biogas plants</td>
</tr>
</tbody>
</table>
The CRI obtains an AgadirShore for the Souss

The National Pact for Industrial Emergence is based upon 6 “World Professions”, including offshoring, a term which refers to all externalisable support activities (Business Process Outsourcing - BPO), from book-keeping, customer relation management (call centres), to third party distance application maintenance (TMA). To attract new operators, an Integrated Industrial Hub Development Programme (Plateformes Industrielles Intégrées - P2I) has been initiated and today comprises 2 operational sites at Casa and Rabat, while projects are underway in Fez, Oujda, Tetouan and Marrakesh.

Thanks to determined lobbying from the CRI SMD, an extendable 10 ha plot of land has been identified in Agadir, and an Agadirshore project submitted to the Ministry of Innovation and New Technologies as well as to MedZ. An official announcement was planned for 2011.

CRI SMD at the heart of the Haliopolis project

The CRI is a permanent member of the commissions which allocate land within the regional industrial areas. In the context of the Haliopolis national plan, Agadir is the 1st of 3 towns (with Tangiers and Laâyoune-Dakhla) to host a seafood cluster. The Souss Massa Draa Région (8%), the Igrane fund (15%), Crédit Agricole (22%) and MedZ (55%), are the Haliopolis project stockholders and have nominated MedZ as prime contractor. Commercialisation of the first phase on 99 ha started in May 2010. Haliopolis should mobilise total investments of 6.6 billion dirhams. To promote the subsector in general and this project in particular, the local council, Regional Council and the CRI have obtained the creation of the Haliopolis annual trade show under royal patronage, an event with international ramifications, on the model of the SIAM fair at Meknes.

Facilitate the development of tourist infrastructures

The Moroccan Tourist Engineering Company (SMIT) has taken in charge the dynamic inspired by the 2010 Vision of Morocco for tourism. It deals with site-preparation for the plan Azur international resorts, including Tamazhout in the SMD region (agreement protocol on 14/09/2010, start of work in 2011). The builder-developer chosen by call for tender is handling his own promotion while the CRI provides the monitoring. The SMIT is also running the national tourism Plan Biladi (one of the projects is near Agadir), as well as the regional tourism development plan. The CRI may propose to an investor a plot managed by the SMIT and monitor the projects. Finally, CRI contributes to the micro-tourism promotion programme (rural holiday accommodation).
A constrained corporate identity

Unlike the SMD Regional Council, which puts its graphic house-style, built around the colours of its logo, on all media (opposite, sea blue and typical ocres), the CRI is constrained to melt into the standards imposed on all the CRIs in Morocco (red and green logo above left). Given the lack of international knowledge of the term “Souss Massa Drâa”, the CRI has chosen to promote the regional capital, Agadir for its main communication media. The domain name which has been chosen for web communication is thus www.cri-agadir.ma.

A balanced mix of paper and web media

By only keeping the editorial work and entrusting the conception to local advertising agencies, the CRI has managed to harmonise and stabilise the graphics of its web site and its half-yearly information bulletin CRI-Agadir News, even if the colour range changes with each issue. With a print run of 5,000 copies on luxury coated paper, the bulletin is 100% financed by highly targeted advertising. It is sent by mail regionally (businesses & administration departments, professional networks, training institutes), nationally (ministries, foreign embassies and bilateral chambers of commerce, professional associations, large corporations and Moroccan CCIs), and abroad via the embassies.

The web site, financed exclusively out of the CRI budget, satisfies its dual vocation: facilitating investment (“Creator” and “Investor” Spaces providing certain electronic forms) and promoting the region. It is published theoretically in 4 languages (AR, FR, EN, SP), but only French speakers may access the whole of the content (forms included).

A web audience which extends beyond national boundaries

The CRI communication efforts are aimed mainly at a Moroccan public. The web site receives on average 5,000 visitors each month, a significant proportion of which are foreigners, with the French in the lead.

Pre-investment services: the choice of accessibility

The CRI has chosen to put on line, available to entrepreneurs, a great deal of information which is accessible with just a few clicks:

- Costs of production factors (very comprehensive 40 page PDF file updated regularly by the team);
- Sectoral market data (covering 11 sectors) and territorial profiles for each of the provinces of the region;
- Guides to assist in the creation of a business and for investment.

The CRI does not provide feasibility studies nor pre-location services. Nevertheless, it makes available to local business creators sets of profession-data sheets, mini market studies financed by the CRI and carried out by an outside firm (coordination and tourist transport, etc.). For some strategic projects, CRI carries out customised assignments (e.g. for example organising a recruitment simulation open day for a large offshoring group with a local university).
Promoting foreign investment in a network

Short of sufficient means to prospect directly abroad, the CRI has chosen to capitalise on its networks: Moroccan residents abroad (MRE), EuroMediterranean cooperation networks, business networks. Thanks to its membership of the ANIMA network and its participation in the Invest in Med programme, the CRI has managed to develop international promotion action in France, in Jordan, etc. at a very low cost. The CRI contributes to the MovieMed initiative for the constitution and promotion of a Mediterranean catalogue of film shooting sites. In phase with the regional promotion strategy, MovieMed is counting upon cross fertilisation. The film shoots in Ouarzazate should also enhance craft industries (costumes, etc.) and generate tourism (natural & architectural heritage). A special promotion office, the Ouarzazate Film Commission, was set up with support from the CRI with a one-million euro budget.

A surge in promotional activities

In recent years, the small CRI team has participated in around 45 events per annum (70% locally, 20% nationally and 10% internationally: GulfInvest, France-Maghreb conventions, Maroc Hexagone road shows, MarocPlus in the Netherlands). In the first half-year of 2011, there were already 40 events on the calendar while the number of foreign delegations received (fifty or so in 3 years) had exploded, despite a coordination with the Invest in Morocco agency which is still in its infancy. European predominance was maintained, although in 2010 the region played host to delegations from North America, Asia as well as the Maghreb. According to the 2009 Report from the National Investment Commission, the SMD region is in 2nd position among the most attractive Moroccan regions, just behind Greater Casablanca.

Sales pitch: 10 reasons for investing in the region

1- 360 days of warm weather p.a. (between 15 and 27°C)
2- Logistics hub between Africa, Europe and the Atlantic (2nd port, country’s 3rd airport )
3- Interconnection links between S. and N. Morocco
4- Rich cultural and architectural heritage: Casbahs & ksours, igoudars, etc.
5- Competitiveness: 1st in primary sector, 3rd in tertiary
6- Development vision: 1st region in Morocco with an economic development strategy, 1st region in terms of improvement in business climate according to the World Bank
7- Land of charm: cultural dynamics, terroir, sea water therapy
8- Telecoms infrastructure: 16 point fibre optics Internet backbone, with 12 Gps international bandwidth
8- Attractive land offer: Sidi Bibi industrial areas (322 ha), Tiznit (75ha), Ouled Teima (21ha), Sidi Ifni (34ha), Ouarzazate (34ha), Parc Haliopolis (150 ha), tourist projects
10- Renowned operators
Local authorities under the control of a centralised State

A presidential republic since 1957, Tunisia was to see the birth of its first municipality, under the Ottoman Empire, in 1858 (Tunis). France established many municipalities from 1884 until the end of its occupation. From then onwards, their number has increased continually: from 69 in 1956 to 264 today. They are run by an elected municipal council. The country is also divided into governorates (wilayas). The wilaya is both part of the de-concentrated administration (the Governor of which is charged by the President to supervise the de-concentrated services of the State and municipal affairs) and a local authority (run by an elected Regional Council). Under administrative and financial control, the municipalities have little sway over public services and territorial planning, which remain to a large extent controlled by the State (education, health, transport, etc.), and also have trouble exercising the new competence that they have been attributed due to their financial vulnerability and their lack of qualified personnel.

The national agencies for economic development

Economic development policies still remain heavily centralised. Dictated by national objectives to bolster growth, create jobs and install territorial equilibrium, they are implemented by public establishments with thematic or sectoral competence: the Agency for the Promotion of Industry and Innovation (API), charged with implementing national industrial policy; the Foreign Investment Promotion Agency (FIPA-Tunisia), which informs, advises and supports foreign investors; the Industrial Land Agency (AFI), behind the creation of 83 of the 122 industrial areas which the country can claim, etc. In the absence of local development agencies, these industrial parks suffer from a lack of visibility.

<table>
<thead>
<tr>
<th>Missions</th>
<th>Coordinating, support for innovation</th>
<th>Technological intelligence; Incubation and supervision of project promoters; Coordination of the In'tex network; International cooperation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational territory: Monastir and la Manouba</td>
<td>Development, management, promotion</td>
<td>Development, operation and maintenance of industrial parks; Creation of common facilities; Promotion and attraction of investments</td>
</tr>
<tr>
<td>Monastir Textile Science Park + El Fejja Industrial Activity Park</td>
<td><strong>Missions</strong></td>
<td><strong>Resources</strong></td>
</tr>
<tr>
<td><strong>Development, management, promotion</strong></td>
<td><strong>Coordination, support for innovation</strong></td>
<td><strong>Annual budget: EUR 6 M</strong></td>
</tr>
<tr>
<td>Development, operation and maintenance of industrial parks; Creation of common facilities; Promotion and attraction of investments</td>
<td></td>
<td><strong>Shareholders in mfcpole are a pool of public and private banks:</strong> <strong>BIAT 60%, STB BANK 20%, Banque de Tunisie 10%, BNA 10%</strong></td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td><strong>14 staff (managers, engineers and technicians)/6 Departments</strong> (Operation of Monastir site, Technical, Marketing &amp; Investment, Innovation &amp; Cooperation, Financial Affairs Mgt )</td>
<td></td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td><strong>Executive management (3 years)</strong></td>
<td>Managing Director (political questions, public representation )</td>
</tr>
<tr>
<td>Representatives of the different shareholder banks</td>
<td></td>
<td><strong>Board of Directors</strong></td>
</tr>
<tr>
<td><strong>Learn more</strong></td>
<td><strong>Executive management (3 years)</strong></td>
<td>Managing Director (political questions, public representation )</td>
</tr>
<tr>
<td><strong>Web</strong> <a href="http://www.mfcpole.com">www.mfcpole.com</a></td>
<td><strong>Executive management (3 years)</strong></td>
<td>Managing Director (political questions, public representation )</td>
</tr>
<tr>
<td><strong>Email</strong> <a href="mailto:mfcpole@mfcpole.com.tn">mfcpole@mfcpole.com.tn</a></td>
<td><strong>Executive management (3 years)</strong></td>
<td>Managing Director (political questions, public representation )</td>
</tr>
<tr>
<td><strong>Tel</strong> +216 71 138 543</td>
<td><strong>Executive management (3 years)</strong></td>
<td>Managing Director (political questions, public representation )</td>
</tr>
<tr>
<td><strong>Fax</strong> +216 71 862 068</td>
<td><strong>Executive management (3 years)</strong></td>
<td>Managing Director (political questions, public representation )</td>
</tr>
</tbody>
</table>

TUNISIA : Monastir-El Fejja la Manouba

Pôle de compétitivité mfcpole

*An integrated hub at the service of national textile industry strategy*
Competitive clusters and the private sector: a winning double

So as to reinforce its industrial sector through a profound transformation of the traditional sub-sectors and the emergence of new high added value sub-sectors, Tunisia has developed a strategy centred on a certain number of priority and complementary orientations, among which the creation of competitiveness clusters. Sectoral in vocation, the latter comprise an industrial park and a science park. The public limited company mfcpole was thus created in 2006 to develop a cluster for the textile industry. An agreement signed with the Minister for Industry, Energy and the SMEs determines its obligations (execution lead times, results expected) and the advantages granted in return by the State (sale of plots of land for a token amount, construction of the external infrastructure networks, financing of the common water treatment station at El Fejja, exoneration of customs duties and VAT on the necessary imported equipment).

A development calling upon varied financing

<table>
<thead>
<tr>
<th>Component</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial premises</td>
<td>mfcpole company + occupants</td>
</tr>
<tr>
<td>Incubator</td>
<td>mfcpole</td>
</tr>
<tr>
<td>Centre of technological resources</td>
<td>Technical Textile Centre + mfcpole</td>
</tr>
<tr>
<td>Training institutes</td>
<td>PPP (agreements)</td>
</tr>
<tr>
<td>Public research centres publics</td>
<td>Public authorities (agreements)</td>
</tr>
<tr>
<td>Common open spaces</td>
<td>mfcpole + Operators</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>National and European programmes</td>
</tr>
</tbody>
</table>

81 partners as a basis for the competitiveness of the cluster

So as to encourage competitiveness and the influence of the cluster, the company has developed a network of partners (In’tex), composed of 61 national and 20 international structures: the Agency for the Promotion of industry and innovation (API), the Foreign Investment Promotion Agency (FIPA-Tunisia), Chambers of Commerce, business federations, similar clusters and science parks, universities, research and training structures, etc. Partnership agreements provide a framework for all joint support and promotion action as well as facilitating the exchange of good practices. mfcpole also collaborates with banks, which provide it with data on investment flows and regional structures, with which it carries out territorial marketing actions around Monastir and Greater Tunis.
TUNISIA: Monastir-El Fejja la Manouba
Pôle de compétitivité mfcpole

Strategy: enhance the offer of the cluster and re-assure investors

A strategy drawn up using marketing methods

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clarity of the strategic vision</td>
<td>• No specific advantages (no financial and fiscal incentives specific to the cluster) to locate on the science and industrial parks</td>
</tr>
<tr>
<td>• Implantation in two governorates with high industrial concentration (diversification)</td>
<td>• Newly created spaces (developed, under construction)</td>
</tr>
<tr>
<td>• Proximity of university centres and a reservoir of labour (availability of engineers, technicians, research workers, training centres, recruitment/training service pack)</td>
<td>• Lack of success stories (businesses in activity)</td>
</tr>
<tr>
<td>• Facility of access/logistics of the area (close to main ports and airports)</td>
<td>• Difficulty of access to collaborative projects</td>
</tr>
<tr>
<td>• In'tex network for partnerships and contacts at local, national and international levels</td>
<td></td>
</tr>
</tbody>
</table>

A necessary adjustment following the Jasmine revolution

Aware that the temporary instability as a result of the Jasmine revolution runs the risks of giving rise to a loss of confidence of investors and banks in the Tunisian economy, and similarly in the mfcpole offer, the company has adapted its strategy to the new context. It has introduced a real-time observatory of the way Tunisia is perceived by foreign businesses and has carried out a strategic diagnosis. Brainstorming methods were used to characterise the cluster’s offer (general characteristics, infrastructure available, services offered, human resources) and to identify its strengths, weaknesses, opportunities and threats (see opposite). Comparative methods have enabled its competitiveness to be evaluated in terms of research and innovation. To re-assure existing and attract new investors, promotional actions, both in Tunisia and abroad, have been reinforced. The shareholder banks have moreover consented to supplementary investments in the development of the cluster space.

Opportunities

<table>
<thead>
<tr>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Targeting the sectors with potential (technical textiles, finishing, fashion, ICT, etc.)</td>
</tr>
<tr>
<td>• Favouring the insertion in the training programmes of the quality approach, of multi-functionality and creativity culture</td>
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<td></td>
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</tbody>
</table>
Regional positioning: promoting two location sites

Ambitious development objectives

- Objectives: 200 Ha developed/58,000 m² built/300 businesses/15,000 jobs/10 collaborative projects per annum
- Sectors: Textiles (technical, finishing, fashion); Multi-sector (mechanical industries, electrical and electronic, ICT, renewable energies, biomedical)
- Areas: Monastir and la Manouba
- Target: Businesses, research laboratories, training organisations, support structures, service providers, etc.
- Actions: Clusterisation and development of innovating projects, montage of collaborative projects (national, European and Mediterranean cooperation), territorial marketing, assistance to businesses, training, development of areas of activity (eco-construction)

Parks inserted in territories

Since the promotion of the cluster’s two components necessarily involves the promotion of surrounding territories, mfcpole has drawn up a promotion strategy with its local partners for the 2 governorates in which the cluster is located. This strategy highlights: the strong industrial tradition of la Manouba (more than 230 businesses in the machinery, electronics, textiles industries, not forgetting services) and Monastir (leading region for Tunisian textiles 700 industrial units, 550 of which textile businesses); the proximity of logistics and transport infrastructure (airports, motorways, ports, trains, metro); the availability of qualified labour (12 university establishments and 8 training centres in Monastir/14 and 5 at la Manouba).
A campaign based upon a complete range of tools

- Process: Internal strategy preparation
  => Implementation partially externalised to a communication agency (graphic conception for the web, advertising, etc.)
- Staff: 3 people
- Budget: 2.5% of the annual budget, that is around 150 K€/p.a.
- Tools: Brochures (French/English), internet site, video (in the process of preparation), newsletter (in preparation)
- Actions: Events, press conferences, advertising inserts, open days, international cooperation

Promotion and communication: diversifying the tools and channels to draw attention to the cluster

Communication, lobbying and cooperation for more visibility

mfcpole has launched a communication campaign on a national and international scale. It is based upon a complete range of tools and uses all the different available channels of communication (written press, Internet, TV, advertising, etc.) and lobbying actions (press, chambers of commerce, other professional chambers, etc.). At the national level, the company organises regular press conferences with journalists targeted for their sectoral competence, and has a specialist article and an advertising insert published every month. Advertising announcements are also inserted in specialist international magazines (the Journal du Textile, annual report of the Oxford Business Group on Tunisia, etc.). The cluster furthermore organises open days with visits to the site and its spaces. It joined the IASP (Int’al Association of Science Parks) and participates in European and Mediterranean projects such as TEXTECH-Med so as to improve its international visibility.
A cluster to be inserted in the world value chains

In the context of its In'tex partner network, mfcpole has undertaken a segmentation (markets/sub-sectors) and targeting project with the aim of integrating the value chain, encouraging interactions and complementarities, and creating business opportunities. Ten different themes and sectors with potential have been identified: testing, technical textiles, sourcing, product enhancement, optimisation, computer-aided activities, textile finishing/environment/energy/water, ICT/market, fashion/design, logistics. Activities and businesses have thus been targeted.

Prospection actions specific to each target

In order to attract new investments, the company is deploying direct and indirect marketing actions by falling back upon its network of partners. These actions include making direct contact with the targets and the organisation of large scale national and international events. Since each target has its own specificities, they are approached in a different manner: theme days, BtoB, RtoB and ItoB meetings, business delegations, side events at trade shows, etc. On the web, mfcpole proposes a functional and regularly updated interactive internet site, which provides a great deal of information on the different spaces in the cluster, investment conditions, the services offered, etc. The different target publics are identified at the level of the home page: investors/manufacturers/project promoters, professionals from the textiles and fashion sector. One entry per type of park is also proposed: textiles, miscellaneous industries, services.

Flexibility and expertise for win-win partnerships

Thanks to its private law status and its banking shareholders, mfcpole benefits from a great deal of flexibility, which enables it to respond effectively to the expectations of investors. Motivated by a spirit of win-win networking and innovation, the company is taking care to develop its expertise in terms of project identification, support and financing. Since the sites were put on the market in January 2010, 15 projects have kicked off, among which are to be found great names in textiles, finishing, cables and wiring, industrial equipment manufacturing, new technologies and industry-related services.
The gradual harmonisation of territorial units with EU standards

From 1925 on, Turkey was divided into provinces, counties, towns and villages. In the 1950s, 7 macro-regions were established with no legal authority. The highly centralised system of government, however, undermined the ability of institutions to meet local needs. The case for a legal and institutional overhaul towards more decentralisation gained ground with the opening of the accession negotiations with the EU. Turkey aligned itself with the EU standard ―Nomenclature of Territorial Units for Statistics - NUTS‖ in 2002. Since the 81 provinces (NUTS III) were too small to develop consistent and efficient regional policies, they were grouped into 26 regions (NUTS II), while 12 new macro-regions (NUTS I) replaced the 7 former. Reforms of the municipalities (responsible for town and country planning, public transport and utilities), the metropolitan municipalities (responsible for most urban services) and the provinces (economic development) were also passed.

Development agencies to unleash local potential

In 2005, an amendment of the Local Authority Unions Law allowed the grouping of local and provincial authorities into “Service Unions“ for the joint management of services. In 2006, Service Unions were soon replaced by Development Agencies (DA), whose missions are to accelerate regional development, ensure sustainability, reduce interregional disparities and reinforce cooperation between local authorities, the private sector and the civil society. Carried out under the supervision of the State Planning Organisation, the definition of a strategic plan is one of the major tasks of DAs. Because of their proven dynamism for regional policies, Adana-Mersin (Çukurova) and Izmir were the first regions empowered with a DA. The others will follow.
A regional agency structured into 4 main operational units

- The planning and programming unit (7 experts) defines the regional development plans and operational programmes, describes the general framework of grant schemes, prepares the budgets and reports of the agency, coordinates the institutional relations of the agency, organises training programmes for the staff, conducts research on the region;
- The project implementation unit (6 experts) prepares the grant scheme procedure, records the submitted projects, selects assessors and signs contracts with project leaders that are eligible for funding;
- The monitoring and evaluation unit (9 experts) controls the implementation of the projects, prepares interim reports, etc.;
- The Adana and Mersin investment support offices (5 experts) promote the region for both domestic and foreign investments, assist investors before, during and after the implementation of their project by providing them with data, organising site visits and meetings, etc.

Close cooperation with the national investment promotion body

Çukurova Development Agency (CDA) works closely with the Turkish Investment Support and Promotion Agency (ISPAT - Invest in Turkey), which coordinates the investment support offices of all regional development agencies. ISPAT follows international investment leads and directs them to CDA when the region is suitable for their project. When the invested amount is lower than TL 50 million (EUR 24 million), ISPAT hands the project over to CDA. However, neither ISPAT nor the regional development agencies are currently authorised to handle administrative procedures for investors. A new law, expected to be adopted in late 2010, should solve this problem. ISPAT also helps and encourages CDA to compete with other regional development agencies.

Strong relations with the various local stakeholders

Besides its Board of Directors, CDA has a Development Council, a consultative platform grouping representatives from 23 public institutions, 15 local authorities and 62 private sector organisations, NGOs and universities. It also organises sectoral meetings with the relevant stakeholders. Finally, many organisations apply to CDA for a grant. Under this scheme, the agency provides funding to entrepreneurship support programmes and business forums organised by the Adana and Mersin Chambers of Commerce and Industry, which are its main local partners.
A 10-month process

- Period: 2010-2013 (same as the national plan)
- Content: Existing situation + Vision + Objectives
- Status: Public
- Resources: Planning and programming unit staff (7 people) + EUR 45 mln (organisation costs for 22 workshops with 350 participants)

A step-by-step approach to reach a shared vision for the region

1. Data collection from national and regional institutions
2. Socio-economic diagnosis of the region (comparative approach at global, national, regional and where possible sub-regional levels)
3. Participatory meetings:
   - sub-regional workshops => identify specific problems of the 8 sub-regions
   - workshops with the Development Council => conduct the general SWOT analysis and draw up a vision for the region
   - thematic and sectoral workshops => refine the SWOT analysis and define a specific strategy for each priority sector and theme

A region faced with national challenges

With a GDP of USD 880 bln in 2009, Turkey was the 16th largest economy in the world and 6th in Europe. The sharp drop in external demand caused by the global crisis resulted in a 5.6% contraction of the GDP and dethroned Turkey from the 15th place it occupied the previous year. FDI inflows also decreased from USD 18.3 bln in 2008 to 7.9 bln in 2009. Nevertheless, growth started again in 2010, reaching the record figure of 8.1%, and should be around 5% in 2011. But the unemployment rate is expected to remain at 15% as job creation will not be strong enough to absorb the rapidly growing labour force. Vulnerability to foreign exchange is another major problem due to the current account deficit (for the year 2009, total exports amounted to USD 102.1 bln and imports to 140.9 bln). As the 4th most populous region of Turkey, with 3.7 mln inhabitants in a country of 72.5 mln people, Çukurova
Regional positioning: identifying challenges and priorities to define appropriate measures

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>A comprehensive regional development plan</th>
</tr>
</thead>
</table>
| • Strategic location  
• Favourable geographic and climatic conditions  
• Good transport infrastructure  
• Renewable energy resources  
• Strong agribusiness and manufacturing industry  
• Special investment zones  
• Abundant workforce with competitive wages  
• Institutions with a strong commercial and industrial tradition | • Disparities among sub-regions and social groups  
• Unplanned urbanisation  
• Insufficient transport and energy infrastructure in urban areas  
• Insufficient vocational training, R&D and innovation  
• Lack of sectoral master plans  
• Qualified outward migration and unqualified inward migration  
• Poor environmental awareness  
• Insufficient promotion efforts | • Objectives: Competitiveness, Human resources, Social cohesion, Liveability, Sustainability  
• Sectors: Agro-food, Textiles, Chemicals, Metals & Machinery, Furniture, Logistics, Tourism  
• Zones: Free zones of Mersin and Adana Yumurtalik, organised industrial areas of Mersin Tarsus and Adana Haci Sabanci  
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Opportunities

• Terminal point of 3 pipelines  
• International airport project  
• Project of organised industrial area specialising in energy  
• Improvement of motorways  
• Abolition of visa requirements with neighbouring countries  
• Proximity of large markets  
• Increasing strategic importance of world food sector  
• Funds made available for accession to the EU

Threats

• High energy and input costs  
• Negative impact of the crisis  
• Insufficient public investment  
• Decreasing profit margins in the main sectors of the region (petro-chemistry and textile)  
• Competition from other regions and countries (Far East)  
• Political uncertainty in Iraq  
• Unfair treatment of the region within the state subsidy system

Strengths

- Strategic location
- Favourable geographic and climatic conditions
- Good transport infrastructure
- Renewable energy resources
- Strong agribusiness and manufacturing industry
- Special investment zones
- Abundant workforce with competitive wages
- Institutions with a strong commercial and industrial tradition

Weaknesses

- Disparities among sub-regions and social groups
- Unplanned urbanisation
- Insufficient transport and energy infrastructure in urban areas
- Insufficient vocational training, R&D and innovation
- Lack of sectoral master plans
- Qualified outward migration and unqualified inward migration
- Poor environmental awareness
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A comprehensive regional development plan

- Objectives: Competitiveness, Human resources, Social cohesion, Liveability, Sustainability
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Industrial specialisation

Strengths

- Competitiveness
- Human resources
- Social cohesion
- Liveability
- Sustainability

Sectors

- Agro-food
- Textiles
- Chemicals
- Metals & Machinery
- Furniture
- Logistics
- Tourism

Zones

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Industrial specialisation
Managing communication without a dedicated strategy

Following the launch of the regionalisation process, collecting regional data and planning local development was the priority. Now that the Çukurova region has started competing with other Turkish regions, marketing and communication are the key. CDA is therefore working with the different local stakeholders to turn the regional development plan into a communication strategy. As there is as yet neither a shared strategy nor a dedicated staff unit, each unit at CDA manages its own communication activities. On the occasion of major events such as the launch of the annual grant programme, the concerned team contacts the local press and prepares press releases. Without common objectives, messages and methods, the impact of these actions remains weak and a global assessment is impossible. Defining a comprehensive communication strategy is a top priority for CDA.

Upgrading the website to reach more investors

Currently, CDA’s website, with its Turkish and English versions, attracts mainly local actors interested in the grant programme. It was designed by an external provider but the published contents are managed by CDA staff. With a view to targeting more investors, and especially foreign ones, 2 new websites will be developed in Turkish, English and Arabic: Invest in Adana and Invest in Mersin. Whereas CDA is in charge of the whole Çukurova region, it is indeed easier to work on a provincial level. Because the region is a recent creation inspired by the European model, it still has no legal authority and poor visibility. For the new websites, both design content and management will be outsourced. The lack of internal skills and the competitive prices offered by web agencies make it more advantageous.

In the absence of a structured campaign, variable actions

- Dedicated plan: None / Human resources: 1 staff member
- Budget (EUR): 169,000 (2009), 7,000 (2008), 303,000 (2007)
- Tools and activities:
  - Brochure “Invest in Çukurova” in Turkish and English, to be translated into other languages (outsourced design)
  - 2 promotional videos (1 for the region and 1 for CDA activities) in Turkish and English (outsourced design)
  - Website currently in Turkish and English (outsourced design)
  - Meetings with the local press (5 in 2009), publication of bulletins
- Impact: More than 50 articles on CDA in the local press in 2009 (90% on social and SME projects funded by the agency)
Prospecting: matchmaking and international cooperation as keywords

A campaign being structured

- Dedicated plan: Not currently, but the regional plan will soon be turned into specific objectives and targets for investment promotion for the next 4-5 years
- Human resources: part-time for investment support unit staff (5)
- Budget (EUR): 146,000 (2010), 173,000 (2009), 14,000 (2008)
- Priority sectors: Agro-food, Textiles, Chemicals, Metals & Machinery, Furniture, Logistics, Tourism
- Targeted countries: Near and Middle East, Germany and Italy
- Tools: Website, promotional videos, brochure
- Activities: Participation in events, business delegations
- Impact: Still not assessed

Stock of FDI projects by region of origin as of June 2010

Prospecting with a opportunistic approach

CDA’s investment support units try to catch prospects by participating in promising events. In 2010, it planned to attend 15 to 20 national events and 4 to 10 international events. To make the most cost-effective selection, the team takes into account: the location of the event, its format (B2Bs are privileged), the expected participants, the institutional context (participation in events with a public support is often easier with government help). It targets mainly Near and Middle Eastern firms, which are already the first foreign investors and will surely represent an even higher share in FDI after the lifting of visa requirements and signing of free trade agreements with Syria, Jordan and Lebanon. In the years to come, the team will not participate in sector-specific events abroad but rather in national events.

International cooperation as a priority

“Before investing in Turkey, foreign companies generally start with distributorship, then sign partnerships and finally establish their own subsidiary” explains Murat Kaplan, Investment Support Unit Manager.

“Therefore, we use the network of the Undersecretariat for Foreign Trade and local Chambers of Commerce and Industry to communicate with foreign organisations and participate in international events. From 2010, we will also organise 6 to 8 business delegations to the region every year. We started cooperation with Lebanon. We took a delegation to Beirut and, as it was successful, a Lebanese delegation will come to Mersin in July 2010. We plan to develop similar exchanges with other Eastern Mediterranean countries like Egypt.” CDA is also member of international networks of investment promotion agencies like WAIPA and ANIMA Investment Network.
The Invest in Med programme aims at developing sustainable trade relationships, investments and enterprise partnerships between the two rims of the Mediterranean. Funded at 75% by the European Union over the 2008-2011 period, it is implemented by the MedAlliance consortium, which associates economic development organisations (ANIMA, leader of the programme), CCIs (ASCAME, EUROCHAMBRES), and business federations (BUSINESSMED). The members of these networks, as well as their special partners (UNIDO, GTZ, EPA Euroméditerranée, World Bank, etc.), gather a thousand of economic actors - mobilised through pilot initiatives centered on key Mediterranean promising niches. Each year, a hundred operations associate the 27 countries of the European Union and 9 Mediterranean partner countries: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria and Tunisia.

Local Investment Promotion in the Mediterranean

A Practical Compendium

The ongoing deep social unrest shaking up most Med countries is largely a result of unbalanced economic growth. The sustainable development of the region calls for the strengthening of local investment promotion capabilities in order to help Mediterranean territories face a tougher national and international competition for investment, jobs and wealth.

This practical compendium comprises 10 case studies, which show different ways of:

- defining a promotion strategy (conducting a SWOT analysis or benchmark, internally or through a carefully-chosen consultancy);
- turning your promotion strategy into an effective communication plan (building an image/a brand, forging ahead with the right differentiating messages, favouring suitable tools and channels);
- fine-tuning your prospecting plan (identifying and canvassing your potential partners and targets, calibrating your tools).

Each case study (ranging from 4 to 8 pages depending on the available information) provides:

- an institutional profile (allocated missions/means put into perspective, national and local economic or institutional peculiarities);
- an analysis of the organisation’s promotion strategy;
- an examination of its prospecting and communication plans (both the elaboration process and its output will be studied).

www.invest-in-med.eu