

## GOOD PRACTICE

### Policies for attraction and promotion of investments in Emilia-Romagna

**ORGANISATION: ERVET**

**TOPIC: The attraction of investment**

#### TOPIC OF THE GOOD PRACTICE

The Emilia-Romagna Region, in coordination with EU and national policies, supports the generation, attraction and retention of investments in its territory with several policies and tools, such as: the regional law 14/2014 for promotion of investments (including the Agreement for the Settlement and Development of Enterprises), contact point for foreign investors, website [www.investinemiliaromagna.eu](http://www.investinemiliaromagna.eu), information tools, networking and governance activities with national and local operators.

#### DETAILED DESCRIPTION OF THE GOOD PRACTICE

##### Strategy

The regional strategy aims to combine economic competitiveness with a high level of social cohesion and environmental quality. The Smart Specialization Strategy (S3) of Emilia-Romagna aims at supporting research and innovation by further enhancing the cooperation between the production and the knowledge systems. Regional programmes along with the new regional law for promotion of investments (n.14/2014) provide direct support to companies committed to invest in Emilia-Romagna, in order to increase employment and make the economic system more and more specialised, with high level of internationalization, a broad ecosystem of suppliers/customers and skilled human resources. The regional law for the promotion of investments provides incentives to investment programmes having high strategic value, which is assessed with specific reference to the regional Smart Specialisation Strategy - S3 - and for research and innovation centres. The main regional strategic sectors are identified in the regional S3 strategy: mechatronics and automotive, agrofood, construction, health and wellbeing, culture and creativity. Regional laboratories and innovation centres in Emilia-Romagna, belonging to the regional High Technology Network, have been created with the aim of performing research addressing the need for innovation expressed by companies, thus increasing their competitiveness. The Network is organised into 6 Thematic Platforms: Agro-food, Construction, Energy and Environment, ICT and Design, Life Science, Mechanics and Materials

##### Objectives

Increased employment rate (also in terms of quality of the jobs); increased expenditure and jobs in R&D and innovation, increased collaboration with the regional research system (e.g.: Regional HT Network); consolidation and development of key sectors, drivers and key enabling technologies identified by the regional S3 Strategy.

##### Targets

- Companies already settled over the regional territory willing to expand their investments,
- Companies wishing to settle over the regional territory,
- Local bodies and operators/stakeholder involved in the attraction and promotion of the investments,

##### Results

Incentives are provided following an open call for investment projects, according to a two-stages approach. In PHASE 1 the strategic value of the investment programme, its likely impact on employment and

competitiveness, its inner consistency and coherence with local development programmes are assessed. PHASE 2 is devoted to the assessment of each detailed investment project and action and expected result and leads to the definition of a binding agreement.

Emilia-Romagna Region published the final results of the first call for investment projects at the end of April 2017. 14 Companies will now sign the so-called regional Agreements for Settlement and Development of Enterprises: 14 investment programmes for a total investment of about 531 millions will generate 1.017 new jobs - 625 graduated, out of which 302 researchers - and further 237 existing jobs will be preserved by reconverting productions and retraining employees. The Regional Government will provide 43 million Euro of incentives, the eligible amount of investments being roughly 131 millions Euro. The Agreement will support the investments also by facilitating the relation with institutions, local bodies and stakeholders and ensuring the timely completion of the investment programmes. Among the investors there are many regional top companies but also several foreign groups: Volkswagen (through Lamborghini and Ducati), Bosch Rexroth and Braun Avitum from Germany, AVL from Austria and Teko Telecom that is part of the JMA Wireless group headquartered in USA. The 8 remaining companies are Italian.

#### **How BP has allowed resources to be kept on the territory**

The Agreement for the Settlement and Development of enterprises is available for different typologies of investments, classified according to their employment effect: when at least 150 additional jobs are created, the concerned investment is classified as industrial or service development of regional interest; when at least 50 additional jobs are created, out of which graduates represent more than 40%, concerned investments are considered as having great strategic value; when at least 20 additional jobs are generated and graduates represent 100%, the investment is directed at the creation of research, development and innovation centres; investment programmes leading to industrial conversion are also eligible when at least 100 workers are involved. The employment effect of the investment must be kept for at least five years after the completion of the programme, otherwise incentives will have to be reimbursed. Moreover, evaluation criteria of the investment programmes include "significance of programme impact", which considers value chain links with the local supply system. Another evaluation criterium refers to the collaboration with laboratories of the Regional High Technology Network, foreseen in the investment programme.

#### **Juridical and ruling frame**

Incentives provided by the Law for the Promotion of Investments in Emilia-Romagna are funded by regional resources and are coherent with the European regulation (General block exemption Regulation - GBER, Commission Regulation (EU) N° 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty).

Categories of aid are the following:

RESEARCH & DEVELOPMENT;

INNOVATIONS IN SMEs;

PRODUCTIVE INVESTMENT (ONLY IN ASSISTED AREAS AND/OR BY SMEs);

PURCHASE OF ADVISORY SERVICES FOR SMEs;

ENVIRONMENTAL PROTECTION AND ENERGY SAVING;

RESEARCH FACILITIES;

TRAINING PROJECTS AND HIRING AND EMPLOYMENT OF DISADVANTAGED AND DISABLED WORKERS.

#### Role of Regional Government:

Financial incentives are committed through the Settlement and Development Agreement and are funded by the Emilia-Romagna Region. The Agreement is signed by the Regional government and all the other actors involved in the investment programme and will include the commitments made by each participant and specify the incentives provided. The Regional government will coordinate all institutions in order to ensure rapid and effective procedures.

#### Role of public agencies: ERVET

According to the Regional Law for the promotion of investments (n.14/2014, Art.23 - amendment to regional law 25/1993), ERVET's role refers to many activities, including: «development of actions for promotion of investments, also from abroad, in the regional territory: securing funds and financing, support to investors, technical support for Agreements for the settlement and development of companies». In continuity with the activity carried out by ERVET for more than 15 years, ERVET is also responsible for the contact point for the Call for Investment proposals and provides also technical assistance and expertise to Emilia-Romagna Region for the selection and evaluation of the proposals.

#### Networking

ERVET cooperates with other regional public agencies dealing with Research and Innovation System (ASTER) and digital infrastructures (LEPIDA). Moreover, ERVET carries out the mapping of local and international marketing operators to support networking activities. ERVET is also involved in international projects related to territorial marketing and investment promotion issues (e.g.: PACMAN, Attract SEE, Valumics, etc.).

#### Tools:

##### Agreement for the Settlement and Development of enterprises. Call for investments proposals

Emilia-Romagna has a new tool to make its economic system more attractive to national and foreign investors, following final approval of “Regional Law for Investment Promotion no. 14” on July 2014. The main tool provided by the law is the “Agreement for the Settlement and Development of enterprises” to be signed by the Regional government, the investor (single company or grouping), local bodies and other stakeholders involved in the investment. The agreement will include the commitments made by each participant and specify the incentives provided, the timing of procedures and completion of the investment, the employment impact and the transport and digital infrastructure and welfare services provided in relation to the investment. The Regional government will coordinate all local institutions in order to ensure rapid and effective procedures. The Settlement and Development Agreement aims at supporting investment not only through financial incentive but also facilitating the relation with institutions, local bodies and stakeholders.

The first call (first phase) was opened in March 2016 and closed in May 2016. Selection procedures are articulated in 2 phases: PHASE 1 seeks to determine: strategic value of the programme, impact on employment and competitiveness, consistency of the general strategy for action, compatibility with local development programmes. PHASE 2 implies the assessment of each detailed action and result and leads to the definition of the agreement.

The following types of investment project are eligible according to their employment impact:

- Production of goods and services with at least 150 additional employees
- Highly strategic investment with at least 50 additional employees (graduates >40%)
- R&D Centre with at least 20 additional graduated employees
- Redirection of production for regional companies with at least 100 employees, with 10% of additional employees and at least 5 additional employees in R&D activities at the end of the investment.

Governance - Memorandum of understanding between regional government and ITA-agency (Italian Trade Agency) (Regional Resolution n.1158/2016). Subject of the MoU: shared strategies and tools and joint promotional activities for the national level (Ministry of Economic development and Italian Trade Agency) and the regional one (Emilia-Romagna Region and ERVET). Other activities foreseen by the MoU: supporting foreign investors; common portfolio of industrial areas and potential partnerships; simplified procedures; exchange of information on regulations, incentives and tools for investment promotion. According to the MoU, ERVET is the only regional operator working with ITA (Italian Trade Agency) for activities aimed at attracting foreign investors. ITA-Agency and ERVET carry out together lead generation, targeting and scouting activities aimed at identifying potential investors. They also coordinate promotional events to be organized.

Contact point (investinemiliaromagna@ervet.it). ERVET is the regional contact point for foreign investors, representing the Emilia-Romagna Region. Investment requests are supported by providing tailored information, contacts and other customised services. All the activities are free of charge for potential investors. ERVET carries out a wide range of activities related to investment promotion, such as: tools and context analyses; pre-investment information and support for the business set-up process; support for completing the 'Settlement and Development Agreement'; collaboration with other actors and institutions at regional and local level; support for the identification of locations; after-care and post-investment monitoring.

The website "Invest in Emilia-Romagna" ([www.investinemiliaromagna.eu](http://www.investinemiliaromagna.eu)) presents the regional economic system and its business-friendly environment. The new version (online since June 2015) features: new contents and structure, interactive maps (key sectors, business parks, research system, etc.) and infographics and country focus translated in 11 languages, info-sheets on key sectors, etc. The brochure "15 good reasons to invest in Emilia-Romagna" represents a very short summary of the website's contents and is translated in 11 languages.

## BENEFICIARIES

Territorial marketing operations aim to attract, retain and generate new investments. Regional, national and foreign companies are the key beneficiaries. Main strategic sectors are specified in the regional S3 strategy: mechatronics and automotive, agrofood, construction, health and wellbeing, culture and creativity. Evaluation criteria of the investment programmes for the Agreement for the Settlement and Development of enterprises include "significance of programme impact", which considers value chain links with local supply system. In this case the new investment has a positive impact also on the regional system of companies.

Research centres are also key beneficiaries. The regional law for the promotion of the investments provides incentives for investment programmes with great strategic value (that is mainly evaluated with reference to the regional S3 strategy) and for research and innovation centres. Most of the regional laboratories and innovation centres in Emilia-Romagna belong to the regional High Technology Network, created with the aim of performing research capable of addressing the need for innovation expressed by companies, thus increasing their competitiveness. The Network is organised into 6 Thematic Platforms: Agro-food, Construction, Energy and Environment, ICT and Design, Life Science, Mechanics and Materials.

The territory is also a beneficiary of the incentives provided through the "Agreement for the Settlement and Development of enterprises". Such agreement provides also incentives to local bodies and municipalities for new transport and digital infrastructure and welfare services provided in relation to the investment. Increased employment rate is an impact that affects the whole territory.

## CULTURAL ASPECTS: POSSIBLE KEY LEVERAGES FOR INTERNATIONALISATION PROCESSES

The regional law for the promotion of investments aims to create a cultural context in which the relationships between institutions and companies are more and more collaborative. The objective of the Region and of the other institutions involved is to be considered as facilitator and supporter and not as an obstacle. That's why the agreement for the settlement and development of the enterprises comprises not

only financial aspects but also timing of the procedures, relationships with the local bodies and technical support for the implementation of the investment programme.

Regional economic specializations are the result of an entrepreneurial tradition widespread in Emilia-Romagna. Regional entrepreneurial rate is about one company each ten inhabitants. Most of the companies are SMEs. So, the regional economic strengths depend also on the wide network of suppliers/customers built upon the main value chains. The regional motor valley, featuring brands as Ferrari, Ducati, Pagani, Dallara, Lamborghini, etc. is the most significant example, showing how this network of SMEs has been able to support brands that are successful worldwide. This system is now open to foreign companies to be stronger in the global market competition. Some companies financed by the regional law for the promotion of the investments are historic regional brands (e.g. Lamborghini and Ducati), that are now part of a foreign group (Audi). Incentives have also the task to increase the relationships of these companies with the local enabling environment.

### INNOVATION OF THE GOOD PRACTICE, POTENTIAL FOR IMPROVEMENT AND REPLICABILITY

The regional law for the promotion of investments is establishing new and stronger governance relationship both at horizontal and vertical level. At horizontal level the law is better defining the roles and the relationships among ERVET, the Emilia-Romagna Region and the other regional agencies, in order to better join the efforts to support the generation and attraction of investments with the actors dealing with innovation and digital infrastructures. The law is being implemented in a moment in which some of these agencies (eg. ERVET and ASTER) are about to merge in a single agency, improving in this way the integration between investment promotion activities and the promotion of the research system. At vertical level, the law allows ERVET to implement the relationships with the national and local institution in a more formal framework. The first example is the MoU between the Region/ERVET and the national Ministry for Economic Development/Italian Trade Agency. This collaboration allows better coordination of activities aimed at attracting foreign investors, including lead generation, targeting and scouting activities for identifying potential investors. They also coordinate promotional events/roadshows to be organized. This type of models of governance can be adapted also to different contexts and improved through implementation on different territorial levels and different types of institutions and stakeholders.

In the Italian context, a specific tool for the Investment Promotion as the Agreement provided by the regional law for the promotion of investments, has only few other similar examples. The innovative aspect consists in the mix of interventions encompassing financial incentives, technical support for companies and support to the local bodies and other stakeholders involved in the investment.

### EVIDENCE OF SUCCESS AND THE ASSESSMENT OF THE IMPACT AND RESULTS OF GOOD PRACTICE

European Cities & Regions of the Future 2016/17 - Financial Times

The region is a strategic location for Foreign Direct Investment, as confirmed by: the "European Cities & Regions of the Future 2016/17" report, released by the Financial Times FDI division, that included Emilia-Romagna in the following Top 10: "Southern European Regions", "Large European Regions - FDI Strategy". The judging criteria consider: economic potential, human capital and lifestyle, cost effectiveness, connectivity, business friendliness (including several international indexes as «ease of doing business»).

FDI (participation >50%) in Emilia-Romagna (data bank: Aida/Bureau Van Dijk)

In November 2016, in Emilia-Romagna there are 982 companies with foreign participation >50%, with 81,068 employees (2015) and a total turnover of 30.97 billion euro (2015).

FDI in Emilia-Romagna (foreign participation >10%) (data bank Reprint)

Companies with participation from abroad: 748 (31.12.2013)- Variation 2007-2013: +4.9%

Employees of the companies with participation from abroad: 63,444 (31.12.2013)- Variation 2007-2013: +13.1%

Regional FDIs - Gross Domestic Product (PIL): 24,397 million euro (31.12.2013)- Variation 2007-2013: +4.9%

First call of the Agreement for the Settlement and Development of Companies (May 2016) - End of Phase 2 of evaluation

In April 2017, Emilia-Romagna Region has published the results of the second phase of the selection procedure to enter into regional Agreements for Settlement and Development of Enterprises. 14 Companies presented investment programmes with an employment impact of 1,254 jobs (1,017 new + 237 preserved) and a total value of 531 million, of which 131 million Euro is the amount of the investments for which the contribution has been asked. The requested incentives amount to 43 million Euro, and will be funded by regional resources, but the Agreement supports the investments also facilitating the relation with institutions, local bodies and stakeholders and ensuring the timing of completion of the programme. Among the investors there are many regional top companies but also several foreign groups: Volkswagen (through Lamborghini and Ducati), Bosch Rexroth and Braun Avitum from Germany, AVL from Austria and Teko Telecom that is part of the JMA Wireless group headquartered in USA. The 8 remaining companies are Italian.

Website [www.investinemiliaromagna.eu](http://www.investinemiliaromagna.eu)

Statistics: more than 6 thousand single users in one year, 44% from abroad (Google Analytics, July 2015-16).

#### CONTACT DETAILS

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