Guidelines on Inter-municipal Commercial Location Development

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Index

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Annex

Tables

Figures

Abbreviations

BSC	BalancedScoreCard
COMUNIS	Inter-municipal Cooperation for Strategic Steering of SME-oriented Location Development in the Alpine Space
CLD	Commercial Location Development
EDP	Electronic Data Processing
EPCI	Public Establishment for Inter-municipal Cooperation
MCEA	Modified Cost-Effectiveness Analysis
MFA	Material flow analysis
NRP	New Regional Policy (Switzerland)
SEA	Strategic Environmental Assessment
SME	Small and Medium-sized Enterprises
SPA	Special Purpose Association
ULP	Unique local proposition

Introduction

1. A concept for steering inter-municipal commercial development

The present guidelines were created within the framework of the EU INTERREG IV B project COMUNIS. Therein the concept and approach of Commercial Location Development (CLD) are described, and options for action, tools and instruments as well as implementation examples are presented to stakeholders and other actor on municipal and regional levels. Herewith CLD is understood as a comprehensive municipal task of planning and controlling, ranging from the development of a profile of commercial development to the actual management of land resources. The planning of CLD is not limited to the mere preparation and supply of land, but it is an integrative approach based on the assessment of the demands as well as on development goals, also considering other spatial tasks and functions. With these guidelines, a possibility is given to hand to the municipalities to control and manage their commercial development in a future-orientated and strategic way – jointly with other municipalities. The implementation of the concept of CLD results in various indirect effects which go beyond the goal of economic development. By securing and developing businesses and jobs, the municipalities gain in attractiveness as a place for working and living, and thus can counteract the consequences of labor migration and demographic change.

Commercial location development comprises all relevant economic sectors as production, crafts, trade and services. Small and medium sized enterprises of these sectors often are a backbone to local and regional economies and contribute a high added value in the region – particularly in case of closed regional value chains. Consciously CLD does not lay a focus on tourism, as this sector is predominant in the perception of many local and regional stakeholders and – due to high costs and investments required –is often overestimated considering its impacts on the regional economic development.

Spatially, the concept of Commercial Location Development relates to the common economic area which municipalities create due to the various economic, infrastructural and social linkages and – in the Alps – because of the topographic conditions. It aims to develop beneficial economic framework conditions in the inter-municipal space through public measures e. g. in land use policy, territorial marketing or economic promotion directly targeted on businesses. The efforts to develop a common economic area as a business location contribute to a better public image and positioning in the competition among regions. CLD in inter-municipal cooperation has to be seen and created as a long-term and continuous process. Independent of the fact if the wish for cooperation grew in the municipal government itself e. g. in the view of the own economic or demographic development or if the necessity for cooperation is produced by exogenous developments such as infrastructural projects, closing of military facilities or the relocation of whole business branches in the context of globalization: The single steps of this process always have to be made in close consultation and agreement between the partners involved.

An important guiding principle of the concept is the careful and efficient use of available resources. On the one hand, in times of tight municipal budgets this relies to the provision and availability of the administrative and financial capacities required for a strategically controlled development. Individual communities often lack the resources to develop long-term visions and to actively pursue their implementation in the administrative daily operations. The combination of tasks can help to execute them more efficiently and possibly even more professionally and to increase the scope of action for the municipalities. On the other hand, however, also the physical resources, especially the qualitative suitable land areas, which are sometimes necessary even with space-saving commercial politics, are scarce e. g. due to topography, threatening natural hazards and competing usages. Through cooperation it will be easier (or possible at all) for the municipalities to provide required land resources for a forward-looking strategic development and to make existing potentials available in a coordinated manner, especially for change of use and re-use of land.

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The second essential guiding principle of the concept is a strong orientation of CLD to the needs of local businesses. In most cases, the primary source of commercial settlements and developments comes from the local or regional business community. This is especially true in rural areas, but also applies to more urbanized regions. This means that the development of an inter-municipal business strategy can and should be very much focused on the endogenous potentials. This allows the commercial site development to be carried out target and demand orientated. Expensive and often long-acting municipal investment errors can be avoided. Prerequisite for the strong demand orientation is therefore an intense and regular communication with the local businesses.

2. How to use the guidelines

The guidelines are subdivided into two sections. Section A – Intermunicipal Cooperation informs about advantages and possible disadvantages of inter-municipal cooperation and provides hints and suggestions for inter-municipal processes of strategy development. Furthermore, the guidelines presents options how municipalities may fix interim results at different stages of the process in order to raise liability and strengthen commitment between the participants.

The main core of the guidelines is contained in Section B, which describes the components of CLD, i. e.:

- Options for action including measures of land use management, promotion and communication, and business support services, suitable to the conditions in the various Alpine regions;
- Methods and tools for implementing the working steps from a first situation analysis to the establishment of a management structure;
- Tools for comparing costs and benefits and for assessing the environmental impacts.

Section B is structured along the different phases of the CLD-process, whereas each phase is treated within a single chapter (see

Figure 1). The inner structure of these chapters is set up according to the following pattern: The introduction describes the respective working phase in a general way. It contains a description and a rationale for the tasks to be carried out in the phase, a definition of its aims, and a proposal concerning the persons and organizations possibly to be involved into the process. In the subsequent subsections the specific components of CLD are presented, which can possibly be applied and implemented to solve the outlined tasks. Where appropriate and possible, practical examples are presented and described in detail in the Annex of the guidelines.

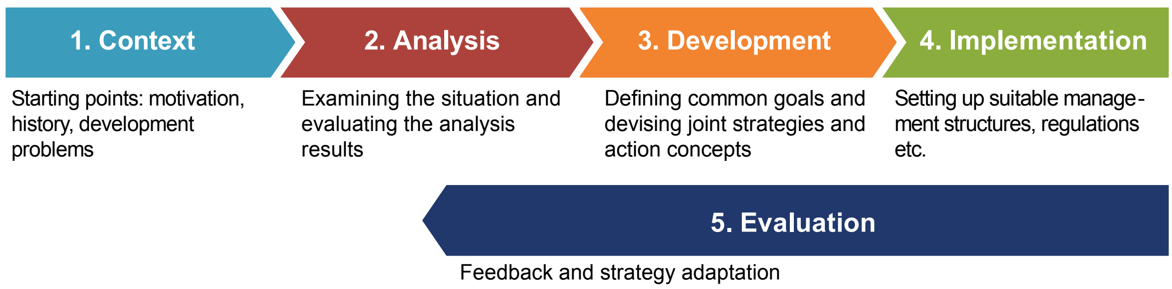

Figure 1: Scheme of a CLD-Process

Within the COMUNIS project, the partnership agreed to use a uniform method for structuring and implementing the planning and development process for CLD in the various pilot regions. For this purpose, the BSC-method was adapted to the needs of the COMUNIS project. The BSC-method is a tool used in the framework of regional

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development processes to analyze the regional situation and to evaluate challenges and opportunities in the first step, and to then subsequently develop action goals and measures based on the analysis results. The method allows a uniformly structured process in the pilot regions and provides great flexibility concerning the contents at the same time. Thus it facilitates comparability between the different CLD-processes in the pilot regions and proved to be suitable for the purposes of COMUNIS.

The process steps carried out uniformly in the COMUNIS project can be found in the following chapters:

A Inter-municipal cooperation

3 COMUNIS-Approach – inter-municipal cooperation process on CLD

Phase 2: Analysis

1.1 COMUNIS-Approach – adaptation of the BalancedScoreCard

3.1 COMUNIS-Approach – definition of challenges and opportunities based on the BSC-Analysis

Phase 3: Development

1 COMUNIS-Approach – inter-municipal development of goals and priorities

Phase 5: Evaluation

1 COMUNIS-approach: Combined BSC-SWOT-Analysis

The applicability of the instruments listed in the Guidelines may be subject to restrictions in some cases, which are based on federal or national differences of e. g. legal and planning systems, or with regard to different systems of municipal funding. This concerns in particular the (legal) ways of organizing the implementation of inter-municipal CLD. Tools of analysis, methods of setting goals and developing priorities, the presented solutions (models), or methods for process evaluation are not subject to these restrictions normally.

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A Inter-municipal cooperation

Generally, the municipalities in the Alps currently face major challenges. Social changes, which are connected to immigration and emigration trends as well as labor migration, are causing increasing existential difficulties to the municipalities particularly because of the competitive situation with the Alps-near metropolitan regions. The situation is aggravated by demographic change. Furthermore, the individual municipalities in rural areas - often very small municipalities - have to meet state requirements and provide the associated social functions and services. Increased cooperation between the communities is therefore needed in many cases. Depending on local needs and opportunities, there are many fields possible for cooperation between municipalities. These include, for example, cooperation in the field of social services, the joint provision of communal services such as waste management or water supply and sanitation, or common spatial planning activities (regional planning associations) etc.

Also in the field of economic development measures, cooperation is necessary to an increasing extent. Due to the multiple economic, infrastructural and social linkages, and – in the Alps – because of the topographic conditions, municipalities normally form common economic areas with their neighbors. As a rule, the neighboring municipalities will all benefit from the cooperative development of the common economic area, not least through an improved public image and perception in the competition among regions for their position as business locations. Through cooperation municipalities may jointly provide the necessary administrative and financial capacity or possibly required land resources for a forward-looking strategic development. The desired protection and development of businesses and jobs also contributes to strengthen the attractiveness of the individual municipalities as working and residential environments. This is a basic requirement for counteracting labor migration, keeping young people in particular in the municipality and to be able to use the existing infrastructure to capacity also in the future.

In order to realize the idea of commercial location development on the inter-municipal level, the various steps of development process evidently are to be taken within a cooperative framework. Municipal and regional actors are to communicate, discuss, and agree on an inter-municipal level. The endogenous or self-reinforcing willingness on the part of municipal representatives as well as an atmosphere of trust are essential prerequisites.

Aims and results of this working step:

This section presents the preconditions for inter-municipal commercial location development, the arguments in favor of and against inter-municipal CLD, and proposes a concept for organizing and implementing the cooperation process and agreements.

Parties involved and stakeholders:

- Mayors and municipal administrative staff
- Entrepreneurs
- Economic promoters
- External consultants

1. Preconditions

The starting point and an essential precondition for inter-municipal cooperation in the field of commercial location development – or any type of cooperation for that matter – is to be willing and have the necessary willpower to work together along with a shared set of goals and interests that reflect the demand for cooperative action (Biwald et al. 2004: 16). Implicitly, their motivation presumes that municipal tasks can be carried out more effec-

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tively and/or efficiently in cooperation than by a single town (RAUCH et al. 2001: 21)[1]. In pursuing this perspective, the municipal/regional actors' aim shall be to achieve a 'win-win-situation' for all participating parties (RAUCH et al. 2001: 21; MATSCHEK 2011: 66). Even if in some cases this may require to have to disregard significant short-term self-interests in favor of long-term valuable joint interests (MATSCHEK & STURM 2006). This necessitates the careful selection of partners and entails not to take along "stowaway municipalities" which slow down or obstruct the processes.

Once the cooperating municipalities are identified on the basis of the common goals, a further prerequisite is to fix the inter-municipal partnership in a binding way early on. This step sets the way for determining the adequate cooperation form containing regulations and obligations for the envisioned tasks. Another precondition for a goal-oriented cooperation is to be aware of its advantages and disadvantages, of which the most important ones are listed in chap. 2.

2. Pros and cons of inter-municipal CLD

In most cases, cooperation in the field of economic promotion – more precisely business settlement, provision of commercial/industrial zones – aims at achieving higher economic utility for all participating municipalities, increasing the municipal tax revenue and creating improved conditions for local businesses and employees (RAUCH et al. 2001: 78). But the advantages gained by an inter-municipal approach to CLD go beyond serving economic purposes only. Especially in mountain areas, where land is an even scarcer resource than in the plain due to topographic reasons, an inter-municipal approach to CLD is the essential step to sustainably use and preserve the landscape, to counteract outmigration, and to preserve decentralized work places. Besides, as complex and lengthy process, inter-municipal CLD concerns not only the people living and working in the area but also public and private institutions, the legal and spatial planning framework conditions as well as the natural environment (MATSCHEK 2011: 92).

Arguments exist both in favor of as well as against inter-municipal cooperation. But it shall be pointed out that the advantages and changes outweigh the disadvantages and risks.

2.1. Advantages and chances

Table 1: Advantages and chances of inter-municipal cooperation – overview

Finances	Reduce costs and contribute to steering and reducing the utilization of land for commercial purposes.
	Facilitate the access to sponsorship if regional financial incentives are provided only if initiatives are planned as cooperative or regional projects.
	Enhance the possibilities to organize and finance professional location marketing.
Administration	Divide tasks to deal with the growing complexity of municipal duties and responsibilities.
	Draw on experts and specialists from other municipalities when encountering the challenge of (new) communal tasks.
Competition	Represent the region as strong and innovative economic location and as one entity on the regional (respectively national and international) level.
	Avoid competition among municipalities for businesses and inhabitants by finding a regional consensus and designing a regional economic strategy.

[1] Having analyzed several cooperation examples in Austria, Rauch et al. maintain that inter-municipal CLD can be facilitated if municipalities are also already cooperating in the field of spatial and development planning.

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	Increase the chances for new business settlements from within the area and from outside.
	Offer a location with the most advantageous location factors for the settlement of an interested business.
	Participation in commercial location development of municipalities without own suitable areas (e. g. due to topographic reasons).
	Improve infrastructure of locations and accessibility to regional infrastructure.
Occupation	Preservation of work places by means of strategic planning and administration of commercial areas in the region.
	Preservation of decentralized work places; particularly of SMEs.
	Offer alternative work places for people employed in agriculture.
	Promote cooperation of enterprises and educational institutions.
Demographic development	Alleviate the out-migration (and the natural decline of the population) by increasing the region's attractiveness as a place to work and to live.
	Cooperation and identification with the area to foster the motivation to stay.

2.2. Disadvantages and risks[2]

Table 2: Disadvantages and risks of inter-municipal cooperation – overview

Finances	CLD is related to municipal budgets – when cooperating, municipalities may be obliged to disclose municipal finances (and other information) to the partners.
Administration	Personnel changes within the partnership can lead to problems (e. g. disagreement, motivation change, etc.) and complicate or terminate the process.
	Redistributing or changing responsibility of tasks resulting from a cooperation can slowly lead to a loss of autonomy and significance which is perceived by municipalities as a threat to their existence.
	Establishing and 'cultivating' inter-municipal CLD is a laborious and lengthy process.
Competition	Limited decision-making freedom of single partners: cooperation requires compromises and mutual agreement.
	Perceived fear or threat of municipal mergers (especially smaller municipalities).

3. COMUNIS-Approach – inter-municipal cooperation process on CLD

Once local decision makers are convinced to cooperate and decided that commercial location development will be carried out in an inter-municipal framework, it is essential that the participating parties start consolidating the cooperation process. In line with the principles of project management, a road map shall be agreed determining the timeframe of the process phases, a meeting schedule, as well as the milestones of cooperation to be achieved (see Figure 2)

[2] Various sources: RAUCH et al. 2001; WIRTH 2005; BIWALD (no date)

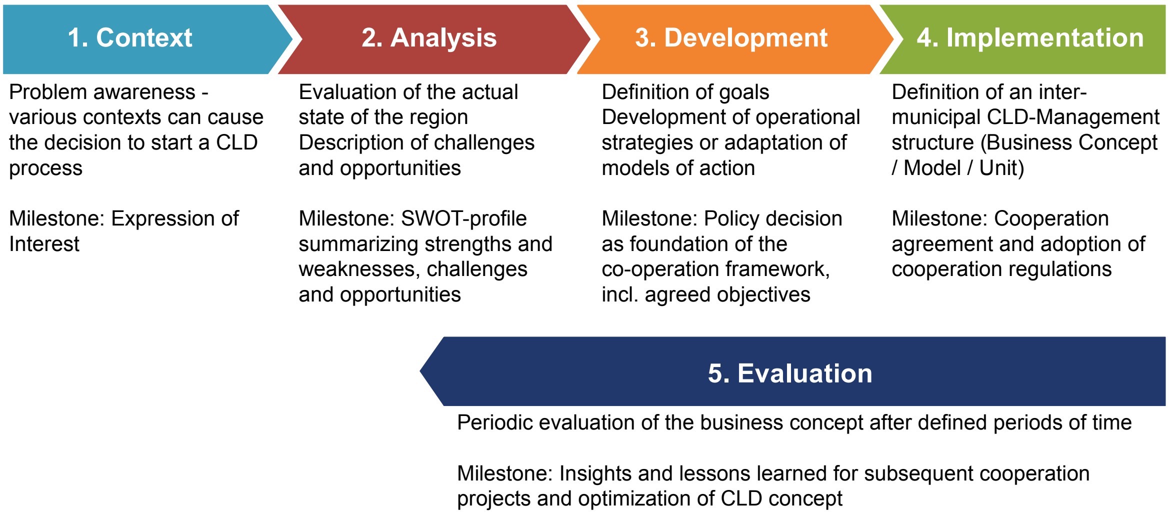

Figure 2: Process phases of CLD and related milestones

Milestones generally are temporally planned events that have a particular significance within a project and represent interim goals on the way towards the final project goal. They shall be achieved in order to manifest the joint progress. Defining milestones in an inter-municipal cooperation framework contributes to determining process-related goals and allows for an accurate process evaluation (FRICK & HOKKELER 2008: 79).

The road map and the definition of milestones are important steps in the phase “Context”, the initiation phase of the cooperation. They are followed by articulating and signing an “Expression of Interest” of the parties concerned (particularly the mayors) to manifest the cooperation intention which lays the basis for an inter-municipal cooperation platform. Thus, the communities provide each other certainty of planning and process to a considerable extent, also e. g. with view to possibly changing political currents and circumstances.

During the initiation of the process, the participating municipalities also set up a working team, i. e. a round table, a joint committee, a working group, etc. This team’s tasks are:

- to define and coordinate the next steps;
- to integrate all involved or probable cooperation partners in the next steps;
- to identify all stakeholders (who is concerned? Who is the beneficiary? Who has influence?);
- to broaden the identification with and acceptance of the project;
- to obtain information on previous experiences of similar projects.

The composition of the team is a decisive factor for the success of the project. The responsible contact persons shall be motivated and represent the individual municipalities (RAUCH et al. 2001). In addition to the political decision makers and opinion-formers, also professional organizations from the field of spatial planning and regional development are to be involved in the process. Furthermore, representatives of the local or regional business community are relevant partners in the development process.

3.1. Cooperation in the different phases of the CLD-process

During the phase “Analysis“, the municipalities take the first step to clarify the contents of their cooperation. The municipalities analyze their location in the very detail to get an overview of the current situation. Based on quantitative and qualitative data of their region, they evaluate strengths and weaknesses as well as challenges and opportunities. A detailed "SWOT-Profile" will be the milestone resulting from this process phase.

Basing on the results of the analysis, the municipalities prioritize action requirements and specify the goals of the inter-municipal cooperation during the phase "Development". Step by step they concretize the strategy and formulate operational strategies for overcoming the development challenges on the inter-municipal level. At the end of this process phase, the municipalities shall commit themselves to the jointly developed goals by adopting a "Policy Decision" laying the foundation for the inter-municipal cooperation framework.

During the subsequent phase "Implementation" the duties, competences, and responsibilities of each participating municipality are further specified and stipulated in an adequate cooperation agreement. Its contractual terms depend on the form of cooperation, which is chosen on the basis of the goals pursued.

The selected form of cooperation has influence on the steering abilities, costs, control, transparency, flexibility and exertion of influence of the joint discharge of duties (LUMMERSTORFER 2006: 3). As inter-municipal cooperation in the framework of CLD affects spatial planning (land management, infrastructure planning, etc.), financial and human resources management etc., forms of cooperation tend to be (legally) binding or have a formalized organization structure, and are concluded correspondingly[3]. The advantage of a contractually agreed cooperation lies in its reliability and predictability (FRICK & HOKKELER 2008: 47). A cooperation agreement records:

- the participating parties;
- the purpose and scope of the cooperation;
- legal and organizational details to set the rules;
- a distribution key for expenditures and revenues;
- an exit procedure for when a cooperation partner leaves the project (conflict solution mechanism).

Following the adoption of the cooperation agreement by all partners, the management structure to realize the jointly developed strategy is installed and working. At this point it is important that so-called promoters decisively support the project plan's realization. These are committed individuals as for instance mayors, entrepreneurs, regional managers etc., who make the cooperation a personal matter of concern and seek to overcome resistance and obstacles. At the same time, ensuring public involvement supports the process.

An accompanying and consequent monitoring and steering of the cooperation is essential to make sure that the goals (milestones) are achieved in the planned time frame or that financing is checked, corrected, and optimized (HOLLBACH-GRÖMIG et al. 2005: 46). In the phase "Evaluation", the management structure and its initiatives are evaluated, e. g. in form of a goal-performance comparison or a general review. Insights and lessons learned are then taken into consideration for subsequent cooperation plans.

3.2. COMUNIS recommendations for the cooperation process

Basically, the described development process should be followed by the municipalities in joint events. Conversation platforms on both the inter-municipal / regional as well as supra-municipal level can provide an interactive participation process (SCHIRMER 2004). In e. g. common meetings, workshops and field trips the substantive parts of the analysis are processed, common opportunities and risks in the region are worked out and, based on this results, priorities, goals, strategies and measures are defined. The joint events contribute to improving the communication between the partners and thus to strengthening the basis of trust that is essential for the inter-municipal cooperation.

[3] The statutes of organizational forms of cooperation differ among states.

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During the process, a moderator or external expert generally should take the role to prepare information about possible options and strategies, organizational solutions etc., as a basis for the discussion in the inter-municipal working group. The process can, in principle, be orientated on concrete models and methodological guidelines already proven in municipal practice. But there is also the possibility to keep the process more open and allow a greater momentum.

As an introduction to the common CLD process it has proven itself to visit current practice examples during a field trip. An early look at the bigger picture as part of the phases of Analysis or also Development allows to intensively explore different approaches, to discuss with local stakeholders and to benefit from their experiences, and to subsequently develop own ideas. Both positive and negative experiences of the visited municipalities can provide essential input for the own strategy development.

Examples (see Annex)

- Field trip to practice examples of inter-municipal cooperation in the field of commercial land use management with participants of the Alpsee-Grünten region

B Process, components, application

Phase 1 – Context

At the beginning of a process of inter-community commercial location development stands less a working step in the strict sense but rather a realization: The traditional development patterns do not work anymore or do no longer appear promising for the future, and the municipality development cannot be continued goal-oriented and in a meaningful way along the existing guiding principles and within the existing structures. Also, it becomes clear that within the context of macroeconomic developments and the increasing interdependence and competition at the global, national and regional level, local shelters must be created, to enable creative and goal-oriented developments in the municipalities. Based on this recognition, the maybe still diffuse awareness arises that changes of the strategic lines in the municipalities are necessary.

The chapter context exemplarily describes various problem situations, which can apply to single municipalities, and which can – singularly or in combination – be the starting point for municipalities, to address their future development in an inter-municipal cooperation. The need for inter-municipal approaches is partly due to the fact that barriers to development are not limited to individual municipalities, but often also apply to the municipalities in the surrounding region. It therefore makes sense to develop solutions in an inter-municipal, cooperative context. On the other hand, individual municipalities often have very limited financial and human capabilities to lead the policy discussion and develop strategic solutions for the future development. The municipalities do not have the issue of acting in their hands. Instead of acting independently, they will often only have the capability to react to current developments in the short term. Thus, the cooperation across municipal boundaries can create new room for maneuver.

The following descriptions are intended to support the municipalities in qualitatively assessing their local situation and clarifying the need for detailed analysis and evaluation.

Aims and results of the working step

The persons responsible in the municipalities are to state in a qualitative assessment, how they assess their current starting position and where they see the major problem areas. It is necessary to clarify the motivation for an inter-community approach to commercial location development. The municipalities need to figure out, which partners in the inter-municipal and possibly expanded environment should be involved in the process.

Involvement:

Main actors of inter-municipal commercial location development processes, are the municipalities themselves, represented by **mayors** and persons from **municipal administrations** in the departments concerned (e. g. of the business development department or the building department). Ideally, these are also the promoters of cooperation in order to create and enduringly ensure project involvement and a broad acceptance by the population. The role of promoters can also be pursued by one / several other stakeholders.

The local business community, which is directly concerned by the inter-municipal commercial development, shall be actively involved in the process in an early stage. For instance, these are **representatives of businesses and business associations**. Given that **regional administration units** play an important role in commercial location development and regional development, those also are to be involved actively or at least in an observer status.

1. General development issues

The trigger for the need of changes in development, for a new development momentum can be complex. It can arise from economic and social development difficulties, for example, from an economic structural change, a high or rising unemployment, a lack of employment opportunities in the region, or a lack of qualified workers. It can arise from demographic changes, a decrease of young families and, consequently, an under-utilization of social and technical infrastructure. It can also be triggered by the situation of an overall good economic positioning and growth, which, however, is threatened because businesses aspire to expand but building land is not available. The increasing restriction of the own freedom of action due to an increase in debt or an augment of municipal functions can require to take action. It may arise from the mere observation that it is increasingly difficult to keep businesses, jobs and residents at the site. Also it can be induced by political decisions which implicate a reorganization of municipal functions. Preemptive action on the part of municipalities, that is taking the initiative, can tone down the political dictate and prevent loss of municipal freedom of action.

2. Main development issues in detail

The guidelines will lay special focus on three main development issues, which may concern municipalities in all parts of the Alps. In the further parts of the guidelines these main development issues will be mirrored by three “models” or fields of action respectively, in which municipalities or regions may become active:

- Land for development → Land use management
- Image and perception → Promotion and communication
- Framework conditions for businesses in municipal responsibility → Business support services

The exemplary descriptions presented in the following chapters shall demonstrate the range of possible problem situations within these main development issues. Thereby they shall support municipalities to discuss and assess their concrete local situation.

Concerning the guidelines on CLD, these main development issues are a content-based reference system. They will be taken up in the following chapters as a main structural element. Instruments, measures and methods, options for actions and possible management structures described within the following sections, they will be assigned to these main development issues. Thus, the user of the guidelines shall be enabled to select or develop instruments or strategies respectively suiting his concrete local situation. In this context it is to be considered, that the specific local situation may not be clearly assigned to a single main development issue. Rather, it is to be assumed that a more or less complex combination of different issues determines the local situation, and that consequently tools and strategies have to be composed individually.

2.1. Land for development

In many cases, commercial location development is connected to the spatial development of land utilization. Several factors may take influence and put the brakes on commercial location development. Or they may bring along new and unexpected challenges for the development.

2.1.1. Scarcity of land

The unavailability of suitable land fitting the requirements of businesses quite often is a relevant problem hindering commercial location development. In many Alpine municipalities the topographic situation proves to be the limiting factor and constrains the potentials for land development. In addition, land which is topographically suitable for development is highly competed for by diverse utilization demands such as agriculture, flood protection, nature conservation, development of transport infrastructures or residential areas etc. Existing commercial areas are already used or developed to their limits. The main challenge is to keep the ability to provide land for the extension or settling of businesses on the short term without loading too heavy burdens on the municipal budget by keeping a larger stock of developed commercial areas. (e. g. ÖIR et al. 2010: 15; LITSCH 2007: 11)

2.1.2. Excess of land for commercial purposes

But it is not only shortage of space that can represent an obstacle to commercial location development. Also the availability of too many developed land reserves can pose difficulties. This is particularly the case when municipalities develop a greater stock of commercial land in advance without sufficient demand for land backing the development or without meeting the requirements of demand-relevant companies in terms of location or infrastructures and amenities. In this case, high costs of debt service add to the costs of investments. Additional cost arise from the fact that the infrastructure created must be maintained and used at least with a minimum intensity in order to maintain its operating capability. (FRERICHS et al. 2010: 190; LITSCH 2007: 15)

In this context one has to consider that especially in rural areas the costs of maintaining and developing infrastructure often relate to a declining number of residents and employees. This means less and less people have to pay for the rising costs for infrastructure (SCHILLER et al. 2009; SCHILLER & GUTSCHE 2009).

2.1.3. Land prices

Land prices can be an obstacle in the way of land development in different ways.

Between municipalities, land prices are often used as an instrument in their competition to attract new companies. Municipalities may feel compelled by their neighbors to offer their land at a low or even below-cost price level (LITSCH 2007: 15; MÜHLLEITNER 2006: 20). In some cases, different funding systems and subsidies along regional borders may foster such developments.

In times of tight local government budgets high land prices can make commercial location development more difficult, in particular if municipalities want to purchase land for development in order to sell it to investors later. Nevertheless this investment may be a necessary measure for municipal economic promotion, taking into account secondary effects such as the stabilization of population or labor market development. Experience shows that the development of commercial land as such often leads to financial losses for the municipality.

High land prices can sometimes also be an obstacle in the way to establish a business in a local commercial area, e. g. when land is traded at market prices and thus is not affordable for young entrepreneurs. Concerning investments of companies from outside the region, land prices are a factor to consider, but often its significance is estimated too high (ÖIR et al. 2010: 15).

2.1.4. Difficult ownership-situation

Sometimes difficult ownership structures hinder the commercial location development. For example, in areas with a very fragmented ownership structure the negotiations in the context of land development may turn out to be very difficult. It also may be difficult to achieve agreement and consent concerning the future development between large numbers of owners. Elsewhere information on ownership may be difficult to access and impede the development of the area.

2.1.5. Brownfields

Large-scale land uses in towns and municipalities often are subject to factors outside the local sphere of influence and can be a challenge for the municipal development. For instance, old production sites may be abandoned in the course of economic restructuring, transport facilities and areas are decommissioned due to changes on traffic framework conditions or barracks and other military sites are being abandoned due to changed political and strategic requirements. As a result, large lots of infrastructural developed land, which are often located within the existing settlement boundaries, are to be transferred to alternative uses (LFU 2008; ICSS 2005). From this arises the challenge to prepare the available space for new and meaningful use – with tight budgets and within relatively short periods of time. The additional land availability requires greater coordination and possibly a revision of existing area development plans.

2.1.6. Supra-regional development impetus

Not only the abandonment of existing uses, but also new national developments such as the construction of transport infrastructure may be a relevant factor in the planning of municipal development. For example, newly connecting a region to the national motorway network can be an impetus for land development in the communities, e. g. with regard to the development of commercial land at connection points. Often communities expect the opportunity to settle external companies on its territory, for example, from the logistics or other land-intensive sectors.

These supra-regional developments often appear to be a good opportunity for municipalities. But they also bear difficulties. These arise from long planning and realization periods, which may last decades for larger projects, and the uncertainties of the exact localization of the infrastructures. The municipalities are thus confronted with the challenge of being restricted in their current freedom of action for a long time by saving their development potentials for an uncertain future.

2.2. Image and perception

When deciding for settlement in a particular location, entrepreneurs and people often refer to its image: the image the location has of itself (self-image) and the external image (perception), which others have of the location. Images can simplify matters which – on account of an excess of available information – have become too complex. Evaluating every single piece of information is impossible. A location – be it a municipality, town, region, etc. – that is characterized by various hard and soft location factors, is such a complex matter. Many companies may base their decision to settle in an area only on the hard location factors, such as taxes, transport links, market access, etc. However, soft location factors, such as quality of life for employees, natural landscape, cultural events, diversified and open-minded population, active civil society, etc. may become equally decisive criteria at some point in the process of commercial location development (GUBLER & MÖLLER 2006: 61). Expert analyses of locations give an indication of which factor categories gain importance or predominate in business settlement decisions (LETTNER 2010; JANUSCHKE 2010; MANAGEMENT CLUB 2008; PROMBERGER et al. 2008: 66). While the trend of hard location factors regaining importance is emerging, the increasing significance of soft location factors can be observed as well (ibid.).

At this point, images come into play. On the one hand, image and perception are foremost evaluated subjectively and usually formed or influenced by individual emotions and personal desires. On the other hand, they are closely related to and can be created by particular companies, the economic or political climate in a location. Once seared into somebody's consciousness, image or perception may not be easily changed or shaped. It can be a challenging and lengthy process which has to bear in mind all the factors influencing it (GUBLER & MÖLLER 2006: 76; ROESKE 2006: 47). The image of a municipality is an essential factor when assessing the attractiveness of a location as the location of a business also radiates a signal in form of positive or negative connotations of the municipality's name (MUGLER et al. 2006: 31).

As a result, a positive, negative or no image and perception of a location can thus decisively influence the initiation of a commercial location development process or hinder the long-term stability of an existing commercial/industrial location. Notwithstanding which image prevails in a region, though, stakeholders are also constantly

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confronted with the challenge of identifying their specific identity (e. g. discover their unique local proposition(s)[4]) and designing and 'cultivating' their region's image around it to distinguish themselves from other locations and hold its enterprises.

2.2.1. Lack of a regional image

It may be the case that a region lacks an image. It could be that the municipalities are too diverse and missing a common denominator for a ULP to be found and strategically developed. Such a situation can be conditioned by a region's history or arbitrarily drawn municipal borders, which led to an amalgamation of culturally and historically highly diverse municipalities in a region. It could also be that a municipality or region follows the strategy of simply relying on its advantageous geographic location and good infrastructure without investing efforts in building up a clearly defined image (MUGLER et al. 2006: 31).

Individual images of single municipalities can prevail instead of a regional image. Municipalities develop them on the basis of certain local hard or soft location factors in order to distinguish themselves from others. Exemplary situations are: a municipality is primarily a tourist destination with a long tradition in this sector; a municipality's image is intertwined with an important enterprise or cultural site whose reputation the town claims only for itself; or municipal images are based on historically or politically created borders and cannot be integrated in a comprehensive regional image from the point of view of stakeholders. This can be quite positive for the entire region if the other municipalities are willing to put up with the leadership of a single one.

It can also be that a regional self-image is existent but not sufficiently promoted by local or regional actors from politics, administration or economy. As a consequence, it also misses a regional perspective and fails to appeal to target groups. The absence of a joint image can be perceived as a lack of cooperation within a region, between municipalities or entrepreneurs, rendering it an unattractive location for businesses, which are active on a regional level and rely on a well-structured, interactive, and operative network in their immediate environment. As a result, the region is not a key player (or has difficulty entering) in the competition between regions for infrastructure, development, business settlements, residents, etc.

In all cases, the existence and cultivation of individual municipal images can obstruct the emergence of a comprehensive regional image. If single municipalities have a strong image, they could be able to compete regionally. This in turn may have positive effects for the entire region. To have at disposal sufficient personal and financial assets to uphold the image can be decisive in this regard. In either situation, if municipalities choose to promote their location independently without involving the surrounding area, a regional self-image as well as a regional external image, its perception, will be missing. Creating a regional image in such an environment is considered difficult by the stakeholders.

A devaluation of a location does not necessarily have to occur in the above-described situations. But if a municipality or region does not stand out from similarly „average" locations for example by means of a unique position feature or advantageous location factors, its chances to attract or hold enterprises and with that work places in the long term can be diminished.

2.2.2. General negative image of a region

A region can also suffer from a negative image for historic, economic, political, social, and environmental reasons. This can be conditioned by various hard and soft location factors: insufficient infrastructure (accessibility, connectivity, etc.), the settlement of companies that are harmful to the environment, high land prices and taxes, a political or economic climate that is unfavorable to business settlements, low environmental quality, low local par-

[4] Unique local proposition (ULP) is the unique feature of a location that distinctively distinguishes it from others.

ticipation, absence of leisure facilities and public activities, unattractive landscape, etc. It may be enough to have one municipality with a negative image in the region that rubs off on the otherwise attractive surrounding area. One particular example may be Dachau, a municipality that is still primarily associated with concentration camp today. Single municipalities or a region have/has difficulties in distancing themselves/itself from such locations. Eventually, this leads to outmigration of enterprises and inhabitants. Needless to say that such a development may cause devastating consequences in rural and peripheral areas.

2.2.3. Further development of an existing positive regional image

Some regions have developed strong images (internal, external) due to selected location factors, e. g. as tourist destination or nature and leisure park, for which they are primarily known. They invest significant personal and financial resources to uphold this good image and perception. However, other advantageous location factors, such as low taxes and rents, high quality of life, proximity to research and educational institutions, etc., which could attract enterprises, investors, workers, are not sufficiently communicated and as a result not perceived.

It is also possible that the population is not in favor of developing another regional image because they consider it to be in conflict with the prevailing one (e. g. how to accommodate a region famous for its biosphere park with an industrial production center?). Or they fully rely on the existence and positive development of a leading company without considering it necessary to work on an alternative or complementary economic structure (MUGLER et al. 2006: 29). But building on only one image can pose problems in several ways: location factors can change and render it difficult or impossible to sustain the prevailing image (e. g. outmigration of young people; change in touristic trends, increasing discrepancy between work places and qualification of workers)[5]. As a consequence, work places and welfare decrease. Especially in rural areas, where SMEs as the main form of business contribute to the preservation of decentralized work places, outmigration can have devastating effects for the local population.

But locations are not isolated structures. They interact with neighboring locations or economic areas, even on the international level. Whether they choose to compete or operate has a repercussion for the image: a region may be challenged to adapt its own image to the new conditions emerging from competition, adopt another one, or develop an entirely new one.

2.2.4. Discrepancy between image and perception

It can also be the case that the local population perceives its location differently – more negative – than people from outside. The latter perceive it as an attractive location due to its many leisure facilities, high environmental quality, its attractive landscape and good infrastructure. The region is also a well-known tourist destination. However, the local population has a worse self-image from its region than it actually is. The reasons can range from unattractive city centers, to high parking fees, insufficient assortment of retailers, and a lack of cultural and social offers. In contrast, the outsiders find the city centers attractive and appreciate the product mix. The lack of a regional self-image is mainly due to the fact a joint strategic approach is missing. Rather too many individual marketing approaches of single municipalities do exist instead of a joint regional image.

2.3. Framework conditions for businesses in municipal responsibility

The success to attract new or to hold existing enterprises in the municipality or in a region also depends on the services municipalities are able and willing to offer in order to create attractive framework conditions for businesses. In this field, a municipality may face the following situations that may encourage it to re-examine its responsibility in this regard.

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[5] The relation of product and the environment/region in which it is produced are closely related or condition each other that transferring the production site would strongly devalue the product (MUGLER et al. 2006: 29).

2.3.1. Human capital / work force

It can be that – for various reasons – the educational level of the workforce does not match the one required by local jobs (low educational level when high qualified jobs are required; high-skilled workers available when jobs require only low educational level). Reasons for this can be

- an insufficient access to adequate educational institutions,
- lack of specific knowledge in the area,
- a too slow distribution of knowledge,
- lack of training structures and opportunities,
- lack of scientific institutions to foster knowledge dissemination.

Declining business succession perspectives pose another threat to the maintenance of (traditional) enterprises in the area.

2.3.2. Regional added value

Municipalities register a low local / regional added value. The reason can be that product and service chains make insufficient use of the regions endogenous resources (material, immaterial). Such development can stem from a lack of (economic) cohesion of the companies in the region or a lack of cooperation between them. A high diversification or a specialization of economic activities prevails, rendering it unfeasible to develop cluster structures.

2.3.3. Infrastructure

In some rural areas, certain modern infrastructure is still underdeveloped, which is crucial, however, for remaining economically competitive. For example, companies (and households) are not connected to fast broadband with a high data transmission. Some companies also find their competitiveness diminished as access to (inter)national markets is notably limited or significantly below the national average.

In terms of institutional infrastructure, businesses may communicate a missing support from the part of the municipalities, as e. g. an identified point of contact for issues related to business development is not in place.

2.3.4. Resources

In some areas, municipalities and in the same breath companies face high waste rates as waste removal is more cost intensive in rural/mountainous areas. It can also be that local resources, a source of supply from which benefits can be produced, are not used or used poorly. These are the economic resources land, labor and capital, where land includes the natural resources, and labor refers to human resources (knowledge, human efforts, etc.). Resources are used poorly, for example, if there is an indifferent attitude towards recycling within companies producing a significant – or insignificant – amount of waste.

2.4. Goods and commuter traffic

Accessibility, transport, and mobility play important roles in maintaining the vitality of a region's economy and society. Usually, they are decisive (hard) location factors in an entrepreneur's or individual's search for a new settlement option. Providing and maintain good traffic infrastructure in mountain and rural areas is a challenging task when considering topographical conditions (particularly in mountain areas). Due to low population density and dispersed settlement structures, mountain and rural areas commonly have different problems to solve than for example large towns suffering from congestion and a lack of parking spaces .Some problem situations which municipalities may face are presented in the following sections.

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2.4.1. Goods traffic

The road network in rural or mountainous areas is commonly not as highly developed as it is in densely populated areas. Typically, access is possible by one major road leading through a valley, for example, and connecting all towns, villages, settlements along the way. For topographic reasons, often only the construction of narrow, winding[6] and inclined roads is possible in mountainous areas.

Freight traffic can face the following challenges on such routes which can have a direct impact on the goods as well as on the area:

- numerous traffic lights or roundabouts and low speed limits slow down traffic and increase pollution and noise;
- delays due to obstructed thoroughfare after the occurrence of natural hazards or accidents (particularly problematic when sensitive goods are being transported);
- an increased volume of traffic (especially at peak times), leading to congestion;
- empty trips (from/to companies in industrial/commercial zones) unnecessarily contribute to traffic.

2.4.2. Commuter traffic

Rural and mountainous areas are commonly marked by a less intensive local public transport system. A fixed route service and frequent bus service cannot be justified in rural areas with few or merely one traffic axis. Also, in the face of a declining population and ageing society, an attractive public transport system offer with broad spatial coverage is difficult to maintain in the long run[7]. Consequently, commuters prefer private to public transport.

Regarding the accessibility of commercial / industrial zones for commuters, this can mean the following:

- no bus stops at or in the commercial/industrial zones;
- incongruence of bus schedule with work times (especially inappropriate for shift workers);
- an increased traffic volume when using private transport at peak times, resulting in a long(er) journey.

[6] In contrast to well-built wide roads in the lowland.

[7] http://www.mobilitaet21.de/laendlicher-raum.html [29.08.2011]

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Phase 2 – Analysis

Based on the initial assessment of existing development constraints provided in phase 1 "Context" and the resultant awareness of the necessity of addressing the commercial location development in an inter-municipal approach, the municipalities firstly record and investigate the situation in the municipalities involved in the process – so to speak the "inter-municipal commercial location" – in phase 2 "Analysis".

Depending on the identified or expected key problems, more detailed analyses are performed if necessary. Thereby, special attention should be paid to the demand of businesses for municipal services and offers (e. g. demand for commercial site areas, support on settlement- or expansion-processes etc.). Beyond problem identification also positive characteristics and unique features of the site, which play an important role in the internal and external representation of the site in the face of the increasing importance of soft location factors, have to be considered.

The results of the investigations are integrated in a joint evaluation of strengths and weaknesses as well as opportunities and challenges of the location respectively. This is the basis for the development of common goals and the joint planning of strategies and measures.

In short, in phase 2 the parties involved in the process have to clarify:

- the specific characteristics of the location as well as predefined settings and framework conditions concerning location- and settlement-policy;
- the strengths and weaknesses of the location;
- the opportunities or risks for inter-municipal development related to different fields of action.

Therefore, different methods for information gathering (see Phase 2 – 1 General Location Analysis; Phase 2 – 2 Detailed analysis of main development issues) as well as information valuation (see Phase 2 – 3 Valuation of analysis results) are presented in this chapter.

Aims and results of the working step

The municipalities have jointly carried out a general analysis of the inter-municipal commercial location and supported it with detailed additional investigations if necessary. The results of the investigations they have jointly discussed and evaluated regarding strengths and weaknesses, opportunities and risks; the result they have documented in a precise SWOT profile for the inter-municipal location.

Involvement

In this step, usually the **mayors** and **administrative staff** of the corresponding departments (e. g. economic officer, planning officer etc.), **businessmen**, **economic developers** as well as **external consultants** and various **experts** are involved. The integration of these actors or stakeholders respectively in the analysis phase allows catching and describing the situation in the various fields with the necessary expertise.

1. General Location Analysis

Economic development policies of a municipality or region, including e. g. strategies of land management, promotion and communication or business support services, must be elaborated according to the social-economic and political environment of the territory. The methodological approach needs to consider the current local and regional situation in great detail.

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General location analysis, which can also be adapted to focus on specific issues, helps to raise the relevant questions and to find satisfying and feasible answers regarding the planning of an area. The analysis aims at the definition of clear lines of actions based on concrete data and findings. It should not only lead to a listing of issues but also help to develop, to affirm and promote the identity of the territory analyzed.

A successful analysis allows considerate spatial planning both with reference to specific issues as well as integrated and concerted between local stakeholders. It helps to identify and develop key resources and actions to enhance the attractiveness of the region, its commercial location development and thus its economic growth.

A criterion for a successful planning process is the active involvement of local actors. Already in the step of the location analysis, which is the most relevant basis for the further planning process, local actors can be involved, e. g. in order to identify the local specifics and strengths and the endogenous development potential. This will be the foundation of a well-structured and goal oriented planning process.

The following will present different approaches on General Location Analysis. Chap. 1.1 will present the approach used in the COMUNIS project for the general location analysis as well as for structuring the further planning process. In Chap. 1.2 further approaches will be presented, which were considered in the framework of the project.

1.1. COMUNIS-Approach – adaptation of the BalancedScoreCard

Profile

Why: Analysis and evaluation of the situation of a location (municipality, region)

Who: Municipality administrations and representatives with the support of external experts

Effort: Selection of suitable issues and respective indicators, elaboration of the analysis in the framework of workshops or expert interviews

Field of activity: not restricted to specific issues

Transferability: in general, the BSC-analysis can be applied in different national or regional contexts

1.1.1. The BalancedScoreCard (BSC)

Initially, the BalancedScoreCard (BSC) is a method aiming to provide a fair **overview of the performance and efficiency** of a single structure or organization. Both, operative activities and strategic views and visions are analyzed and assessed qualitatively to find out, how far the actions and activities implemented match visions and goals. The assessment is based on a qualitative evaluation of defined indicators. A comprehensive graphical overview represents the results of the evaluation. The diagram presents both, the visions and goals set by the municipality or region as well as the current status quo with respect to achieving the goals. The method is a proven tool of integrated management and securing the quality of an organization or structure.

The BSC-method is also an ideal tool for simultaneously analyzing, analytically comparing, and developing several structures, initiatives and organizations, also including e. g. regions or local authorities. It facilitates a consistent and transferable planning approach: in the first step framework conditions and local situation are analyzed (see Phase 2 – 1.1.2); in the second step, strength and weaknesses as well as chances and risks are assessed (see Phase 2 – 3.1); in the third step, common goals are developed in the framework of a moderated process (see Phase 3 – 1); and finally a strategy is formulated based on the chances, potentials, and the goals set. Thus the method can be used to organize and implement a uniformly structured, comprehensible planning process in several regions. Thanks to its flexibility and adaptability, the method can be applied even if these regions may have different individual contents and goals. The determination of indicators and criteria at the beginning of the process also facilitates a purposeful monitoring of the success and impacts of implemented strategic measures by repeating the analysis at later points in time (see Phase 5 – 1).

1.1.2. The COMUNIS BSC–Analysis

Structure and content

In order to provide sufficient detail and to achieve satisfactory meaningfulness, the adapted structure for the BSC-Analysis as developed in the framework of COMUNIS for location analysis and strategy development distinguishes the following levels of observation:

1. Core fields
2. Field of activities
3. Criteria
4. Indicators

The BSC is composed by three "Core Fields" divided in "Fields of Activity" according to the needs and the core of commercial location development on the inter-municipal level:

- **Location profile:** This first part allows a fair overview of the region in terms of economic, demographic and human indicators.
- **Inter-Municipal cooperation:** This part allows us to understand the current political climate and the willingness of the local stakeholders in terms of cooperation and CLD. The aim is also to assess the degree of commitment and involvement of each in the project and to what extend the cooperation goes. The assessment is mainly based on qualitative, even subjective, indicators.
- **Commercial land use management:** This last axis inform about the actual CLD strategy in the pilot regions, the various project and the competence of the stake holders in terms of CLD and more largely about economic development. The documentation of this topic leans on qualitative and quantitative indicators.

Table 3: Structure of the COMUNIS BalancedScoreCard

Field of activity	Criteria	Indicator
Core Field 1: Location profile		
Situation / Location	Accessibility	Transports infrastructure: road, rail, airport etc.; time to infrastructures Connection to broadband
	Demographic trends	Dependency ratio Employment force
	Leading institutions	Local authorities, local economic development agency, Chamber of commerce etc.
	Public services	Educational institution Health and social services (Hospital, retirement and care structure for over aged people etc.) Child care
Economy	Dynamism of entrepreneurship	Startup businesses rate, number of startup per year Discontinuance of businesses Sustainability of businesses
	Diversification and specialization, capacity of innovation	Fields/channel representing a high rate of employment existing in the territory

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Field of activity	Criteria	Indicator
	Leadership position	Degree of accessibility and awareness Accessibility to supply and demand Competition
Job market / human resources	Situation of job market and its flexibility	Unemployment rate Employment and/or unemployment per activities Ratio
	Qualification of workforce	Level of education Job by professional categories Educational and training structure
Image	Soft location factors	Equipment and leisure infrastructure Global quality of life Supply and Demand for residential assets “Financial condition”: Cost living index, consumer price index
	Civil society	Participation rate to local election Associative networks Civil and democratic processes
	Discrepancy of the perception of location and Image	
Core Field 2: Inter-municipal Cooperation		
Intensity of cooperation	Between municipalities	Formal to informal of cooperation: number of project, contract Cooperation per topics (Economic, tourism etc.); Scale / size of the cooperation Level of cooperation (sharing of cost, competences etc.)
	Between businesses (inter-municipally e. g. cluster)	Number of association/federation of businesses (industrial, retailers etc.) Type of events, brand, label Level of cooperation in terms of financial/human/technical means
	Public-private partnerships	Numbers of partnership Type of partners involved Context of the PPP
Attitudes & Expectations	Public stakeholders	Commitment and responsibility Willingness and proactivity Philosophy, political context
	Businesses and Business associations	Positive or negative lobby Philosophy from the side of the local authorities and the businesses Political context
	Local Population and associations	Lobby (positive of negative) Participation in the decision making system? Number of association in opposition with a project
Political & legal framework	Upper level of administration	Type of support, financial, administrative Intervention in which field.
	Strategic, planning of business / commercial association	Policy / regulation Guidelines What kind? To what extend? Restrictive or not

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Field of activity	Criteria	Indicator
Core Field 3: Commercial land use management		
Availability and use of land for commercial use	Short-, medium, long-term availability	Size and number of business park Capacity and / or occupancy rate Capacity to steer the land management Endogenous and/or exogenous management
	Transparency and flexibility of procedures and land management	Legal and administrative procedure Identification of the right interlocutor(s) Accessibility to information
	Quality of land and premises	Current and future Matching the needs Coherence with the current strategy Quality and maintenance of land, premises and infrastructures
Spatial planning framework conditions	Specifications of higher level planning document	Existence and type of documents, appropriate or not, useful or not the municipality, relevance of the documents; sufficient "room for maneuver"
	Competences and influences municipalities and municipal associations	Competences and influence for CLD and economic development in general Structure, financial and human means
	Land use conflicts & restriction of land use	Management of conflicts, ability to anticipate them Type and topic of conflicts? : Between local authorities, with businesses, with the local population What solutions? Management of interest
	Availability of land management tools and organizational economic structure	Type of tool and / or inventory If available, provide an internet link Is the tool accessible by all public or internal to economic development
Land prices	Price level	How are the prices calculated? "Cost price" with gain Shortly explain the reasons explaining a high or a short price
	Ownership	Variation of the ownership Flexibility of land Accessibility to information

Collection of data and indicators

The main purpose of the BSC-method is to combine existing knowledge and information, e. g. from surveys already carried out in the area, to provide a summary and to highlight the opportunities and challenges as well as the priorities to be addressed. The analysis activities carried out to implement the BSC-method consist of statistical surveys, expert interviews with local experts and workshops.

Relevant data sources for the realization of the indicators are firstly local statistics, particularly related to economic activities, demographic trends, job opportunities, employment, and transport. For comparison reasons with the wider regional and / or national context, also larger scale data shall be considered where appropriate.

In addition, detailed research work and a coordinated assessment is needed for the analysis of further indicators, especially in the areas of Leading Companies, market access, current service provision, state of diversification and innovation, state of cooperation between municipalities, state of cooperation between enterprises and public institutions, land and soil conditions, and zoning. In these cases, qualitative data and information is required as input for the tool. Additionally to existing studies etc. meetings with the local authorities and other people related to economic development are a main source to improve the information collected. Thereby it may be purposeful to set up a local work team, which can work out the indicators based on their detailed local knowledge. As the use of qualitative data is partly limited or requires interpretation considering their subjectivity, this information has to be comparatively analyzed with a view to the quantitative data collected.

Approach for analysis and evaluation

On the basis of the quantitative and qualitative data collected, the indicators are used to evaluate the current state of the region. For this purpose, all criteria shall be evaluated on a scale from 1 to 100 in comparison to defined benchmark values, 1 representing the lowest and 100 representing the highest possible value, thus transferring all indicator results to comparable scale. In order to define the scale, example situations are described which are to be evaluated with 1, 25, 50, 75 or 100 points. It is recommended that the assessment is carried out by the local stakeholders, possibly in the framework of a workshop process.

The results of this analysis feed into a definition of challenges and opportunities, which may be supplemented by a SWOT analysis (see Phase 2 – 3). They are the basis for the formulation of strategic goals – serving as benchmark units in the process – and for the development of specific strategies to reach the goals in future (see Phase 3 Development).

Participation based analysis

The following participants should be invited to implement the BSC-method in the framework of workshops:

- Public stakeholders: mayors, elected representatives of the area, project manager related to economic development and land planning etc.
  Public stakeholders normally have a good knowledge of the current situation in their region. It turned out that it is appropriate for discussion and debate to invite one to three public stakeholders per municipality to take part in the meeting.
- Private stakeholders: Businesses, business association, professionals union etc.
  Private stakeholders are relevant to express their needs and expectations in the framework of the analysis. This will complement the public stakeholders' estimate of the region by a closer view to the economic reality of the businesses.

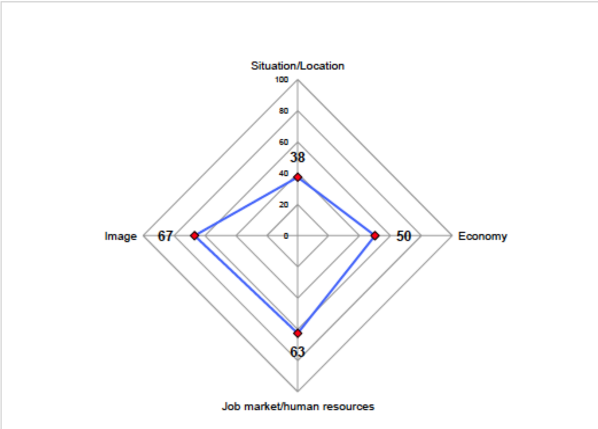
The following working steps are proposed for the implementation of the BSC-method:

1. Introduction and preparation:
   For introducing the method to the participating stakeholders, it is advisable to prepare a short note (in home language) presenting the program of the working session (number and duration of sessions) and the expected outputs of the diagnosis. The note should be disseminated as part of the invitation to the meeting. Thus, the stakeholders may better understand the tool, the working process, and the possible diagnosis. It also allows the stakeholders to prepare for the topics to be discussed. It is advisable to shortly introduce the method at the beginning of the workshop.
2. Implementation of the tool during workshops:
   During the workshops, the different criteria of the BSC-tool are to be assessed. The assessment of the criteria consists in setting values between 1 and 100 according to the situation in the region compared to defined benchmarks (see above). It is recommended that the local stakeholders assess the various criteria. According to the large number of criteria to be assessed, a sufficient time frame is to be given for the meeting (4 to 5 hours); it might even be necessary to meet separately for each of the three core fields for up to 1h30 to 2 hours.
3. Validation
   Once all criteria of the BSC are assessed and evaluated, two step of validation are required:
4. Internal validation: The expert discusses the relevance of the conclusion and the assessment.

5. External validation: The BSC or a summarization of the results is send to the interviewed stakeholders to ensure the accuracy of the evaluation and the interpretation of results.
6. Restitution and graphic representation
   In the case of several municipalities (group of municipalities) participated in the workshop a collective restitution has to be foreseen. The aim is to offer a general view of the whole area and offer pragmatic comparison points through the graphical representation (see COMUNIS BSC-Analysis tool in the annex), allowing highlights and discussion about their complementarities and common opportunities.

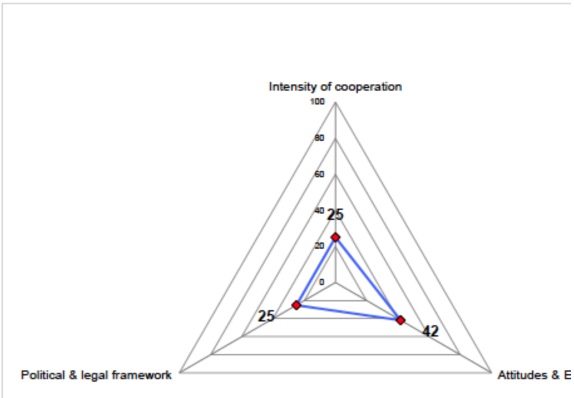
Location profile

Region	Großes Walsertal	
Date	03.03.2010	Points of 100
Situation/Location		**38**
1	Accessibility	25
2	Demographics trends	25
3	Leading institutions	25
4	Public services	75
Economy		**50**
5	Dynamism of enterpreneurship	25
6	Diversification & specialisation under innovation	50
7	Leadership position	75
8	Accessibility to market	50
Job market/human resources		**63**
9	Situation of jobmarket and its flexibility	75
10	Qualification of workforce	50
Image		**67**
11	Soft location factors	75
12	Civil society	75
13	Discrepancy of the perception of location and Image	50



Intermunicipal Cooperation

Region	Großes Walsertal	
Date	03.03.2010	Points of 100
Intensity of cooperation		**25**
1	Between municipalities	25
2	Between businesses (inter-municipally e.g. cluster)	25
3	Public-private partnerships	25
Attitudes & Expectations		**42**
4	Public stakeholders	25
5	Businesses and Business assosiations	50
6	Local Population and associations	50
Political & legal framework		**25**
7	Upper level of administration	25
8	Strategic, planning of business/commercial association	25



Commercial landuse management

Region		Großes Walsertal
Date		03.03.2010 / Points of 100
Availability and use of land for commercial use		**25**
1	Short-term availability; Medium-, long-term availability	25
2	Transparency and flexibility of procedures and land management	50
3	Quality of land and premises	0
Spatial planning framework conditions		**50**
4	Specifications of higher level planning document	75
5	Competences and influences municipalities and municipal associatio	25
6	Land use conflicts & restriction of land use	50
7	Availability of land managmeent tools and organizational economic st	50
Land prices		**38**
8	Price level	50
9	Ownership	25

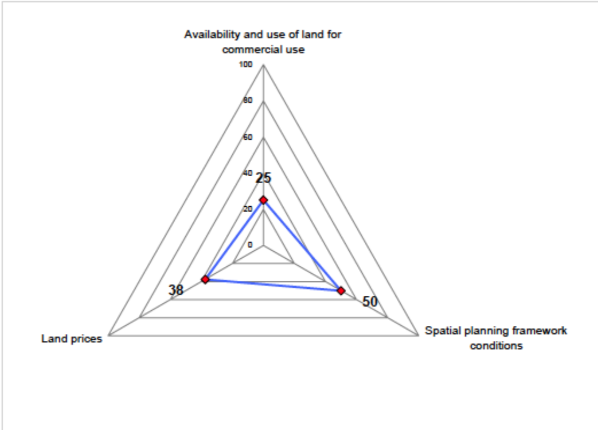


Figure 3: Example of the graphic representation of the analysis results – Großwalsertal (AT)

1.1.3. Advantages of the method

The BSC analysis as developed for COMUNIS project represent various advantages related to the content itself and the implementation.

- **Assessment:** The tool integrates a wide range of quantitative and qualitative data offering a fair and comprehensive vision of the studied territory. Moreover, the assessment is carried out in consultation with local authorities and economic stakeholders, offering a possibility of involvement from the first stage. Thus the stakeholders may become engines in the following phases as the implementation of actions.
- **Adaptability**: The user may adapt the tool, its criteria and indicators, at its convenience according to its needs and characteristics of the area studied. Depending on the importance given to one or the other criteria, it is possible and simple to add a weighting system to increase or understate items of the tool.
- **Perspectives**: The tool gives a fair overview of the current situation of an area and of its perspectives / issues for the future (actual and targeted values), on the scale of criteria as well as by the charts of results representing the different fields of activity. The tool can be implemented a second time after the development of actions to measure and assess their impact at short, medium and long term.
- **Comparison**: The first aim of the tool is to analyze an area involving local stakeholders. Furthermore, it offers common and exhaustive criteria to compare one area to another, at local, regional and even national scale, and to highlight issues where areas show similar characteristic, and those, where they differ from each other. A second aim of applying the tool in the context of CLD is to support the development of cooperation between municipalities. It shall help to evaluate the current status quo of cooperation and to identify areas where (further) cooperation and a pooling of resources may occur.

Example (see Annex):

- COMUNIS BSC-analysis tool

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1.2. Further possibilities of location analysis

1.2.1. Cost-Utility-Analysis

Profile

Why: Analysis and comparison of locations in order to decide on a suitable location

Who: Businesses, business support agencies

Effort: Selection of criteria according to priority issues related to e. g. production, sale, and goods procurement.

Field of activity: Company settlement, company start-up

Transferability: the cost-utility-analysis can be adapted and extended by businesses according to their demands and priority issues with regard to a location.

This instrument for obtaining information is an analysis method of decision-making theory and aimed at comparing several locations with regard to particular location factors. It can be categorized as quantitative and non-monetary. It is often used if non-monetary or “soft” criteria have to be assessed, which cannot be presented in numbers or as monetary value; i. e. it is applied for taking a decision among several alternatives, difficult to compare to each other. Although considered a non-monetary approach, the point value analysis examines/relates to the cost and utility ratio of the considered alternatives.

Entrepreneurs starting a new or setting up an additional business use this method when seeking an economically promising new location. Depending on the business venture, criteria according to the business’ priority issues are selected to evaluate potential locations for settlement. In a **first step**, the importance (weighting/evaluation) of a criterion is determined on a scale from 0-10 – the higher the value on the scale, the higher the importance for the choice of location. In a **second step**, the locations are evaluated by means of a scale from 1-5 (IHK Berlin 2010).

1 – Insufficient 2 – Sufficient 3 – Satisfactory 4 – Good 5 – Excellent

Adapted to the subject matters or respectively fields of activity and criteria which were selected within the framework of the COMUNIS-project for the BSC-method (see Phase 2 – 1.1), Table 4 illustrates the use of the point-value analysis for the purpose of location analysis and decision-making. In this way, it may also be used for analyzing and monitoring the development of a single municipality or a group of municipalities as a commercial location.

Table 4: Example of location analysis according to the cost-utility-/point-value-analysis adapted to the criteria of the COMUNIS-BSC. (cf. IHK Berlin, 2010)

Location factor		**Weighting/ evaluation**	**Location A**		**Location B**	
		Scale (0-10)	**Points (1-5)**	**Result**	**Points (1-5)**	**Result**
LOCATION PROFILE						
Situation / location	Accessibility	2	5	2 x 5 = **10**	3	2 x 3 = **6**
	Demographic trend	1	4	1 x 4 = **4**	3	1 x 3 = **3**
Economy	Qualification of workforce	6	3	6 x 3 = **18**	2	6 x 2 = **12**
	Subtotal points			**32**		**21**

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INTER-MUNICIPAL COOPERATION						
Intensity of co-operation	Coop. between businesses/municipalities	7	2	7 x 2 = **14**	4	7 x 4 = **28**
	Subtotal points			**14**		**28**
COMMERCIAL LAND USE MANAGEMENT						
Availability and use of land for commercial use	Short-, medium-, long-term availability	10	2	10 x 2 = **20**	3	10 x 3 = **30**
	Land prices/price level					
	Subtotal points			**20**		**30**
	TOTAL POINTS			**66**		**79**

Procedure and working steps

1. Identify the location factors according to the demands you have with regard to the future business location.
2. On a scale from 0 to 10 determine how important the individual location factors are for the future location.
   In the above-mentioned example, accessibility is not as relevant (value 2) as for example the qualification of workforce (value 6).
3. After all factors have been "weighted", evaluate the location factors at the locations (here locations A and B) according to 'marks' (points) from zero (insufficient) to five (excellent).
   In the above-mentioned example, the qualification of workforce in location A is considered satisfactory (value 3), in location B it is considered to be sufficient (value 2).
4. After all location factors of the locations have been evaluated, multiply the weight with the points given to each location. Enter the result in the respective field. Weight x point = cost-utility.
   The result for location A for the factor qualification of workforce is 6 (weight) x 3 (points) = 18. The result for location B is 6 (weight) x 2 (points) = 12.
5. Add up the individual results in an interim-score, the interim-scores in a final score.
   In the example, the final score of location A adds up to 66 points (32+14+20); the final score of location B is 79 points (21+28+30). As a result, location B should be given preference over location A as it scored higher.

Participants

Engaged in this analysis process are primarily businesses, more precisely the responsible person or team for managing the project "company settlement at another location". In the case of a company start up, the company owner or an appointed individual/team carries out the analysis.

Data sources

It is essential to research reliable data for every location alternative that should be analyzed. Depending on the criteria/location factors to be evaluated, quantitative or qualitative data and literature (e. g. economic reports, specific magazines, databases of associations or statistic offices, etc.) are consulted. Such information may have to be completed by on-site-research. Valuable contributions to the evaluation can be gained from getting in personal contact with the regional business associations of the considered locations and investigating the institutions in charge of municipal/regional economic promotion.

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1.2.2. CERISE REVAIT (CDEIF)[8]

Profile

Why: Structure an analysis in a strategic marketing working frame and build a marketing positioning for an area, highlighting comparative advantages.

Who: All kind of local stakeholders interested in developing a territorial marketing positioning.

Effort: Build comprehension scheme of the territorial characteristics and allow a greater appreciation of competitive advantages of the territorial supply.

Field of activity: Territorial Marketing

Transferability: Two possible ways of using the tool

→ General territorial analysis

→ Analysis focused on a specific field of activity, channel

The CERISE REVAIT method acknowledges that territories do not compete exclusively on quantitative aspects (e. g. production costs), but also on qualitative aspects such as skills of the population, control of key technologies, etc. It is based on the concept of production factor. Each territory has inputs, i. e. resources, material or immaterial, which are used in the production process. This method allows specifying these production factors across 13 key components. The information gathered may be used as a basis for developing a strategy of promotion and land prospecting to investors interested in the territory. In a further step, the factors identified can be transformed into key success factors and selling / trading arguments.

Procedure and methodology

The idea of the method is to list and collect different key data of the territory according to the 13 categories mentioned.

C **Celebrities**
→ Local economic stakeholders, ambassadors and local important people who left its mark in the area.

E **Enterprises/companies**
→ Businesses leadership, excellence activities, high potentials

R **Resources Allocation**
→ Natural resources that provide a unique competitive advantage to the territory (geographical position, natural resources and mining

I **Infrastructure and real estate**
→ Assessment of the quality and cost of the infrastructure, real estate, premises of the area (e. g. health, public transportation etc.) as well as the offer of land and premises for businesses

S **Services**
→ Services, financial assistance and expert advice economic from development organizations mobilized in the area.

E **Events**
→ Business events (fairs, exhibitions), hotel supply, business tourism (for seminars, conferences)

R **Research and Development**
→ R&D profile, public or private

[8] «Comment identifier les atouts distinctifs de son territoire dans une perspective de marketing stratégique»; Vincent GOLLAIN, president of CDEIF, August 2009

E **Exchange Economy (Network)**
→ Relational networks that allow the local economic system to function (e. g.: professional organizations, consular chambers, clusters, network business, unions and business associations and trade etc.)

V **Values and identity**
→ Culture, belonging feeling

A **Abilities & Human Capital**
→ Population skills, knowledge, competences that can be mobilized by businesses.

I **Image**
→ Perceived image of the territory, especially when it adds value to the territory.

T **Telecommunications (TIC)**
→ Telecommunication infrastructures , Broadband connections)

© **Collective, structural action**
→ Measure the specific comparative advantages, created a selective and strategic by economic actors, cooperation and synergy of public stakeholders. We measure economic development planning related to public / private partnerships and governance of the territory

Figure 4: Criteria of the method "CERISE REVAIT"

Two other criteria can be added to complete the analysis:

- Local Market: size, characteristic, buying behavior
- Sustainable development, as it became a strong component in terms of competitiveness, on social, economic and environmental aspects.

Participants and sources

In this study, it is necessary to interview local stakeholders of economic development and planning, i. e. from the municipal administration, consular chambers, key enterprises (and businesses associations), and local political stakeholders. Additional information may be gathered from already existing studies or surveys.

Analysis

This method is purposeful for the promotion of a territory by a local development agency, since it takes into account a number of criteria, including the perceived image of the territory, which can be an important barrier for the establishment of new businesses. In addition, the criteria regarding networks and partnerships (e. g. PPP) should be strengthened. Instead of only listing existing networks, their effectiveness, dynamism and inter-actions should be highlighted. Inter-municipal cooperation is not regarded in the method.

1.2.3. The "SEREC" model

Profile

Why: Assessment of the framework conditions for economic development in an area

Who: For businesses, it is a comparative tool for decision support. It also allows local authorities to diagnose their territory and set up an action plan

Effort: Building four groups of key criteria, based on selected topics.

Field of activity: Territorial marketing

Transferability: Adaptable to each kind of territory and/or company by adaption of criteria used

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Procedure & methodology

When using the "SEREC" model (based on MAILLAT et al. 1993), a **company** should first establish a list of variables and criteria influencing their own choice for a site. Figure 5 shows the approach and identifies different selection criteria that a company could consider to establish itself in a territory or to maintain its activity.

For **local authorities**, composing the interpretive grid may allow them to take stock of strengths and weaknesses of the current situation, and to find levers and means to address them. Using this model, the local authorities can consider the establishment of a regional framework; they may also assess the causes and impacts of the weaknesses and possible ways of improvement in collaboration with local partners. They may finally elaborate an action plan describing actions, partnerships to develop and necessary funding.

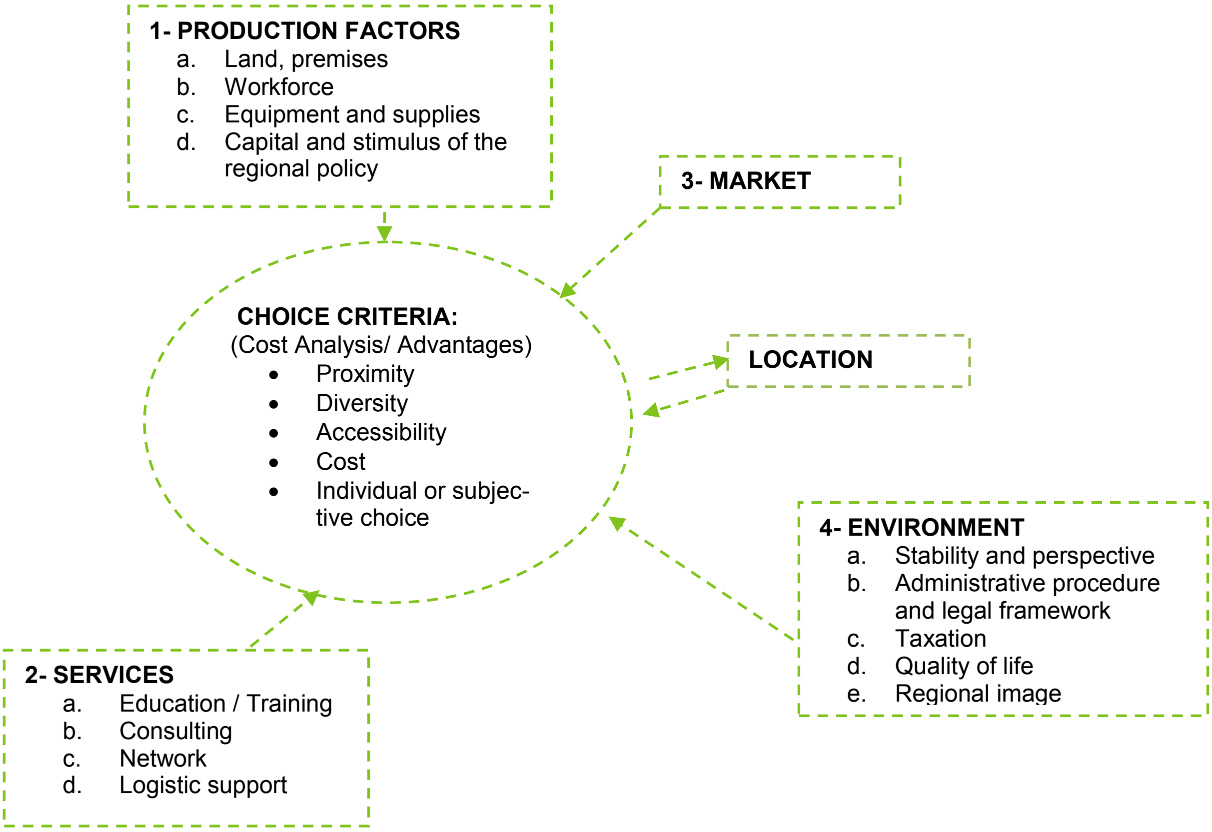

Figure 5: Contents of the SEREC model

Participants and data sources

A company normally is integrated into a network of existing companies in the territory and other business partners, which it will use to obtain the data required. It will, in any case, inquire about the availability of land and any other data matching with its selection criteria.

Public stakeholders aiming to identify suitable selection criteria are advised to be guided by existing studies and surveys. Furthermore, the will need to contact and meet local economic development organizations and businesses for this purpose.

Analysis

The primary users of the “SEREC” model are economic development agents, who could easily transfer the results of this tool into an action plan and a communication plan, once the advantages and weaknesses listed. The model also enables business leaders to quickly perceive the potential of each territory.

2. Detailed analysis of main development issues

In addition to the General Location Analysis it might be useful for the municipalities or regions to apply further instruments and tools to obtain information on specific development issues. This can refer to land use and land use development, to image and perception, and to the formation of the framework conditions for businesses within a municipality (see Phase 1 – 2.1). Many of the analysis tools can be adapted concerning their contents, so that they can be applied for the analysis of different issues; e. g. a questionnaire can serve to examine the land requirements of businesses, the need for business support services etc.

2.1. Analysis of municipal supply

These analytical tools shall contribute to pursue the question, which supplies a municipality provides for local companies or for those companies willing to settle on their territory. With a differentiation of their supply, the municipality can possibly stand out from other municipalities.

A substantial part of the municipalities’ offer is the provision of land in sufficient quantity and quality for the development of commercial uses. Depending on their type and size, companies may be interested in both: land at the periphery of the settlement as well as smaller real estate in the inner area of the municipality. Furthermore, when looking for new land, businesses are interested in the regional economic, social and even environmental framework which may impact on its activity. This refers e. g. to the job market, to transport and communication infrastructure. In addition, it is also important to examine the municipal services provided to companies, or to analyze, for example, the existing standard of municipal marketing and image building.

The knowledge of the quality of the municipal supply for businesses may enable municipalities to highlight and promote specific offers, to develop new solutions and services, and finally to develop actions and plans to improve the attractiveness of the area. The municipality thus needs to have a proper representation of its region and must be aware of its potentials.

2.1.1. Inter-municipal analysis of the provision of commercial land

Profile

Why: Analysis of the quantity and quality of commercial land, possibly against the background of local and regional framework conditions

Who: Municipality administrations or commissioned agencies

Effort: Elaboration of questionnaire, carrying out and evaluating the survey; In case that the information is not continuously provided e. g. by a jointly operated management structure it may be useful to repeat the survey on a regular basis.

Field of activity: Land use management

Transferability: Adaptation to local specifics may be necessary

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For municipalities, it is generally recommended to have detailed knowledge of existing land potentials for commercial development in their area. This is a necessary basis in order to be able to meet companies' demand by finding suitable solutions with their offers. The information enables a strategic planning of the future development of commercial areas for the acquisition of companies from outside on a selective basis, but also for tailored offers for local companies that want to expand or relocate.

It should also be considered that it is not solely a matter of appropriate area sizes. Of increasing importance are also further area features like connection, location and layout, infrastructural facilities, possible pollution control related restrictions that should be transparently prepared, so that municipalities and companies will be able to make well founded evaluations of the suitability of a land for a defined use.

An inter-municipal cooperation for commercial location development normally increases the room for maneuver for the cooperating municipalities. The land portfolio is expanding; the municipal supply side will be more differentiated. The necessary prerequisite for this are a good coordination and consultation between the municipalities. Ideally a management structure will be installed that takes over the procurement of land and that centrally collects all information about size, quality and land use suitability. The basis for the development of a common information source can be an inter-municipal investigation of available land.

Possible Contents

- Land size [m²] and layout
- Legal and planning determination of land uses (production, office, sale etc.)
- Timeframe of land supply: here a distinction can be made between already developed sites, the status of the land securing (contractual securing, land purchase), the status of the planning law process (land utilization plan, development plan); an overall assessment is also possible for example by means of categories such as short term (up to 2 years), medium term (2 to 5 years), long term (more than 5 years)
- Location and accessibility: transport infrastructure and access to the public road network, cartographic representation of plots e. g. in cadastral plans
- Quality of infrastructure, this means sewage, internet access, electricity production
- Corporate / branch structure in the context of the site
- Estimation of the pollution control situation, compatibility with the surrounding areas

Hints for implementation:

- Close cooperation with the municipal administrations: The responsible local administrative bodies of a municipality shall be involved in the compilation of information. Due to the knowledge of political decision-makers they have detailed information that enables them to answer the relevant questions.
- Accuracy on plot-level: For the processing of land, it is recommended to determine the precise spatial location by means of parcels or properties. At the same time, for the description of the land a cartographic representation should be made by means of cadastral maps.
- Agreed overall assessment: From the knowledge of the various pieces of information, it is recommended to make an overall assessment of the suitable of the sites concerning different land uses, considering possible branches, company's sizes and types, and to agree it between the municipalities.

Parallel or in close time proximity to the gathering of information on the inter-municipal land supply it is reasonable to carry out a survey on the land demand of companies so that the inter-municipal policy of commercial location development can be developed further strategically (see Phase 2 – 2.2.1). Moreover, it can be reasonable to complement the survey with questions regarding the following topics:

- General location conditions like labor force potential, fiscal framework conditions, regional and supra-regional transport links

- The main role of the municipality in the inter-municipal or regional context, e. g. housing; services; agriculture; industries (production, trade and services); leisure, recreation, tourism; etc.
- Existing branch structures and possible networks or clusters
- Activities in location marketing and economic development, available supporting services of the municipality e. g. in the procurement of land and real estate brokerages, funding consultancy etc.

Examples (see Annex):

Inter-municipal analysis of the provision of commercial land

2.1.2. EDP[9]-assisted real estate management

Profile

Why: Analysis, evaluation and possibly marketing of real estates in the responsibility of the municipalities

Who: Municipality administrations or commissioned agencies

Effort: purchase and implementation of specific EDP-tools, building up and management of a database

Field of activity: Land use management

Transferability: Adaptation to national specifics concerning building laws etc. may be necessary

Today, the utilization of EDP-assisted tools can support the management of real estates and potential building land as well as the management of brownfields, empty building lots or vacant buildings. In a simple manner, the tools enable municipalities to enter and store the relevant information about the real estate, and – if needed – to retrieve the information goal-oriented. Thus the tools facilitate the municipal task of keeping an overview of the existing supply of real estates and of providing businesses the premises or building land they need. Depending on the local situation, this may be within the boundaries of the existing settlement or on newly developed areas respectively. In general, the use of such instruments is not limited to individual municipalities, but can also be performed on inter-municipal level.

Possbile contents of the database

- Type of offer: Office, Building, Land
- Size [m²] [Hectare]
- Possible utilization of the real estate: production, storage, office, sale etc.
- Possible economic activities on the real estate: production, (heavy) industry, crafts (Handwerk) services, commerce, trade, etc.
- Availability of the real estate, short term (up to 2 years, medium term (2 up to 5 years), long term (more than 5 years)

Location qualities and infrastructures, such as transport links (incl. distance to various modes of transport, e. g. motorway, airport, freight depot, bus stop), sewage, internet access, pollution control requirements, electricity production

Restrictions for utilization: nature conservation, water protection zones, flood protection etc.

- Ownership
- Type of acquisition: sale, rent, leasing

[9] EDP: Electronic Data Processing

- Price, costs

Examples (see Annex):

Land management database (Bavarian State Ministry of the Environment and Public Health)

2.2. Analysis of requirements and expectations

The success of an (inter-municipal) commercial location development requires a detailed knowledge of the requirements and expectations of regional and local companies to the future conditions in the location. All the more so since the establishment of a company from outside is the rare exception. In general, it will rather be a matter of creating the favorable conditions for local and regional companies and customized solutions for their development. For instance, municipalities may support local businesses in finding local assets (real estate, buildings) meeting their needs.

Cities and towns can use different tools to explore the needs of the companies early on, so they can take into account this information when designing the (inter-)municipal framework conditions. In any case, a close communicative relationship between local authorities and businesses is required, as is highly required to specifically strengthen the endogenous capacity.

As a further effect, knowing the requirements and expectations of the endogenous business might also prepare better conditions for welcoming exogenous demand, e. g. for companies that wish to get closer to their partners (customers, suppliers, (sub-) contractors, etc.), this would optimize the use of land for companies inside and outside participating in similar networks.

2.2.1. Company surveys

Profile

Why: Identification of requirements of companies to the community

Who: Municipality administrations

Effort: Elaboration of questionnaire, carrying out and evaluating the survey; ideally, the survey will be repeated on a regular basis.

Field of activity: can be adapted to different issues

Transferability: Adaptation to local specifics may be necessary

Regular surveys addressed to local businesses with the help of questionnaires can be a useful tool to find out about their requirements and expectations. In addition to general design principles for questionnaires that are not dealt with at this point in detail (e. g. kind of survey (phone, face to face, mailing), type of questions (quantitative or qualitative), and anonymity of respondents), the following aspects are to be considered when carrying out a survey of businesses in the context of an inter-municipal commercial location development:

- Selection of the survey group: the composition of the surveyed business requires great care. Not all businesses are equally relevant in all contexts. A survey to estimate the expected land demand in connection with the possible development of commercial areas does not need to be directed to small businesses from the service sector (e. g. cleaning, restaurants etc.) without land demand.
  But small businesses or retailers could be part of the sample group if small commercial real estates are available, and / or if a municipality has particular interest in developing the city center.

Thus, before starting the survey, a reasonable choice is to be taken from the municipal business listings. Possible selection criteria are economic sectors, company size, etc.

- Addressees, scope of the questionnaire: The persons to be addressed are the persons responsible in the company for business development, i. e. executives, owners, etc. For a high level of acceptance by the addressees and a good response rate, the questionnaire preferably should only comprise one page and it should only take about 10 minutes to deal with.
- Inter-Municipal coordination: Within the framework of an inter-municipal cooperation, the survey can be executed by the employees of only one municipality on behalf of all municipalities. The survey group then is to be coordinated with the other municipalities. In any case, a single questionnaire is to be used for all companies. It is advisable to communicate this cooperation to the businesses. If a business association exists, it should be included in the process (e. g. also include its logo on the letterhead/questionnaire) to demonstrate cooperation between business and municipality
To support the survey a cover letter of the mayors of all the municipalities should be included.
- Frequency, Medium: It is desirable to conduct the survey if possible at regular intervals of about 1 to 2 years to have current information as a basis for inter-municipal commercial location development.

Table 5: Possible Contents of Company Surveys

Issue	Starting points for questions
General characteristics of responding company	• Type of land or premises (industrial, service (for companies with a lot of workforce), craft) • Size of the current location: surface area for production, office, outside, under roof. • Quality of current premises • …
Land for development	• Land demand [m²] • Type of land demand (production, storage, office, sale etc.) • Timeframe of land demand: short term (up to 2 years, medium term (2 up to 5 years), long term (more than 5 years) • Requirements concerning location and infrastructure: such as transport links, sewage, internet access, pollution control requirements, electricity production • Size of unused areas occupied by the company and type of real estate [m²] • Efficiency of land supply and development • Impediments to business expansion • …
Image and perception	• (Self-)image of the location • General perception of the location • Demographic situation • labor market • Education, research, science … • Dynamism of the region, start-ups • …
Framing conditions for business in municipal responsibility	• Provision of municipal services to companies (perception of companies) • Quality and efficiency of municipal services to companies • Procuring qualified personnel • …

Examples (see Annex):

- Questionnaire to determine demand of commercial land
- Survey among businesses in the region to clarify the endogenous demand

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- Questionnaire on energy policies of SMEs
- Questionnaire on Industrial ecology
- Questionnaire on the traffic situation in Val Passiria (German)
- Business Needs Survey

2.2.2. Marketing oriented demand analysis tools

In contrast to large companies, SME's in general have at disposal smaller budgets and a different organizational structure for business extension or settlement decision-making. This leaves fewer resources for assessing suitable locations. However, the decision-making process on a location is likely much more cost-sensitive for a family or small business than an international corporation. Thus it may require more support from local business support services. Assistance by economic promoters or "location suppliers" should therefore fulfill the SME's needs for a more attentive, all-round-information package.

For settled businesses:

A useful marketing/communication tool for the analysis of businesses' requirements and expectations towards the municipality or greater region is to offer an exchange platform that fulfills the following purposes:

1. Communicate municipal willingness to cooperate and support entrepreneurs' ideas and needs (beyond financial terms).
2. Foster exchange of businesses that are similar or complement each other.

This approach can take various forms, e. g. organization (and moderation) of:

- Entrepreneurs' circle ("Unternehmerzirkel")
- "Speed-Dating" for entrepreneurs: entrepreneurs get 2-5 minutes each to get to know each other, talk about projects, problems, etc.
- Entrepreneurs' regulars table ("Unternehmerstammtisch")
- Talks: Business to municipality; Business to science, technology, education; Business to architect, engineer; Business to recruiter; etc.
- Provision of a professional mediator in order to facilitate agreement processes among businesses (MUGLER et al. 2006: 32)

Examples (see Annex):

- Potential events for businesses contacts

For business from outside:

In the case of a business settlement from outside, the starting situation is a different one for the target municipality/region. Usually, if a business from outside is interested in a location, an entrepreneur has been attracted to the location on the basis of selected location factors (e. g. on basis of own location analysis) (SCHNURRENBERGER 2000)[10]: the first hurdle of meeting a business's demand has been taken by the municipality/region so to speak. It seems the target location has done its homework and carried out the following working steps beforehand:

- Analysis of the own location (identification of strengths and weaknesses).
- Definition of municipal/regional endogenous potential (unique local propositions).
- Derivation of location strategy and location (mission) statement.

[10] Schnurrenberger developed options for location providers for how to direct location marketing in accordance with entrepreneurs' location decision processes.

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- Promotion of endogenous potentials and the resulting location advantages and regional characteristics: efficient and consequent marketing on relevant trade fairs (e. g. cf. BUSINESS LOCATION SÜDTIROL 2011) and promotion via appropriate channels in order to reach and subsequently settle similar or complementing (supplier) businesses.
- Thematic designation of commercial zones according to the defined endogenous potentials (e. g. LANDESHAUPTSTADT MÜNCHEN 2005: 24).

In general, possibilities of directly influencing a businesses' location decision most likely open up only when investors explore the target location on site and get in direct contact with the location providers. At this point, the latter should highlight the location advantages, relativize seemingly negative location factors and leave a good impression (SCHNURRENBERGER 2000: 224).

2.3. Image Analysis

Profile

Why: Territorial marketing aiming at develop a common and concerted vision and then strategy between local stakeholders for the development of an area.

Who: Municipalities and/or group of municipalities with the support of external expert and /or consular chambers.

Participants: Municipalities, businesses, population, tourism home / offices etc. according to what is at stake…

Transferability: Possibility to adapt the analysis to any cities and/or area.

Working on an "image analysis" often is the first step towards a territorial marketing strategy. If this study is at the scale of several municipalities and / or groups of municipalities, it is the opportunity to build a concerted and common strategy for location marketing. Meyronin (2009) defines the basis of territorial marketing as:

- to define, develop, promote and defend the identity of the territory,
- to convince, federate, call up, valorize and attract the stakeholders,
- and to think, position, run, promote and sometimes attract projects.

When beginning an image analysis or a territorial development process in general, these might be the first points to explore with the local and regional stakeholders. To enter further in details and in a proactive approach, we could suggest the following working processes…

Procedure and working steps

1. Status quo: main territorial issues, observation and assessment.
2. Evaluation of the dynamism: current actions and projects, economic development, the current policies in favor of actions.
3. Goals: individual and common municipal goals concerning current developments and trends.
4. Validation and coherence between goals and current policies, evaluation of the political will to reach the goals.
5. Involvement of further local partners
6. Definition of the means and actions to carry out
7. Retro-planning and methodology (see methodology below)

Participants

In order to fully implement the analysis and to obtain relevant and valuable outputs, it is advisable to involve the local public stakeholders from the beginning. Even if they are not directly involved during the steps of the study, they shall be informed about the progress of the analysis to foster their preparedness to develop actions. The more local actors are involved the more relevant the study will be, considering the magnitude of information and feedbacks collected. An appropriate way to obtain feedbacks and opinions about the territorial image is to conduct a survey among the population (cf. factsheet “Image analysis” in the Annex).

Table 6: Proposition for content and structure of an Image Analysis

Issue / Working step	Proposed Content
1. Identity of the area / territory concerned	• Geographical component: description of the area according to geographic advantages and strains • Organic component: history and highlights; administrative structure and service (e. g. Préfecture etc.) • Economic component: Main field of activities, historical know-how, current activities, innovation capacities • Symbolic component: Cultural, feeling of belonging, identity. (see factsheet “image Analysis” survey for the collect data)
2. Territorial offer	• Infrastructure: roads and communications, in place and in project, under construction. • Public (and private) transportation (bus, train etc.) • Land availability and housing • Public and administrative service • Retailing and caring profession • Tourism, culture and leisure facilities
3. Benchmark other similar areas/ territories	• Identification of the similar territories, e. g. within a 100 km radius • Similar analysis as detailed in “1. Identity of the area”.
4. Study of the demand; Segmentation/ definition of goals	• From the inhabitants (cf. factsheet “Image Analysis” in the Annex) • Retailers: through specific urban planning or discussion / interview with retailers • SMEs: through previous studies and / or interview and discussion • Tourism: discussion with local tourism home/office about development needs etc.
5. Final Diagnosis and Positioning	• SWOT analysis (Strength, weaknesses, opportunity, threat) • Positioning first step for the action plan
6. Action plans	• Development of an action plan regarding what is at stake and according to the outputs/highlights from the study.

Data sources

- Survey among the population
- Interview of local stakeholders as businesses, tourism home/office etc.
- General data about the area (e.g. economical, historical, cultural data)

Examples (see Annex):

- Questionnaire “Image de Tarare vue par les Tarariens”
- Questionnaire “Image perçue de Tarare de l'extérieur”

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2.4. Analysis of value chains and supply chains

Profile

Why: Offer a prospective and concerted vision for the economic orientation of a territory by working out the field of activity of a region and highlight the main strength and weaknesses.

Who: Public stakeholders (municipality, region, consular chamber) with the support of a consulting agency

Effort: Strong knowledge of the studied area; collect of data, meeting with representative of each field of activity, cartography.

Transferability: Possible for any area in the extent of a will for mutation, re-structuring of the economic field.

The concept of value chain was first introduced by PORTER (1998). By using the concept, the business activities can be decomposed into a sequence of elementary operations, potential sources of competitive advantage can be identified, and the activities that bring the most value can be determined. A value chain shows the complete path of the product from the raw material to the finished product through all phases of treatment and processing. Today, the value chain continues even until the end of the product life and its potential recycling.

Applying the concept of value chain to a territory generally bases on the same idea. The aim of the analysis is to reveal the answers to several questions: Which areas of activity do prevail in an area? What are the major steps and / or links in the value chain? What are the steps which generate the most value? And in particular: What are the missing links that could be additionally implanted on the territory in order to provide additional value and an enhanced attractiveness to create a competitive advantage?

Such study can provide answers to several issues:

- Better understanding of the field of activity in the area and decrypt their functions.
- Starting steps in case of a positioning for the clustering of companies.
- Develop and define an economic orientation for a land in need of revitalization, allowing a “review” of the “structure” of its local and social economy.

Methodology and tools

1. Deciphering the value chain

Value chain according to PORTER (1998) is primarily a tool oriented to businesses. Porter distinguishes the primary activities generating the value, i. e. the main activities from the creation of a product or service to its sale, from support activities, which subsume all services related to administration, human resources, communication etc. The way a company will master these activities will affect its competitiveness (and image) and serve on its level of margins (HOHMANN 2010).

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Figure 6: Porter's Value Chain (business oriented)[11]

The methodology remains basically the same when applied to a branch of activity. It lists the different professions to a field of activity by distinguishing the upstream, (e. g. raw material production; transformation of the raw material) to downstream of the sector, e. g. logistics and marketing the finished product. Support activities will be defined by outsourced services, consulting, and involvement of public, e. g. municipalities, regions. The absence of links within the chain will create favorable conditions for the development and / or implementation of certain activities.

Workshops with businesses are an appropriate way to involve local companies into the compilation of the study on the value chain, in order to obtain as much first-hand information as possible to enrich the study. After identifying the two or three leading and most representative fields of activity of the territory, it is necessary to form a corresponding number of working groups (10 to 20 participants in each group). The groups will be able to present their own field of activity and their needs, highlighting the important or even essential links for the proper functioning of the chain.

2. The territorial profiling according to the Porter Diamond

The diamond model[12] is an economical model developed by Michael Porter and can be used as an additional tool for value chain analysis. Also it could be used as a method for location analysis. According to Porter's theory, particular businesses become innovative and competitive in a particular location because of the interaction of various factors. The diamond model consists of six factors:

- Factor conditions
- Demand conditions
- Related and supporting industries
- Firm strategy, structure and rivalry
- Government
- Chance

[11] http://en.wikipedia.org/wiki/File:Porter_Value_Chain.png (August 2009)

[12] http://en.wikipedia.org/wiki/Diamond_model (November 2011)

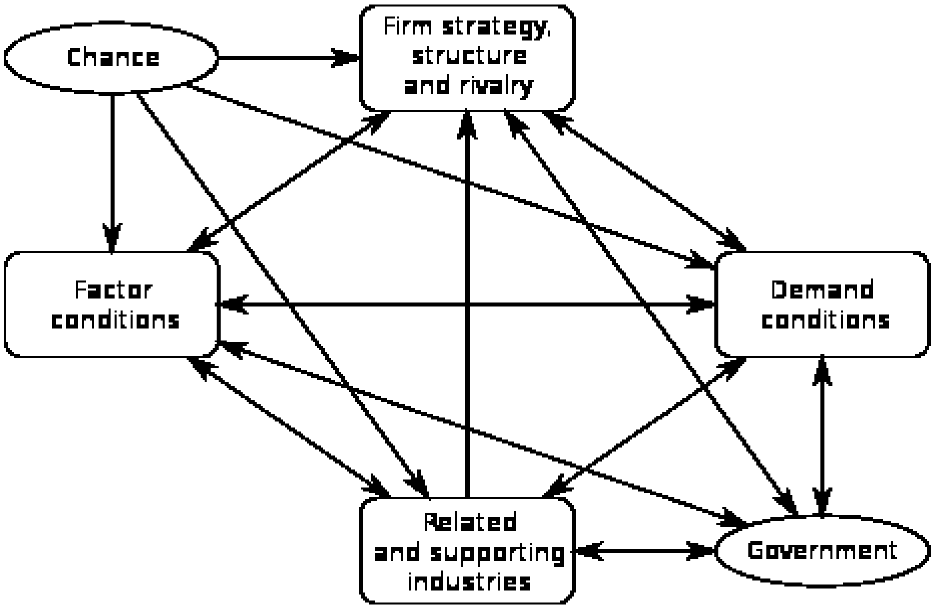

Figure 7: Diamond model by M. Porter[13]

Participants

When planning a process on territorial profiling, which basically corresponds to the process for deciphering the value chain, institutions and organizations of the following interest groups should be considered as participants:

- Local / regional public stakeholders for land planning.
- Businesses that are representing the main field of activities of the area (e. g. food processing, engineering etc.); they could also be part of a professional union.
- Public stakeholders: elected representatives and project managers from municipalities and / or group of municipalities.

Data sources

- Register of companies: to see the location of the companies, its main activity and life time.
- Cartography: allowing a geo-localization of the company and its situation considering the upstream and downstream links.
- Meeting with representatives of each field of activity selected.

Example (see Annex):

- Analysis of local Value Chains

[13] http://en.wikipedia.org/wiki/File:The_Porter_Diamond.svg (May 2009)

2.5. Material Flow Analysis

Material flow analysis (MFA) is a systematic assessment of the flows[14] and stocks[15] of materials within a system defined in space and time. It connects the sources, the pathways, and the intermediate and final sinks of a material[16] and delivers a complete and consistent set of information about all flows and stocks of a particular material within a system[17]. Through balancing inputs and outputs, the flows of wastes and environmental loadings become visible, and their sources can be identified. The depletion or accumulation of material stocks is identified early enough either to take countermeasures or to promote further build-up and future utilization. Moreover, minor changes that are too small to be measured in short time scales but that could slowly lead to long-term damage also become evident.

Because of the law of the conservation of matter, the results of a MFA can be controlled by a simple material balance comparing all inputs, stocks, and outputs of a process. It is this distinct characteristic of MFA that makes the method attractive as a decision-support tool in resource management, waste management, and environmental management.

Anthropogenic systems consist of more than material flows and stocks. Energy, space, information, and socioeconomic issues must also be included if the anthroposphere[18] is to be managed in a responsible way. MFA can be performed without considering these aspects, but in most cases, these other factors are needed to interpret and make use of the MFA results. Thus, MFA is frequently coupled with the analysis of energy, economy, urban planning, and the like. In practice, the tool is used for instance to evaluate existing systems for food production, transportation, and other basic human needs, as well as to support the design of new, more efficient systems.

2.5.1. Objectives of a Material Flow Analysis

MFA is an appropriate tool to investigate the flows and stocks of any material-based system. It gives insight into the behaviour of the system, and when combined with other disciplines such as energy-flow analysis, economic analysis, and consumer oriented analysis, it facilitates the control of an anthropogenic system. According to BRUNNER & RECHBERGER (2004), the objectives of MFA are to:

1. Delineate a system of material flows and stocks by well-defined, uniform terms
2. Reduce the complexity of the system as far as possible while still guaranteeing a basis for sound decision making
3. Assess the relevant flows and stocks in quantitative terms, thereby applying the balance principle and revealing sensitivities and uncertainties
4. Present results about flows and stocks of a system in a reproducible, understandable, and transparent way
5. Use the results as a basis for managing resources, the environment, and wastes, in particular for:
   a. Early recognition of potentially harmful or beneficial accumulations and depletions of stocks, as well as or timely prediction of future environmental loadings
   b. The setting of priorities regarding measures for environmental protection, resource conservation, and waste management

[14] Flows of materials are mass per time.

[15] Stocks are defined as material reservoirs (mass) within the analyzed system, and they have the physical unit of kilograms.

[16] The term material stands for both substances and goods.

[17] A system comprises a set of material flows, stocks, and processes within a defined boundary.

[18] The anthroposphere is the human sphere of life.

c. The design of goods, processes, and systems that promote environmental protection, resource conservation, and waste management

2.5.2. Material Flow Analysis – procedure

MFA is a method to describe, investigate, and evaluate the metabolism of anthropogenic and geogenic systems. MFA defines terms and procedures to establish material balances of systems and includes balances of both goods[19] and substances[20].

In general, it begins with the definition of the problem and of adequate goals. Then relevant substances and appropriate system boundaries, processes, and goods are selected. Next, mass flows of goods and substance concentrations in these flows are identified, determined and assessed. Substance flows and stocks are calculated, and uncertainties considered. The results are presented in an appropriate way to visualize conclusions and to facilitate implementation of goal-oriented decisions.

The procedures have to be optimized iteratively. In general, it is best to start with rough estimations and provisional data, and then to constantly refine and improve the system and data until the required certainty of data quality has been achieved.

Experience shows that it is of high importance to first know the goods flow for each substance flow in a system. Flows of goods often can be controlled directly, but the flows of substances can only be influenced indirectly. Second, it is important to know the concentration of a substance in a good. Third, establishing mass balances for goods and substances helps to detect sources of error that otherwise could not be found with mass balances for either goods or substances alone.

Selection of substances

There are various approaches to choosing substances relevant for a MFA: First, legislation such as the Clean Air Act or standards such as building, materials quality, and safety codes provide listings of relevant substances that are regulated. Second, the relevance of substances in the important flows of goods has to be evaluated. Group all import and export flows of goods of the system into solids, liquids, and gases. For each group, select as many flows as needed to cover at least 90% of the total mass flow of the group. To determine indicator substances, it is best to establish the ratio of substance concentrations in the selected flows of goods to geogenic reference materials. For solid material flows, the average concentrations in the Earth's crust can be taken as a reference. Similarly, for liquid material flows, the average concentration in geogenic water bodies can be taken as a reference. For gaseous material flows, the average concentration of the atmosphere can be taken as a reference. Substances with a ratio of c_{ij}[21]/c_{geog}[22] > 10 are candidates to be selected for the study. The proportions among the substance-specific ratios for a good also have to be considered. If all or most of the ratios are <10, just select those substances with the highest ratios.

These two approaches can be used when the system of study is determined already by the scope of the study.

Experience shows that many anthropogenic and natural systems can be roughly characterized by a comparatively small number of substances, such as about five to ten elements.

[19] Goods are substances or mixtures of substances that have economic values assigned by markets.

[20] In chemistry, a substance is defined as a single type of matter consisting of uniform units.

[21] Substance concentration in the selected goods

[22] Substance concentration in geogenic reference materials

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System definition in space and time

The spatial system boundary is usually determined by the scope of the project. It coincides often with the politically defined region, the estate of a company, or a hydrological region such as the catchment area of a river. In general, any system should be chosen to be as small and consistent as possible while still being broad enough to include all necessary processes and material flows.

When average flows and stocks over a longer period of time are of interest, the time span of investigation has to be extended long enough to outweigh the momentary unsteadiness of the system.

Identification of relevant flows, stocks, and processes

Information about material flows is taken from the literature or other sources such as company and national reports. Sometimes, data have to be assessed, e. g., by contacting experts or visiting government agencies.

The number of processes necessary to describe the system depends on the objectives of the study and on the complexity of the system. Generally, processes can be subdivided into sub-processes, and vice versa. In most cases, systems comprising more than 15 processes turn out to be clumsy and unnecessarily complex.

According to the mass-balance principle, the mass of all inputs into a process equals the mass of all outputs of this process plus a storage term that considers accumulation or depletion of materials in the process. The mass–balance principle applies to systems as well as processes.

Determination of mass flows, stocks, and concentrations

Information about mass flows is usually taken from databases or measured directly or indirectly on site. Regional, national, and international administrative bodies such as bureaus of statistics, industrial associations, professional societies, and consumer organizations can be good sources of specific data, sometimes including time series.

Some material flows are assessed based on assumptions, cross comparisons between similar systems, or so-called proxy data[23].

Depending on the financial resources available for an MFA, mass flows of goods and substance concentrations can be actually measured.

Assessment of total material flows and stocks

The substance flows that are induced by the flows of goods can be directly calculated form the mass flows of the goods and the substance concentrations in these goods.

[23] "Proxies" are figures that help in approximating or estimating the actual data of interest.

Goods	Flow Rate, t/year	Concentration of Substance $S_1, S_2, S_3, \cdots, S_n$, mg/kg					Substance Flow Rate $S_1, S_2, S_3, \cdots, S_n$, kg/year				
G_1	$\dot{m}_1$	c_{11}	c_{12}	c_{13}	$\cdots$	c_{1n}	$\underline{\dot{X}_{11}}$	$\underline{\dot{X}_{12}}$	$\underline{\dot{X}_{13}}$	$\cdots$	$\underline{\dot{X}_{1n}}$
G_2	$\dot{m}_2$	c_{21}	c_{22}	c_{23}	$\cdots$	c_{2n}	$\underline{\dot{X}_{21}}$	$\underline{\dot{X}_{22}}$	$\underline{\dot{X}_{23}}$	$\cdots$	$\underline{\dot{X}_{2n}}$
G_3	$\dot{m}_3$	c_{31}	c_{32}	c_{33}	$\cdots$	c_{3n}	$\underline{\dot{X}_{31}}$	$\underline{\dot{X}_{32}}$	$\underline{\dot{X}_{33}}$	$\cdots$	$\underline{\dot{X}_{3n}}$
$\vdots$	$\vdots$	$\vdots$	$\vdots$	$\vdots$	$\cdots$	$\vdots$	$\vdots$	$\vdots$	$\vdots$	$\cdots$	$\vdots$
G_k	$\dot{m}_k$	c_{k1}	c_{k2}	c_{k3}	$\cdots$	c_{kn}	$\underline{\dot{X}_{k1}}$	$\underline{\dot{X}_{k2}}$	$\underline{\dot{X}_{k3}}$	$\cdots$	$\underline{\dot{X}_{kn}}$

Note: Final entries (substance flow rates) are underlined. G = name of good; S = name of substance.

Figure 8: Data spreadsheet (BRUNNER & RECHBERGER 2004)

The total mass of the stock can be determined either by direct measurement of the mass or by assessing the volume and the density of the stock. The magnitude of fast-changing stock can be calculated by the difference between inputs and outputs over an appropriate time span (t_0 – t).

Presentation of material flow analysis

It is important to present the results of an MFA in an appropriate way. The relevant results of the study have to be condensed into a clear message that can be presented in an easily comprehensible manner. The main goal of the presentation is to stage this message to make it clear, understandable, reproducible, and trustworthy.

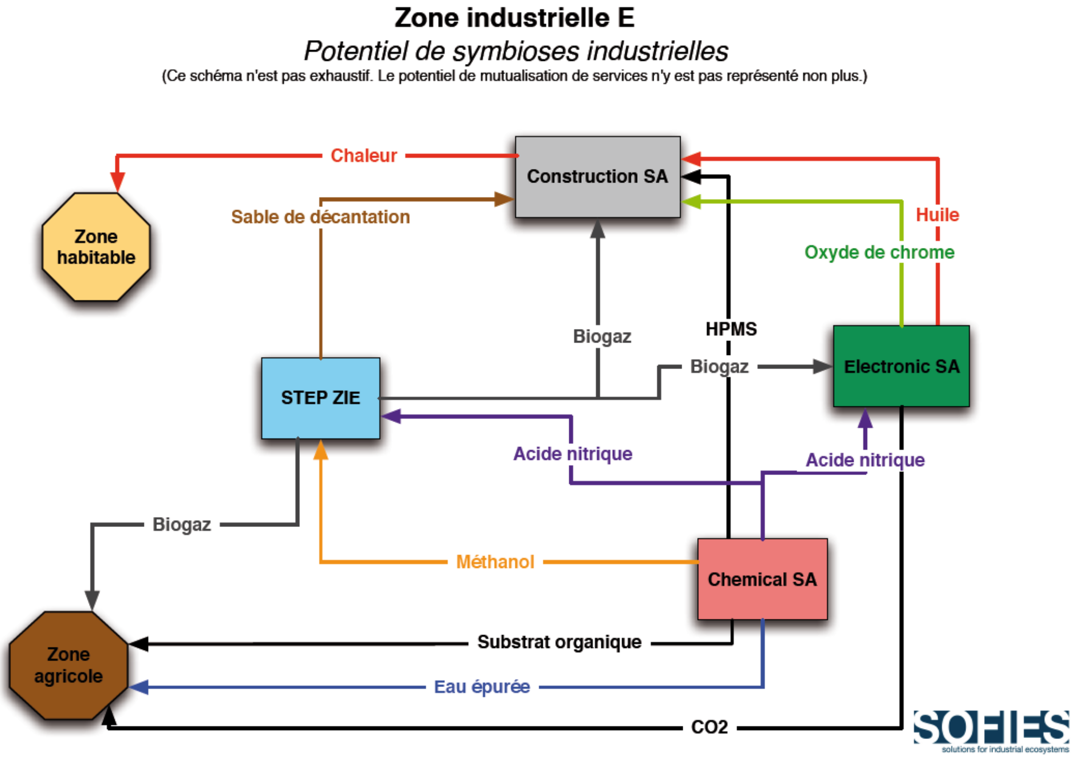

Figure 9: Presentation of a Material Flow Analysis (SOFIES – solutions for industrial ecosystems)

3. Valuation of analysis results

A decisive moment in the analysis of potential for commercial locations development is to identify external and internal challenges and opportunities while building on the results of the BSC analysis. In this phase of analysis, it is especially important to recognize existing strengths as well as the opportunities arising from demand changes. Local experts usually undertake potential and opportunity analysis at local workshops using different strategic management tools. In the following, the two most common potential techniques are presented:

- Challenges and Opportunities Analysis and
- SWOT Analysis.

The valuation of the particular location based on the quantitative BSC - analysis and upgraded with a comprehensive qualitative strategic analysis represents a basis for formulating strategic goals for the development of a location and for defining specific strategies to achieve these goals in future.

3.1. COMUNIS-Approach – definition of challenges and opportunities based on the BSC-Analysis

Within the previous step, an analysis based on indicators describing core factors of CLD was undertaken using the BSC- method. The method provides an analytical framework for a deeper understanding of the situation of a particular location and lays a foundation for the evaluation of its potentials in terms of challenges and opportunities. The resulting BSC scoring sketches the situation of a particular commercial location. It gives first information on its major problems and competitive disadvantages, but also of development opportunities.

However, for the development of goals and strategies in the next step, a deeper insight into the situation and a clear overview of the elements of strengths and of elements diminishing the potential for the development is required. Therefore the individual scoring of particular criteria of the BSC needs to be studied. By challenge and opportunity analysis, the expert team shall evaluate each of the criteria from two perspectives: Challenge Analysis and Opportunity Analysis.

Challenge Analysis

The questions pursued in the challenge analysis are: Which development steps and/or actions contribute to solving or qualifying problems so that developments can be changed for the positive? What is holding us back? Which factors advance or impede the development of the location? Through challenge analysis we assess the most problematic indicators and think of turning them into positive solutions.

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The team has to ask themselves whether:

1) A low or medium scored criterion (challenge) requiring improvement is understood and clearly defined based on the BSC analysis. Stakeholders or local policy makers have the power and authority to address it.

No → Move to the next problem (criteria / indicator)

Yes ↓

2) The issue can be addressed within the reasonable time frame (most probably mid-term perspective)

No → Move to the next problem (criteria / indicator)

Yes ↓

3) You can challenge the problem! Think which steps and/or actions have to be undertaken to turn the problem into the positive development? Analysis compels strategists to focus on the "what should be?" instead of the "what is."[24]

→ Brainstorming to obtain different solutions. Think out of the box!

Opportunity Analysis

Opportunity analysis is assessing the potential for a change or enhancement of the challenge identified in the previous stage of the analysis. Opportunity Analysis does not focus exclusively on a location's current capabilities, however it inspires action in a way other methods such as SWOT do not. In the opportunities analysis, spheres of activities and approaches to problems or improved circumstances are described. The main question is: What are the effects if the challenge is addressed?

An opportunity analysis helps to provide an understanding of the effects, positive and negative, are likely to take place if a particular approach is implemented. With any type of opportunity analysis, three sub-questions shall be answered in order for the analysis to be effective.

- What are the benefits of implementing this opportunity?
- What adverse effects are likely to occur when the implementation takes place?
- How will the implementation affect the overall function of the operation, and is the result worth making the change?[25]

The type of "challenge" will vary, from small chances within the location (e.g. improving promotion campaign), to the demanding and expensive solutions (e.g. construction of new by-pass road). The figure at the next page provides an example how a simplified Challenge and Opportunity Analysis can be applied in case of location analysis. The analysis is made using the BSC analysis structure.

[24] Own elaboration based on "Improving Strategy Development with Opportunity Analysis" (31st January 2012) http://outwardinsights.wordpress.com/2012/01/31/improving-strategy-development-with-opportunity-analysis/

[25] Own elaboration based on http://www.wisegeek.com/what-is-opportunity-analysis.htm

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Table 7: Example of Challenges and Opportunities Analysis

Field of activity	Criteria	Indicator	Scoring	Challenge Analysis				Opportunity Analysis		
Core Field 1: Location profile				**Define**	**Authority to address it** YES/NO	**The issue can be addressed within the reasonable time frame** YES/NO	**Challenge the problem (solutions)**	**What are the benefits?**	**What are the effects if the challenge is addressed?**	**Is it worth?**
Situation / Location	Accessibility	Transports infrastructure: road, rail, airport etc.; time to infrastructures Connection to broadband	**25** Infrastructure not appropriate., not adapted public transport network and very low accessibility to broadband	*Challenge:* *Traffic conjunctions*	***YES***	***YES***	*By pass road*	*20% reduction of traffic*	*Reduction of environment pollution (noise, CO2 in town and commercial location*	*NO* *expensive* *time consuming*
							Several roundabouts	*0% reduction of traffic* *Smoother access to the commercial location*	*Improved access to town* *Improved image* *Cycling trail beside* *Improved safety for pedestrians*	*YES* *short time* *efficient* *multiplier effects*

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3.2. SWOT-Analysis

In addition to Challenge and Opportunity Analysis, SWOT Analysis is another useful technique for the definition of a strategy for a particular commercial location, region, business, organization. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats.

This is the most widely used management tool, which can give an insight into the complexity of an existing situation and at the same time assessing the external circumstances. SWOT helps understanding the internal Strengths and Weaknesses of a particular location or region, and it uncovers the Opportunities and identifies Threats, which usually are external factors. As such, it is a useful tool to support the process of decision making on a development of a commercial location.

The SWOT analysis of a commercial location can be performed as a team work during a workshop session or a brainstorming meeting. SWOT analysis is often interpreted and used as a 2x2 Matrix as presented in the Table 8. When elaborating the SWOT one should:

- clearly define the subject of analysis and keep focused on the central issue: Does it address a potential for development of a particular commercial location against competitive locations or a development of a region against other regions?
- build SWOT on previous data and information collected through different statistical techniques: BSC-analysis, additional desk research, surveys, interviews, trend analysis, expertise;
- take care that people contributing to the analysis and seeing the finished SWOT analysis are able to understand properly the purpose of the SWOT assessment and the implications arising: Remember that SWOT is the foundation for the next step in location development, which is the definition of objectives and strategies.
- apply SWOT at the right level: Is it higher level such as strategic planning for the region or is it a concrete feasibility assessment /study for an individual business location? The scope and focus of brainstorming is different.
- be realistic, honest and rigorous;
- be precise when expressing statements: Use verifiable statements such as “prices up to 70 EUR/m” instead of “good value for money”. Avoid using terms as “lack of …”, be more concrete.
- think of his target group (e.g. investors, enterprises, land owners,..) as well as competitors (e.g. other locations,..)
- prioritize items if there is a long list: this will simplify thinking about the most significant factors when determining the objectives and strategy.

Consider **strengths and weaknesses** of a commercial location from both, an internal perspective, and from the point of view of your target group (investors, stakeholders, enterprises...). When looking at the strengths, think about them in relation to the competitive locations. For example, if all competitive locations provide cheap land, then price is not strength of your location but a necessity. Be realistic when assessing weaknesses at this point, and face any unpleasant truths as soon as possible.

Opportunities and threats are external factors and usually most difficult to analyze. A useful approach when looking at **opportunities** is to look at the strengths and ask oneself whether these open up any opportunities. Alternatively, one can look at the weaknesses and ask himself whether one could open up opportunities by eliminating them. **Threats** can be more difficult to define, since it requires you to ignore internal threats and opportunities.[26]

[26] Own elaboration using http://www.mindtools.com/pages/article/newTMC_05.htm ,http://www.businessballs.com/swotanalysisfreetemplate.htm

However, in some cases, opportunities and threats can also be important internal factor. In such situation, it would be wrong to neglect them. SWOT is a flexible tool so one might use it in various forms. You are free to split opportunities and threats in two groups, one being internal and the other external.

A SWOT matrix template with basic guiding principles and set of questions to enable brainstorming is given in Table 8. Furthermore, Table 8 provides an example of application of SWOT to COMUNIS BSC–analysis tool.

Table 8: Understanding a SWOT matrix

Strengths	Weaknesses
Internal factors determining commercial location **Present factors**	**Internal factors determining commercial location** **Present factors**
Example questions to ask to determine strengths? • What are the competitive advantages of our location? • What are capabilities of our management structure, institutions, people etc.? • What do we do better than anyone else? • What is unique? • What do our clients see as our strengths?	**Example questions to ask to determine strengths?** • What could we improve in the commercial location development and management? • What should we avoid? • What are people in your region/ market/ area likely to see as weaknesses? Own known vulnerabilities? • What factors increase investment or lose our revenues? Gaps in capabilities? Financials?
How to apply strengths in the strategy? **FOCUS**	**How to apply weaknesses in the strategy?** **UNDERSTAND**
Opportunities	**Threats**
External **Future factors**	**External** **Future factors**
• What good opportunities can we spot? • What interesting trends are we aware of? • Market developments? • Competitors' vulnerabilities? • Industry or lifestyle trends? • Technology development and innovation trends? • Global influences? • Information and research? • Partnerships, agencies, distribution? • Seasonal, weather, fashion influences?	• What obstacles do we face? • What are our competitors doing? • Are legislation, standards,.. likely to changing? • Is changing technology threatening our position? • Do you have bad debt or cash-flow problems? • Could any of weaknesses seriously threaten our business? • Political effects? • Environmental effects? • Global Economy? Market demand? Employment market? • Seasonality, weather effects?
How to apply opportunity in the strategy? **TAKE THE ADVANTAGE**	**How to apply threats in the strategy?** **MINIMIZE OR ELIMINATE**

Table 9: Example of detailed SWOT based on BSC-Analysis (Case: Kranj-Šenčur Inter-municipal Commercial Location Development)

Field of activity	Criteria	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Core Field 1: Location profile					
Situation / Location	Accessibility	Direct access to highway and national airport Optic broadband	High traffic density on access regional road to Kranj Pollution (CO_2, noise) Low frequency of public transport	High speed railway planned	
	Demographic trends			Immigration to the region	Aging of population Decreasing of working age population
	Leading institutions	Mature Regional management and its services Competent Commercial Location Management Structures	No university or other leading knowledge center	Co-operation with Ljubljana and Klagenfurt University and its R&D canters	
	Public services	All public services in the area of 5 km Well-developed E-government	No concentration (door to door)	Government ambitious for more efficient and investor friendly administration	
Economy	Dynamism of entrepreneurship		Fear and conservative business approach		Low entrepreneurship awareness among general public
	Diversification and specialization, capacity of innovation	Concentration of ICT, electronic/energy and wood-processing industries	No R&D institutions in the area Low innovation		
	Leadership position		High dependency of SMEs on sub-contracting and local markets	Green technologies and natural resources for renewable not exploited	
Job market / human resources	Situation of job market and its flexibility	Availability of labor force	Rigidity of labor force for change of habits (e.g. low mobility, no multi-tasking,..)	Changing of the regulation (higher flexibility announced)	Brain drain of young graduates to other regions and outward
	Qualification of workforce	Young graduates with modernized skills			

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Field of activity	Criteria	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Image	Soft location factors	Attractive landscape and high quality of life		Image matching changed life-style trends	Political and macro-economic instability
	Civil society				
	Discrepancy of the perception of location and Image		Not internationally promoted as region attractive for investments (investors come by chance and by personal contacts)		
Core Field 2: Inter-municipal Cooperation					
Intensity of cooperation	Between municipalities	Increased co-operation in certain fields of operation			Tax legislation preventing transfer of tax between municipalities (e.g. tax is limited location within municipality)
	Between businesses (inter-municipally e. g. cluster)	Business-driven initiatives	Publically initiated clusters failed		
	Public-private partnerships	Few practices in place	No serious new PPP projects covered by feasibility studies ready		Macro-economic instability Difficult access to favorable finances
Attitudes & Expectations	Public stakeholders	Supportive and well organized Chamber of Craft	Aware of the need for economic prosperity however no serious joined actions		Slow regionalization process in Slovenia
	Businesses and Business associations		Few and weak business associations		
	Local Population and associations	Hard working people	Declarative support ,otherwise “not in my garden” approach Fear to risk against comfort	Change of Generations	Lack of local jobs
Political & legal framework	Upper level of administration	Supportive to business and investments	No new national policies on inductors, competiveness and technological development		Lack of budgetary funds for support measures
	Strategic, planning of business / commercial association	Competent RDA	Regional businesses not participating actively in strategic planning	New EU financial perspective 2014-2020	

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Field of activity	Criteria	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Core Field 3: Commercial land use management					
Availability and use of land for commercial use	Short-, medium, long-term availability	Short term locations available Drop down of prices	Mid-term locations require long procedures within municipality spatial planning		Instability of macro-economic environment and real estate market
	Transparency and flexibility of procedures and land management		Complicated administration procedures in obtaining building permits	Announced smoother procedures for obtaining building permits	
	Quality of land and premises	High quality green filed locations (land, premises) on the main highway corridor X	Brownfield's in old industrial sites with difficult access		
Spatial planning framework conditions	Specifications of higher level planning document		3-5 years needed to change land use within the spatial planning documents	Announced legislation changes in spatial planning	
	Competences and influences municipalities and municipal associations	Established inter-municipal co-operation	No knowledge on inter-municipal management of locations		
	Land use conflicts & restriction of land use		Long administrative procedures of land use changes and spatial planning		High level of nature and agriculture land protection
	Availability of land management tools and organizational economic structure	Highly competent business driven management structure			
Land prices	Price level		High prices of land and premises	Introduction of property taxes might intensify the property market	
	Ownership		Private and fragmented ownership		

Translating SWOT into the Strategy

Depending on purpose and situation, a SWOT analysis can produce issues which very readily translate into strategy definition. SWOT essentially tells you what is good and bad about a particular location or region. For the development of a commercial location the strategy shall consider:

- strengths → obvious potentials →build on, leverage and promote
- opportunities → potentially attractive options → prioritize and optimize
- weaknesses → remedy, address those which are worth addressing or exit
- threats → counter, minimize or even eliminate if possible

Table 10: From SWOT to strategy

		External	
		Opportunities	**Threats**
Internal	**Strengths**	How to leverage strengths to benefit from opportunities?	How to use strengths to minimize impact of the threats?
Internal	**Weaknesses**	How to ensure weaknesses will not jeopardize and stop you from taking advantage of opportunities?	How to address weaknesses to make threats have less impact?

Considering the above, the team shall discuss and agree the strategy and objectives.

If the SWOT analysis is being used to assess a proposition for a development of certain locations, then it could be that the analysis shows that the proposition is too weak (especially if compared with other SWOT's for alternative location) to warrant further investment, in which case further action planning, other than exit, is not required.

If the proposition is clearly strong (presumably you will have indicated this using other methods as well), then proceed and translate issues into strategy and objectives with suitable ownership by team.

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Phase 3 – Development

As a result of the analysis, the municipalities identified fields where action is needed. Considering these fields, the municipalities specify the actual tasks or actions required to change the current situation or on-going developments. The municipalities weigh the different action requirements; they agree on common targets and determine priority actions they intend to undertake. If necessary and appropriate they determine quantitative target values together. In addition to content related determinations, it is also recommended to specify the procedure and intended intermediate results regarding content as well as organizational issues in a timetable or business plan.

The specification of targets serves as starting point for the definition of concrete measures or packages of measures. The municipalities can commit to jointly carried single measures related to the investigated needs for action. Alternatively the municipalities can rely on more comprehensive action models and adapt them to local or regional needs. To pave the way for the organizational implementation of measures, the human and financial resources, expertise and structures available to municipalities must be investigated. The agreements between the municipalities shall be defined “contractually” in a joint statement of the mayors.

Aims and results of the working step

The municipalities have defined and agreed on common goals and tasks. They have further agreed on various measures or packages of measures with which they intend to achieve the defined goals. They also set up a time and project plan for the implementation. In a principle decision the individual municipalities have reinforced their will of common organizational and structural implementation of the concept.

Involvement:

Due to the inclusion of all regional stakeholders in the process in the previous stages of problem identification and analysis, the phase “development” can be carried out by the “main carriers” of the inter-municipal commercial location development together in a rather flexible and effective working group. This includes especially **mayors**, **economic and planning officers** of the municipality as well as **business representatives** (e. g. chairman of the trade association or similar). Often it is advisable to take support by targeted advice from **external experts** (e. g. regional or project manager etc.).

Public relations:

A broad political anchoring of the process is necessary and should be introduced during this step, at the latest, i.e. the local government bodies are to be integrated into the process and the democratic legitimacy for the further implementation of the process must be ensured. The persons responsible in the municipalities have to take care about the following issues:

- How to present the strategy / the measures to the council?
- How to organize decision-making in the council?
- How to inform the public?

1. COMUNIS-Approach – inter-municipal development of goals and priorities

Based on the analysis of the situation of the territory and the determination of challenges and opportunities (see Phase 2 – 1.1 and – 3.1), the next step in the working process is the definition of goals and priorities for actions.

The essential starting point for the definition of goals is the system of criteria and indicators of the BSC analysis. It is important to acknowledge that the definition of binding inter-municipal goals generally is a matter of the municipal decision makers. In addition to those, also the participants, i. e. experts and further stakeholders should be integrated, which were already involved in the analysis phase. It is assumed that those achieved a clear view of the regional situation, and a sense for existing weaknesses and potentials in the different fields of activity, by the intense occupation with the specifics of the region in the analysis phase. Within the framework of workshops, and taking into account the observed and previously discussed challenges and opportunities, goals and target states can be formulated.

In some cases, the analysis of the current state and the formulation of target states already may result in ideas and strategies for suitable implementation measures. Also it may become obvious, for instance when regarding a differentiated mapping and visualization of the relative situation of adjacent territories, that certain measures are not suited for a concerted strategy of a common carrying.

The definition of quantitative goals, being also benchmarks for the further process, is the basis for a later monitoring of the operational strategies, too (see Figure 10). Thanks to the direct reference of the goals to the indicators of the analysis phase, changes of the regional situation and the impact of the measures can be easily detected and reviewed through continuous quality control. This facilitates an easier management of the implementation measures.

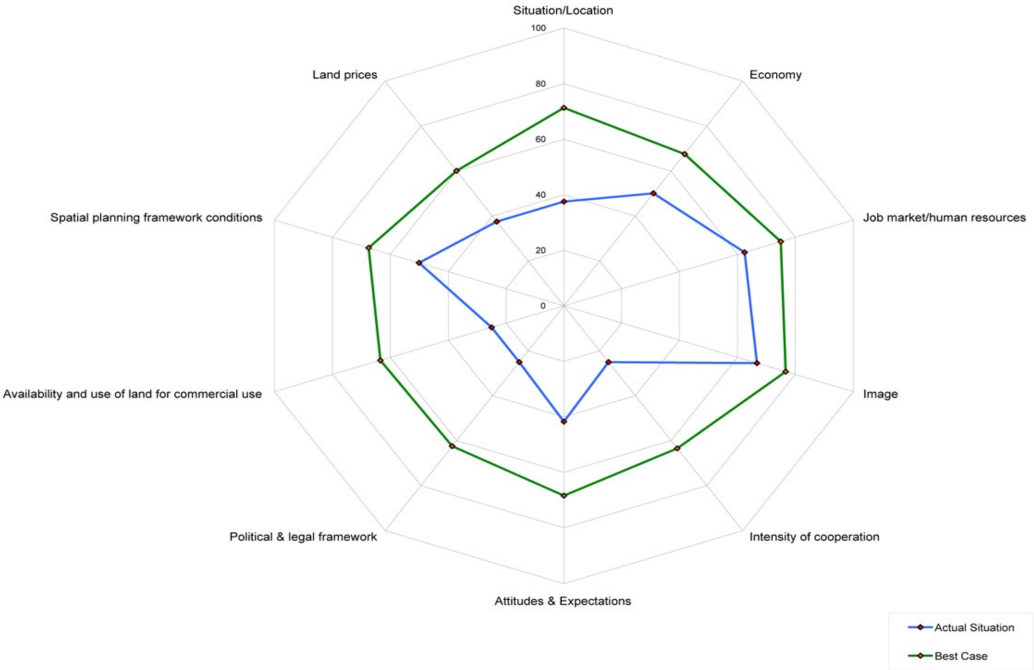
In the further process it may become necessary for the local authorities to prioritize certain goals and activities, as the simultaneous pursue of all goals overburdens personnel and financial capacities. Additionally to the indicators and criteria of the BSC, the prioritization of actions will be mainly led by political and strategic orientations, ideas and visions, which have developed in a region in the forehand. For instance, some regions have a well-known weakness concerning their regional image. In this case it is rather obvious to intensify the efforts to marketing-oriented structures. The approach assumes that an increasing demand can be created by improving the region's image as commercial location. Land issues are regarded as easy to solve and will not be prioritized.
In another region, it is known, or recognized as a significant problem in the analysis phase that the particular impediment to economic development is the fact that land for commercial or industrial uses is scarce. In this case it seems advisable that the region increases its efforts to establish structures directly dealing with the land and soil management.

To develop a stronger effect the jointly developed goals should be confirmed in the municipalities through basic policy decisions.

Examples (see Annex):

- Red line of argumentation for inter-municipal land management – example of a deductive goal development (German)

Region	Großes Walsertal
Date	03.03.2010



Actual Situation		Points of 100
Location profile	Situation/Location	38
	Economy	50
	Job market/human resources	63
	Image	67
Intermunicipal Cooperation	Intensity of cooperation	25
	Attitudes & Expectations	42
	Political & legal framework	25
Commercial landuse management	Availability and use of land for commercial use	25
	Spatial planning framework conditions	50
	Land prices	38

Target: Best Case		Points of 100
Location profile	Situation/Location	71
	Economy	68
	Job market/human resources	75
	Image	77
Intermunicipal Cooperation	Intensity of cooperation	63
	Attitudes & Expectations	68
	Political & legal framework	63
Commercial landuse management	Availability and use of land for commercial use	63
	Spatial planning framework conditions	68
	Land prices	60

Figure 10: Comparison of actual situation and target situation – Example of the pilot region Großwalsertal (AT) – Axis 3 Land Management

2. Developing a concept for action

2.1. Singular activities – starting points for operative strategies

The main areas of activity of municipal location development and related tasks (WIRTH & PARZER 2008) also provide the starting points for approaches to action on the inter-municipal level. Local authorities can take over these tasks themselves, and thereby exert direct influence on various location factors.

2.1.1. Land use management

Measures of land use management may be used to influence land-related location factors such as the availability and use of land for commercial use, the spatial planning framework conditions as well as land prices (see Phase 2 – 1.1).

Many municipalities perceive the development and provision of commercial land as one of the primary ways for their development as commercial location. This view often leads to a strong supply orientation of the municipal land development policy. Land for the settlement of industry and commerce are developed decentrally on Greenfield sites and offered at often very favorable conditions, to achieve a supposedly better position in competition with the neighboring communities. As a logical consequence this development creates an excess supply, which remains unused and the costs of which the municipalities possibly have to bear for a long time.

Meanwhile, however, numerous conditions are changing. On the one hand, the needs of companies for commercial space have become more specific and differentiated. For long times, land prices and municipal tax burdens were regarded as decisive factors concerning the location decisions of enterprises. Yet today, enterprises often value other location factors higher, such as a flexible layout of the land to meet the demand of the enterprise, the existing labor market potentials, municipal support of the development, accessibility, availability of the qualities needed etc. The traditional supply-oriented land development is thus increasingly at risk of not meeting the needs of businesses. On the other hand the financial resources of the municipalities for land development are increasingly limited. Therefore there is an increasing requirement to use existing financial, land and other resources as economically as possible. Also, in view of high investment and maintenance costs connected to the infrastructural development of land (for instance: HOLLÄNDER et al. 2010), municipalities are trying more and more to suit their commercial land development to the demand.

In accordance to the changing framework conditions sketched above, also the importance of municipal land policy is changing. The historically important sovereign function of a rather long-term oriented land use planning is evolving into a flexible-to-use control and management task. Instead of quantitative aspects qualitative requirements are becoming increasingly important. Among the key tasks and activities of the municipalities in terms of land use management are:

- Analysis and monitoring of supply and demand for commercial land: Of increasing importance is an accurate knowledge of land supply and availability on the one hand and the demand for space on the other. This comprises quantity as well as quality in particular. An essential precondition is a close communication with businesses and land owners.
- Coordination of supply and demand: Based on their knowledge of supply and demand, municipalities can offer companies the sites best tailored to their needs and operate an efficient land policy.
- Land use planning, site designation: Within their land use plans, municipalities define the land uses in their territory. They thus have the possibility, to steer and prepare developments be measures of planning.
- Land stockage / land purchase: The municipality can secure land for future (commercial) development through systematic purchase or the contractual agreement on pre-emption rights. A concurrent planning

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of the land development can facilitate a quick development on demand in case the site is needed for business settlement. In addition, the municipality may in a simple way take influence, on the type of company to settle on the site. Optionally, the surfaces may be left to company temporarily as part of leasehold models.

- Land pricing: By owning land reserves on their own, the municipality gains options to shape local land prices. Thereby the municipality strengthens its negotiating position with companies and other potential investors and avoids counter-productive land speculation.
- Land (re-)activation and land recycling: The re-use of land is of particular importance in regions with low land availability. This refers especially to former infrastructural sites, abandoned military sites, and fallow industrial or commercial sites. Previously developed land often allows relatively large-scale development opportunities in central locations and provides good infrastructural conditions. HOLLÄNDER et al. (2010) have shown, for example, for former railway land in Germany that developments on brownfield sites are more eco-efficient compared to the "greenfield" areas. They usually do not have economic disadvantages but are often even beneficiary.
- Land development and preparation: Preliminary site development has often led to costly misdevelopment in recent years, as e. g. supply and demand did not fit together, and areas could not be market for long time periods. It is to be recommended instead, to carry out the infrastructural development in close co-operation with the company to be settled.
- Land marketing (e. g. Presentation and data base of land supply): Still, the availability of suitable land is a main location factor and location advantage of municipalities and regions. Thus it is of high importance, to include information on land supply in the municipal or regional location marketing (see below).

2.1.2. Promotion and communication

In general, promotion and communication activities in the field of commercial location development are aimed at developing the location factors “image” as well as “attitudes and expectations” with purpose of holding local enterprises in the area and attracting new ones from outside. A location (municipality, region, etc.) can implement various promotion activities to communicate its location advantages and with that influence attitudes and expectations of various stakeholders interested in the location. For the purposes of this handbook, two communication channels – internal and external – have been chosen to cover the relevant interest groups or entitlement groups respectively.

The following can be identified as success factors for location promotion (GUBLER & MÖLLER 2006: 119):

1. Seek personal contact.
2. Specifically address identified target groups.
3. Win over multipliers for the location.

Both in case of settled businesses and businesses from outside, it is advisable for a municipality/region to inform about the services it offers to enterprises. A municipality or region can include a section called “Economy” as a separate subject area on its website[27]. It should include all information about aspects related to the economic location with sub-chapters or links, such as:

- Facts & figures
- Location policy
- Economic promotion
- City/Regional marketing

[27] E.g. Offizielles Stadtportal München: http://www.muenchen.de/Wirtschaft/15/index.html ; or Stadt Rheinbach: http://www.rheinbach.de/cms121/we/

- Innovation, business and economic development agency
- Location consultation
- Taxes, charges
- Location structure (which service-, montage-, supplier-, research and development-functions does it offer? (SCHNURRENBERGER 2000: 172)
- Commercial, industrial, production areas (EDP-assisted real estate database)
- Economic associations, chamber of commerce and trade
- Municipal brochure (download; if existent)
- Provide “eyewitness accounts” of businesses that have settled in the area

Internal communication

Target groups: Local enterprises, local business associations, municipal administration, resident population

Activities:

- Foster and maintain direct business contacts and networks: organize business talks and platforms, workshops, business advisory boards.
- Regional identity: creation or strengthening of the regional image
- Promotion materials that convey service-related aspects (e. g. newsletters, agency offers)
- Branding, development of a trademark for regional products
- Communication to land owners: workshops, information meetings, e. g. on spatial planning reform, municipal development plan, etc.
- Information of resident population (e. g. press releases).

External communication

Target groups: Enterprises, suppliers, and buyers from outside

Activities:

- Development of a clear location profile
- Communication of a general marketing strategy and mission statement (“Leitbild”)
- Communication of the regional trademark: to convey a regional cooperation culture.
- Website presentation
- Commercials and advertisement: produce and distribute to raise awareness and interest.
- Regularly updated homepage[28] with the most relevant legal and other supportive documents and an explanation of the conditions necessary for businesses that are willing to settle.
- Real estate database with search function and information as detailed as possible about available real estate in commercial/industrial zones (see Phase 2 – 2.1.2 for details on EDP-assisted real estate database).
- Trade fairs: organization of as well as goal-oriented participation in trade fairs, conferences, congresses, etc.
- Other promotion materials: brochures, newsletters, gadgets, image-promoting magazines, etc.

By choosing the one or the other – or a combination of – promotion and communication activities, location suppliers should pursue the same goal in the short- or medium-term: the personal conversation between the settled entrepreneur or the potential new entrepreneur and the location supplier.

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[28] See for example website of the Business Location Südtirol-Alto Adige http://www.bls.info/en/business-location-1; http://www.refina-info.de/

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2.1.3. Business support services

As mentioned above (see Phase 3 – 2.1.1), a company does not base its location decision solely on criteria related to the factor “land”. A company carefully chooses an area to establish its business over the long term, and gives interest to all factors facilitating and optimizing its development and possibly growth. The territories are no longer competing on criteria of land availability but also on criteria related to the presence and availability of local services dedicated to businesses, the development potentials of the area, the dynamism of business partnerships and of cooperation with local and / or regional stakeholders.

Making reference to qualitative aspects, they could meet the needs and ambitions of businesses and make the difference against other area as attractive they might be.

Proximity services

The presence of nearby structures and institutions dedicated to companies is a strong feature. A local service, whether on the initiative or within a local authorities may or should include the following:

- One stop agency: So far, the One Stop Agency can be considered as a common reception desk for formality and business legal requirements. The definition can go further with the integration of aspects of organization and coordination, offering a strong support to businesses to their administrative procedures and legal framework.
- Education, formation, and workforce: For both new and established businesses, the ability to find workforce is a key factor for development and production. To find a certain flexibility of the job market and an adequate range of qualifications and skills answering first to the requirements of the current activities and second also to its potential increase (occasional or linked to growth) in an area, is essential.
  The availability of training structures shows the ability of the area to adapt to the market evolution. For instance, in areas with a high unemployment rate, this potentially could provide a better match of demand and supply. For companies with a high degree of commitment in R&D and innovation, a public and private partnership between educational institutions, local authorities and private companies (SME’s or worldwide group) could be the decisive criteria for choosing a location.

Network

“Network” and “partnership” are now in the everyday vocabulary of business owners. Aware that being involved and committed in local development issues can bring benefit at short, medium or long term, the business looks further than its own direct environment. Besides, local authorities need to maintain a strong link and proximity with businesses. Installing a permanent link or implementing local governance with businesses networks appears as an efficient measure serving general local development interests. The network can then take various forms, formal or informal:

- Association (non-profit): This form allows associations and local authorities to sign agreements for resources (technical, financing etc.) and to create local formal governance.
- Group / club: more informal, this shape offers the possibility to businesses to meet each other in a friendly atmosphere and to work on specific focus (international, innovation, legal framework) including the participation of an external expertise.
- Information platform, knowledge transfer: immaterial platform possible with Information and Communication Technologies (ICT). This kind of networks is a proper ways to present and disseminate such tools as those from the ICT.

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- Public and Private Partnership exceeding municipal borders (e. g. “Cluster” and “Competitiveness Cluster”[29]): Such PPP is to think at the scale of a whole region (province, federal states) or the whole country and gather educational institutions as well as public and private structures. As small municipalities are maybe not able to develop such wide network, it could encourage its local businesses with high potential to get closer to such structures and organizations.

Dynamism of entrepreneurship

The entrepreneurship aspects are not always really clear and well approached by municipalities. Local stakeholders can already be working on such issues; the matter is then to organize a strong entrepreneurship network between stakeholders in favor of entrepreneurship or getting involved in wider projects[30].

- “Community Development Departments”: A service offer by a municipality or a group of municipalities to the population willing to set up a business, providing support in building the project (social and economic etc.).
- Business incubator: These and similar facilities provide accommodation and coaching services dedicated to young businesses.
- Mentoring: The municipalities animate and / or coordinate a network of mentors and mentorees. For instance, active and retired business owners offer support to young businesses and entrepreneurs on two main aspects, that is opening their own networks and / or offering advises concerning management.
- Information and support regarding the financing of activities and the fulfillment of application form for funding.

General measures of business support services

These kinds of services are more widely already implemented in municipalities or group of municipalities and are targeted to all kinds of businesses (industrial, retailers, services etc.).

- Settlement support and assistance: The municipality is often the first door a business knocks to obtain information about available land and real estate. Beyond information, the municipality can provide further support by following the project and assist the businesses to match its needs.
- Financial support and incentives: Depending to the scale of the structure, and in addition to potential state and / or regional financial supports, this can comprise measures as e. g. lend-lease, loan on trust, and subsidies. Such financial supports are often submitted to specific requirements (e. g. job creation).
- Support with the procurement of business successors: Facilitating the link between business owners and business acquirers.

2.1.4. Other activities

In addition to the activities sketched in the chapters above, municipalities or their respective business development agencies may take a series of other actions to support the commercial location development by fostering location factors such as “economy”, “location” and “intensity of cooperation” (see Table 3). They may:

- develop infrastructures directly relevant for businesses, such as ICT (broad band connection, mobile web, conference or training centers, transport infrastructures etc.) or decentralized energy supply options;

[29] http://www.clusterlumiere.com/-A-dynamic-and-innovative-cluster-.html

[30] Improvement of Methodologies and Governance of European Entrepreneurship Network (IMAGEEN) is a project supported under the INTERREG IVC Innovation & Environment, Regions of Europe Sharing Solutions. Imageen

- develop infrastructures not directly relevant for businesses but important concerning soft location factors, such as local amenity centers, social and medical institutions, cultural and educational facilities, leisure and recreational facilities;
- durable monitoring and analysis of general location information (e. g. indicators of location analysis and for monitoring the effects of strategic planning, e. g. economy and labor market, education and research, quality of life, regional processes);
- formulate goals and strategies (cooperation of politics, administration, planning);
- develop fields of competence.

2.2. Models for action

In contrast to the singular activities dealt with above (see Phase 3 – 2.1), the models of action represent bundles of activities, which provide comprehensive solutions to problem situations of municipalities. The goal-oriented combination of activities shall enable municipalities to take a wider view on their development. These models do not necessarily need to be applied singularly. To the contrary, it might be advisable and necessary to combine them for the implementation in a certain region according to the individual situation. A look into the practice of inter-municipal development shows that different models often are individually combined for an optimized solution according to the regional requirements, but also dependent among other things on the personnel or budget available. The practice examples mentioned in the respective chapters can be found in Annex 2.

2.2.1. Land use management

Inter-municipal business park

Aim: Development of one large new commercial site for the acquisition of new enterprises from outside the region or the resettling and extension of existing local or regional enterprises.

Development issues to be tackled: Scarcity of Land, Land Prices, Difficult ownership-situation, Supra-regional Development Impetus

Tasks: The main scope of activities is the joint preparation of the new commercial site or business park. The activities are mainly related to land use management, i. e. the planning, purchase, development and marketing of the land.

This model does not include a comprehensive planning approach concerning the distribution of spatial functions. Strategically planning and steering the development is not an obligatory precondition. Planning issues in this model basically refer to the selection of a suitable site. The municipalities are free to develop further individual commercial sites. If appropriate, the settlement of certain branches as e. g. retail traders competing with existing regional trade structures may be generally excluded for the jointly developed commercial site.

Degree of commitment: Limited to the jointly developed site

Practice examples (see Annex): Industrial and business park Unterallgäu, Association on business purposes Economic Area Nürtingen, Macro Lot 2 Prato, Canavese Business Park

Commercial site (development) policy

Aim: Subsequent concerted development of several new commercial sites based on a regional model concerning spatial commercial functions (sites for industry and production, sites for services, sites for trade) and on specific development goals for each site. The activities shall consider the reuse of brownfields or other already “used” land in particular. The model shall serve to acquire new enterprises from outside the region or to facilitate the resettling and extension of existing local or regional enterprises.

Development issues to be tackled: Scarcity of Land, Excess of Land for Commercial Purposes, Land Prices, Difficult Ownership-situation, Supra-regional Development Impetus

Tasks: As a basis for the inter-municipal development, the municipalities elaborate a joint strategic plan for steering the future commercial development on their territory. This may comprise a regional division of work, priorities concerning economic sectors to be settled, clustering, or criteria for the selection of development sites. On this concerted and agreed basis, the municipalities commonly prepare new commercial sites, i. e. they commonly plan, purchase, develop and market land. Individual municipal activities are limited to small-scale developments serving the local demand (of the already existing enterprises).

Degree of Commitment: Rather high, the municipalities are committed to a joint commercial development model.

Practice Example (see Annex): Roman / Bourg de Péage

Comprehensive urban development

Aim: Development of new multi-purpose urban structures

Development issues to be tackled: Scarcity of Land, Brownfields, Supra-regional Development Impetus

Tasks: In a comprehensive approach, the municipalities develop a joint strategy for their future urban development, including the distribution of spatial functions (industry, production, services, housing, amenities etc.) and common development goals. Starting from this basis, the municipalities and possible private partners plan and develop the urban fabric, including estates for industries, services, trade, housing, green areas etc. The development of urban fabric in this context comprises the direct preparation or even realization of concrete projects.

Thereby the municipalities may develop new areas or reuse (greater) brownfields. They may concentrate on one specific area (e. g. urban redevelopment) or they may take action on different sites of their territory. The development may include general municipal structures as local amenities for leisure, social and educational services etc. In order to reach acceptance among the local population and entrepreneurs, the multi-purpose development requires a strong internal communication.

Degree of Commitment: Rather high, the municipalities are committed to a joint urban development resulting in or initiating concrete construction projects, which also may be connected to high financial expenses.

Practice examples (see Annex): Nuovo Quartiere Cornaredo – Lugano, Municipality Sulzberg

2.2.2. Promotion and communication

Commercial site marketing

Aim: Marketing of commercial sites

Development issues to be tackled: Excess of land for commercial purposes, Land Prices, Difficult ownership-situation, Supra-regional development impetus, further development of an existing positive regional image

Tasks: The main task is the joint marketing of commercial sites. This may on the one hand include activities of external marketing as the use of a web-based database of the supply of commercial sites, presentations on trade fairs, directly addressing potential target groups by mailings or scouts, printed material etc. It may also comprise contacts to local and regional enterprises, for instance in order to evaluate the future demand for commercial development. In most cases, the installation of a one stop agency to provide professional business support services and to steer the allocation of businesses to the most suitable sites will be helpful.

Degree of commitment: see financial issues

Practice examples (see Annex): REGENA, Wirtschaftsregion Heilbronn-Franken, SEV Ulm / Neu-Ulm

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Location marketing

Aim: Comprehensive marketing of the inter-municipal location.

Development issues to be tackled: Supra-Regional development impetus, further development of an existing image, Lack of a regional image, General negative image of a region

Tasks: The main task is the promotion of the location based on its specific strengths and qualities. This comprises the development of a common marketing model, the development of a location profile and will possibly lead to establishing a unique brand for the location. As a matter of course all further activities of external marketing are also part of the model. Concerning the internal marketing, it is of high importance to maintain good contacts to the local businesses as well as to the resident population, in order to build a regional identity and develop/uphold the positive self-image.

Required additional activities: It is advisable to create a good economic climate in the region. Therefore, the tasks mentioned should be complemented by activities of business support services, in particular concerning the support for SMEs (coaching, mentoring), interfaces business-to-business and business-to-administration, the facilitation of information platforms and knowledge transfer (e. g. organization of “Innovation Days”) etc.

Degree of commitment: Formally, the degree of commitment may be rather low, yet it is complemented by an informal commitment originating in the common identity of the region.

Practice examples (see Annex): Business Location South Tyrol (BLS), Syndicate Passeier Economy

2.2.3. Business support services

General economic support

Aim: Create and optimize exchanges between businesses, as a first step, and secondly with local authorities.

Tasks: The main activity is to offer general collective support to answer collective needs of businesses between them and / or towards local authorities. The first step is to gather businesses until founding e. g. a business association. This is essential to obtain the representativeness of local businesses and launch actions in favor of streamlining and pooling of resources (human, financial and technical), bringing together stakeholders around a common economic and political vision, and encouraging partnerships and cooperation. Local authorities and businesses involved in such approach must be able to agree on clear goals that are concrete and achievable (depending on means available). When talking about economic dynamism, the capacity of businesses and local authorities to work together appears as a key factor.

Required additional activities:

Degree of Commitment: Rather strong but informal commitment in the first stages that should lead to formal and binding agreements between businesses association (and other professional organizations) and local authorities (and others public institutions).

Practice Example (see Annex): Roman / Bourg de Péage

Individual business support

Aim: Fostering the economic situation and structure by individually supporting specific businesses.

Tasks: The main task is giving individual support and assistance to local and regional enterprises as well as to enterprises who want to newly settle in the territory. One field of model may be the financial support of businesses by municipal expenses (subsidies, interest allowance, investment allowance, regional tender of contracts) or by reducing municipal burdens (delay of payments, fee waiver, discounts, loans, guarantees). In times of low municipal budgets, business support services as the second field of model may be more a promising way of support.

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Depending on the strategic aim of the economic development, this may include activities, such as creating a professional agency for commercial issues, supporting new businesses in dealing with administrative procedures or in finding the most suitable location, supporting start-ups by coaching and mentoring or by providing business incubators, procuring business successors, providing interfaces business-to-business and business-to-administration etc.

Required Additional Activities: It will be necessary to accompany the business support measures with marketing activities.

Degree of Commitment: Formally, the degree of commitment may be rather low, yet the joint strategic focus may result in a high informal commitment.

Practice Example: Economy center of Gorenjska region, The ARK Martigny – Sion – Sierre

Industrial Ecology

Aim: Installation of an innovating management of flows of raw materials and energy, with an aim of increasing the environmental performance of the companies, while consolidating their economic competitiveness.

Tasks: The concept of industrial ecology is both a conceptual framework and an operational tool for the implementation of sustainable development. As a tool, industrial ecology should in particular facilitate the identification of potentials of eco-industrial symbioses between various economic actors. Resources already used within a previous production step may enter a new life cycle and deliver raw material or energy for a further production step; thus, these re-used resources may be valorized as production factors and the total resource consumption may be optimized. One example is the valorization of thermal discharges for space heating.

Municipalities can carry out an analysis of material and energy flows and recycling options. They may establish and maintain workgroups and networks of businesses, administration and experts implementing the necessary actions to make use of the potentials detected.

Required Additional Activities: In addition to their information-based activities, the municipalities may also use "traditional" business support measures, such as financial support or the reduction of financial municipal burdens, the installation of a professional agency for commercial issues, the support of start-ups by mentoring or by providing business incubators, or by procuring business successors.
Generally, it may be useful to extend the cooperation between businesses e. g. for the mutual or shared use of services such as security, communication, maintenance, training, and catering between two or more firms within the existing zones of activities. Accompanying and follow-up measures will be essential in order to make the project evolve in terms of scales and territories.

Degree of Commitment: Formal and binding agreements between businesses taking part in industrial ecology.

Practice Example: Implementation of industrial ecology in Sierre, Sion, Martigny

2.3. Applicability of CLD-models for action in different regional contexts

Evidently, the success of implementing inter-municipal CLD is determined by the basic principles and success factors for inter-municipal cooperation as such (cf. also A 2). According to the HESSISCHES MINISTERIUM FÜR WIRTSCHAFT, VERKEHR UND LANDESENTWICKLUNG (2006), these are:

- willingness to cooperate;
- „bottom-up" initiation, as imposed cooperation is usually met with skepticism;
- equality of rights between the partners;
- ability and willingness to reach consensus;
- adequate decision-making structures to allow for cooperation at eye-level;

- consideration and balancing of interests of all cooperation partners.

If these preconditions are met, the cooperating municipalities need to develop a consciousness which model for action may be best suited to the specific regional context. The following aspects and questions are to be considered by the municipalities in this regard:

- Goal / Task: Do the municipalities actually pursue the goal which is underlying a specific model for action? Which tasks characterize the models of action?
- Location: Is the current regional situation similar in the region to the starting conditions described for the models of action? Do the same regional starting conditions prevail?
- Legal and organizational framework: Do the municipalities have the autonomy and competences to agree upon the required legal or fiscal arrangements? Do local government / governance structures provide sufficient flexibility to lay the foundations for steering the inter-municipal development? It must be considered that all models require a minimum standard of organizational agreements on the inter-municipal level:
    - Mechanisms and regulations for sharing the costs related to the inter-municipal CLD
    - Availability of financial and personal capacities for installing and running a management structure
    - Mechanism and regulations for decision-making on the inter-municipal level

  These aspects are basic requirements and not mentioned specifically in the table.

- Economic framework: Are economic and business structures in place which facilitate or render it appropriate to apply the model in the regional context?
- Actor involvement: Which local or regional actors need to be considered particularly to achieve a successful implementation of the model of action?
- Degree of commitment: Recommendation or assessment respectively, based on how binding and regulated a model is. Which degree of commitment are the municipalities willing to agree upon, which degree of commitment is required for applying the model?

Table 11 provides an overview and characterizes the models of actions described in chap. 2.2 concerning these aspects and questions.

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Table 11: Models for action – summary

Model for action		Goal / Task	Location	Legal / organizational framework	Economic framework	Actor involvement	Degree of commitment
Land use management	Inter-municipal business park	Develop one large new commercial site to acquire new enterprises (exogenous) or for relocation / extension of existing enterprises (endogenous).	A suitable site for joint development must exist	Mechanisms for sharing the revenues of settling enterprises in the inter-municipal business park (taxes, land sale etc.)	Demand for future business settlements or relocation of existing businesses exists	Good communication to local / regional enterprises to be able to balance supply and demand	High degree of commitment, but limited to the jointly developed site
	Commercial Site (Development) Policy	Concerted demand-oriented development of new commercial sites according to joint goals on distributing spatial functions, in order to acquire new enterprises (exogenous) or for relocation / extension of existing enterprises (endogenous).	Availability of suitable new sites / land for reuse for commercial purposes in one or more of the participating municipalities	Requirement to jointly plan, purchase, develop and market land at inter-municipal level Mechanisms for sharing the revenues of settling enterprises in the jointly developed sites (taxes, land sale etc.)	Demand for future business settlements or relocation / extension of existing businesses exists	Good communication to local / regional enterprises to be able to balance supply and demand	High degree of commitment: Strongly regulated organizational structure Agreement of a joint commercial development model
	Comprehensive Urban Development	Development of new multi-purpose urban structures	Availability of areas/land for new use or reuse	Mechanisms for sharing the revenues of settling enterprises in the jointly developed sites (taxes, land sale etc.)	Demand for future business settlements or relocation / extension of existing businesses exists; demand for further urban development given	Strong internal and external communication indispensable to gain the trust of the population	High degree of commitment: Agreement of a joint urban development Possibly initiation of joint construction projects connected to high financial expenses.

Model for action		Goal / Task	Location	Legal / organization-al framework	Economic framework	Actor involvement	Degree of commit-ment
Promotion and communi-cation	Commercial Site Market-ing - general	Joint marketing of (in-ter-municipal) com-mercial sites aimed at attracting new busi-nesses to a region	Generally possible for any commercial site	Municipalities need to disclose data on their commercial zones (e. g. vacancy, land purchase / rental con-ditions, etc.) to each other, e. g. to develop a database on com-mercial real estate.		Involvement of (PR-) experts	Low degree of com-mitment: regulation only required for the sharing of costs
	Commercial Site Market-ing – Inter-municipal pool of commercial areas	Joint marketing of ex-isting commercial sites aimed at attracting new businesses to a region	High surplus of devel-oped commercial are-as	Municipalities need to disclose data on their commercial zones (e. g. vacancy, land purchase/rental condi-tions, etc.) to each other, e. g. to develop a database on com-mercial real estate. Mechanisms for shar-ing the revenues of settling enterprises in the jointly developed sites (taxes, land sale etc.)			High degree of com-mitment: Strongly reg-ulated organizational structure and mecha-nisms for sharing rev-enues

Model for action		Goal / Task	Location	Legal / organizational framework	Economic framework	Actor involvement	Degree of commitment
	Location Marketing	Joint market of (inter-municipal) (economic) locations aimed at attracting new businesses fitting the region's economic profile	Existence of a regional identity over multiple local identities is helpful (High) personal commitment rooted in the common regional identity eases the process	Only basic requirements[31]	Definition of a joint economic profile representing the entire region that is supported by all economic (and political) actors as well as the population	Involvement of (PR-) experts	Intermediate degree of commitment: Low formal commitment High informal commitment originating from the common identity of the region.
Business support services	General business support	Create and optimize exchanges between businesses, as a first step, and secondly with local authorities,.	Generally possible in any region	Only basic requirements[32]	Good knowledge of existing enterprises and economic culture to be able to address businesses and business associations	Good external communication and ability to manage partnership.	Growing commitment depending on the activities developed the willingness of stakeholders.
	Individual business support	Foster the economic situation and structure by individually supporting particular businesses	Generally possible in any region	Only basic requirements[33]	Good knowledge of existing enterprises and economic culture to define which type of businesses/production is to be supported	Good external communication to justify support to selected individual businesses.	Intermediate degree of commitment: Low formal commitment Possibly high informal commitment due to development of joint strategic focus

[31] As a minimum standard of organizational agreements on the inter-municipal level the following aspects are required: mechanisms and regulations for sharing costs; mechanism and regulations for joint decision-making; available financial and personal capacities for installing and running a management structure.

[32] cf. Footnote 25

[33] cf. Footnote 25

Model for action		Goal / Task	Location	Legal / organizational framework	Economic framework	Actor involvement	Degree of commitment
	Industrial ecology	Optimize the use of limited resources, decrease the need of raw materials, reduce waste, reuse energy and waste within a circle of production/non-production enterprises	Existence of a suitable industrial zone or companies with suitable production cycles respectively	Only basic requirements	A particular company structure is recommended (HES.SO: please specify branches or types of production to help understand for which type of companies this is a suitable model for action)	Strong contact to local and regional economy Inclusion of experts into the process necessary	Strong implication of municipalities to launch the project, and decreasing involvement over the implementation period Formal and binding agreements between businesses taking part in industrial ecology

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Phase 4 – Implementation

The fourth step of the process deals with transforming the strategy into organizational structures and regulations. The duties, competences, and responsibilities of each participating municipality are further specified and stipulated in an adequate cooperation agreement. In general, it can be assumed that a professionally managed inter-municipal CLD policy requires a permanent structure. Depending on the objectives and the business model developed, creating a new entity may be necessary. In other cases, however, it might be possible to “retrofit” existing structures and make them suitable for carrying out the new tasks. In all cases, it is important that the joint structure and decision-making process reflect the inter-municipal nature of the cooperation.

In addition to the management structure, in this step municipalities define also the necessary regulations for co-operation. These include, for example, arrangements on the sharing of costs and revenues, voting and participation rights, the preparation of statutes and articles of association where applicable, the agreement on a joint development strategy, the adaptation of spatial and land use planning instruments to the new policy mechanism, etc.

The selected form of cooperation has influence on the steering abilities, costs, control, transparency, flexibility and exertion of influence of the joint discharge of duties (LUMMERSTORFER 2006: 3). As inter-municipal cooperation in the framework of CLD regularly affects spatial planning (land management, infrastructure planning, etc.), financial and human resources management etc., forms of cooperation tend to be (legally) binding or have a formalized organization structure, and are concluded correspondingly[34]. The advantage of a contractually agreed cooperation lies in its reliability and predictability (FRICK & HOKKELER 2008: 47).

Aims and results of the working step

The aim is building structures and regulations facilitating efficient procedures, i. e. which have the necessary know-how, authorization and funding. The municipalities create a management structure (i. e. a “business unit” in case of installing a new institutional structure, a “business model” in case of the further development of existing structures, or a “business concept”). They adopt the regulations for setting up the management structure and for regulating the scope and intensity of the cooperation.

In this step it is also about using defined criteria (cost-benefit analysis, environmental impact estimation) to perform a comparative evaluation of options for action and to gradually come closer to the optimal solution for the region

Involvement

This working step focuses on political negotiations and agreements of the concrete contents of the inter-municipal cooperation. For this purpose, a sheltered and confidential framework is required. Thus it is advisable to only involve **mayors**, **administrative staff** of the corresponding departments (e.g. economic officer, planning officer etc.), and representatives of possible other **cooperation partners** into the process. **External consultants and experts** may take a supporting role.

For finally founding an inter-municipal management structure and for adopting the respective regulations, decisions of the respective municipal councils will regularly be necessary.

[34] The statutes of organizational forms of cooperation differ among states.

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1. Checklist for setting up a management structure

In the various countries of the Alpine Space, there are numerous options to organize the implementation of the models of action of CLD. At this point, the guidelines do not aim to describe and to discuss all solutions that are possible in the Alpine countries to fulfill the diverse goals and tasks of inter-municipal CLD. But it is also evident that an all-in-one device suitable for every purpose, fitting to the requirements of all regions and to all purposes, does not exist. Rather needed are custom-made, individual solutions.

This chapter is designed as a check-list allowing the user to clarify step-by-step, which properties, functions, or areas of activities have to be considered when setting up a management structure meeting his individual local requirements of CLD. It is to say that the checklist will not produce a defined management structure at the end. But if a characteristic or requirement is checked „Yes" in the list, then the management structure must be able to provide a solution for the respective point.

How to use the Check list?

Please carefully go through the checklist below. Please look at the questions and check "Yes" or "No" to specify the requirements or preconditions for a management structure in your region.

The checklist consists of two parts:

- Part 1 describes financial and organizational issues which possibly need to be resolved for the coopera-tion.
- Part 2 is dedicated to the functions and activities which shall be assigned to the management structure. The list largely corresponds to the singular activities described in the chapter Development.

Both parts are interrelated. Some tasks, e. g. the joint development of infrastructures or commercial sites, are only feasible, if the municipalities are willing to share the necessary investment costs. In an early stage of the cooperation, municipalities may not yet have the atmosphere of trust or the willingness to share high costs relate to this task. So it will be necessary to adjust the functions of the management structure to the results of the first part of the checklist.

Table 12: Checklist for setting up a management structure – Part 1: financial and organizational issues

Part 1: Financial and organizational issues	YES	NO
Financial Issues		
Concerning financial issues all models base on mechanisms of sharing costs and benefits of the joint activities of the municipalities. These financial issues generally have to be resolved between the cooperating municipalities. The resolution may be supported by carrying out a feasibility study including cost-benefit analysis before the foundation of a management structure. Thereby, possible investment costs and operational costs as well as possible revenues and refinancing periods shall be made transparent. The study may also result in a proposal for a specific distribution key for sharing costs and revenues among the participating municipalities, which may be defined according to: • the investment of the single municipality, • the share of inhabitants, • the area of the municipality, • political agreements of the municipalities.		
Operational costs for the management structure: The municipalities are willing to share the costs for jointly running the management	☐	☐

Part 1: Financial and organizational issues	YES	NO
structure. Related costs may comprise loans, small investments in technical infrastructure, interest fees, overhead costs etc.		
Costs for the completion of continuous tasks: The municipalities are willing to share the costs for promotion and communication, commercial site marketing, business support services etc. Related costs may comprise loans, the production of publications and material, costs for the participation in trade fairs, costs for external experts etc.	☐	☐
Costs for joint investments: The municipalities are willing to share the costs for jointly developing commercial sites, public infrastructures etc. Related costs may comprise planning costs, e. g. for land use planning, technical designs etc. as well as investment costs for land purchase, construction, engineering, equipment etc.	☐	☐
Direct revenues The municipalities are willing to share revenues resulting e. g. from land sale, taxes, lease and rent	☐	☐
Indirect revenues In the sense of a common inter-municipal development and the safeguarding of regional workspaces and population, the municipalities agree that they all benefit from the common development in form of income taxes, social benefits, new jobs, increase of local services utilization, local consumptions, etc. Thus, it is not necessary to entice away businesses from neighboring municipalities.	☐	☐

Organizational Issues

When setting up the management structure, several aspects have to be considered by the partnership. In addition to the tasks that may be assigned to the management structure and the related division of work (see below), these aspects will strongly determine its legal form.

Composition of cooperation: It has to be clarified, which different types of partners will be included in the partnership. In many cases, the cooperation will be formed by municipalities. But in accordance to the targets of the cooperation, it may be necessary to also include other types of partners, for instance higher-level administrative structures (district, region), financial institutions (banks), companies or land owners.	☐ Checked	
The cooperation will include only municipalities.	☐	☐
In addition to municipalities, the cooperation will also include other administrative structures or institutions	☐	☐
In addition to municipalities, the cooperation will also include members from the economic sector (businesses, business associations etc.)	☐	☐
In addition to municipalities, the cooperation will also include institutional or private land owners	☐	☐
Capacities available for the management structure: Depending on its tasks assigned and – among other things – on its degree of independence from the municipalities, the partnership has to decide on the financial and personnel resources provided to the management structure. For instance, it has to be clarified, if a one-stop-agency or contact person shall be continuously available, or if the work of the management structure is only of periodic character.	☐ Checked	
Level of influence on the management structure In many cases, there will be different levels of decision making in the context of the	☐ Checked	

Part 1: Financial and organizational issues	YES	NO
inter-municipal commercial location development. Normally, a management board will be in charge of dealing with current businesses. Fundamental decisions concerning e. g. the policy of the cooperation or decisions of a larger economic scale will be taken by an assembly composed by the responsible persons of governments or councils of participating municipalities. When founding the management structure, the partners shall - clearly regulate the responsibilities for decision making between the management board and assembly of (founding) members; - make sure that decision making is regulated in a reasonable way; basically, all partners need to have a fair influence on the decision making process. The key for dividing voting rights between the partners may follow the size of the municipalities in terms of area or population, or it may follow the amount of financial or spatial resources made available for the cooperation.		
Communication, coordination, management It may also be helpful that the statutes of management structure clearly regulate the principles of internal communication and coordination, i. e. the time frame for inviting to meetings, regular information on the activities of the management structure etc.	☐ Checked	

Table 13: Checklist for setting up a management structure – Part 2: Functions and Activities

Part 2: Functions / activities of the management structure	YES	NO
Land use management	☐	☐
Land use planning, site designation: The management structure shall have the task to set up land use plans and to designate commercial sites.	☐	☐
Market analysis and monitoring of supply and demand of commercial sites: The management shall regularly follow market availability of commercial sites in the region and systematically record them by type, size, ownership and price. It is important also to monitor the availability of eventual brownfield in the area. In addition to that the management shall record all direct queries for commercial land, keep in touch and support potential clients during their location search. Occasionally (every second year) the management shall undertake a demand analysis on short and medium term needs of the regional enterprises concerning their demand in quality and quantity.	☐	☐
Coordination of commercial land supply: Following the knowledge on the supply and demand, both in terms of quantity and quality, the management structure shall find and propose the most suitable location solutions for particular companies while ensuring an efficient land policy.	☐	☐
Land stock / land purchase: The management structure shall secure an optimal portfolio of commercial land available considering various time periods: immediately, in short term (6-12 months), in medium term (1-2 years) and in long term over 2 year. The size of the land reserve is linked to the demand of local and regional enterprises identified in demand surveys. The management structure shall own the scope of land which is needed for short-term utilization, so that the land is ready for lease or sale. The management structure secures the midterm stock of land by contractual agreements and pre-emption rights with the land owners. For the long term perspective, the management structure supports the municipalities to designate the required scope of land for commercial use in the relevant spatial plans.	☐	☐

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Part 2: Functions / activities of the management structure	YES	NO
Communication to land owners: The management structure shall be responsible for the communication to the land owners and the management of relations and contacts. Different stages of the site development require different approaches from general information and discussion workshops on municipal spatial planning and designation towards individual approaches concerning the negotiation of pre-arrangement contracts.	☐	☐
Land pricing: The management structure as owner of possible commercial sites shall lead the regional location, investment and land pricing policy. In addition to the situation at the local real estate market, the land pricing policy shall also consider the strategic objectives of the region and particular municipalities (e. g. need for job creation, attraction of certain type of investors such as green technologies, etc.).	☐	☐
Land (re-)activation and land recycling: The management structure shall promote and support the re-activation of brownfields (e. g. abandoned industrial, military or other facilities). The management structure is responsible for expertise required and for managing the cooperation between promoter, property owners, potential investors, public administration and local residents. The management needs to address each brownfield area as a complex project.	☐	☐
Land development and preparation: The management structure shall be responsible for carrying out the following tasks: • provision of necessary surveys of the area, including division of the area into plots of different sizes; • planning and developing public utility infrastructures; • obtaining operating permits; • provision of conceptual designs for possible individual facilities. The rest of land stock shall be activated and tailored to concrete business demand.	☐	☐
Land marketing The management structure is responsible for the promotion of the commercial sites and takes the necessary measures. In addition to traditional promotion ways (e.g. brochures, adds, participation in trade fairs etc.) this may comprise a web-based presentation, possibly to be based on a geographic data base (GIS) of the supply of commercial locations. In addition to other information on location attractiveness, the management structure ensures on-time, updated, reliable and detailed information on the land characteristics: accessibility of the location, plot sizes, technical details of the public utility infrastructure connections (e. g. electric power and pricing, gas, water supply, industrial waste management arrangements, etc.), land prices, types of industries and business allowed, administration procedures regarding construction, etc.	☐	☐
Valuation and selection of land to be included into the cooperation As responsible institution for the management of the inter-municipal cooperation, the management structure evaluates every potential new land area to be included into the cooperation following a cost-benefit and environmental analysis. The cost-benefit analysis considers e. g. sales prices, investment costs, earnings form value increase, payment conditions / interests. If feasible, also economic consequences as new jobs, budget revenues, impact on existing local services and business, and location conditions shall be considered. The environmental assessment shall consider the environmental consequences e.g. on landscape, protected areas, fauna and flora, biodiversity, soil, water, and air quality.	☐	☐

Part 2: Functions / activities of the management structure	YES	NO
Promotion and communication	☐	☐
Communication of a general marketing strategy, mission statement („Leitbild"): The management structure shall have the responsibility to develop a general marketing strategy and to formulate a mission statement for the region. It shall propose and inspire the general development orientation of the region.	☐	☐
Visual identity The management structure shall be responsible for the development and design of a corporate identity which is being applied to any kind of communication tool (web, panels, etc.) and promotion activities (e.g. events, fairs, etc.).	☐	☐
Development of a clear location profile: The management structure shall elaborate a clear location profile, i. e. an overview of the economic sectors and employment options of the region as well as of indicators concerning demography, society and human resources. The profile shall contain both, information about the current situation as well as on the envisaged development paths. The profile needs to be updated on a regular basis (1 year). For any investor regional economy and its trends are is the prime information they are looking at.	☐	☐
Create and strengthen regional identity and image: The management structure shall create and strengthen the regional identity and image. It is responsible for a clearly defined positive image and marketing strategy of the region. It is also responsible for the corporate identity being regarded for all promotion and communication actions, from the whole region to the individual commercial site.	☐	☐
Branding, development of a trademark for regional products: The management structure shall be responsible for developing a regional image associated with regional products. The management structure shall study whether there are enterprises within inter-municipal location that produce significant products characteristic for the region and its image.	☐	☐
Business contacts and networks: The management structure shall foster and maintain direct business contacts and networks within the region, organize business talks, workshops and platforms for businesses, etc. The management structure shall participate in formal and informal business meetings and networks (e. g. business advisory boards. Chamber of Commerce, business associations etc.).	☐	☐
Organizing business meetings, incentives, conferences and exhibitions: The management structure shall be responsible for the organization of business meetings, incentives, conferences and exhibitions.	☐	☐
B2B-Communication: The management shall also establish platforms for interaction among companies within the particular region such as business club, web-based social networks and groups, newsletter or e-news etc.	☐	☐
Information to resident population: The management structure shall be responsible for the communication to and the information of the resident population, e. g. by means of press releases, media presentations. The management structure is responsible for both, the communication towards the public benefiting from the commercial location development, and towards people who could be negatively affected by the planning and development of commercial site.	☐	☐
External communication: As a part of the general promotion and communication strategy, the management structure shall be responsible for developing clear communication targets in particular	☐	☐

Part 2: Functions / activities of the management structure	YES	NO
for outward communication. The management structure shall be responsible for defining the target groups and markets outside the region. It shall raise awareness and attention of potential investors for the inter-municipal location?		
Web site /Web presentation: The management shall undertake • the construction of a user-friendly web site; • the provision key supporting documents (legal, incentives,..) on the website; • the integration of data bases of the particular sites and GIS; • the web-based registration of potential clients; • regular updating and FAQ (explanation of the conditions necessary for businesses) • the integration with social networking, relevant forums and blogs; continuous facilitation of social networks; • the translations in languages of potential markets (if required);	☐	☐
Edit and publish promotion materials: The management structure shall be responsible for editing and publishing basic classical promotion material (which optionally can be made available in electronic version): • general image brochure and/or image-promoting magazines presenting the region and commercial location, its benefits and services offered; • newsletters (in electronic form) to update existing and potential clients; • technical sheets providing more detailed information derived from CLD data base, which can be upgraded into the concrete offers; • gadgets to support promotion and sales activities.	☐	☐
Commercials and advertisement: As part of the marketing strategy and visual corporate identity, the management shall be responsible to produce a standardized design for advertising which is applied for individual purposes and media (e. g. web adverts, business magazines, billboards etc.). Advertising shall be carefully selected and always be an integral part of sales and promotion campaigns.	☐	☐
Registration in real estate databases: Real estate databases covering the market on the level of the federal or a national state represent a valuable channel for promotion of the commercial sites. The management structure shall select the most popular databases for commercial sites and register its sites providing information as detailed as possible. The management structure is also responsible for updating the database entries and for responding to clients queries.	☐	☐
Participation at trade fairs and conferences: The management structure shall be responsible for representing the inter-municipal location on specialized real estate fairs, whereas the participation shall be goal-oriented and value for money considered. The participation at conferences and congresses related to location management and real estate are also a good opportunity to broaden contacts and most often they are cost effective.	☐	☐

Part 2: Functions / activities of the management structure	YES	NO
Business support services	☐	☐
One Stop Agency of CLD: The management structure shall provide at one place the whole package of support services needed when allocating new or relocating existing companies in inter-municipal location. Alternatively the management shall provide one professional contact point which provides contacts to specialized services or consultants (e. g. lawyers, tax consultants, business consultants). In certain countries (e.g. Slovenia), one stop agencies also may be authorized by the Ministry of Interior to register companies.	☐	☐
Location or real estate advice/ allocation: The management of CLD shall be able to assist and provide potential clients with all relevant information he/she might need during his allocation decision-making process. The management structure shall review all potential sites and undertake comparative analyses among different options within the inter-municipal location. The assessment analysis shall include market analysis, potential investment appraisal (costs estimation), incentives, placement of facilities, information on land registry status, information on spatial planning documents, the level of public utility infrastructure, and the time frame of the availability of the land.	☐	☐
Organization, coordination of and support for administrative procedures (legal advice): The management shall take over intermediation services and necessary legal and administration procedures used for real estate trade activities such as: • preparing all types of purchase contracts, easement agreements and other legal foundations; • transfer of real estate ownership; • land registry applications an registrations; • land consolidation procedures if required; • support concerning environmental laws and regulations.	☐	☐
Settlement support and assistance: The management structure shall offer an additional range of technical services supporting the clients during their reallocation or settlement. The services will be provided by sub-contractors, the management structure only undertakes the coordination of the services. • provision of common design concepts of facilities; • guidance in preparation of technical designs, Environment Impact Assessment if required; • coordination with local and other administration during the process of obtaining building, operation permit and other certificates necessary for particular type of industries; • engineering services over the construction; • special offer/ package of arrangements with utility services (e. g. gas, electricity supply, industrial wastes); • moving services.	☐	☐
Start up support and assistance: The management structure shall provide the following services to potential entrepreneurs, start-ups and young companies from the inter-municipal location as well as from the region: • screening and checking the viability of business ideas; • support in devising a Business Plan; • advice in selection of the proper legal form;	☐	☐

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Part 2: Functions / activities of the management structure	YES	NO
• advice in/or undertaking the company registration procedures; • provision of tailor made general trainings for start-ups; • providing hand-on trainings, coaching and mentoring to start-ups; • providing access to finance; • information and advice in start-up operations such as search for location/ premises search, accounting, invoicing, sales contracts, cash-flow, etc.		
Business incubator: The management shall be responsible for setting up and managing a business incubator. The tasks comprise: • provision and management of affordable space or shared offices; • management of entry conditions; • provision support services and training (see above); • facilitating network of contacts within and outside the incubator or inter-municipal location. A critical mass of enterprises and population in the area as well as minimum size of the facility are necessary to assure sustainability of a business incubator.	☐	☐
Support for SMEs: Existing and in particular growing companies require very targeted and specific services which can be provided mostly by experts and / or specialized financial, management, legal, marketing, research and technical consulting companies. The management shall provide access to a network of external experts and consultants to carry out more advanced consulting (e. g. product development, organization management, market studies, business and trade contracts,..) or provide mentoring and coaching to jointly address certain problems.	☐	☐
Procurement of business successors: SMEs and small family businesses face the issue of finding successors for the continuation of the business when the business founder or owner is retiring. Such a transition is never easy and successors may be difficult to find. The management structure takes all tasks related to the procurement of business succession, which usually includes supporting the transition of management, ownership and resolving the tax issues.	☐	☐
Information platform & knowledge transfer (science-business): Providing a knowledge transfer office represents an increasingly important service of business support and a competitive advantage of a location. The management shall establish linkages with R&D centers and universities in order to facilitate transfer of know-how to local companies. As an information and knowledge transfer platform the management shall stimulate joined research and innovation projects, and attract the allocation or foundation of R&D centers relevant for regional economy to the inter-municipal location.	☐	☐
Interface b2g (business-government): The management structure shall establish close working relations with the local administration. Only in this way the management can ensure smoother administration procedures and favorable incentives and thus a more competitive local business environment.	☐	☐
Interface b2b: The management structure shall promote cooperation and facilitate linkages between businesses which lead to better performance or value added (e. g. value chains, commercial transactions between manufacturer and a wholesaler, wholesaler and retailer).	☐	☐
Financial support: Financial instruments have to be available for different purposes (seed capital, supporting investment, supporting growth and expansion to markets, guarantees, operational	☐	☐

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Part 2: Functions / activities of the management structure	YES	NO

funding etc.), and for different enterprise target groups (start-ups, growing companies, investors etc.). The financial support can be provided from different sources such as subsidized support from municipality, regional and national government, public funds or commercial financial support by banks, venture capital, etc. The management shall have developed a portfolio of financial instruments such as:

- Municipal, regional , national government or EU financial support:
  - subsidies for start-up support and new jobs creation;
  - subsidies for R&D and other grant projects (e.g. 7FP, CIP);
  - interest allowance on loans and public guarantees;
  - public schemes for employment and HR development;
  - tax incentives for investors, R&D etc.
- Financial institutions:
  - special agreements with commercial banks to support projects or developments of the particular commercial location;
  - private venture capital firms and funds;
  - others.

Location information and analysis:

In-depth knowledge of trends based on regional intelligence and surveys are needed to monitoring the progress, benchmark to competitors and set performance targets for the future. The management structure shall develop standard set of indicators, which shall further on be monitored and published on a regular basis. The indicators shall cover fields that are relevant also for investors (e. g. Economy and labor market, Education and research, Quality of life, Regional processes). ☐ ☐

Other activities ☐ ☐

(Public) utility Infrastructure:

The management structure is responsible for developing infrastructures directly relevant for businesses, such as ICT (broad band connection, mobile web, conference or training centers etc.), access road network, water supply, sewage and waste water treatment, solid waste management, decentralized energy supply options, public lightening, etc. But it is also responsible for developing public infrastructures such as community meeting places, inter-municipal building yards, inter-municipal fire stations etc. ☐ ☐

The management structure takes over the role of an intermediate agent, organizing the realization and the financing of the utilities, including the tasks of technical design, EIA, obtaining building permits and construction of facilities. The actual management of public utility infrastructure will usually be transferred to a particular public service utility company.

Other public social infrastructures and services:

The management structure shall develop social infrastructures such as local amenity centers, social and medical institutions, cultural and educational facilities, leisure and recreational facilities. The availability and quality of these infrastructures is gaining on importance as quality of life is playing an important element in selecting the location, in particular for firms less dependent on access or working force. ☐ ☐

Development concepts and strategic plans:

The management structure represents one of the main driving forces of socio-economic development in a particular territory. Thus it is to monitor trends, needs and developments within the region and in the competitive regions. Further to that the management shall propose mid-term development concepts and strategic plans to the municipalities and other stakeholders in order to include them in spatial and regional development plans of the municipality or region. ☐ ☐

Strategic management and monitoring of consistency: ☐ ☐

The inter-municipal location needs to follow and develop in compliance with the set

Part 2: Functions / activities of the management structure	YES	NO
strategic goals of the territory as well as the broader (district, even national) spatial or horizontal polices. The inter-municipal management structure shall be in charge of evaluating and guarding the compliance with these goals.		
Formulation of goals and strategies: The management structure is familiar with the daily and strategic needs of the businesses. Therefore it shall contribute to the policy formulation, administration and planning.	☐	☐
Development of fields of competence: Locations differ and compete among each other. In order to attract and differentiate from others, locations and regions concentrate on their competitive advantages (e. g. sailing boat engineering, zero energy houses, entertainment industry, and augmented technologies). The management structure shall be responsible for identifying core fields of competences of the business in the areas, which have the potential to grow, and it shall address, develop and promote the fields of competence.	☐	☐

2. General types of management structures

The legal forms taken by inter-municipal cooperation in different Alpine countries depend on their specific national legislation. Legislation varies widely between and also within countries. In some countries, inter-municipal cooperation is legally allowed but not regulated, in which case the legal framework for inter-municipal cooperation is private law. Other countries such as France have developed a specific legislative framework for inter-municipal cooperation that shapes its forms. In federal states such as Germany and Switzerland, each land or canton respectively has its own legislation, which impacts on the forms of inter-municipal cooperation. In Switzerland, the municipalities are normally completely free in choosing the legal form of cooperation, except in cases where their membership to a syndicate – e. g. hospital – is mandatory. However, in all countries where inter-municipal cooperation is regulated, it can also take place under private law, and it is up to the municipalities to decide under which legal framework they want to establish it.

The legal form that inter-municipal cooperation takes depends partly on the municipal functions performed. The joint performance of simple tasks with limited financial and legal implications requires very weakly formalized arrangements. Such cooperation in practice often takes the form of handshake agreements. Contractual forms under private or public law are often used for the joint management of functions, including the delegation of a function to one of the local governments involved, and the buying and selling of services among local governments.

The performance of more technical municipal functions such as the joint production of public utility services often involves institutionalized cooperation through the establishment of private law commercial companies or public law associations. Strategic functions such as joint planning and development as well as joint funding are often carried out through private law or public law associations. The most institutionalized form of inter-municipal cooperation is the territorial public law entity combining a large number of technical and strategic functions, including joint planning and development, joint funding, joint administration and public service delivery.

Inter-municipal cooperation is always a continuous process and as such very flexible. As local governments become accustomed to working and interacting with one another and trust is built between them, the complexity of their joint task can increase and the forms of cooperation can evolve from informal or weakly formalized cooperation to highly formalized institutional cooperation.

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Although some legal forms seem more appropriate than others from a theoretical point of view, in practice there are successful examples for all models, demonstrating that the same tasks can be accomplished successfully in various ways. So the success of an inter-municipal cooperation may be related to the legal form chosen to a certain extent, but there is not a ready-made best solution for a given task. Quality and efficiency of cooperation do not depend primarily on the legal form, but rather on the willingness of the municipalities concerned to accomplish a task together economically, efficiently and at lower cost while meeting the expectations of customers. A precise definition of their area of cooperation and of the goals pursued will always be required by the municipalities concerned in order to find the legal form best suiting their situation.

In general, the following types of management structures may be suitable for organizing inter-municipal cooperation on commercial location development:

Cooperation on contractual basis

Inter-municipal cooperation based on a contract is very common practice. Contracts between municipalities for inter-municipal cooperation must usually be approved by the respective municipal councils. This is a very flexible form of inter-municipal cooperation since it is up to the municipalities to negotiate its provisions, including the duration of the contract. It is probably best adapted for a smaller number of partners. This modality is suitable for buying and selling of services between municipalities.

Associations

An association is a form of organizational structure which is installed for fulfilling a single or several specific purposes (e. g. infrastructural purposes, social purposes etc.) as set out in the articles of associations and which shall operate on a cost-recovery basis. The founders and members of the association are the municipalities themselves. Founding an association provides high management flexibility and, among others, offers the option to hire specific employees for fulfilling the association’s purposes. Associations are funded with the contributions of the members as well as any fees they charge. The associations may also benefit from grants provided by the municipalities themselves, but also from sectoral ministries or donors.

Foundations

A foundation is a legal entity, which through gifts, donations or bequests of one or more natural or legal persons, recognizes goods, personal chattels or rights to immovables in order to assign them to a non-profit action of educational, scientific, cultural or charitable type. Such property or rights are a set what is known as a „special-purpose fund“. Recognition of the „public interest” by decree allows the foundation to enjoy legal personality. It can then perform all acts of civil life that are not in contradiction with the goals it pursues. Two types of foundations of public interest may be distinguished[35]:

- Sheltered foundation: donation on condition of goods, rights or resources to a foundation of public utility which manages the property for the purpose for which they have been affected, without creating a new legal person.
- Corporate foundation: It is created by civil or business society or public industrial and commercial cooperatives, pension funds or mutual associations for the realization of a work of general interest. The properties or rights of the corporate foundations are a set what is known as a „special-purpose fund”. Recognized of „public interest” by decree, allowing the foundation to enjoy legal personality, it can then perform all acts of civil life that are not in contradiction with the aim it pursues.

[35] http://insee.fr/fr/themes/document.asp?reg_id=20&ref_id=16827&page=dossiers/eco_sociale_2010/ess_methodo.htm

Corporations

Inter-municipal cooperation through private law commercial companies involves several municipalities creating an enterprise and becoming its shareholders. This must be allowed – or not prohibited – both by private law and public law. The operations of such companies are regularly subject to the provisions of private law. If the law does not prohibit it, several municipalities can establish a „mixed company" with a private firm for the delivery of one or several public services. The advantages public-private partnerships and private management forms are those associated with commercial activity: flexibility, efficient management, qualified staff, introduction of advanced technologies, etc.

The process of becoming a corporation, call incorporation, gives the company separate legal standing from its owners and protects those owners from being personally liable in the event that the company is sued (a condition known as limited liability). The corporation also provides companies with a more flexible way to manage their ownership structure.

3. Models of action – practical implementation in pilot regions

3.1. Land use management

3.1.1. Südliches Oberallgäu – Special Purpose Association on commercial land use management

The Special Purpose Association under Article 17 KommZG (Bavaria, Germany) is the most common organizational structure subject to public law used for organizing the cooperation of municipalities in inter-municipal commercial sites. The SPA can take both sovereign functions of local government (e. g. the preparation of local development plans) as well as non-sovereign functions (e. g. marketing of commercial sites). The content of the cooperation is set out in the association statute. The formal establishment of a special purpose association involves the following steps:

1. Separate council decisions on the approval of the draft statutes
2. Agreement of the statutes by public service contract
3. Approval of the regulations by the supervisory authority
4. Official announcement

Basic tasks of the SPA will be taken over by the association assembly, consisting of representatives of all municipalities. The association statute, among other contents, regulates the distribution of voting rights between the single municipalities for taking decisions in the assembly. A chairperson elected out of the assembly's members will lead the assembly. The tasks of the assembly include:

- the adoption, amendment and cancellation of statutes,
- the adoption and amendment of the budget and supplementary budget rules, the determination of the contribution levied on its members and the adoption of the annual statements,
- the appointment, support and dismissal of the management board,
- the definition of principles for the settlement of companies and for the sale of properties belonging to the association,
- and all principal matters of the special purpose association.

An agency equipped with staff and budget may be installed to carry out the executive board and the administrative tasks of the special purpose association.

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The SPA provides the following advantages:

- In addition to the municipalities, the SPA may include public corporations as well as legal and natural persons under civil law or commercial law as members.
- The SPA is a legal personality on its own, which fulfills its tasks under its own responsibility.
- The SPA may adopt statutes (development plans) and regulations, may collect charges and contributions, may purchase, market and sell real estates, may acquire enterprises and may call third parties to fulfill its duties.
- The SPA facilitates decisions independent of the acceptance of further bodies.

The SPA according to KommZG is a suitable organizational structure, if municipalities aim to designate new commercial areas on the territory of one or more municipalities and also intend to market their commercial land by an independent body (OBB 2002).

In the future the commercial development in the region Südliches Oberallgäu shall take place in accordance with a common strategy. Measures for commercial land developments exceeding a certain areal size shall be jointly coordinated and implemented. The inter-municipal commercial land management is a key component in the development of a regional economic area.

In order to make the best possible use of the municipalities' opportunities and to offer local and regional companies favorable conditions in the region, the common commercial land management shall make it possible to meet the land demand of the companies accurately and adapted to their needs, that means in the right size and quality and at the right time.

Specifically,

- development sites exceeding a size of 1 hectares shall be jointly developed and marketed,
- priorities for use shall be bindingly agreed,
- costs and risks as well as the achieved revenues will be shared.

In order to run the inter-municipal commercial land management efficiently, a transfer of various sovereign tasks from the municipalities to the common organizational structure is required. The main tasks of the common organizational structure will be

- to buy the respective land or to acquire the option,
- to set up the development plans for the respective areas,
- to plan and handle the infrastructural development of the commercial areas,
- to market and to sell the developed commercial areas,
- to carry out the distribution of costs and revenues (sales & tax revenues)

The listing of the future tasks shows that each municipality will hand over parts of its administrative, planning and fiscal sovereignty and thus assign sovereign tasks to the organizational structure.

For this project to succeed, a fixed and reliable construct is essential due to the high degree of commitment, which the municipalities enter into with each other. The high degree of commitment between the participating municipalities arises from the transfer of sovereign tasks to the organizational structure (see above). The municipalities have to share all costs and revenues related to the operation of the organizational structure in a permanent and reliable way.

For the region Südliches Oberallgäu, the foundation of a special purpose association is favored as the best solution. The special purpose association (SPA) according to paragraph 17 ff. KommZG (law on inter-municipal cooperation) is a public form of organization for the collaboration of municipalities. Both, sovereign tasks of municipalities (e. g. creation of development plans) and non-sovereign tasks (e. g. land marketing) can be as-

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signed to the SPA. The content of the cooperation is set out in the association statute. City and municipal councils have to approve the statute by a decision.

Organs

Basic tasks of the SPA will be taken over by the association assembly, consisting of representatives of all municipalities. A chairperson elected out of the assembly's members will lead the assembly. The tasks of the assembly include the above mentioned range of functions. An agency equipped with full staff and budget will be installed to carry out the executive board and the administrative tasks of the special purpose association. The tasks of the agency cover particularly the tasks listed under „function".

Voting rights

The association statute, among other contents, regulates the distribution of voting rights between the single municipalities for taking decisions in the assembly. According to the recent proposal, the voting rights are distributed in compliance with the size of the municipality and the individual potential for commercial areas. 40 % of the voting rights in the region shall be apportioned to the city of Sonthofen, 10% to each of the villages Blaichach, Burgberg, Rettenberg, Bad Hindelang, Fischen, and 5% each to the municipalities of Bolsterlang and Ofterschwang. Amendments of the statute require a three quarter majority in the assembly.

Practice examples (see Annex)

Industrial and business park Unterallgäu, Association on business purposes Economic Area Nürtingen

3.1.2. Leiblachtal and Großes Walsertal – inter-municipal land management in the framework of a cooperative

As part of the project COMUNIS, Vorarlberg is processing two pilot areas - Leiblachtal and Großes Walsertal. The strategic direction in these pilot areas refers to an inter-municipal land management approach. This means that the newly developed structure should make it easier for communities to operate actively inter-communal industrial development in order to increase the job opportunities in the region. In both pilot areas the strategy, vision to implementation of an inter-communal PPP-model (public-private-partnership) could be realized. This should be done on the basis of a public-private cooperative. The cooperative is in principle non-profit. The communities represented in the cooperative are majority owners of the community, the funding partner - the local Raiffeisen Bank is the private involved partner. This comes from the advisory role of the economy and the labor market. Additional there is the advisory role of the economy and the labor market. The purpose of this public-private cooperative is to buy land, to replace, to open up, both traffic-technical as well as of technical support based on a spatial planning concept. In addition, this cooperative undertakes the task to operate standard marketing activities for the regional business community in terms of the economic community. Special features of this concept are:

1. Protection of private and public interests:
   With the cooperative model, the interested parties recognize the opportunity to shape a region and their development. In particular, the communities will receive an instrument to the hand in order to institutionalize the inter-municipal cooperation or to operate professionally. On the other hand the participating private organizations, in particular the co-financing bank, receive the possibility to show their commitment to the economy and to support their clients in the development in the long run. The means used, which are non-profit in the society will be considered in their low in-come or the opposite value as a long-term marketing measure. It is an investment into the future with an indirect effect. This means that there are synergies in the public private participation, which aimed at the effect on the development of the region.
2. Common good and the delivery of policy objectives:
   Because of this interest situation of the public and private stakeholders, it is possible to implement the policy objectives in terms of site development. The anchored intention to creation of employment in the

region which is very often used in the models of communities can thus be tracked in detail. As concerns the implementation of policies it is given a defense mechanism with the cooperative against political, opposition arbitrariness. The goals fixed by the politics and the region are long-term goals and an order to the operative cooperative. This can implement the set goals largely independent (program for achieving the goals) of the current political debate.

3. Operational technical implementation:
   Another issue in implementation is the professional and efficient work. The employees in the inter-municipal public-private cooperative are specialists in their field. They make an important contribution to the qualitative implementation of inter-communal economic development site.

Decision tree model in Vorarlberg - Regional Association:

The Regional Development Association is made up of the communities in the pilot region. This regional association is with one voice, however, the majority of capital represented in the newly created cooperative structure.

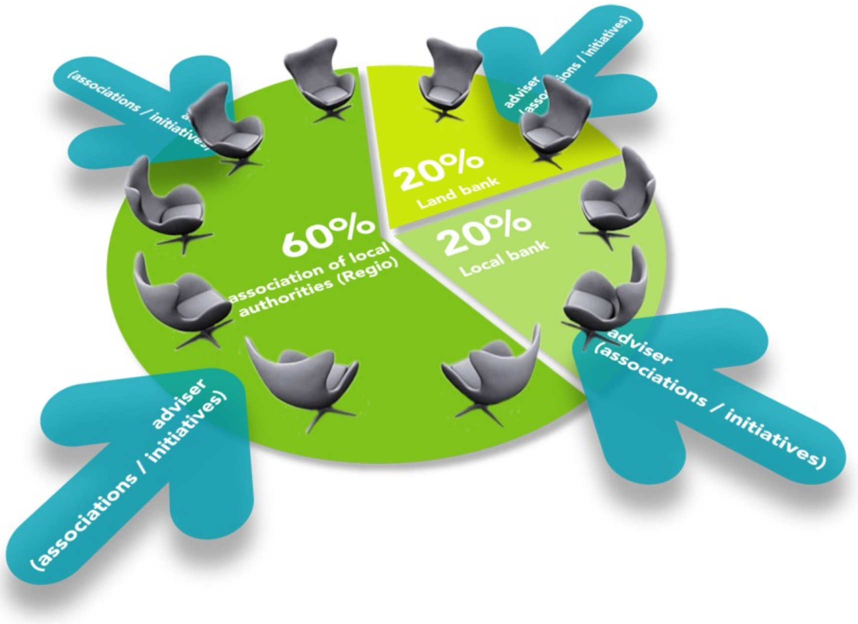

Figure 11: Decision-making structure of the model Vorarlberg – Regio-Verband

In general, it is important, that the public agency has taken the majority of the capital because of the implementation of political strategies. The private equity in the amount of 40% is applied by the local Raiffeisen Bank and Raiffeisenlandesbank.

The tasks are as mentioned above, the purchase of land, the development of land to the development and placement in the sense of political purpose. This means that operating surfaces are provided favorable under defined criteria (operating foundation in the region, resettlement and expansion of businesses in the region). This should facilitate decisions for industrial development and to support the economy indirectly, but controlled and politically supported. The possibility of political control is a very important feature. The composition and the availability of jobs are crucial for an economic development and the development of a region. It is often preferable to settle companies that demand or offer qualified jobs and, in sum they represent a healthy mix of different industries and services and represent long-term job stability. The region, communities can take influence with this construction on the type of companies, which should settle at this site.

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As part of the project COMUNIS such an inter-municipal PPP-cooperative will be established in the pilot area Vorarlberg, Großes Walsertal. In the pilot area Leiblachtal it is provided, that in the framework of the project, at least, the community association is established, which will in the following work actively on the development of the cooperative site. It is the declared aim of the pilot region, also to set up a public private cooperative for the development of the inter-municipal business location.

3.1.3. Tarare – association of local authorities for the study for the land settlement and the economic development of the West Rhône (SMADEOR) for the inter-municipal development of commercial land

Legal framework – Public Establishment for Inter-municipal Cooperation

A „Public Establishment for Inter-municipal Cooperation" (Établissement public de coopération intercommunale – EPCI) groups several municipalities in one piece and without enclaves. It aims at combining municipalities in a common space of solidarity for a concerted development project and spatial planning. Urban communities, communities of communes, municipal associations and unions are EPCIs.

The EPCI is a French administrative structure, gathering municipalities which chose to jointly develop with respect to certain issues, such as public transportation, land use and environment management. The EPCI was developed mostly since July 1999 (law „Chevenement"). Thus an EPCI offers the possibility to municipalities and groups of municipalities to pool resources (financial among others) in order to develop a common project as e. g. Commercial Land Development.

The fiscal resources of EPCI are provided by the local taxes. In accounting terms, the EPCI works in the same manner as municipalities: revenues and operating costs, revenue and capital expenditure. Besides local taxation also funding by EU, state, region etc. is to be found as well as loans for investment.

The legislative body of an EPCI is composed of representatives, which are elected by the municipal councils of the participating municipalities (art. L. 5211-7 CGCT). The number of delegates and their distribution among the municipalities are laid down in the statutes.

The EPCI exercise powers are delegated to them by their members. Depending on the category considered, certain competences are required to be delegated to an EPCI, further competences can optionally be assigned to the EPCI. The transfer of competences is determined by the elected steering committee of EPCI and the municipal councils according to the ruling majority conditions that have to be defined at the creation of the EPCI.

SMADEOR

The „Association of local authorities for the study for the land settlement and the economic development of the west Rhône" (SMADEOR – Syndicat d'étude pour l'aménagement et le développement économique de l'Oeust Rhodanien) aims at studying the modalities for the realization of a business park (between 100 and 300 ha) close to the tollbooth of East Tarare. The total area regarded in the study comprises about 4.700 hectares on several municipalities. The realization of the highway A89 at the end of 2012 is an important stake for the whole area, which will be located on the axe „Bordeaux-Geneva". Once the study is done, SMADEOR is supposed to change its organizational structure and purpose in order to start the conception and realization of the business park.

SMADEOR's steering committee is composed by elected representatives of seven surrounding Communautés de Communes, consular structures (as the CCIL), and the „Conseil Général du Rhône" as main financing body. There are 15 delegates (votes) which are distributed according to the financial contributions. Due to the diverging interests of the participating local stakeholders – only three Communautés de Commune are directly concerned by the new business park – the SMADEOR is a difficult and long process.

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3.1.4. Kranj and surroundings

In Slovenia, there is no tradition of municipal cooperation in the field of inter-municipal commercial sites, as legislation prescribes that a municipality is responsible for the development of its own territory only. It also prescribes that local funds can be used only in the territory of the single municipality. The possibility to establish municipality associations for special purposes, which generally exists, has not been applied yet for inter-municipal commercial sites. On the other hand there are good practices in cooperation between local communities on a contractual or project basis.

Considering this, a project and agreement based approach was used for the development of business zone Brnik, which is situated on the territory of the two municipalities of Šenčur and Cerklje na Gorenjskem. Zone Brnik will eventually cover 80 ha. There are multiple reasons to start inter-municipal cooperation in the development of this joint commercial zone:

- regional and even national interest in the development of the zone, which is situated in immediate vicinity to the national airport;
- difficult ownership situation split between state, municipality and private ownership;
- requirement to coordinate planning and developing activities between local and national level, avoiding difficulties from overlapping tasks and responsibilities;
- consideration of environmental issues;
- consideration of land use limitations due to the nearby airport and protected agriculture land.

Before the municipalities and the Airport agreed on “possible joint work”, several specific issues that are of vital importance for Zone Brnik had to be resolved: e. g. reforestation of forest areas, environmental assessment with specific view on the Airport, joint utilization of infrastructural utilities in the area. Solutions for these and further issues were the precondition and the basis for a special agreement between the two municipalities.

A special agreement letter of intent will be signed by the two municipalities involved in which specific possible joint tasks will be agreed. Basing on this agreement, a coordination group will be established in which representatives from both local communities, Airport and BSC development agency will take part. The coordination group will be responsible to steer the implementation activities connected to the development of the business zone Brnik. The tasks will be divided according to the responsibilities and know-how of the members of the coordination group.

The envisaged short term goals of the coordination group are:

- adoption of an inter-municipal spatial plan,
- development of local infrastructures,
- accelerated preparation and realization of required national and regional infrastructures,
- acquisition of land for potential further development of zone.

The resources for implementation of the tasks will be agreed according to the resources that can be used for the development of zone (local taxes, national and EU development funds, private funds).

3.2. Promotion and communication

3.2.1. Common welcoming policy: working and living in the Western Lyonnais

The combination of „working” and „living” is the key focus of the comprehensive economic development strategy in the Western Lyonnais. It aims at keeping the population within the territory and additionally to detect, attract and support the establishment of new active population (e. g. labor force, entrepreneurs). It is based on the innovative and successful experience „Solo Soho“ (Small Office Small Home) established by the Chamber of Commerce and Industry of Gers.

The concept lies on:

- an interactive internet platform for promotion and linking;
- the support of economic projects, notably by business incubators, a business hotel telecommuting center etc.;
- voluntary municipalities called „village d'accueil" („hospitality villages"), providing support for new inhabitants or entrepreneurs by means of so-called „welcoming committees" in each part of the municipality;
- a communication strategy and communication initiatives as well as the coordination of the network.

The target groups are entrepreneurs, self-employed persons and freelancers (including liberal professions, e. g. lawyer, doctors…), and a skilled, qualified workforce that businesses need in the area. The members of the target group are in search of both, efficient infrastructures and a pleasant living environment, which enables them to grow their business activities and to settle with their families. To reach this point, it is necessary to offer a special welcome and accessibility to various services (shops, broadband etc.).

Governance and working groups:

The „Chamber of Commerce and Industry of Lyon" (CCIL) co-pilots through its Délégation in Tarare the construction and implementation of the project in line with COMUNIS. Various partners are involved by technical and financial support. The steering committee is thus composed of the four Communautés de Communes involved, the CCIL and the financing partners. A project manager – supported by the partners – is in charge of the coordination and animation of the partnership and the various actions of the project.

To insure a proper functioning and operational actions, the decision was made to create three working groups, with a smaller version of the steering committee:

- *Group Marketing:* dedicated to the development and dissemination of communication tools, as well as design and animation of the general communication policy.
- *Group Life:* dedicated to the „recruitment“ and the animation of the villages involved and volunteer committees that compose them.
- *Economy Group:* Dedicated to the support project holders / entrepreneurs and workers wishing to set up in the area.

3.2.2. Establishment of a regional association of SME‘s

Legal framework

Regional associations in France are constituted as „Association loi 1901". Loi 1901 was the French law that created a special legal identity for non-profit organizations / associations.

Context

In 2009, the Chamber of Commerce and Industry of Lyon (CCIL) – Delegation of Tarare commissioned a study of value chains and the future economic position of the area of Tarare in order to better know the know-how and businesses, to collect the expectations and needs of business leaders, and to stimulate the economy inter-sector.

In the context of this study (cf. factsheet „value chain“ in the Annex), the CCIL organized several meetings in order to truly involve regional businesses. With the aim to draw the major economic trends for planning the future the CCIL gathered companies representing the three main sectors (textile, food processing and green building) to reflect the regional economic situation from the perspective of local economic actors in a collegial and concerted manner.

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Both, the study and the meetings highlighted the fact that local companies only knew very little about each other, even if they are located in the same business park. As it was difficult to work together on common projects without a better knowledge of the local industry actors, it was decided to trigger actions based on a winning trio: knowledge, trust and connivance.

Description

In response to the study mentioned above and its recommendations, it was decided to prepare and develop a business club in the territory of the Communautés de Communes of Tarare. The CCI of Lyon –Delegation of Tarare with the support of fifteen local industries started working on the creation of the Association of Enterprises in June 2010. To improve the triptych „Knowledge – Trust – Connivance", local industries have the wish to create a structure that would allow everyone to deepen mutual knowledge, to share experiences, and to develop joint projects.

The French Law 1901 (Loi 1901) fostering non-profit organizations / associations was thus the most appropriate structure to create.

So the association „TararEvolution" was launched November 4, 2010 according to the four followings pillars:

- *To know each other:* The knowledge between the entrepreneurs, but also the knowledge of businesses, professions, know-how, projects, and common problems are essential pre-requisites for joint activities.
- *To welcome:* The Aim of this axis is to be able to welcome new executives, business leaders and entrepreneurs in the area, but also to welcome, in partnership with local partners, new businesses wishing to settle in the territory.
- *To exchange and federate:* Sharing experiences and implementing joint projects is the core of the mission of TararEvolution. The study of the economic positioning conducted in 2009, through the work by sector, has highlighted the willingness of many business leaders to unite to face common challenges, beyond the differences of size, activity, history or culture. TararEvolution wants to be a place for sharing and exchange allowing everyone to find his place.
- *Promote the area*: Alongside the local economic actors, including the Communauté de Communes of Tarare and the CCI of Lyon, TararEvolution wishes to give arguments for improving the poor image currently affecting the area. Besides better communication, TararEvolution also wants to become the representing body lobbying the region with view to different actors. The association shall become a focal point for all political and institutional actors for the sake of complementarity and efficiency. The association is composed of 35 members including three of the largest employers of the area of Tarare with a total of almost one thousand employees. The association represents approx. 80% of the workforce in the area of Tarare.

Working groups:

The functioning of the association is based on working groups, each dealing with the various following topics:

- *Procurement:* Work on the pooling of purchases and development of short channels.
- *Communication:* Work on the promotion of the territory of Tarare and the promotion of local know-how.
- *Human Resources:* Work on issues regarding recruitment, insertion, hosting and training of employees.
- *Environment:* Work on the management and development of energy resources.

Plenary sessions and conferences of the association take place every three month. They are open to all members, and specifically focusing on a selected theme meeting defined business issues (labor laws, environment etc.).

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3.2.3. Konsortium Passeier Wirtschaft

Founded in 2005 as a voluntary and mixed syndicate without a view to profit according to article 2612 ff. of the Italian Codice Civile/Code of Civil Law, the Konsortium Passeier Wirtschaft/Syndicate Passeier Economy aims at promoting the Passeier valley's economy, in general, and at promoting, in particular, activities of the participating companies to enhance their efficiency and competitiveness in the region. It is sponsored by three municipalities in the valley (population ca. 8.800), a bank represented in all three municipalities and the municipalities' internet portal. Major efforts are undertaken in promotion and communication understood as services provided to local businesses. Subject matter of the syndicate is:

- Underline the attractiveness of the Passeier economy.
- Increase the awareness for Passeier companies.
- Carry out image-advertising for the participating companies.
- Revalue the work place Passeier.
- Promote the employees of the member companies.
- Maintain ongoing media-presence.
- Represent and enforce the interests of Passeier Wirtschaft in the valley and beyond.

Building on local resources, working groups have been formed (e. g. 'wood procurement, 'wood architecture) aimed for instance at increasing the harvest of timber, improving wood quality, fostering cooperation, with forest owners, and increasing demand for Passeier wood. 'Holz Passeier' is being developed as a brand to make Passeier wood recognizable at the regional and national level.

Since its inauguration, a number of events were organized by the syndicate. Themed meetings and workshops took place to promote the local economy. Selected events are the 'Wood days Passeier' (April/May 2010), 'Passeier wood treasures' (October 2011) and 'Being successful with wood products (January 2012). In October 2012, for the second time an 'EXPO – Economic exposition' will take place presenting local businesses and their activities so they may be perceived and experienced by the public (in 2006 the event attracted ca. 15.000 visitors).

3.2.4. Business Location Südtirol – Alto Adige (BLS)

The Business Location Südtirol – Alto Adige (BLS) is South Tyrol's investment promotion agency which represents the region South Tyrol as business location. Its main objectives are to:

- market South Tyrol as attractive economic and investment location;
- deepen the positive image of South Tyrol as economic location and South Tyrol's key branches;
- consolidate the brand South Tyrol on the local, national, and international levels;
- create an offer of qualified work places;
- purchase commercial properties and settle businesses, which promote the development of South Tyrol's economically strategic areas.

The BLS emerged from the departments for commercial/crafts areas (Amt für Gewerbegebiete) and infrastructure (Amt für Infrastrukturen) of the provincial government. After having assumed work in January 2009, the economic development strategy for South Tyrol was officially presented in January 2010. It offers free services to South Tyrol's municipalities as well as local, national, and international companies.

Location Service for municipalities:

- Make available experts' assessment and interpretation of norms or assistance in case of implementation problems in the field of commercial areas.
- Offer the possibility to take over various services (in line with the spatial planning law):

    - prepare implementation plan;
    - realize development work;
    - process assignment requests.
- Develop common location strategies and measures for and with municipalities.
- Process payment/promotion requests.

As a so-called "One-stop shop" for businesses, the BLS engages in the following:

- Supervise and offer all-round-service regarding questions related to settlement and location (for settling and settled businesses);
- Initially consult interested businesses regarding location questions (provide information on taxes, law, promotion, financing, authorities, permits, company foundation);
- Assist with the search for appropriate commercial areas and realties in South Tyrol by using a commercial zones database;
- Mediate contacts between interested businesses and owners of commercial zones (be it the municipalities, private owners or the BLS itself) via assignment or contractual processes;
- Provide a network to organizations, service structures, and economic associations;
- Process requests for the acquisition of land and
- Promote the settlement of businesses of key branches (renewable energies, mountain, foodstuffs)

STEP – Location development project

On the regional level, the BLS launched the initiative "STEP" (**St**andort**E**ntwicklungs**P**rojekt, location development project). The project pursues to strengthen the municipalities in the long-term in the business location South Tyrol and to foster inter-municipal cooperation through strategic positioning of the location and through management, development and marketing of commercial zones.

Following a phase of analysis in all municipalities, the BLS – supported by a steering group committee of local/regional experts from administration, research[36], and society – set up 15 functional areas (most of which comprise municipalities in one valley = valley area) and designated project managers in the municipalities. Workshops in these functional areas were commenced in September 2011, to define with the mayors, local economic actors from all sectors next steps for sustainably developing existing or future commercial areas. The meetings take place usually following a request on the part of the municipalities and entrepreneurs (bottom-up approach) which are interested in or even willing to take a proactive joint approach to position their region (valley) in South Tyrol.

3.2.5. Regiosuisse

Regiosuisse is the National Network of Regional Development and was established in early 2008 by the State Secretariat for Economic Affairs as an accompanying measure to the implementation of the New Regional Policy (NRP). Members of the network are regional responsible bodies with their secretariats and, where applicable, other regional actors for developing. Both groups play a major role in implementing the NRP and can act as the link between the cantons and the Confederation, but also between the cantons and municipalities.

The main task of Regiosuisse is to develop a knowledge management system on NRP and on regional development, to provide practical support to people working in this field and motivate them to pursue their interest in learning, to show creativity and innovation. As a center for knowledge management, Regiosuisse gathers knowledge on the NRP and on regional inter-municipal development by focusing on the knowledge that is relevant for practice. The players of regional development have accumulated a number of experiences that are a

[36] Staff of the COMUNIS partner EURAC research was elected member of the Committee.

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wealth of knowledge. In common with these actors of regional development Regiosuisse develops knowledge to make them available to a wider audience. In his role as a platform for networking, Regiosuisse encourages networking and collaboration of municipalities and all persons who engage in supporting regional development. Offers and benefits of Regiosuisse should stimulate them, allowing the exchange of knowledge and experiences, thereby broadening and strengthening their own networks.

Regiosuisse itself is an organization mandated by the Federal Department of Economic Affairs, State Secretariat for Economic Affairs. The general contractor PLANVAL AG in collaboration with several offices and specialists SECO is responsible for the strategic driving of Regiosuisse. The networking platform is run by a management team of four members.

3.3. Business support services

3.3.1. Association „Business Valais – Antenne Valais Romand"

In June 2010, the canton of Valais completed the reform of its structures of regional policy by creating the association „ Business Valais – Antenne Valais romand". This association is responsible for the operational carrying out of the Regional Policy and assuming tasks performed so far by the Regional Secretariats. In addition, it will be assigned tasks of economic development undertaken by the regional office of economic development ("Antenne de Développement regional"), which is its operational entity and based in Martigny Valais. The committee of the association is the strategic body deciding on a plan of action to be implemented by the "Antenne de Développement regional" and supervising its work. The "Antenne de Développement regional" consists of 8 persons. Its budget amounts to 1.5 million CHF. Municipalities take part of approximately 30% (2 CHF per capita = 450.000 CHF) and the Canton in form of mandate of benefit up to 1.1 million CHF.

The association ensures in particular the tasks mandated by the members of the association:

- Regional development and marketing
- Contact Centre for regional projects and for conferences of presidents
- Collaboration in the development of the strategy of the region central Valais and lower-Valais
- Contribution to the economic promotion
- Operational management of socio-economic regions
- various tasks on behalf of mandates of districts

The association can also handle other mandates related to the economic and regional development.

The committee of the association "Business Valais – Antenne Valais romand" is composed of nine members in total. The regions of central Valais and lower Valais are represented by three representatives each, three further members are appointed by the Canton. To ensure sufficient representation of the economy in the committee, the Canton has appointed representatives of the economic sector two of its three seats in it. After four years of work, the proposed reorganization of regional policy launched by the head of the Department of Economics, Energy and Land, is complete. This process has reduced the number of socio-economic regions in the Valais from eight to three. With the creation of two business units association „Development régional du Valais romand" and „RW Oberwallis AG" it laid the ground for the optimal implementation of the new regional policy. Valais is the first canton in Switzerland to have adopted such an association.

Project example: Industrial Ecology in Sierre, Sion, Martigny

In 2007, the "Business Valais – Antenne Valais romand" undertook a reflection on the topic of industrial ecology that led to the development of this innovative idea and to showcase the Valais as a source of sustainable economy. In this spirit, it worked out a concept which was successfully presented in 2008 to the Head of the Department of economy, energy and spatial development. The State government decided to fund this project, now called “ECHO” which aims at implementing an innovative management of materials and energy flows, to improve the environmental performance of companies, while consolidating and improving their economic competitiveness. To achieve this, the ECHO project has three goals:

1. Create an area of quality, by promoting cooperation between regions and their municipalities
2. Identify and develop synergies in terms of resources (water, energy, materials) in existing or future areas
3. Promote the transfer of knowledge and experience in energy conservation and waste management

On this basis, pilot projects have been defined and in 2009 saw the implementation of a process of enhancing the chemical site of Monthey and of creating an eco-industrial city in Sierre.

The main mission of the “Business Valais – Antenne Valais romand” concerning industrial ecology is to promote the issue. Several events as workshops and breakfast meetings were organized with the aim of informing entrepreneurs and business leaders and raising their awareness for industrial ecology. Originating from these events, mixed working groups were set up in order to develop and implement actions for each detected opportunity, e. g. concerning the potentials of improving energy efficiency and waste management.

These working groups are set up as business-to-administration interfaces and consist of representatives of the steering committee of the project, representatives of the municipalities and companies concerned by the implementation as well as local experts. While the role of the public sector is to inspire and accompany the project, its success depends directly on the active implication of the companies that are the principal beneficiaries.

3.3.2. The Ark – foundation for steering regional development

The Ark Foundation organizes and coordinates the various activities for the establishment, hatching (start-up), growth and development of companies in the Valais. It creates the right framework conditions to encourage economic actors in Valais to show creativity and innovation. To achieve this, The Ark promotes the development of new knowledge from the University of Applied Sciences and cantonal or national research institutes. The foundation also puts together different networks of expertise locally, nationally and internationally. The Ark represents the strategy developed by the cantonal authorities to create a real technology park in Valais that focuses on three domains:

- the information science and communication,
- the life sciences,
- and the engineering.

The special feature of this park is to be multi-sites, i. e. it consists of six technological sites that are specialized on different technological topics:

<u>BioArk Monthey:</u> The BioArk currently has 2.500m² fully equipped office space (laboratories, offices etc.). This technology park is mainly dedicated to life sciences. It supports start-ups and companies active in the areas of biotechnology and regenerative medicine. A dozen companies, mostly start-ups, occupy the site. The project of a BioArk 2 is on track and construction should begin in 2013.

<u>IdeArk Martigny:</u> IdeArk combines the worldwide recognized expertise of Idiap’s researchers and those of other institutes and industrial environments close by. It is dedicated to multimodal interaction and multimedia information management. The site of 3.000 m² currently houses ten start-ups and some SMEs. IdeArk will extend in the new technology park Martigny, which should be opened in spring 2013.

<u>PhytoArk Conthey / Sion:</u> PhytoArk specialises in the development of products based on aromatic and medicinal alpine plants. On 1.500 m², it will enable start-ups and SMEs to inject their new products in expanding markets (cosmetics, nutrition, health, crop protection etc.). The Valais is a region conducive to these technologies, the

Township already generating 80% of the Swiss aromatic and medicinal plants. The PhytoArk building should be located in Conthey in 2012 on the site of the Agroscope Changins-Wädenswil (center of Ferns).

<u>TechnoArk Sierre:</u> This site (16.000 m²) is a technological leader in the field of information science and communication. With a strong focus on the Internet of things, today the TechnoArk puts together an incubator, three research institutes and an infrastructure dedicated to business development. It currently hosts nearly 50 companies, including a dozen start-ups from the Incubator The Ark. The site employs over 450 people.

<u>BlueArk Visp:</u> The technological site of Visp (350 m²) focuses on the diversification of renewable energy sources and particularly on increased hydraulic energy production and energy efficiency. New premises for hosting some start-ups, newly opened at the station of Visp.

<u>TeleArk Brigue:</u> The TeleArk Brig is dedicated to information technology and communication. Several projects related to platforms based on ease of use of technology and knowledge management are ongoing with institutes and SMEs.

The Ark foundation was founded in 2004 by the Department of Economy and Planning of the canton of Valais. It is led by the Board of Foundation that provides strategic management and consistency of actions taken by each site. The Board of Foundation is composed of the presidents of six major cities in Valais, the head of the economic development of the township, the director of R&D of HES-SO Valais and CimArk, a public limited company owned by The Ark.

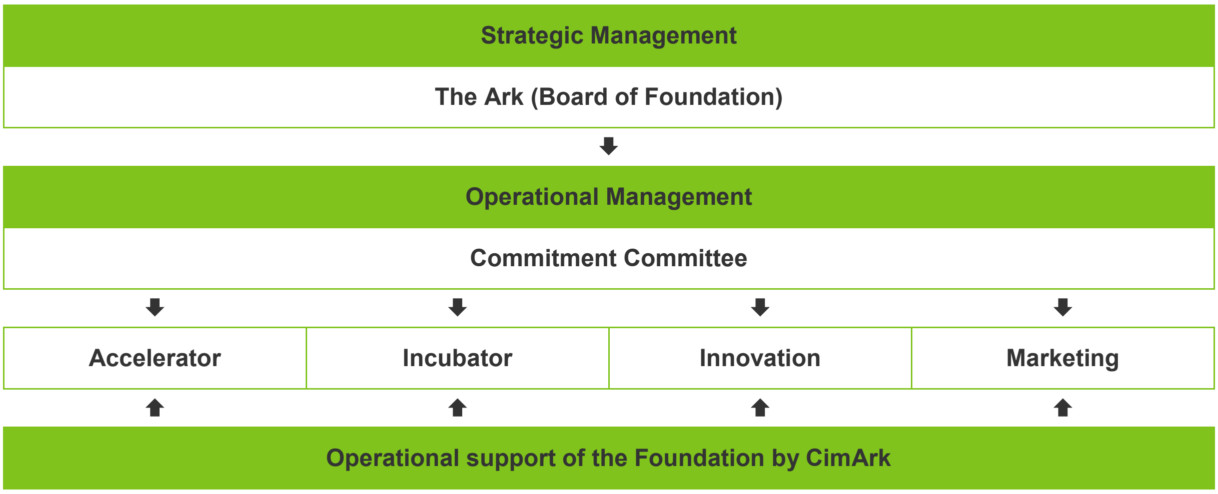

Figure 12: Organizational Structure of The Ark

The Commitment Committee decides on the commitment of financial resources allocated to projects, in line with the strategy adopted by the Board of Foundation. A representative from each of six technological sites is member in the Commitment Committee. Since 2010, a committee of commitment and support has also been established for the program The Ark Energy.

Engineers and economists of CimArk limited company provide professional support to the technological sites. In addition, they support the businesses through four services: Accelerator, Incubator, Innovation and Marketing.

The <u>Accelerator</u> promotes new technologies and guides them to a commercial application. It is also responsible, if necessary, to patent. The accelerator promotes and supports the development of new products and services. It identifies and selects promising technologies, encourage their development while developing the basis for entrepreneurship. It builds bridges between science, market, academia and business. A recovery process guides the promising results of a research project into a commercial application. The accelerator offers the following services:

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- Analysis of technical and commercial feasibility
- Creating business opportunities
- Contacts with industrial partners
- Evaluation of aspects of intellectual property
- Support for the legal and contractual agreements
- Monitoring of project development

The Incubator offers a professional coaching to start-ups. It strengthens the chances of success and promotes their integration into the economic network. It provides entrepreneurs with practical support and offers a professional and appropriate structure. With the Incubator, entrepreneurs can enhance their business plan and create their start-up. The Incubator helps to consolidate the necessary resources to accelerate their growth. The assistance provided includes:

- individual support (coaching)
- the provision of infrastructure (offices and / or laboratories)
- entertainment and networking (specialized partners)
- active support for research funding

The service Innovation provides proactive innovation support in the consolidation of assets, but especially in the development of new business potential. The service Marketing completes the services provided.

3.3.3. The Vadò Industrial Area Consortium

According to the Italian law, a Consortium is defined as an arrangement between two or more entrepreneurs, through which they create a common undertaking for the execution of specific phases of their respective businesses (art. 2602 of the Civil Code). The goal of a consortium according to Italian law is not the creation of economic profit to be shared between the associates, but to allow the achievement of these mutual benefits, e. g. savings in production costs or increased sales prices of the products.

The Civil Code distinguishes between the consortia with only internal activity, and consortia designed to perform external activity. In both cases, a common organization is created, but in consortia that perform only internal activity the task of this organization is limited to the regulation of mutual relations between the associates and monitoring the compliance of the agreement. The consortium does not come into contact and does not work with third parties. In consortia designed to perform external activities, partners provide for the establishment of a joint office to engage with third parties on behalf of the consortium. This is the typical structure in consortia of cooperation between companies, where companies integrate parts and phases of their activities.

The "Vadò Industrial Area Consortium" belongs to the latter group. It was born in the late 1970s to manage the transformation of a large agricultural area into an industrial site. Concurrently with the beginning of the urban transformation intervention, it was created as an instrumental authority issued by the property owners with the mission of facilitating administration, management and coordinated development of the Vadò area, which is situated on the territory of the municipalities of Moncalieri and Trofarello.

It has a private nature, i. e. it does not involve public authorities as members, but only private companies with direct interests in the Vadò Industrial Area, primarily concerning real estate or production and commercial activities. The private nature of the consortium is also manifested in its structure, which is made up by a council and a president: all the positions are held by individuals representing the major companies of the Vadò Industrial Area. All presidents elected over the years have been chosen among the companies' representatives of the consortium.

The main purpose of the consortium is to encourage the settlement and the growth of economic activities in the Vadò Industrial Area, through negotiation with the public authorities and the involved private entities. In general, it does not directly manage activities and services for its members, apart from some minor exceptions like vegeta-

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tion maintenance, but it merely represents their interests before public authorities. Furthermore, it always carries out activities on the market to attract new companies into the Vadò Industrial Area.

Currently, the Consortium has mainly information and management tasks; in particular it is responsible for the up-to-date list of the 130 companies settled in the area and their exact location and address. More important, the consortium also shows all the available real estate opportunities and searches for new potential buyers or tenants. But throughout its history, the tasks of the consortium changed with the requirements of the area, which today has a size of 150 hectares. In its starting phase, the consortium carried out the development of necessary technical infrastructures and industrial buildings. Later, it also took over the tasks of extending the industrial area and of installing additional services as hotels, restaurants, travel agents, a petrol station, and a vehicle service center to the area.

Throughout its existence, the consortium played an important joining role between companies and institutional actors by facilitating negotiation and dialogue between private and public parties. A particular focus was directed to an interfacing collaboration with the municipalities of Moncalieri and Trofarello in order to synergistically face issues and instances of the settled companies in a collaborative and effective manner, e. g. concerning transport and supply infrastructures.

In the relationship between the local public authorities and the Vadò Industrial Area Consortium two different phases can be distinguished:

- the first one, based on an effective collaboration and constant negotiation for the area development, from the 1970s to the end of 1990s;
- a second one, which continues nowadays, based on formal negotiation, but less intense than in the past. In fact, after finishing works to extent the area in the 90s with private and public contributions (Piedmont Region and European Union), the Consortium's joining role between settled companies and public authorities has been weakening, even because of the progressive departure of public authorities from the direct and effective involvement in taking care and developing the Vadò Industrial Area.

The Consortium is an entirely private institution funded by its members who pay a membership fee established by the Council. The Consortium members are owners of lands included in the Industrial Area. The Consortium is a partnership between the landowners; currently there are about 130 landowners.

The governance of the Consortium is based on a privatistic model: there is an Assembly of members which meets annually. The governing body is the Council, and the President is the representative body. The main decisions are taken by the Council. The Consortium takes operational decisions such as:

- which actions to take to represent the associates, mainly through lobbying and reporting issues;
- contracts concerning utilities services (telephony, video surveillance and monitoring, broadband connection);
- operational decisions for the maintenance of spaces and services.

Further examples in Italy:

- Consortium of construction companies of Boville[37]
- Consortium for the Protection of Quality of Local Wines Barolo and Barbaresco[38]
- Tourism Consortium of Bardonecchia[39]

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[37] Consorzio Stabile Imprese Edili di Boville: http://www.ciebonline.it/index_i.html

[38] Consorzio di Tutela Barolo Barbaresco Alba Langhe e Roero: http://www.langhevini.it/welcome_eng.lasso

[39] Consorzio Turismo Bardonecchia: http://www.vacanzebardonecchia.it/italiano/bardonecchia/home.html

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4. Comparison of development options

4.1. Cost-Benefit-Analysis of settlement development

4.1.1. Cost-Benefit-Analysis

The concept of cost-benefit analysis (CBA) dates back more than 150 years to the work of J. Dupuit, who was concerned with the benefits and costs of constructing a bridge. Since then, the concept of CBA has been constantly refined and focused. In the late 1950s, an extensive literature on the foundations of CBA emerged. Most of the published works focused on how to assess the net economic value of public works projects. CBA has its roots in welfare economics, in the theory of public goods, and in microeconomic investment appraisal. Generally, CBA is a tool to determine quantitatively the total advantages (benefits) and disadvantages (costs) of alternative projects or measures. The goal is to determine whether and how much a public project can contribute to national economic welfare, which of several options should be selected for action, and when the investment is to be executed. Benefits and costs are quantified in monetary units (e. g., $, €) and can therefore be balanced against each other.

4.1.2. Cost-Benefit-Analysis of settlement development

Decisions about the development of commercial sites are often made instinctively, without comprehensive knowledge about the influences on the municipality budget – many times causing negative impacts to municipal finances, finances of the citizens (e. g. fees) as well as to nature and landscape (land consumption). Many times transparency is missing regarding the actual “rate of return” of the designation of commercial sites, i. e. the cost-benefit ratio. Despite various attempts, in Germany e. g. in the context of several REFINA-projects, a standardized tool or approach for the cost-benefit assessment of commercial site development including fiscal effects does not exist yet (PREUß & FLOETING 2009).

However, the matter of financial and economic feasibility of the development and exploitation of new commercial sites is getting more and more important for municipalities. Scarce public financial resources imply new requirements for the municipalities concerning the tasks of project coordination, calculation and risk assessment, which go far beyond the scope of ordinary urban development planning. At the same time it can be observed that the fiscal profitability of new commercial sites can differ significantly (HENGER & THOMÄ 2009). The disparities result from the different usage possibilities and intensities, i. e. the profitability of new commercial sites is substantially conditioned by the extent of value creation per hectare. Also the expenses for the construction and operation of newly developed areas may vary substantially from site to site. Even comparable settlement developments can lead to different fiscal effects in the communities. These differences can be mainly explained by the following reasons:

- individual property and business tax rates of the municipalities;
- municipal and fiscal organization of the local authority (municipality belonging to an administrative district opposed to urban districts, etc.);
- mode of operation of the municipal fiscal equalization of the federal states;
- position of the municipality inside the municipal fiscal equalization (abundant, normal or base-warranty municipality - “Sockelgarantiegemeinde”))
- Municipal share of exploiting costs and follow-up costs contracted with investors
- Attractiveness of the municipality (share of immigration of new inhabitants)
- Spatial alignment of the development sites in the municipal territory
- Other reasons (subsidies, etc.)

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4.1.3. Urban development calculation – purpose and function

Given this situation, COMUNIS wants to provide the municipalities with a tool for cost-benefit assessment, which allows municipal decision makers to evaluate the impacts of specific building strategies or development proposals. Considering the numerous imponderables mentioned it is explicitly not the goal to develop a tool which allows calculating the profitability accurate to one Euro. The tool shall rather:

- illustrate different development scenarios, e. g. referring to costs and benefits of different sites, in an easy understandable way and make them comparable; precondition to that is a simple handling, i. e. the adjusting screws to use should be easy accessible;
- be easily adjustable to regional varying conditions, e. g. regarding expected profits from property sales, business tax incomes, development costs;
- be adaptable to the conditions in the municipalities of other alpine states, despite a preliminary design applied to the German alpine region.

For that purpose an Excel-based tool was developed, which enables an **urban planning calculation** for intended or possible developments based on the financial situation of the municipalities in the German alpine region. Within the framework of project-orientated land use management the urban planning calculation carries out four important functions:

- Decision-making: An urban planning calculation displays urban planning measures in economic regards and thereby creates cost transparency and security. On this basis different planning sites or planning alternatives can be compared and decision making is thus facilitated.
- Risk estimation: The estimation of economic risk is of substantial relevance for the municipal policy decision. Through urban planning calculations comprehensible scenarios for the economic development of a project can be created to gain insights about the influences of time-variable factors on the result and the economic development. Parts of these variable factors are especially the development of the financing interest rate or the change of the duration of the measure due to economic influences. Moreover, the determination of refinancing periods illustrates that a commercial site development is in general a municipal investment for the future which partially leads to long term costs.
- Optimization: A project-orientated area balancing and cost calculation creates clarity regarding the actual area requirements and cost efforts for the development of construction land. A comparison with relevant orientation values provides the possibility to identify critical planning alternatives and to offer suggestions for the optimization of urban planning concepts regarding economic aspects or to compare planning alternatives with each other in economic respects.
- Controlling: Performing the “role of the principal” (“Bauherrenfunktion”), developing the construction land requires a coherent time and measurement plan as well as a feasible cost framework for all sub-measurements. These devices are core elements of an urban planning calculation and essential to an effective controlling of the complete realization of urban planning projects. Especially because the temporal duration of measurements shows significant influence on the cost development, this function of the calculation gets growing relevance. As decision support for future projects, a post calculation considering the actual cost and income development is recommended after the completion of the development.

From the perspective of economic sciences urban planning calculation are to be compared with dynamic investment calculations. This concerns calculation methods that help to identify quantitative, liquidity and success orientated criteria for the economic advantages of alternative investments. Prototypes for dynamic investment calculations in urban planning are cost and financing summaries in terms of § 171 (2) BauGB, which are generally applied in the context of preliminary investigation for the execution of urban development measures.

It is part of the nature of urban planning measurements that planning and execution phases range over a longer period of time. Because cost-influencing features are not staying constant during this period and different economic influences affect the profitability of the complete measurement significantly, a dynamic approach needs to be chosen for urban planning calculations.

Especially in the beginning of a site development no final statements can be given. Inevitably, the figures are still vague. In light of this, commonly several scenarios shall be examined (worst / middle / best-case).

4.1.4. Implementation in COMUNIS

Expenses and incomes are listed in a temporal division in a calculation table, summed up per year and finally balanced. To the calculated annual balance, the surplus and deficit respectively of the previous year are added. The calculated amount shows the total of the incomes and expenses of the site development balanced and accumulated over the years. If it is negative, credits have to be taken out and interest fees need to be paid. Because surplus / deficit of the previous years are included, all the negative or positive earnings are automatically charged interest over the respective period with this method.

Expenses

The term “expenses” implies all costs which are caused by the project. The following expense assets are significant:

- **Costs of land acquisition:** In case of interim acquisition models, it is of importance that costs of land acquisition generally occur already in the beginning of a site development. The price is to be considered dependent on the quality level of the land to be developed (agricultural land, developed land or unprepared building land) and particularly the estimated waiting period until the quality level “land ready for construction” is reached (generally given if legal liability of the development plan and assurance of development are fixed).
  It is to be investigated if more cost-effective possibilities exist to provide for the necessary power of control over the properties, e. g. option contracts.
- **Additional costs of land acquisition:** Additional costs of land acquisition such as land acquisition tax, notary salaries and cadaster costs are not to be neglected. Generally they may amount to 5 - 7% of the land acquisition costs.
- **Planning and development costs:** In this cost position all engineer, consultant and planning costs are to be considered, which occur regarding preparation, land readjustment and site development. This includes costs for surveying, reports (soil survey report, noise survey report etc.), urban planning, reallocation and development of the building area including supply and disposal facilities.
  Costs for compensatory measures which are required due to impact regulation under nature protection law have to be considered as well.
- **Costs for management and marketing:** This includes expenses for the operation and marketing of the commercial site (site and market analysis, commercialization concept, marketing strategies, PR etc.)
- **Costs of bridge financing:** Even for “cost-effective”, meaning self-supporting building area developments, costs need to be covered by credits at least in the starting period. Financial requirements are generally highest in the beginning of a measure. The main influencing factors on financing costs are the duration of the raising of credit as well as the level of credit interest rates. Bridge financing costs are often underestimated in their amount. The estimation of the duration of the hold-back time is unsecure and is one of the major risks for the investment.

Incomes

The term “incomes” implies all returns which are caused by the project and can be directly assigned to it:

- **Sales profits:** For interim acquisition models the main revenues are sales profits. The higher the portion of saleable net construction area, the more profitable the measure will be in general. A high portion of

public areas however tends to decrease profitability.
Developments of commercial sites in metropolitan areas empirically are more likely to pay for themselves through sales profits than such in rural areas. For the latter, prices of sale for commercial land are often not calculated cost-covering due to structural policy considerations.

- **Business tax incomes:** Profitability considerations for commercial site developments are especially in rural areas based on the assumption of positive development of business tax incomes. The municipalities' proportion of the business tax however is hardly calculable in advance, as well as other secondary effects, e. g. income tax profits from population increase.
- **Financial subsidies:** In economically underdeveloped regions there may be chances for public financial support through state or federal governments or the EU under certain circumstances.

Compared to other tools of cost-benefit calculations the following expenses and incomes respectively, which could basically be included in the calculation as well, are not being considered:

- **Sales tax proportion:** It is not possible to relate the proportion of sales tax gained by the municipalities directly to the businesses based in a specific commercial site. Insofar only a value related to the municipality average could be used. In contrast to business tax incomes, this would also apply for a post calculation.
- **Property tax A and B:** The amount of possibly omitted property tax A through conversion from agricultural areas to commercial areas is negligible. The property tax B is mainly used to cover the operating costs of the technical infrastructure of the area. In order to simplify the calculation those two assets are being unconsidered in the calculation table.
- **Indirect income effects and other municipal incomes:** indirect income effects e. g. from income tax as well as other municipal incomes (e. g. dog and amusement tax, second residence tax, concession levies) cannot or only via municipal averages be assigned to individual commercial site developments. In addition the development of inhabitants is strongly reliant on other trends such as demographic change or increasing metropolization; it was therefore not considered.
- **Municipal fiscal equalization:** The change of allocations of the municipal fiscal equalization is not assignable to individual business developments or only via municipal average values; it was therefore not considered.
- **Operating costs for infrastructure:** see property tax B

Application

For the completion of the developed Excel-sheet a two-step approach is recommended:

1 Firstly, standard unit prices for expenses as well as for incomes are to be entered. The assumptions about the height of land acquisition prices, additional costs, costs for planning, surveying and exploitation for the sales prices and the business tax revenue, each have to be related to square meter building land or rather hectare of commercial site. Additionally the interest rate for possibly to be taken out credits as well as the proportion of public areas of the total development area have to be determined. All assumptions have to be done based on empirical values of the municipalities.

2 In the second step the fields „land acquisition (input in sqm)", "property area developed per year in sqm" as well as "cost management and marketing in EUR" have to be filled in for the "expenses" category. In the "incomes" category the field "net property area sales in sqm p.a." as well as in addition the fields "running incomes (e. g. tenure) in EUR" and "financial support in EUR" have to be filled in if appropriate.

The information has to be entered for each year of the estimated project duration. The other cells of the table are being calculated, the result is shown in the row "result at end of year". The municipality's remaining area potential is displayed in the rows "property area stock …".

In order to display various scenarios the table sheet has to be copied and filled in with the respective information.

Profitability - dynamic calculation **Example X-Town, Site Y**

2

	Year			
Expenses	**1**	**2**	**3**	**4**
Land acquisition (input in sqm)	30.000	0	0	0
Costs of land acquisition without additional costs in EUR	1.050.000	0	0	0
Additional costs of land acquisition in EUR	57.750	0	0	0
Property area developed per year in sqm	10.000	0	10.000	0
Planning and development costs in EUR	300.000	0	300.000	0
Costs for management and marketing	10.000	20.000	20.000	20.000
Total expenses (without interest)	1.417.750	20.000	320.000	20.000
Incomes				
Net property area sales in sqm p.a.	4.350	4.350	4.350	4.350
Proportion of public areas in sqm	1.300	0	1.300	0
Accumulated property sales in sqm	4.350	8.700	13.050	17.400
Sales profits in EUR	304.500	304.500	304.500	304.500
Municipal share of business tax incomes (Hectare x business ta	0	0	0	0
Total incomes (without interest)	308.850	308.850	308.850	308.850
Incomes - Expenses	**-1.108.900**	**288.850**	**-11.150**	**288.850**
Interest				
a) Interest current year				
Saldo (incomes - expenses)	-1.108.900	288.850	-11.150	288.850
Interest (half year - half interest rate; = interest income)	-16.634	4.333	-167	4.333
b) Interest of previous year - transfer				
Transfer result previous year		-1.125.534	-866.117	-903.418
Interest (whole year - whole interest rate Zinssatz; = interest inco		-33.766	-25.984	-27.103
Result at end of year	**-1.125.534**	**-866.117**	**-903.418**	**-637.337**

Property area stock (undeveloped) at end of year in sqm	20.000	20.000	10.000	10.000
Property area stock (developed) at end of year in sqm	4.350	0	4.350	0

1

Price for land acqisition in EUR per sqm	35,00	35,00	35,00	35,00
Additional costs of land acquisition in %	5,50	5,50	5,50	5,50
Planning and development costs in EUR per sqm (total area)	30,00	30,00	30,00	30,00
Proportion of public areas in % of total area	13,00	13,00	13,00	13,00
Sales price in EUR per sqm	70,00	70,00	70,00	70,00
Business tax revenue per Hectare in EUR (empirical value)	24.952	24.952	24.952	24.952
Interest rate	3,00	3,00	3,00	3,00

Figure 13: Excerpt of the calculation table

4.1.5. Interpretation of results

If the calculation tool is used for an ex-ante examination of different planning or development alternatives, the respective limitations are naturally a subject to be kept in mind. The difficulties are especially lying in the assumption of the right dimension of the different parameters linked to business development. In general, they are made according to empirical values or rather on the basis of realized plannings and projects of the municipality. Whereas this is still done relatively easy for the expenses category using municipality-related average values e. g. for land prices, costs of infrastructural minimum standards, time and extent of realization of construction sections etc., such assumptions are much more difficult for the income categories – even without consideration of inhabitant-related parameters. Therefore a number of uncertainty factors can be mentioned:

- time of establishment and therewith duration of possible bridge financing costs, duration until the return flow of land acquisition costs, delay until incoming of profits (sales, taxes);

- type or branch of the business: Unincorporated businesses may claim tax allowance for business tax, branches are differing in profitability, see average tax rates ("Steuermessbetrag")according to the German Federal Statistical Office;
- variability of business tax revenue and strong economic dependency;
- actual achievable sales price for developed areas

Regarding the functions of the urban planning calculation, it is recommended to generally calculate several possible development paths and examine different scenarios (e.g. worst / middle / best-case).

4.2. Modified Cost-Effectiveness Analysis

Many effects, be they costs or benefits, cannot be exactly quantified in monetary terms (e. g. the beauty of a landscape or the life of a human being). An approach to overcome such deficiencies – developed by Döberl and colleagues – combines cost-effectiveness analysis and multicriteria analysis in a method known as modified cost-effectiveness analysis (MCEA). MCEA subdivides general goals into concrete subgoals. For example, the general goal „protection of human health and the environment" can be subdivided in a first step into protection of air, protection of water, and protection of soil quality. In a second step, the goal can be subdivided into the subgoals reduction of impact by regionally important pollutants, reduction of the anthropogenic greenhouse effect, and reduction of damage to the ozone layer. In contrast to the abstract goal „protection of human health and the environment," each of the latter subgoals can be described by single indicators (e. g., global-warming potential and ozone-depletion potential), and goals for reduction can be quantified. This procedure may result in a multitude of subgoals and indicators of different importance and public preference. One way to make them comparable and amenable to aggregation is to assign a specific weight to each indicator. The weights can be obtained from a ranking process carried out by a group of experts or by stakeholders from a variety of interests.

4.3. Environmental assessment

4.3.1. Introduction

The development of commercial sites, which regularly is a component of CLD strategies related to land use management, usually involves impacts on the environment. Next to economic aspects, it therefore is crucial to consider environmental aspects in the framework of CLD with a special focus on commercial site development.

One tool allowing the consideration of environmental aspects within policy and planning processes is Strategic Environmental Assessment (SEA). SEA can facilitate a proactive approach to ensuring that environmental and sustainability considerations are taken into account during early stages of strategic decision-making processes, e.g. within commercial location development.

There is no internationally agreed definition of SEA, but the interpretation offered by SADLER & VERHEEM (1996: 27) is among those which are widely quoted: "SEA is a systematic process for evaluating the environmental consequences of proposed policy, plan or programme initiatives in order to ensure they are fully included and appropriately addressed at the earliest appropriate stage of decision-making on par with economic and social considerations".

4.3.2. Advantages of SEA

The SEA process can provide planners, stakeholders and other decision makers with timely and relevant information on the environmental implications of strategic actions, thereby enabling more environmentally sound decisions (JONES et al. 2005). The co-operation of stakeholders can be improved, the transparency of decision-making processes enhanced and the acceptance of decisions increased. SEA therefore can be described as a ‘decision aiding’ tool (SADLER AND VERHEEM 1996).

The main advantages of SEA include:

- It facilitates an early, systematic identification, description and assessment of likely significant environmental impacts;
- It allows the assessment of a broad array of potential alternatives;
- It facilitates consultation and enhances public involvement in the evaluation of environmental aspects of policy, plan and program preparation;
- It has the capacity to address cumulative and large scale effects, and it incorporates sustainability considerations into strategic decision making
- It encourages and facilitates the consideration of ancillary or secondary effects and activities;
- It facilitates the consideration of long range and delayed impacts;
- It allows the formulation of standard or generic mitigation measures for later projects;
- It can help to determine appropriate sites for projects subsequently subject to project environmental impact assessment (EIA);
- It allows the development and description of monitoring measures; and
- It promotes sustainable development.

4.3.3. Fields of application

Environmental assessments are applied at different levels of decision-making processes. The pyramid of environmental impact assessments presented in Figure 13 shows the link and the legal provisions of the assessments tools at three levels of decision-making. At the bottom project level, an environmental impact assessment (EIA) is applied to specific projects. A at higher levels, a strategic environmental assessment (SEA) is applied to policies, plans and programs.

Normally, policies set the context for plans, and plans in turn set the context for programs and then projects. The level of detail of the environmental assessment increases from policies to projects. The level of detail should always be proportional to that of the initiative to be assessed. In a tiered planning system, this means that it is important to concentrate on the issues specific to the initiative being evaluated, and to streamline "lower-tier" documents.

SEA can have a real influence on the choice of alternative developments during the earlier stages of decision making. SEA can address impacts that are difficult to deal with at the level of individual projects, including cumulative and large scale effects. These impacts accumulate over time, and result in many of the major environmental problems caused by human activity (e. g. climate change and loss of biodiversity).

Figure 14: Pyramid of environmental impact assessments

SEA is applied at many different levels of strategic activity (e.g. legislation, lending, policies, plans and programs) and within different geographical areas (e.g. national, regional, and local). It can be applied within a particular sector (e.g. spatial planning, transport, agriculture, forestry, fisheries, energy, waste/ water management, tourism) or issue (e.g. climate change, biodiversity) (Jones et al. 2005).

The biggest sector of SEA application is spatial planning (including land use planning and commercial site development) due to the great number of spatial plans available worldwide, and the usually comprehensive approach of spatial plans allowing for a varied application of SEA. There are also other sectors with extensive SEA application, like transport, water and waste management and extractive industries. In addition, there is an increasing use of SEA in the energy sector ranging from wind farm developments to energy network plans and nuclear waste strategies.

As a result, SEA procedures often vary according to the context in which they are applied. It has therefore been suggested that SEA should be regarded as “a family of approaches” (Dalal-Clayton & Sadler 2005: 12).

The application of SEA is legally required for certain plans and programs, including land use plans. However, SEA can also be applied voluntary to improve planning processes and to consider likely negative environmental impacts, which is recommended for the development of commercial sites in the context of CLD.

Provisions for SEA

There are numerous provisions for SEA available worldwide. The following description is focusing on the provisions according to the European SEA Directive, since the Alpine countries addressed in the guidelines are largely members of the EU. In the Alpine non-EU countries Switzerland and Lichtenstein the environmental standards are mainly based on the provisions of the EU legislation.

The European Directive 2001/42/EC on the environmental assessment of certain plans and programs, commonly referred to as the strategic environmental assessment (SEA) Directive, was adopted by the European Member States in July 2001. The objective of the Directive is to “contribute to the integration of environmental considerations into the preparation and adoption of plans and programmes with a view to promoting sustainable development” (European Commission EC 2001 Article 1). Member States were required to bring into force the laws, regulations and administrative processes necessary to implement the Directive by July 2004. In order to accommodate the range of administrative and planning systems across the European Member States, the SEA Directive provided considerable flexibility for Member States to incorporate the requirements into their respective legislative systems and planning frameworks. However, on the due date of transposition, only nine of the – at the time – 25 Member States had transposed the Directive. By 2009, all 27 Member States finally had transposed it.

4.3.4. SEA process

SEA structures the procedure of decision-making processes and requires preparing an environmental report documenting the findings of the assessment. Table 14 describes the generic stages of the SEA process. If SEA is applied voluntary – like in the context of commercial site development – the assessment can be focused on the most relevant steps of SEA. In other words, not all steps of SEA have to be fully considered and there is more flexibility adjusts the tool to the specific needs of the planning task. For instance an SEA may focus on a scoping process identifying the key environmental issues and on an assessment of alternatives.

Table 14: Generic stages of the SEA process (adapted from Jones et al. 2005)

Stage	Key considerations
Screening process	Examine aims and objectives of plan and its overall purpose. Consider whether plan is likely to have significant environmental effects. If so, SEA required.
Scoping process	Consider whether plan meets requirements of relevant policies, environmental protection objectives, international targets, etc. Based on objectives of plan, identify key environmental issues central to particular plan being assessed.
Select SEA objectives/ criteria	Develop series of SEA objectives/criteria against which performance of plan will be predicted. Targets and indicators based on these criteria can be used as basis of a strategy to monitor implementation of plan.
Consideration of alternatives	Identify costs, benefits and environmental impacts of other realistic alternatives to meeting plan's objectives. Choice between alternatives ultimately a political decision.
Collect baseline environmental data	Target data gathering effort on issues identified during scoping. (These may change in light of new information obtained.) Provides platform to examine predicted impacts against anticipated changes in future environment without plan.
Undertake impact prediction	Using SEA objectives and criteria as a guide identify impacts of plan policies. Predictions should be made using baseline environmental data where available. Where possible, focus on cumulative, synergistic, secondary and long term impacts to increase comprehensiveness. Involves subjective and objective assessment.
Undertake impact evaluation	Consider acceptability of plan and alternatives, looking at significance of predicted environmental impacts.
Develop a mitigation strategy	Not explicit stage, as mitigation should be considered throughout SEA process, enabling continual refinement of plan. Nevertheless, residual impacts of chosen alternative must be addressed.
Develop a monitoring strategy	Relate monitoring strategy back to environmental targets and indicators identified during scoping. Consider whether plan is achieving its objectives and if mitigation measures are working effectively. Amendments to plan may result.
Prepare an environmental report	A publicly available SEA report should be prepared to document main findings of SEA. This should include a non-technical summary.
Instigate a review mechanism	Consider whether information provided by SEA and included in the SEA report is sufficient for decision making. In order to maintain objectivity, some form of independent review necessary.
Consultation and public participation	Not separate stage, as relevant authorities and public should be involved at various stages during SEA. External involvement important at early SEA stages (scoping and selection of objectives/criteria), and prior to plan adoption but after impact evaluation.

The environmental assessment shall be carried out during the preparation of a plan and before its adoption or submission to the legislative procedure. The process of preparing the report should start as early as possible and, ideally, at the same time as the preparation of the plan. Figure 15 shows the integration of the SEA process into a planning process.

Usually the authority or natural or legal person responsible for preparing the plan or program to be assessed is responsible for carrying out the SEA. However, the SEA can also be commissioned to other experts, including consultants. Other authorities (especially environmental administration) are required to contribute to the SEA with all relevant information and data available.

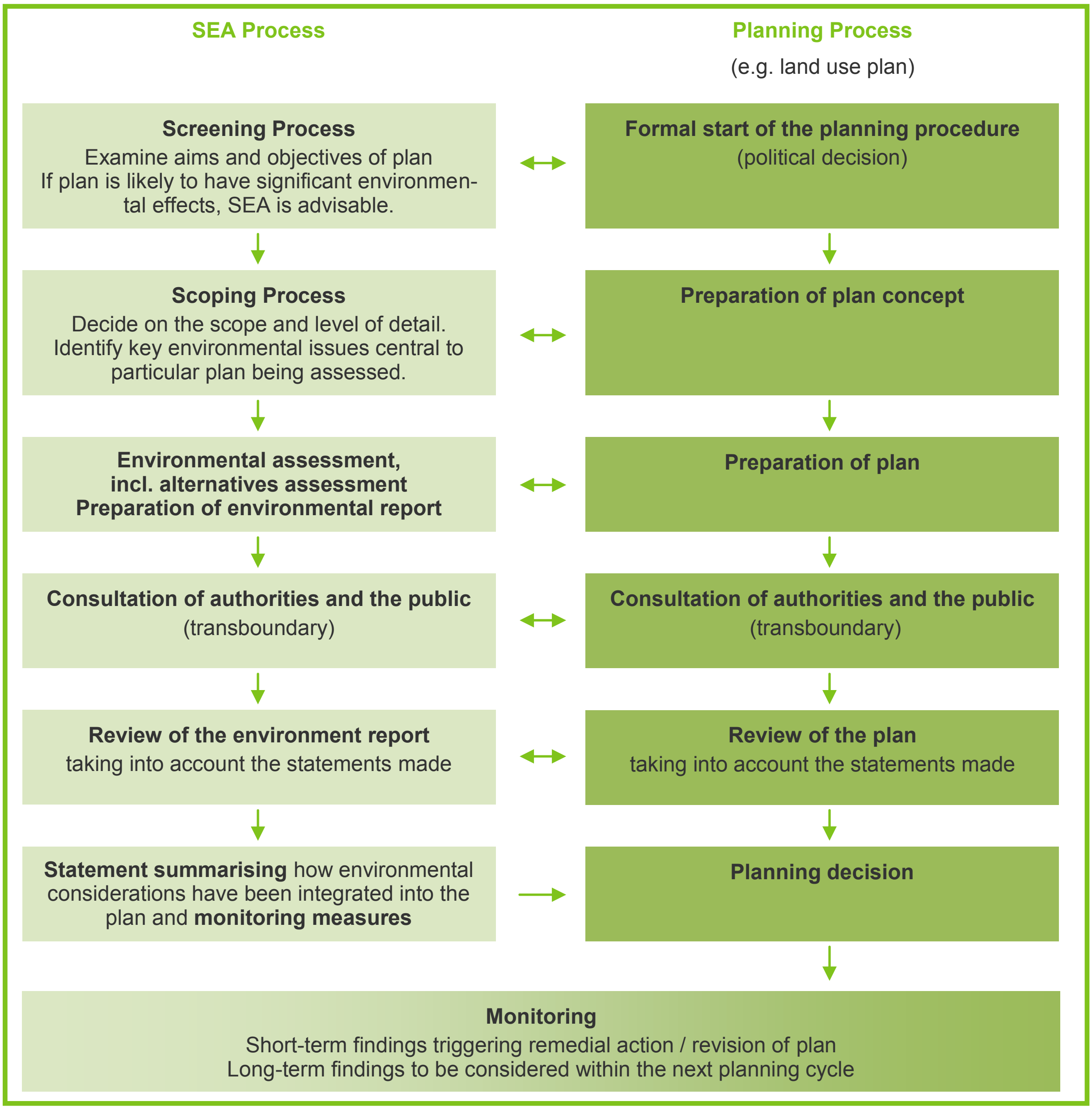

Figure 15: Integration of SEA process into the planning process

4.3.5. Tools and methods for SEA

The SEA provisions do not specify the methods by which the assessment shall be undertaken. The methods chosen should be those which are available and best fitted in each case. Following examples of tools and methods for different steps of SEA are presented.

Collection of baseline data

Generally for an SEA it is desired to rationalise the collection of information. Information does not have to be collected specifically for this purpose, but relevant information (which might include analysis as well as data) already available from other sources may be used for the assessment. The value of this is obvious when policies, plans and programs form part of a hierarchy, especially for the purpose of avoiding duplication of the assessment.

Moreover, information obtained in other decision-making processes, such as plans or programs in other sectors, like nature management plans, flood management plans, agricultural or energy plans can be used.

In the context of commercial site development this may be relevant, since there may on the one hand be plans at higher levels that can provide relevant information on the environment which can be used for the SEA of the commercial site development and on the other hand, there will be lower level plans (e.g. land use plans) that will require an SEA themselves. These plans can build on the findings from the SEA of the commercial site development.

Tools and methods for different steps of SEA

Environmental objectives and indicators

As basic step of the assessment the relevant environmental objectives for the environmental factors as well as suitable indictors for their assessment have to be identified. At best the objectives and indicators are developed within a dialogue-oriented approach with all relevant stakeholders. Table 15 shows exemplary 12 environmental objectives and indicators for an environmental assessment. In the case of a SEA of a commercial site development not all these objectives and indicators might be relevant. It is crucial to decide on the most relevant aspect for each individual assessment.

Table 15: Environmental objectives and indicators - Examples

Nr	Environmental factor/ objective	Indicator
1	Population/ human health - Reduction of noise in populated areas	Change in noise pollution in populated areas
2	Population/ human health - Reduction of pollution in populated areas	Air pollutant immission / dust immission in relation to affected residents
3	Fauna/flora/biodiversity - Reduction of land take / impairment of habitats	Land take / Significant impacts on nature priority areas and Natura 2000 sites (SPA/ SAC / nature protection area/ national park / Ramsar wetland, UNESCO-World Nature Heritage Site)
4	Fauna/flora/biodiversity - Reduction of habitat fragmentation	Fragmentation of Habitat-netscapes (national significant axes)
5	Fauna/flora/biodiversity – Reduction of pollution of habitats	Emissions of CO, hydrocarbons, NO_X, SO_2 und dust (impairment of vegetation)
6	Soil - Reduction of land take/ impacts of soil functions	Land take of individual projects / the sum of land take of all development projects, Significant impacts on soil functions
7	Surface water - Reduction of water pollution/ fragmentation of floodplains	Change of surface water/ Fragmentation of floodplains
8	Ground water - Reduction of water pollution water pollution	Significant impacts on water protection areas and groundwater bodies

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9	Global climate – Reduction of greenhouse gas emission	CO_2 emission (guiding component for greenhouse effect)
10	Landscape/ recreation - Reduction of land take and visual impacts of landscape	Land take/ impairment of nature parks / landscape protection areas
11	Landscape/ recreation - Reduction of noise pollution in recreational areas	Increased noise pollution in recreational areas / open spaces
12	Cultural/ material assets – Reduction of land take and visual impacts	Land take/ impairment of culture landscapes and biosphere reserves

Impact factors

As a next step the relevant impact factors resulting from the envisaged plan or project (e.g. commercial site development) have to be identified. Matrices as shown in Table 16 are a transparent way to make causal relationships and possible impacts transparent. Again, as mentioned above, in the case of a SEA of a commercial site development not all these impact factors might be relevant. However, there might be other impact factors that are relevant in the specific case, which would have to be added.

Table 16: Matrix with impact factors of commercial site development

Commercial site development								
	Primary affected environmental factors							Comments
Impact factor	Population / human health	Fauna / flora / biodiversity	Water	Climate / Air	Soil	Landscape	Cultural / material assets	
Change of use		X	X	X	X	X	X	dependant from the specific technique of construction
Sealing		X	X	X	X	X	X	
Barrier effect		X	X	X				
Visual effect	X					X	X	
Air/ dust emissions	X	X		X				
Noise emission	X	X						
Pollutant emissions		X	X		X			
Vibrations	X	X			X		X	
Pondage		X	X	X		X		
Change of runoff regime and water morphology		X	X				X	
Change of relief structure		X	X		X	X		
....								

SEA data sheet

By means of data sheets all relevant facts of the assessment can be summarized and made available for the decision-making process. Data sheets can be developed appropriate for the levels of details of the assessment including all facts relevant for the specific assessment.

The main tasks of data sheets are providing transparent information on:

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- the main characteristics of the assessed site
- the specific environmental objectives
- the consideration of alternatives
- the findings of the baseline analysis
- the findings of the environmental impact analysis
- the proposals for mitigation
- the monitoring measures.

An example of a data sheet is provided in annex.

Alternatives Assessment

An assessment of alternatives can be facilitated by means of matrices as shown in Table 17. Different site proposals can be compared using the indicators presented in Table 15. Applied within the context of commercial site development an alternatives assessment can make transparent the different impacts of alternative options for the site development. The comparison of alternatives can thus support the decision-making process.

Table 17: Matrix for alternatives assessment

	Primarily affected environmental factors/ criteria												**Comments on potential conflicts**
	Population / human health		Fauna / flora / biodiversity		Soil	Water		Climate / Air	Landscape		Cultural / material assets		
	I 1	I 2	I 3	I 4	I 5	I 6	I 7	I 8	I 9	I 10	I 11	I 12	
Commercial site development													
Site 1	--	--	o	o	+	--	o	+	-	o	++	o	
Site 2	+	++	++	o	+	-	o	+	-	+	++	o	
Site 3	o	o	--	-	o	-	o	o	--	o	o	o	
...													

I X = Indicator considered in SEA

Documentation of findings

The findings of the SEA are usually documented in an environmental report. A description of the details of an environmental report and a model structure of the report are provided in the annex. Moreover the annex includes examples of standard measures to avoid and mitigate negative effects.

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Phase 5 – Evaluation

In Phase 4 Implementation a management structure for steering CLD in an inter-municipal context has been installed. Depending on the model of action pursued, the tasks and functions of the management structure may vary and comprise actions in different areas, such as land use management, promotion and communication, and business support services. It is the purpose of Phase 5 Evaluation to regularly analyze the work of this management structure and its activities and actions realized, in order to optimize and – if required – reorient the management structure and its initiatives.

General criteria for the evaluation may follow the widely accepted criteria of OECD evaluation, which were developed for assessment processes in the framework of development co-operation (OECD 2010). The main criteria or evaluation questions respectively are:

1. Relevancy: Has the management structure proved to meet the expectations of the municipalities and the needs of the specific location? Are the original objectives and framing conditions still valid or existing? Are the activities and outputs of management structure consistent with the overall goal and the intended impacts and effects?
2. Effectiveness: Which results were obtained by the implementation of the CLD strategy? How has the situation in the region changed? To what extent have the objectives and benchmarks of the inter-municipal CLD been achieved?
3. Efficiency: Were the results achieved in an efficient manner? Is the ratio between the achieved results and the amount of resources used good and acceptable?
4. Impact: What are the positive or negative, direct and indirect, expected and unexpected effects of the implementation of the inter-municipal CLD-strategy? Do the activities make a difference to the municipalities?
5. Sustainability: To what extent the benefits of the project will have effects after its conclusion? What are the practical possibilities of a long-term life of the strategies put in place?

When carrying out the evaluation, it generally is advisable to attach importance to transparency and sincerity of the process. For instance, this comprises a clear definition of the purpose and content of the evaluation. It also comprises a transparent approach of identifying the information included and of the rules applied for evaluation, i. e. the indicators and targets used in the evaluation. As a matter of course, the evaluation has to be carried out in an impartial and precise manner, and the results of the evaluation shall be accessible to all participants and relevant stakeholders[40].

Aims and results of the working step

The evaluation process of the inter-municipal CLD is carried out in a regular rhythm of e. g. two to three years. It shall deliver information and knowledge required for the further development of the management structure and its initiatives. It is to say that the purpose of the evaluation is limited to generating this knowledge and information. The decision-making concerning the adaptation and a possible reorientation of the management structure remains in the responsibility of the participating municipalities or actors.

[40] For an extensive description of methodological and formal requirements cf.: EC – European Communities 2006: Evaluation methods for the European Union's external assistance – guidelines for geographic and thematic evaluations. Volume 2, Office for Official Publications of the European Communities, Luxemburg, 47 p.

Participants:

An evaluation generally should be carried out following a participative approach. A consequent integration of the relevant stakeholders and actors / actor groups into the process fosters the implementation of the results and conclusions of the evaluation (HÖCK & KRIER 2008). Only if evaluation results are regarded as commonly elaborated and agreed, the recommendations given have a chance to actually be implemented. Evaluation shall be understood as a process of joint learning, where stakeholders can look at structures and activities from different angles in order to identify unused potentials and options for optimization.

Main stakeholders to be included into the process thus are mayors and representatives of the municipal administration (business support office, planning and building office) as well as representatives of the local business community. Preferably, the evaluation process should be carried out by external experts that are independent from local or regional personal relations.

1. COMUNIS-approach: Combined BSC-SWOT-Analysis

In the context of inter-municipal CLD and in addition or as substitution of the general criteria mentioned above, the evaluation method is required to integrate and evaluate information on the following aspects:

- Process of developing and implementing CLD on the inter-municipal level, concerning the interaction between the participants and the actual implementation of measures and activities;
- Relevance of the solution, i. e. the model and the content of the inter-municipal cooperation, concerning the objectives set for economic and social development in the region;
- Impacts and effects of the action for instance on the regional economy, inter-municipal relations, land uses and environment, regional image etc., as a comparison of the current situation to the situation and an earlier point in time;
- Efficiency in terms of costs and benefits of the solution as well as its environmental and other impacts;
- Constraints and problems encountered when implementing the management structure and activities in the context of the CLD strategy;
- Strengths and weaknesses, opportunities and threats encountered when implementing the management structure and activities in the context of the CLD strategy;

In order to generate recommendations for enhancing the CLD management structure and initiatives, the evaluation method developed and applied in the COMUNIS project is strongly related and refers to the methods used in Phase 2 Analysis. With view to providing a coherent approach transferable to different regional contexts, and with the aim to consider the criteria mentioned above in an easy applicable way, it picks up the structure of the BSC analysis and combines it with the contents of a SWOT analysis. Each field of activity identified (see Table 3) can be evaluated in terms of goal achievements, difficulties and limits, according to a scheme inspired by the SWOT analysis:

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Table 18: Understanding of strengths, weaknesses, opportunities and threads in COMUNIS evaluation

Goal Achievement Success	Difficulties Limits	Positive Impact Perspectives
↕	↕	↕
Strength	**Weakness**	**Opportunity and Threat**

The combination of SWOT and BSC-analysis, including the core fields and specific fields of activity, which was used in COMUNIS for the evaluation of the implementation of inter-municipal CLD is presented in the following table.

Table 19: COMUNIS Evaluation Scheme

Field of Activity	Measure Process	Model of CLD Category	Goal Achieve-ment Success	Difficulties Limits	Positive Impact Perspectives
Location					
Situation / Location *Objective, State of im-plementation*					
Economy					
Image					
Inter-Municipal Cooperation					
Intensity of Cooperation					
Attitudes and Expecta-tions					
Political and Legal Framework					
Commercial Land-Use Management					
Availability of Land for Industrial Use					
Framework Conditions					
Land Prices					

Use of the evaluation grid

The table is divided into the core fields of the COMUNIS-BSC-analysis, which are Location, Inter-municipal Co-operation and Commercial Land Use Management. The columns shall be filled as follows and as indicated in the line "Situation / Location":

- In the first column "Field of activity", the user is asked to describe the specific objectives set for the field of activity, specifying if the activity has been implemented, is to be implemented, or if it is just at a pro-posal stage.
- In the second column "Measure, Process" the user is asked to indicate for each field of activity the pro-cesses and / or measures actually put in place in the specific region.

- The third column “Model of CLD, Category” is filled according to the model of action chosen (see Phase 4 Implementation).
- In the fourth column “Goal achievement/Success” the user is asked to indicate achievements with respect to the indicators used in the BSC-analysis (see Table 3).
- In the fifth column “Difficulties/Limits” the user shall distinguish between:
  - the operational difficulties, i. e. the expected results not achieved because of problems in terms of process (i.e. because of problems encountered in the development of strategies);
  - the limits of the chosen approach, in terms of effectiveness of the tools used for analysis and development.
- In the sixth column „Positive Impact“ the user is asked to describe the impact and perspectives, or foreseeable effects in the medium and long term of the CLD strategy implemented.

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