

Infrastructure and regional policies: the international experience

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Trás-os-Montes is showing signs of vibrancy. It has a larger proportion of the young and economically active in its population and is much more outward looking than the region I saw on my last working visit some 20 years ago. Then it was a quiet place where the elderly were predominant and where its enterprising young people left to find work in bigger cities with more job opportunities, many in northern Europe, from which they would not return. Now new developments are common in productive investments in both towns and countryside backed by a growing confidence that the region has a high quality of life with lot to offer and can look forward to a positive future.

In the towns of the region this manifest itself in a wide range of civic improvements to the public patrimony that have created a new urban landscape with water – natural rivers and artificial fountains – and public art at its centre. In the countryside the many new plantings of olives, vines and other tree crops suggest that the influence is being felt on traditional activities as well as the new. Most impressive of the new is the impetus given to the region on several fronts by the development of higher and further education in several centres. These institutions are crucial both because they enable the brightest of the region's talented youth to be trained and retained to boost the region's economic prospects and because they attract from outside other talented young people who have the chance to appreciate the quality of life on offer and to stay in the region and leaven its development.

As with several of the civic improvement projects, there is however

a strong sense of the developments in the region as being still a work in progress with lots still to do before it has a self sustaining momentum of its own. A strong drive from the public sector lies behind much of the impetus. Some of this comes from outside the region – taking up the potential of EU FEDER programme moneys plus other grant funded assistance – but much also comes from within as a result of a strong professional leadership from local and regional political cadres that are showing a willingness to work together to achieve common aims rather than emphasising their internal differences. An especially interesting aspect of this is the development of trans-regional links between Trás-os-Montes and neighbouring Spanish provincial governments and civil institutions in Zamora which opens up exciting possibilities for cooperation. This is commented upon more fully later in this note.

A key new agenda item that has to be given more emphasis as it is essential to the future economic prosperity of the region is the fostering of entrepreneurship and accelerating the formation rate of new regionally based businesses. There will always be a role for public incentives to attract mobile investment to peripheral regions to bring new jobs and prosperity, but with the expansion of the EU eastwards there needs to be a readjustment of expectations. Plus a much heavier emphasis on the generation of new enterprises from within the region. These have to be based on competitive advantage and be outward looking for their customers rather than just looking to provide for the local market. More and more of these businesses are based on personal skills and knowledge in a rich mix of service and product tailored to modern lifestyles and concerns for environmental sensitivity and quality of life which fits well with the strengths of the region.

This also interrelates strongly with the higher and further education developments in the region and the challenge of retention of young trained talent. An increasing number of graduates are aware that the future is in their own hands as fewer jobs are available either in the public sector or in large businesses where productivity is increasing at a faster pace than demand growth leading to job loss rather than expansion. The vocational nature – education and health service professionals in particular – of much of the higher and further education in the region may limit the extent to which entrepreneurship among students and faculty is relevant but not entirely.

There is a growing corpus of experience that a positive relationship exists between quality of recruitment to higher education courses and

the encouragement of entrepreneurship among young students. This can build on initiatives that foster new business ideas – through business plan competitions; skill development in enterprise relevant topics (marketing, HR, financial planning) alongside technical skills; small scale infrastructure projects providing accessible accommodation to get things started; and the development of mentorship and coaching capabilities through the construction of linkages between universities and the business base of the region.

This entrepreneurship theme applies across the spectrum of businesses but is also relevant to the specific emphasis of the CallTM project with its focus on the potential of faster and more reliable telecoms based jobs. Here the skill development agenda – to create a magnet for investment through availability of appropriately skilled staff in the region – remains crucial but the potential can be reinforced by direct action by agencies and authorities in the region. Pursuit of the e-government agenda and development of its own customer service facilities based on the call centre model can both give valuable early experience of how to implement the idea successfully in the region as well as an example of it working in practice with the resulting positive impact on image and marketing potential.

One of the major challenges on the agenda to attract investment is to put in place a seamless organisation that fosters call centre development in the three municipalities through a joint team. The team has to be able to prepare the way for potential investors by putting together a winning package of land/premises, trained and available people, support to ease the development of new facilities, availability of telecoms including reliability of services and “redundancy” in the sense of an alternative provider when the first provider fails to deliver adequate service levels.

The Calltm project also needs to be seen as an early step in introducing a new sector of activity to the region as it is an important stage in development rather than the final goal. Call centres can provide a volume of demand that passes through the threshold that justify new investment in infrastructure and open up more opportunities by its provision. Additionally there has to be clear plans developed to root the call centres in the region as they can prove to be transitory investments that do not settle anywhere long term. The experience in the UK is that a number are already migrating away from the UK to other countries where labour costs are very competitive as international telecoms costs move ever lower.

The one rather confusing/negative constraint on development that came to light during the week concerned the shortage of development land in Bragança in particular. Land appears to be more expensive in Bragança, and therefore less attractive to outside investors, than in Zamora which is a bigger city with a stronger business base and a larger labour pool. This suggests a shortage in supply rather than a stronger level of demand for land and needs to be tackled. The major development proposal of a technology park in Bragança suggests that there is land with potential for development but that the supply is too restricted to result in attractive and competitively priced sites and premises. This needs to be put right before going out to attract new business investment.

International linkages

The growing links between the western provincial government in Zamora and Alto Trás-os-Montes at political and business levels as well as through improved infrastructure links are an exciting avenue for additional development. The present ingredient of a willingness to explore cooperation can provide a fertile ground for specific initiatives to build on the distinctive characteristics of both regions to mutual benefit. It will be important to identify concrete propositions that can harness this good will to the manifest benefit of both regions to ensure that a positive impact is achieved rather than letting it remain at the level of a positive but rather vague level of good intentions.

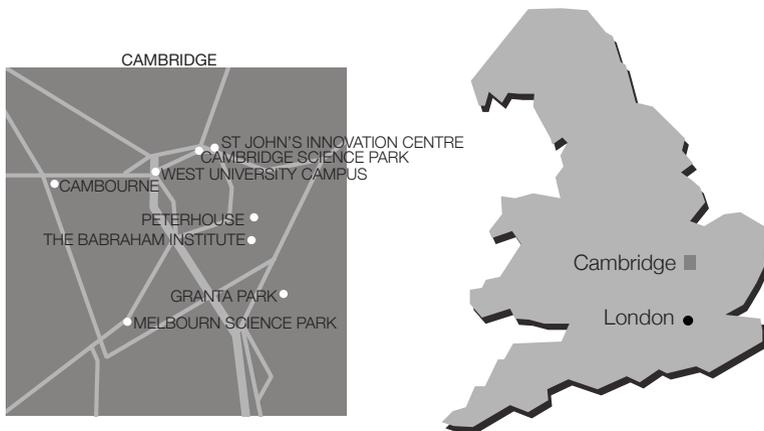
The potential for a regular series of seminars/workshops at the joint Spanish/Portuguese Foundation located in Zamora can be focused on shared challenges for development and the exchange of both experience and aspirations. Links between the business community can also be fostered through the two Chamber of Commerce organisations, perhaps with a focus on joint tourism potential, agriculture and food production – not least of which is in the wine area with Douro and Toro regions both on an expanding path to build an equivalent standing to that of the more established denominated regions of Portugal and Spain. This can be alongside the “sunrise” activities of ICT which appear to be at an equivalent early stages of its development/perception in the minds of the two region’s business leaders. The exception being the interesting developments in Zamora using wireless technologies across the city which has already given rise to marketing benefits and contributed to a change in image.

This change in image is also one of the key challenges of Alto Trás-

os-Montes as there is a need to establish a new image for the area that breaks out of the peripherality/lagging in development image of the past. There is already much to promote but this has to be given a sharper, more modern, image and constantly be reinforced by new stories that are deliberately placed in media to keep the region in the eyes of decision makers. Building the history of success is a crucial step in keeping the momentum for development going and creating the reinforcing cycle of good news leading to more good news.

As was evident from our brief visit the quality of life aspects are already fairly strongly positive in the region's favour but this needs to be enhanced with the idea of exciting career prospects through outward looking entrepreneurship and a well connected region with a vibrant future.

Slide 1
Cambridge area (UK)



Slide 2

Zernike model

- Integrated technology entrepreneurship
 - Specialist property
 - Seed and start-up funds
 - Business networks and globalisation
 - Consultancy and positioning
 - In Portugal: Tagusparque (Oeiras)
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Slide 3

Some basic ideas

- Specialist infrastructure helps promote development
 - Software is more important than hardware
 - Best models are long term partnerships
 - Technology parks a tool in use almost everywhere
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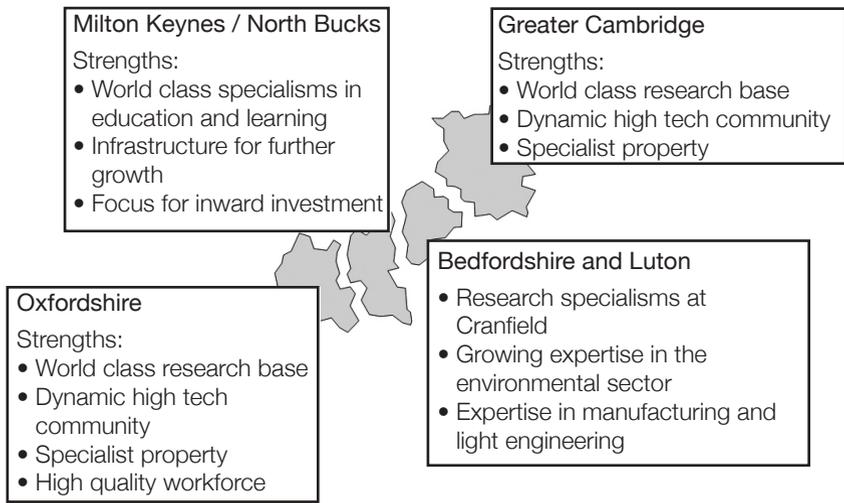
Slide 4

Technology parks - progressive models

- Stage 1: Classification of natural developments
 - Stage 2: Stimulus to accelerate nature
 - Stage 3: Base for new model of city development
 - Stage 4: Tool to use everywhere - inverting the logic
 - Stage 5: Moving from component to process
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Slide 5

Oxford to Cambridge arc - world class region



Slide 6

Scunthorpe

- Image and reality
- Development challenges
- ICT development emphasis
- Clustering and incubation
- North Lincs Net and public sector role



Slide 7

Some important issues

- Inward investment v grow your own
 - Marketing v reality and celebration
 - Employees v entrepreneurs
 - Migrants and diaspora
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Slide 8

Essential ingredients for success

- Language - being able to talk to each other
 - Purpose - having a clear shared vision of future
 - Incentive - funding to lubricate and reward
 - History - no substitute for doing it
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This paper has been presented in the International callTM seminar «*Development of peripheral regions: information and communication technologies and the local policies*», Bragança, 1st October 2003

