

INFORMEST



Benchmarking Clusters & Industrial Districts approaches: Informest experience in the promotion of emerging clusters in Central & Eastern Europe

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INFORMEST EXPERIENCE FOR SMEs EMERGING CLUSTERS PROMOTION

VICLI project in Hungary – Romania – Bulgaria (1999 – 2001)
(by appointment of AR FVG funded by INTERREG II C – OP CADSES)

EDEF bilateral project in the Russian Federation
(Kaluga, Tambov, Dubna, Vladivostok) (2003 – 2004)

“OPEN MARKETS” project assessed district potential
of thermo-electromechanical SMEs
in the lagging behind areas of Friuli Venezia Giulia
(Entrepreneurial encouragement action in FVG SPD 2000 – 2006)

Informest bilateral projects aim to the assessment of clustering
of dynamic SMEs for local awareness rising
and matching of transnational partners
at the tier of local productive systems.

GENERAL ASSUMPTIONS ON PRODUCTIVE DISTRICTS APPROACH 1

- The culture of local development is quite recent
- The role of entrepreneurship is conditional for making more of local endogenous resources
- The territory plays the role of development paradigm for SMEs
- The industrial district is a specific added value within SME clustering
- The Italian case study is a benchmark for emerging industrial districts in transition economies

GENERAL ASSUMPTIONS ON PRODUCTIVE DISTRICTS APPROACH 2

The industrial district is a Local Productive System with a prevailing sectoral specialization

Coordination and control of different phases do not derive from fixed rules or hierarchical mechanism

The ties of companies with the territory & effective governance result in competitive external economies

The role of Local and Regional Authorities is pivotal for shaping the productive environment

GENERAL ASSUMPTIONS ON PRODUCTIVE DISTRICTS APPROACH 3

**Key words
of the added value of productive districts**

Identification

Awareness (of private and public players)

Partnership

THE FASHION OF INDUSTRIAL DISTRICTS

Growing interest for the districts performance
in the Italian economy (rating over average data):
GDP per capita, investments, flexibility, export, start-ups,
employment rate, skills mobility, FDI

>>> Expectation for replication abroad

FAQ

- How many are industrial districts in Italy?
- How can we establish an Industrial District?
- How can we promote district based FDI
in our Country / Region?

The clustering alternative in transition economy
is a good, but only first answer
to the needs of spread entrepreneurship in global competition

COMMON FEATURES OF DISTRICT DEVELOPMENT 1

- | | |
|--|-------------------------------------|
| Historical skills of local economy | (Knives – Maniago) |
| Local availability of raw materials | (Tiles – Sassuolo) |
| Farmers entrepreneurial experience | (Furniture – Alto Livenza) |
| Restructuring of big (state) industry | (Mechanics – Emilia Romagna) |
| Role of a local leading company | (Packaging – Schio) |
| Role of external investments (FDI, but not only) | (Razlog – BG) |

COMMON FEATURES OF DISTRICT DEVELOPMENT 2

Entrepreneurial creativity

pushed by emulation among companies

Strong sell – buy relations among district companies

Social cohesion, i.e. trust

among entrepreneurs and entrepreneurs and workforce

PPP sharing economic growth & common vision

within the whole community

SWOT OF THE CLUSTERING APPROACH 1

STRENGTHS

- Overcoming entrepreneurial individualism
- Setting up of companies consortia
- Recovering of business associations weakness
- Development of common marketing strategy
- Establishment of single entity for dealing with development actors (LEA – University – LRA)
- Exchange of experience among entrepreneurs
- Facilitation of transnational networking
- Recovery of elapsed time for the agglomeration of enterprises

SWOT OF THE CLUSTERING APPROACH 2

WEAKNESSES

- Association of mostly final producers
- Competition without productive cooperation in the value chain
- Limited flexibility of full cycle final producers
- Reduced spin-off & start-up effect
- Transnational networking with pure trading scope
- Low connection with territorial settlement of companies
- Cumbersome establishment of PPP
- Low capacity of project generation for external economies upgrading
- Low visibility as a component of local attractiveness for FDI

SWOT OF THE CLUSTERING APPROACH 3

OPPORTUNITIES

- Starting point for the identification of wider productive competence of the territory
- Awareness rising of the business empowerment of associated approaches
- Increased local and transnational exchange of experience
- Visibility of specialisation & sub-contracting business opportunities for making more of the value chain
- Evidence of institution building needs for cluster representation
- Easier dialogue with public authorities for PPP programming
- Understanding of potential added values of the external economies
- Possibility of integrated approaches for state aids delivery

SWOT OF THE CLUSTERING APPROACH 4

RISKS

- Cluster dependence on the interest of a single big company
- Conflicting interest of associated business
- Slow specialization process in productive innovation
- Territorial fragmentation of the associated companies
- Weak legitimacy of cluster representative in PPP establishment
- Trading focus of cluster operations
hindering PPP project generation capacity
- Low impact of state aids
delivered on sectoral / single company basis
- Lack of visibility in the features of territorial attractiveness for FDI

COMBINING CLUSTER & PRODUCTIVE DISTRICT APPROACH 1

MAKING MORE OF THE ECONOMIC HISTORY OF LOCAL PRODUCTIVE SYSTEMS

- Identification of existing concentration of productive skills in a given territory
- Assessment of inter-companies relationship
- Promoting enterprise creation in specialised productive niches (Business Incubation, University spin-off, TTS establishment)
- Awareness rising of the productive specialisation on the field among both business community & public authorities
- PPP methodology for drafting of development programmes
- Supply of funding facilities for project generation on associated business or PPP basis

COMBINING CLUSTER & PRODUCTIVE DISTRICT APPROACH 2

CONDITIONALITY

Policy makers care a long-lasting perspective on the social-economic added values of the Local Productive System

Cluster managers are provided on PPP basis for connecting businesses and business – development actors

Business self-assessed & public planned approaches are always combined in a flexible way

COMBINING CLUSTER & PRODUCTIVE DISTRICT APPROACH 3

LEARNED LESSONS FROM ITALIAN EXPERIENCE

Identification of productive districts needs decentralised empowerment of development actors

Local private interest and public awareness are more important than statistical quantitative indicators for the establishment of effective clusters / productive districts

Pro-active approaches and appropriate methodology enable “hidden” productive districts to become aware and emerge, but LPS capacity building is a long lasting process

COMBINING CLUSTER & PRODUCTIVE DISTRICT APPROACH 4

LEARNED LESSONS FROM ITALIAN EXPERIENCE

The opportunities of ICT networking
or worldwide virtual clustering
are additional to LPS competitiveness
but can not substitute the social-economic added values
of the productive district community in the territory

INFORMEST LEARNED LESSONS FOR THE NEW PROGRAMMING PERIOD 2007 - 2013

To give momentum to entrepreneurial encouragement
in the new operational programmes of Structural Funds

To provide guidelines in the new IPA & ENPI regulations
for the National Action Programmes of the concerned countries including:

- > “JOP 1 type” small partenariat events for SMEs
- > a twinning mechanism for decentralised “capacity building” of elected local PA
- > a micro-twinning mechanism for Local Productive Systems

To establish a “Regional Framework Operation – RFO type” legal basis
for the exchange of experience among growing and lagging behind regions
on the subject of entrepreneurial environment innovation and up-grading

Thank you for your attention !

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