



Strategy for Investment Attraction to Urban Areas in LV-LT Cross-Border Region



bringing neighbours closer



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Abbreviations

FDI	Foreign Direct Investment
GDP	Gross Domestic Product
Ignalina NPP, INPP	Ignalina Nuclear Power Plant Region
IPA	Investment Promotion Agency
LIDA	Latvian Investment and Development Agency
LPR	Latgale Planning Region
RCA	Revealed Comparative Advantage
SEZ	Special Economic Zone

Introduction

This strategy for investment attraction to urban areas in Latvia-Lithuania cross-border region has been prepared in October 2014-January 2015 as part of project "WILLINVEST" (LLV-390) in Latvia-Lithuania cross-border cooperation programme 2007- 2013. The lead partner of the project is Latgale Planning Region. Collaboration partner of the project is Ignalina Nuclear Power Plant Region Business Incubator.

The objectives of this document are the following:

- to analyse the current investment environment in Latgale-Ignalina NPP (Visaginas) region;
- to prepare a strategy for investment attraction to urban areas in Latgale-Ignalina NPP (Visaginas) region and increase its competitiveness (urban areas – largest cities in cross-border region and their surrounding areas);
- to create a map of concepts presenting specialisation of urban areas and necessary investments for regional and cross-border complementarity;
- to suggest an approach for funding the strategy implementation;
- to develop recommendations and action plan for effective investment attraction to Latgale-Ignalina NPP (Visaginas) region for the upcoming 7 years and indicators to assess success of strategy implementation (the overall durability of the Strategy is calculated at least 10 years).

In Ignalina Nuclear Power Plant region, the emphasis is put on attracting investments to Visaginas municipality. The reason for such focus is based on general plan of Lithuania. It states that Visaginas municipality has the role of an administrative, nuclear power, industry, logistics, inhabitant and business service centre and operates as a competence centre of energy. Therefore it should develop as main attractor of foreign direct investments in INPP region.

To ensure that the strategy is effective and based on experience of stakeholders that work directly with investment attraction and investors, all sections of the document were created with involvement of relevant stakeholders. Findings and recommendations included in the document arise from data and statistics analysis and interviews with several stakeholder groups: municipalities, national and regional investment attraction institutions, LPR and INPP region business incubator administration, existing investors and organisations representing investors (chambers of commerce, investor councils). In addition, 2 creative

workshops ideju Talka were organised to gather ideas from municipalities and regional governance institutions. First draft of the strategy was distributed to Latgale Planning Region and Ignalina Nuclear Power Plant administrations and municipalities of cross-border region. These institutions provided comments and suggestions that have been integrated into final draft of strategy.

This document will serve as a joint cross-border plan and an improved sectoral urban planning tool. It is aimed to tackle the challenges of peripheral location and increase competitiveness of the communities in Latgale and Utena cross-border region. The strategy is intended to facilitate clear and targeted information flow among the owners of the urban areas and the potential investors thus improving internal and external accessibility to these sites and joint socio-economic development of Latvia and Lithuania cross-border region. The strategy is supplemented by a visualisation of priority development areas as well as 7 investment project packages (3 in INPP region/Visaginas and 4 in Latgale region).

Specialisation:

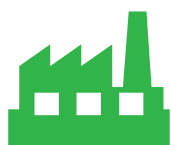
Where to Attract Investors



Specialisation: just-in-time production for manufacturing industries exporting to neighbouring regions of Latgale-Ignalina NPP (Visaginas) cross-border region

Table 1. Specialisation of LPR and INPP region

Specialisation	Latgale Planning Region	Ignalina Nuclear Power Plant region (Visaginas)
Industries	Manufacture of machinery, transport and electrical equipment, textile and wearing apparel, food production, manufacture of wood products	Manufacture of basic metals and fabricated metal products, construction and energetic services and products
Countries	Russia, Belarus, Finland, Sweden, Denmark, Norway, Poland, Ukraine, the Baltic States	



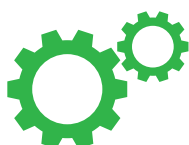
Argument 1: specialisation in manufacturing industry

Latgale-Ignalina NPP (Visaginas) cross-border region is best suitable for manufacturing industries (see Table 1). Specialisation in manufacturing is supported by the following factors: it is a border region with large share of people with secondary education level and currently manufacturing sector has attracted the most FDI. Latgale-Ignalina NPP (Visaginas) region is not suitable for sectors of wholesale and retail and finance services since it is not a capital region. It also does not have any European-level innovation and research centres and has a low share of people with tertiary education.



Argument 2: manufacturing specialisation

Latgale Planning Region is most suitable for manufacture of machinery, transport and electrical equipment, textile and wearing apparel, food production and manufacture of wood products; Ignalina Nuclear Power Plant region (Visaginas) is most suitable for manufacture of basic metals and fabricated metal products and construction and energetic services and products. Currently these industries have one of the largest shares of employees compared to other regions of Latvia and Lithuania, therefore these industries have the more competent labour force. These industries have already attracted significant flows of FDI and have good preconditions for further cluster development (increased concentration of companies in an area).



Argument 3: just-in-time production

As globally LPR and INPP region (Visaginas) has no essential advantages to regions outside Europe with cheaper labour and more advanced technologies to offer for manufacturing, LPR and INPP region (Visaginas) should focus on region's unique features. For Latgale-Ignalina NPP (Visaginas) region, it is its geographical location as EU's external border. Therefore Latgale-Ignalina NPP (Visaginas) region should specialise in just-in-time production in industries where it has most comparative advantages, focusing on companies that export to neighbouring markets.

Just-in-time production is a system of production which is based on current demand - making 'only what is needed, when it is needed, and in the amount needed'. The head office receives a request from client for a certain amount of a product. Manufacturing plant is then informed about when and in what quantity a certain product should be manufactured. Just-in-time production requires a flexible production process and can eliminate waste, inconsistencies, and unreasonable requirements, resulting in improved productivity of manufacturing.¹

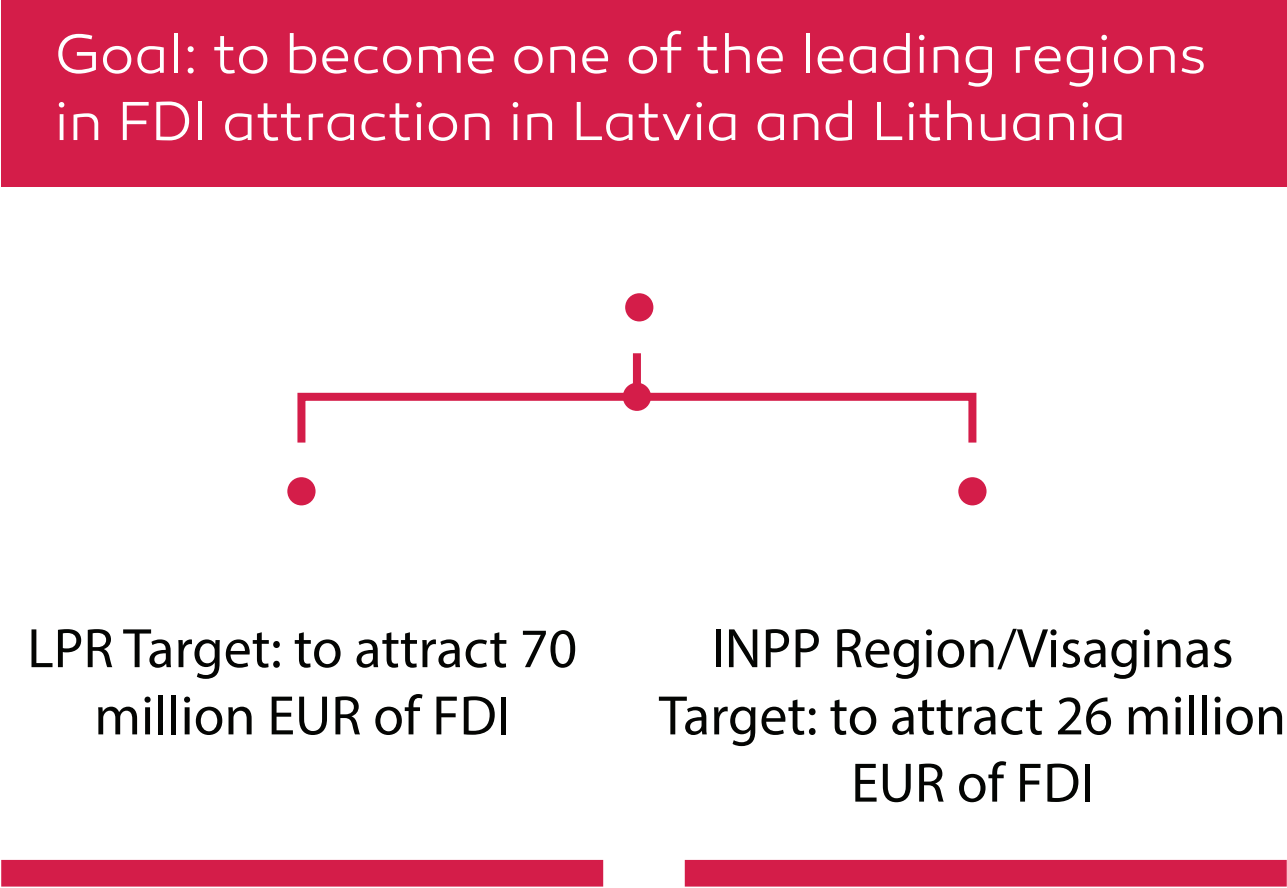
¹ http://www.toyota-global.com/company/vision_philosophy/toyota_production_system/just-in-43

Goal and Targets:

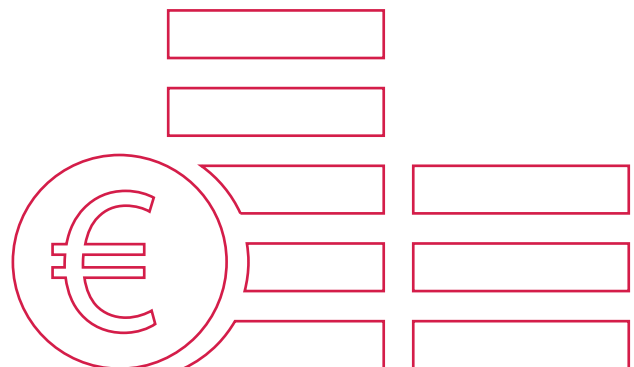
What Should Region Achieve



Figure 1. Investment attraction goal and targets



Investment attraction goal for Latgale and Ignalina NPP (Visaginas) region is to become one of the leading regions in foreign direct investment attraction in manufacturing industries by year 2021. To achieve the goal, the following target for Latgale Planning Region has been set: to attract 70 million EUR of investments in manufacture of machinery, transport equipment, textile and wearing apparel, food production, manufacture of wood products by year 2021. Target for Ignalina NPP (Visaginas) region is the following: to attract 26 million EUR of investments in manufacture of basic metals and fabricated metal products, construction and energetic services and products by year 2021.



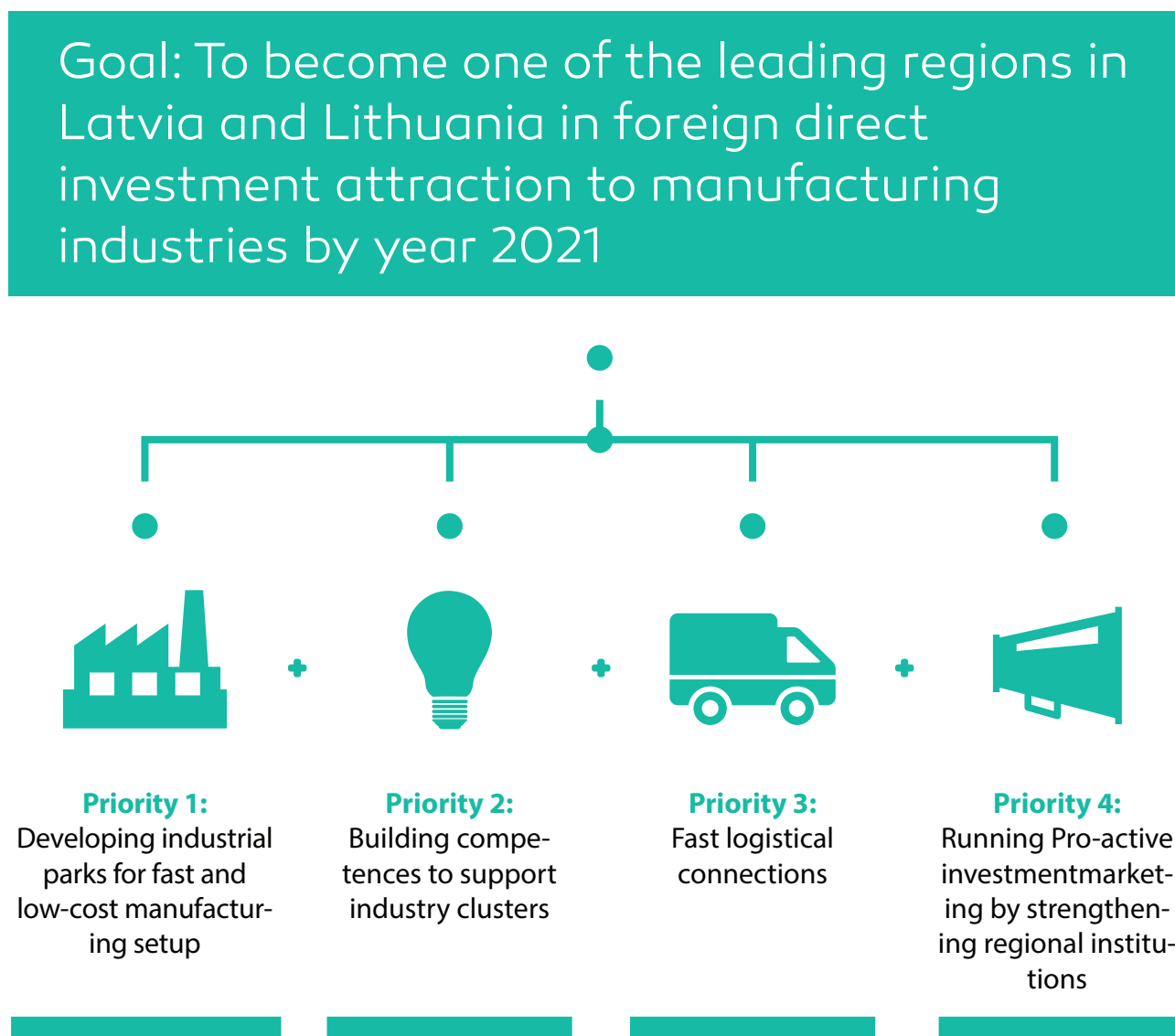


Strategy and Priorities:

How to Achieve Targets



Figure 2: Goal and priorities



The goal for investment attraction is to become one of the leading regions in Latvia and Lithuania in foreign direct investment attraction to manufacturing industries by year 2021. To achieve the goal, four priorities have been set. All priorities are complimentary and consist of infrastructural improvements together with soft services and skills facilitation.

All priorities facilitate investments in all target industries (but are not limited to them): in Latgale Planning Region, manufacture of machinery, transport equipment, textile and wearing apparel, food production, manufacture of wood products; in Ignalina Nuclear Power Plant Region (Visaginas), manufacture of basic metals and fabricated metal products, construction and energetic services and products. Priorities include actions that require multiple stakeholder collaboration (state, regional and municipal, public and private).

Priority 'Developing Industrial Parks for Fast and Low Cost Manufacturing Setup' entails setting up industrial parks in urban territories of Latgale-Ignalina NPP (Visaginas) region in order to create advantages for region in investor attraction. Priority 'Building Competences to Support Industry Clusters' includes measures aimed at improving accessibility of skilled labour force in Latgale-Ignalina NPP (Visaginas) region by creating competence network that facilitates higher concentration of companies operating in one industry (clustering). Priority 'Running Pro-Active Investment Marketing by Strengthening Regional Institutions' is aimed at tackling the challenge of insufficient mass of investors by creating departments at regional institutions working directly with investment marketing and investor attraction. Priority 'Fast Logistical Connections' includes actions for developing transport infrastructure and setting up logistical parks by EU external border.

Box 1.

Cross-border Cooperation in Polycentric Urban Regions

For medium and small-sized cities as in Latgale-Ignalina NPP (Visaginas) region, collaboration-based development strategy should be implemented. A potential cross-border cooperation model has been developed by experts based on: 1) specialisation of urban areas based on FDI flows in industries; 2) investment territory projects selected in WILLINVEST project; 3) cross-border cooperation vision of LPR administration and INPP region business incubator.

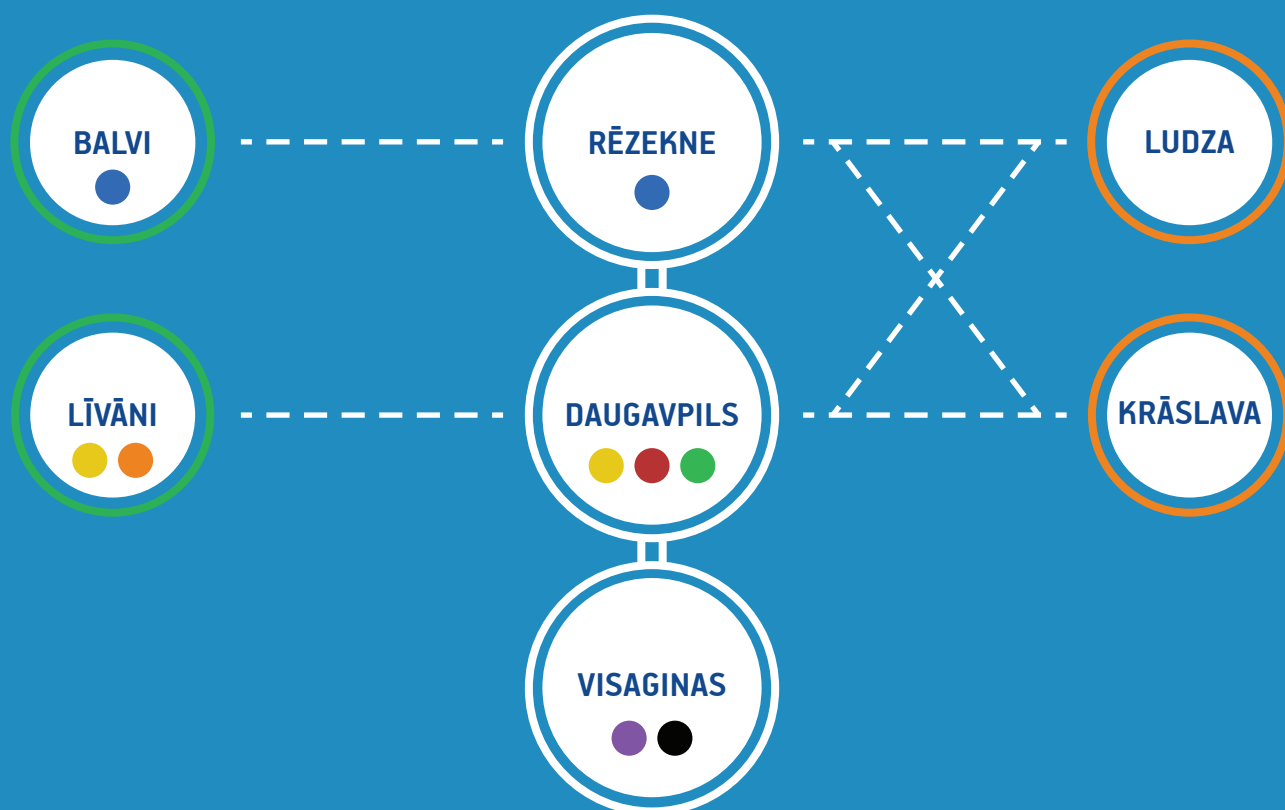
- (1) foster joining and combining resources (infrastructure, buildings, services) of region investment centres Rēzekne, Daugavpils, Visaginas and other complimentary production centres e.g. by transport and IT infrastructure to create the critical mass necessary for growth and development;
- (2) improve functional and sectorial synergy of Latgale-Ignalina NPP (Visaginas) region, by more efficient cooperation of its investment centres (Daugavpils, Rēzekne, Visaginas);
- (3) facilitate development of larger economy for Latgale-Ignalina NPP (Visaginas) region by functional cooperation. Daugavpils, Rēzekne, Visaginas should be regional investment centres with industrial parks, vocational and higher education institutions, Balvi, Līvāni – complimentary production centres with industrial parks and vocational education institutions, Ludza, Krāslava – logistics centres with logistics parks and vocational education institutions.

Crucial investments in urban areas

To strengthen specialisation of urban areas in Latgale-Ignalina NPP region, the following investments should be made. In Rēzekne, industrial areas suitable for wood production manufacture should be developed. The specialization should be supported by a vocational education institution, higher education institution and a knowledge transfer centre. In Daugavpils, industrial area suitable for food production, machinery and equipment production and textile and wearing apparel production should be developed. The city should also have a vocational and higher education institution and a knowledge transfer centre supporting its specialization industries. In Visaginas, an industrial area suitable for manufacture of basic metal and fabricated metal products as well as energetics services and products should be developed and the city should also have a vocational education institution supporting the aforementioned industries. In Balvi, industrial area for wood product manufacture should be developed as well as it should have a vocational education institution with focus on wood manufacture. In Līvāni, an industrial territory for food production and manufacture of electrical equipment should be developed and the town should have a vocational education institution focusing on the aforementioned industries. In Ludza and Krāslava, a logistics centre should operate, as well as these towns should have vocational education institutions focusing on wood product manufacture (Ludza) and equipment manufacture (Krāslava).

To improve collaboration among urban areas in Latgale-Ignalina NPP region as well as general competitiveness of region, the following investments in infrastructure should be made: investments in national and regional motorroads (reconstruction of the existing motorroads and development of high-speed motorroads), investments in railroad infrastructure (electrification of railway) and development of airport in Daugavpils.

Map of Concepts To Build Synergies in Latgale-Ignalina NPP (Visaginas) Cross-Border Region



SPECIALISATION

- Wood product manufacture
- Food production
- Machinery and equipment production
- Energetics services and products
- Textile and wearing apparel production
- Manufacture of basic metals and fabricated metal products
- Manufacture of electronical equipment

- Latgale-Ignalina cross-border region investment centres:
 - Industrial parks
 - Vocational education institutions
 - Higher education institutions
 - Knowledge transfer centre
 - Complimentary production centres:
 - Industrial park
 - Vocational education institution
 - Complimentary logistics centres:
 - Logistics park
 - Vocational education institution
- In Visaginas - only industrial park and vocational education institution

Management of cross-border cooperation

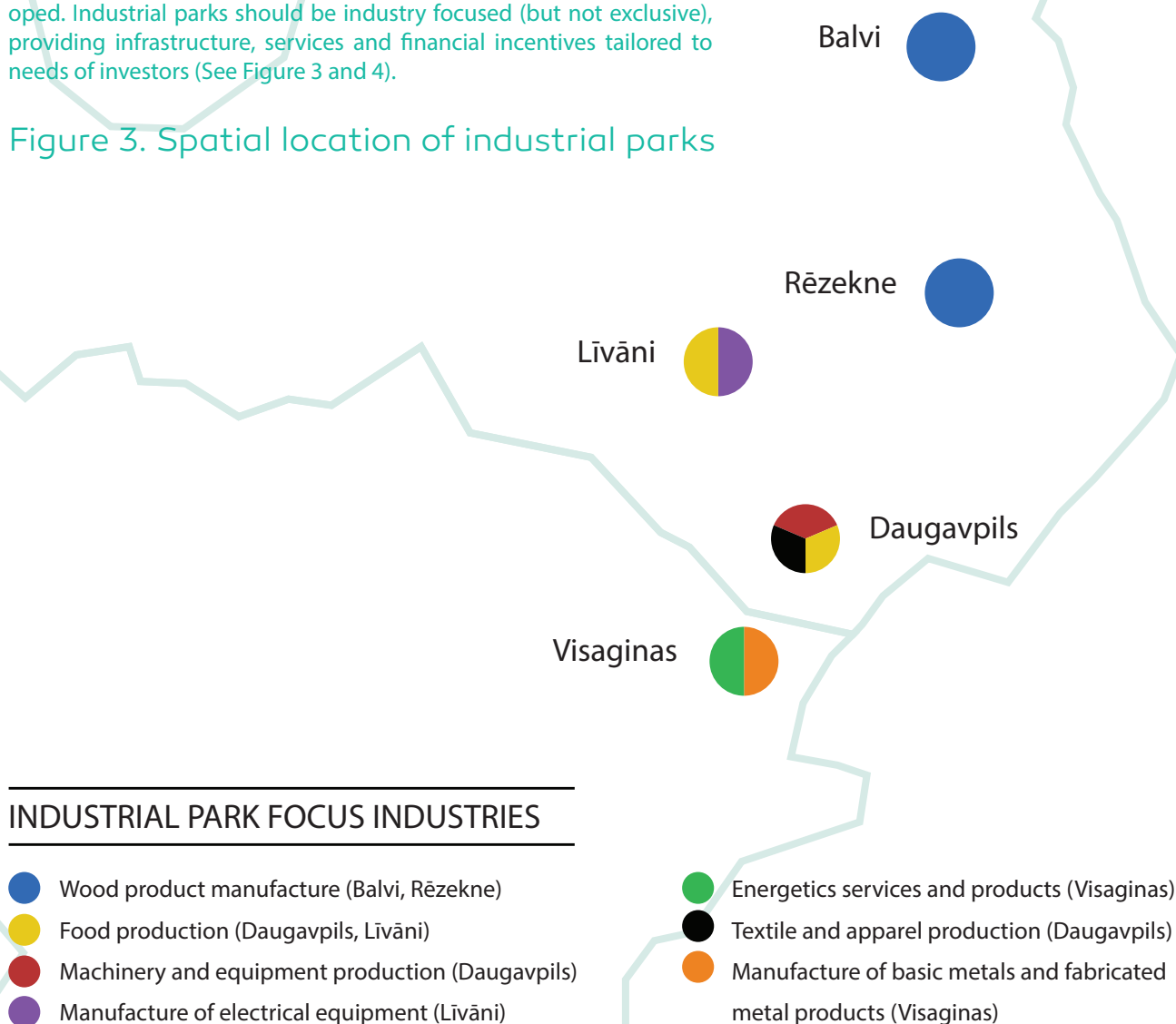
To manage cross-border cooperation in polycentric urban regions, it is vital to introduce regional or cross-border governance institutions or strengthen cooperation among existing institutions (Latgale Planning Region, Ignalina Nuclear Power Plant Region Business Incubator). These institutions should focus on improving regional cooperation. Possible means for it are: identifying existing cooperation links between companies and assessing potential options for local company cooperation in manufacture (e.g. identifying sectors where region is exporting some components of a product and assess the possibilities of local production of other product components). Assistance for companies willing to create cooperation networks within region should be offered by helping to identify possible products and resources needed for their production, as well as by assisting in potential partner search.

Priority 1: Developing Industrial Parks for Fast and Low-Cost Manufacturing Setup

Challenge and actions

To solve the challenge of Latgale-Ignalina NPP (Visaginas) region having few advantages in foreign direct investment attraction, industrial parks for fast and low-cost manufacturing setup should be developed. Industrial parks should be industry focused (but not exclusive), providing infrastructure, services and financial incentives tailored to needs of investors (See Figure 3 and 4).

Figure 3. Spatial location of industrial parks



In Latgale-Ignalina NPP (Visaginas) cross-border region, industrial parks should be developed in 6 cities and towns. Their specialisation is as follows: Balvi and Rēzekne – wood product manufacture, Daugavpils – food production, machinery and equipment production, textile and apparel production, Līvāni – manufacture of electrical equipment and food production, Visaginas – energetics services and products and manufacture of basic metals and fabricated metal products. Industrial parks should pay special focus to attract companies focusing on eco-friendly and sustainable manufacturing as well as companies of e.g. recycling manufacture.

Industrial parks should be located close to main transport roads. It is essential in order to ensure that manufacturers have fast logistical connections to ports and road deliveries to neighbouring countries.

Figure 4. Services of industrial park



Ready-to-use infrastructure

- Excellent technical and communications infrastructure in territories of industrial parks
- Industrial and office premises
- Services of construction of tailored buildings for investors



Supporting services

- Administrative support
- Accounting
- Project management
- Assistance for EU and other grant submissions
- Resource management etc.
- Services are provided by private subcontractor - manager of industrial Parks



Financial incentives

- Tax discounts: labour tax, individual income tax, profit tax
- Financial incentives for new employee trainings
- Grants for business development



Industrial parks should have ready-to-use infrastructure: access roads, electric power, IT infrastructure, water supply and sewerage, gas supply, heating as well as industrial and office premises. It would allow investors to start the process of production fast without spending time and money on providing infrastructure to industrial territory. In addition, industrial parks should offer services of construction for investors that need to tailor the existing industrial buildings or for investors who need new industrial buildings.

Industrial parks should offer investors supporting services such as administrative support, accounting, project management, assistance for EU and other grant submissions, resource management etc. These services should be provided by private subcontractors – managers of industrial parks.

In addition, financial incentives should be offered to industrial park resident companies. They should include: reduced labour tax, reduced rate of corporate income tax for investments exceeding 3 million euros, grants for business development etc. Tax wedge on labour should be decreased to 30%. Corporate income tax rebate for large- scale investment projects should be provided for investments larger than 3 million EUR and it should be increased to 30%. In addition, companies operating in industrial zones should be provided with access to such financial benefits as grants for labour training.

Stakeholders and competences

Table 2. Stakeholders and competences for industrial park development and operation

Stakeholder	Competence
State	Investments in infrastructure and provision of financial incentives
Municipalities	Provision of land and buildings for Industrial Parks
LPR & INPP Region Business Incubator	Management of project
Privat land owners	Selling or leasing properties for municipalities or private developers for Industrial Park development
Private sector	Sub-contractors manage Industrial Parks and provide services

Compliance with planning documents

National Development Plan for Latvia 2014-2020, Latgale Programme 2010-2017 and in Visaginas strategic documents include goals aimed at increasing share of FDI in processing and "marketable" industries. The measures for that include: tax incentives, improving small-scale and larger infrastructure, improving legal procedures to ease investment process; and assembling complex proposals for investors. EU Investment Funds Partnership Agreement 2014-2020 includes goal to invest in small-scale infrastructure in municipalities in order to attract more private investors

Priority 2: Building Competences to Support Industry Clusters

Challenge and actions

In order to overcome the challenge of lack of skilled labour force in Latgale-Ignalina NPP (Visaginas) region, it is necessary to strengthen clusters and create competences necessary for industry development. Labour-market demanded competences should be developed at all levels of education via customized learning and training programmes. Clusters should be provided with support in partner search and technological consultations for performance improvements (see Figure 5).

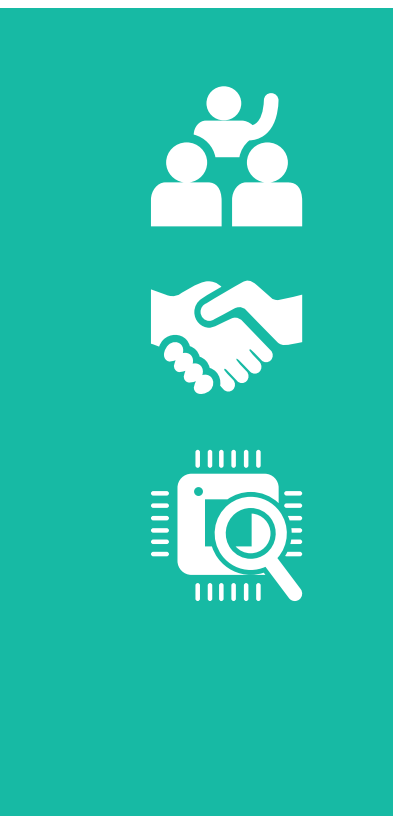


Figure 5. Competence building services to investors

Labour Search & Customised training programmes

- Vocational and higher education in demanded industries
- Retraining and life-long learning programmes
- Employee training for companies



Partnersearch & Supply chain support

- Assistance for regional business partner search
- Support in building local supply chains



Technological consultation

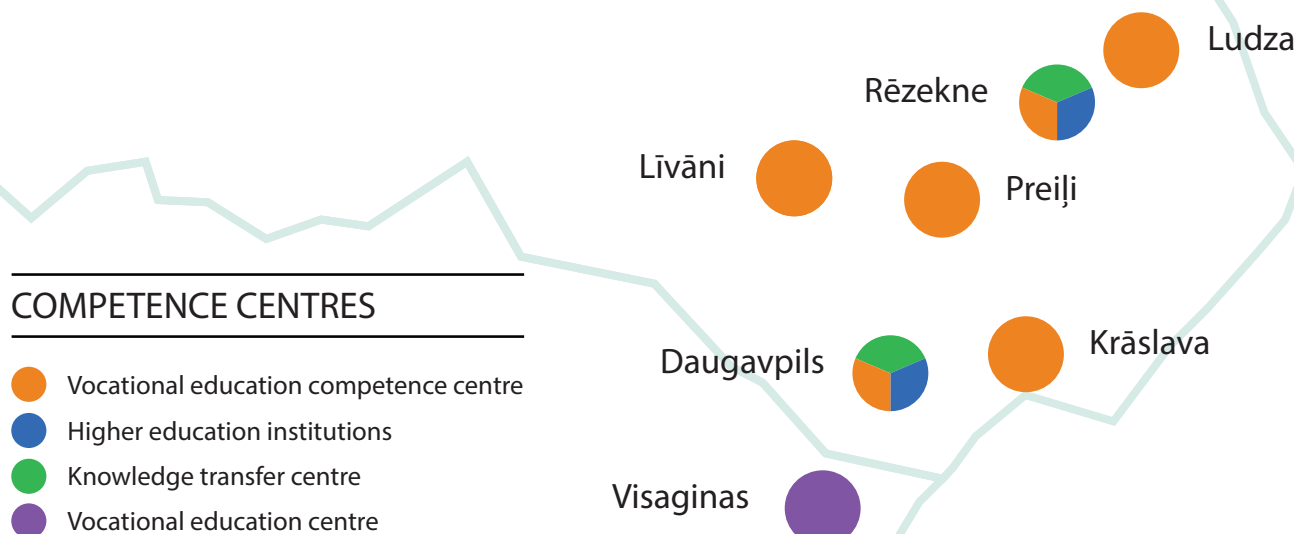
- Technology development consulting and assistance for manufacturers by knowledge transfer centres

In order to link education with labour market demands, educational institutions and companies should cooperate in developing customized education and training programmes. For adults, retraining and life-long learning programmes should be provided. In addition, educational institutions should provide support to companies in employee training. Cluster organisations should also provide labour search and training services for companies by demand of investors.

To strengthen clusters, investors should be provided assistance in searching for regional business partners. Clusters are groups of specialized enterprises and other related supporting actors that cooperate closely together in a particular location. Companies should be encouraged and provided support when building local supply chains, as by working together companies can be more innovative, create more jobs and register more international trademarks and patents than they would alone.²

To increase technological competences of companies, technological consultations for developing new technologies and improving productivity should be provided. These consultations should be provided by knowledge transfer centres.

Figure 6. Spatial locations of competence centres



² http://ec.europa.eu/enterprise/initiatives/cluster/index_en.htm

Vocational education competence centres should be located in development centres and republic cities, each of them focusing on a specific industry: Balvi – wood manufacture, Ludza – wood manufacture, food production, Rēzekne – food production, machinery and equipment production, Līvāni – food production and electrical equipment management, Preiļi – food production, Krāslava – equipment manufacture, Daugavpils – equipment manufacture, textile production. Vocational education and training centre in Visaginas should maintain its already existing focus on energetic competence services welding, electric works and mechatronics.

Rēzekne and Daugavpils as republic cities should provide full package of education and research services, hosting a vocational education competence centre, higher education institution (in Rēzekne – profiled in engineering sciences, in Daugavpils – in transport and equipment development and production) as well as a knowledge transfer centre (Rēzekne – engineering sciences, Daugavpils – transport and equipment development and production). In Visaginas branches of Kaunas University of Technology or Vilnius Gediminas Technical University should be established in order to provide full package of engineering education. Visaginas technology and business vocational education and training centre should be used as practical training centre for students of industrial specialisation.

Stakeholders and competences

Table 3. Stakeholders and competences for competence building activities

Stakeholder	Competence
State	Investments in infrastructure
Municipalities	Land/infrastructure provision
LPR and INPP Region Business Incubator	Management of project and coordination of collaboration with private sector (entrepreneurs) in development of educational programmes and trainings
Private sector	Co-development and co-financing of employee training programmes and education programmes

Compliance with planning documents

Investments in all levels of education, especially vocational education and life-long learning are included in priorities and objectives of National Development Plan for Latvia 2014-2020 and EU Investment Funds Partnership Agreement. Investments in education are included also in priorities and objectives of Visaginas municipality and INPP region strategic documents.

Priority 3: Fast Logistical Connections

Challenge and actions

To improve connectivity of region to seaports and airports and ease border crossing, it is important to invest in transport infrastructure and logistics centres with excellent infrastructure (see Figure 7). Such investments are crucial to facilitate export-oriented investor attraction.

Figure 7. Components of successful connectivity and logistics



Excellent transport infrastructure

- Investment in national roads
- Connectivity to seaports
- Investments in railroads
- Investments in regional roads
- Development of airport in Daugavpils



Border logistics centres

- Logistics Centres in territories close to EU border
- Logistics and customs services to ease border-crossing process: warehouses, resource management services, customs services etc.



Faster crossing of RU, BY borders

- Adapted regulations on customs services and border crossing to ease border-crossing process for freight transport



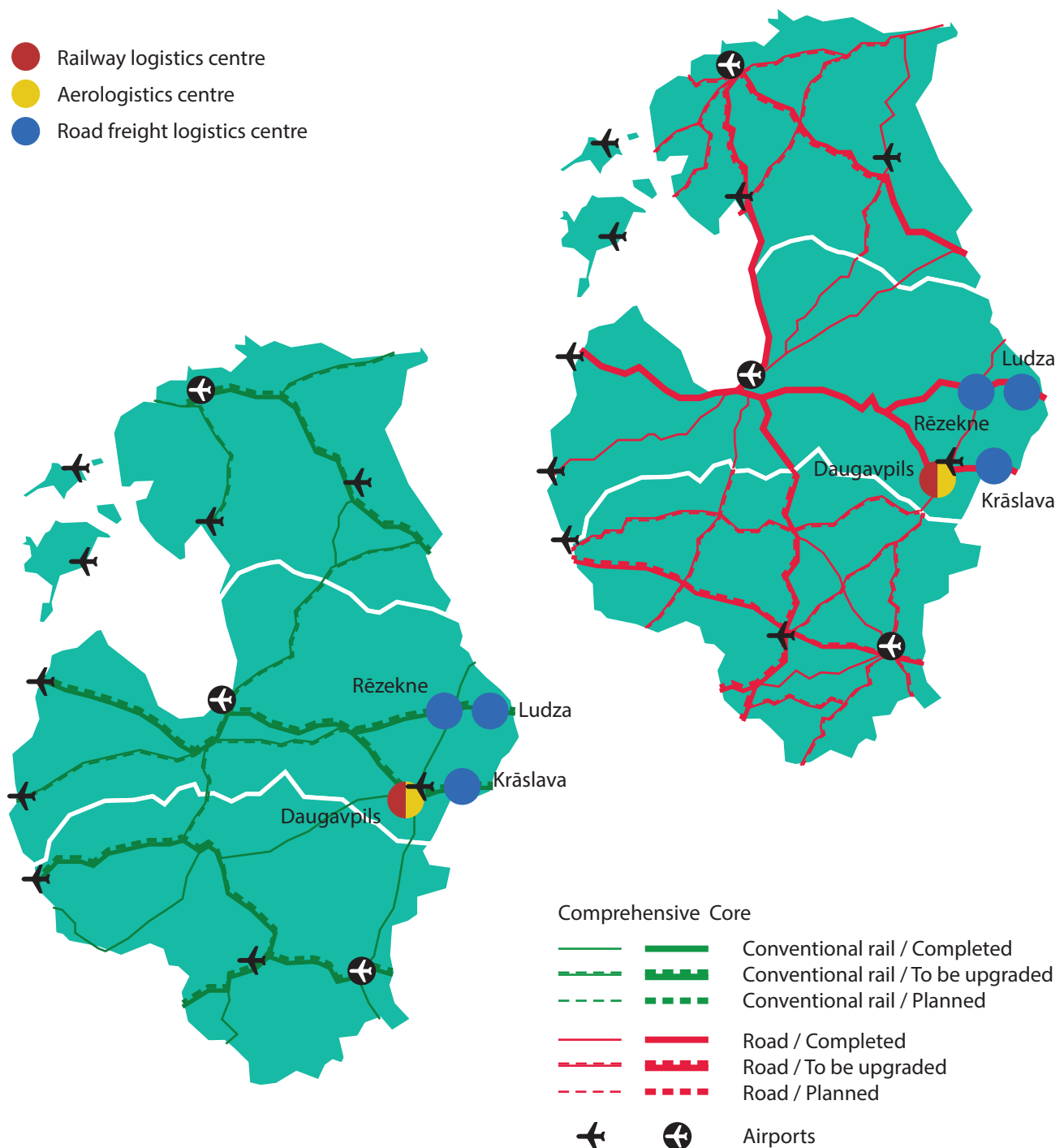
To improve connectivity of region, the most vital investments should be directed towards transport infrastructure. Investments in national and regional roads should be directed to increase connectivity to seaports. Investments in railroads should include electrification of railroads to improve eco-friendliness of rail industry and cheapen the cargo expenses. An airport should be developed in Daugavpils to integrate Latgale/INPP region (Visaginas) into European and international air cargo networks.

In order to facilitate industry of transport and logistics, logistics centres should be established near external border of the EU. Logistics centres should provide logistics and customs services for freight operators: warehouse rent, resource management services, customs service etc. Additionally, regulations on customs services and border crossing should be adapted according to national and EU legislature. Amendments on border-crossing should be implemented in order to create positive effect on freight volume in the region.

Logistics centres

Rēzekne and Daugavpils are important railway intersection points and therefore should function as railway logistics centres. Ludza and Krāslava as regions located close to border Russian and Belarussian border should function as road freight logistics centres. An airport in Daugavpils adapted for cargo shipment should be developed. Implementing the long-planned project would integrate Latgale-INPP region (Visaginas) into aero logistics network of Europe and improve its international connectivity. Investments should also be directed towards improving Latgale-INPP region (Visaginas) connections to seaports which are most often used for small and medium-size cargo.

Figure 8. Spatial location of logistics centres

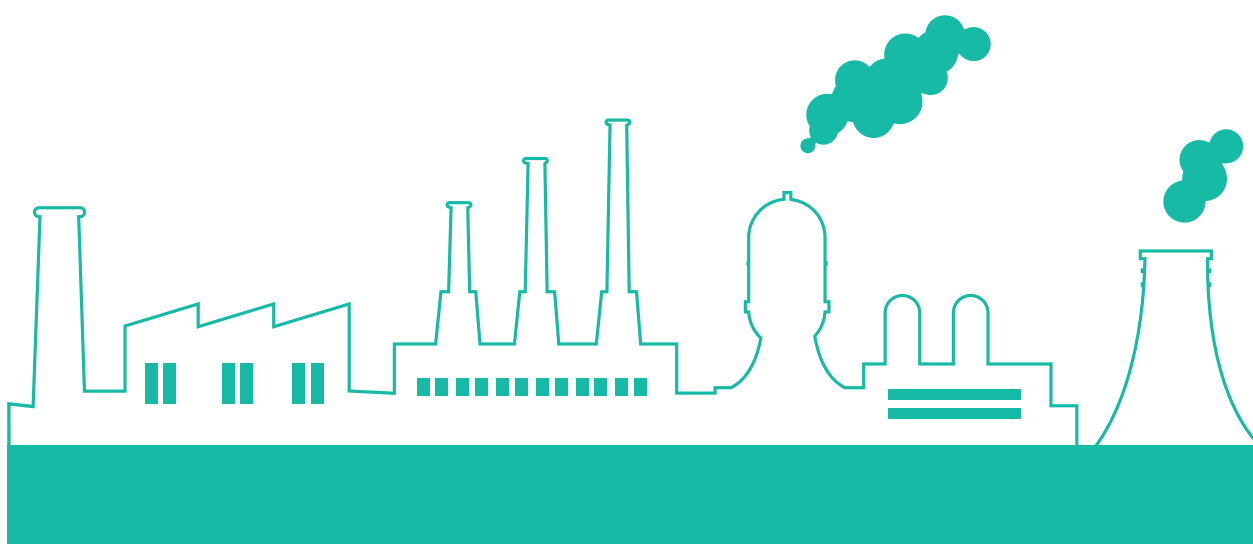


Stakeholders and competences

Stakeholder	Competence
State	Investments in infrastructure, actions to ease customs services and border-crossing process
Municipalities	Land and buildings for logistics centres
LPR and INPP Region Business Incubator	Integrated project development and management
Private sector	Provision of services (customs, logistics)

Compliance with national and regional planning documents

Investments in regional, national and transnational transport infrastructure (roads, railroads) are included in planning documents of all levels. Latvia Sustainable Development Strategy-2030, NDP 2020, Latgale Programme 2010-2017 and EU Investment Fund Partnership Agreement state investments in infrastructure, improvements of logistics connectivity as one of main priorities for national development.



Priority 4: Running Pro-Active Investment Marketing by Strengthening Regional Institutions

Challenge and solution

To attract the critical mass of investors, it is necessary to establish investment promotion departments in regional institutions that run pro-active investment marketing. In Latgale-Ignalina NPP (Visaginas) region investment attraction departments should be established under Latgale Entrepreneurship Centre and Ignalina Nuclear Power Plan Region Business Incubator.

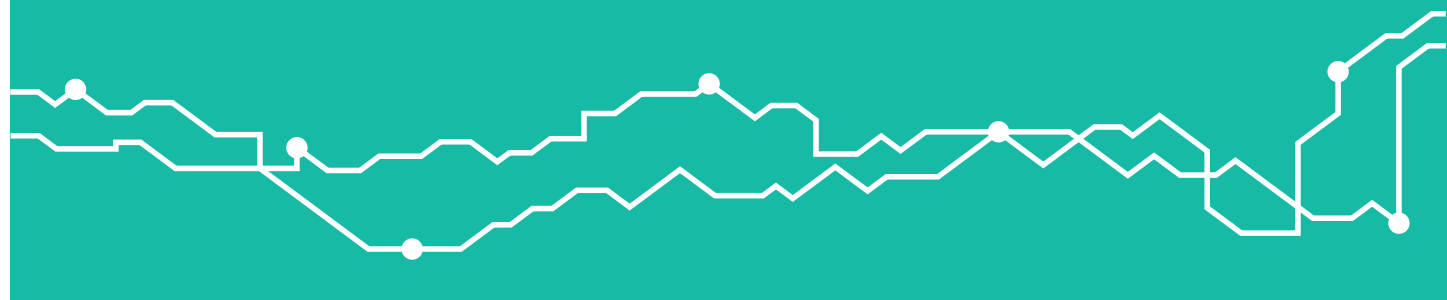


Figure 9. Actions to set up and run investment promotion departments



Creating & Training a team

- Setting up the institutions
- Recruiting and training of the team working with investment attraction
- Creating a common investment attraction policy for region



Running pro-active marketing

- Organising of events: trade missions, local visits, networking events
- Participation and Latgale promotion in networking events in target investor countries
- Preparing materials about investment possibilities in region (visual, digital etc.)
- Advertising of region



Providing consulting for interested investors

- Organisation of visits
- Consultations about costs
- Consultations about investment process
- Consultation about documents requirements
- Assistance in document preparation



Investment promotion departments would be new units under Latgale Entrepreneurship Centre and Ignalina Nuclear Power Plant Region Business Incubator. These departments should focus on attracting medium- and large-scale investors to region. A team for the departments should be recruited and trained to work with investment attraction by experienced professionals of the field. In Latgale Entrepreneurship Centre and Ignalina Nuclear Power Plant Region Business Incubator investment promotion departments, three and two people respectively should be working. Additionally, as framework for operation of departments, common investment attraction policy for region should be drafted setting investment attraction guidelines and goals.

After creating the department, it should run pro-active investment promotion marketing. It would include the following actions: organising various events, e.g. trade missions, local visits, networking events for local and foreign companies, as well as participating and promoting region in networking events organised by other stakeholders, especially in target investor countries. Visual, digital and interactive materials about investment possibilities in region should be created. Investment promotion departments should also advertise the region in all kinds of media, especially industry-oriented.

To nurture potential investors, investment marketing departments should provide consulting services. They should organise visits to investment sites, consult about document requirements and investment process and its costs as well as about production costs. Investment marketing departments should also assist investors in document preparation and provide other relevant assistance to ensure easy and fast investment process.

Stakeholders and competences

Stakeholder	Competence
State	Cooperation with LIDA, embassies and consulates
Municipalities	Cooperation with LPR in investment promotion
LPR and INPP Region Business Incubator	Establishment of department and implementation of investment promotion activities
Private sector	Co-operation with Investment Promotion Department, participating in honorary ambassador programme for region

Compliance with national and regional planning documents

Pro-active investment marketing is included in Latgale Programme 2010-2017 working programme. Its subprogram 'Investor Attraction' and 'Marketing Programme' list marketing and investor support activities as some of priority areas for 2010-2017 in region development. Increasing representation of economic interests of Latvia abroad by opening new embassies, especially in target investor countries, is included in National Development Plan for Latvia 2014-2020.

Indicative Budget for Strategy Implementation

Table 4. Indicative Budget for Strategy Implementation, 2015-2021*

No.	Priority actions	Competence level	Indicative budget (2015-2021), EUR	Sources of finance
Priority 1: Developing Industrial Parks for Fast and Low-Cost Manufacturing Setup				
1	Development of industrial parks	State, regional institutions, municipalities, private sector	84 000 000	EU investment funds, state budget, municipal budget
2	Provision of supporting services to investors	Regional institutions, municipalities, private sector	n/a	n/a (from budget of regional and local institutions)
3	Financial incentives and tax reductions	State	33 000 000	EU investment funds, state budget
Priority 2: Building Competences to Support Industry Clusters				
4	Labour search support and customized learning programmes	State, regional institutions, municipalities	5 700 000	EU investment funds, state budget
5	Partner search and supply chain support	Regional institutions, municipalities	n/a	n/a (from budget of regional and local institutions)
6	Technological consultations	Regional institutions, municipalities	5 000 000	EU investment funds, state budget
Priority 3: Fast Logistical Connections				
7	Investments in transport infrastructure	State, regional institutions, municipalities	71 000 000	EU investment funds, state budget, municipal budget
8	Development of border logistics centres	Regional institutions, municipalities	12 000 000	EU investment funds, state budget
9	Faster crossing of RU and BY borders	State	n/a	n/a (from budget of regional and local institutions)
Priority 4: Running Pro-Active Investment Marketing by Strengthening Regional Institutions				
10	Creation of investment promotion department	Regional institutions	700 000	State budget
11	Pro-active investment marketing	Regional institutions, municipalities	700 000	State budget, municipal budget, Norwegian Financial Mechanism
12	Consulting to potential investors	Regional institutions, municipalities	700 000	State budget

* **Note.** Provisional budget for strategy implementation was based on indicative budgets of investment territory developments in WILLINVEST project, indicative programme financing in Latgale Programme 2010-2017 and consultations with regional and local stakeholders.



Implementation and Indicators:

How to Measure Success



Implementation with the involvement of all significant stakeholders will be managed by Latgale Planning Region and Ignalina Nuclear Power Plant Region Business Incubator Administration. They will be responsible for managing cooperation among involved parties in order to implement projects and actions suggested by strategy. In 2018, a mid-term report on the implementation shall be provided by LPR and INPP Administrations, measuring indicators and progress on project development. In 2020, the final evaluation of strategy implementation should be provided by Latgale Planning Region and Ignalina Nuclear Power Plant administrations.

The following indicators for quantitative progress evaluation have been chosen (see Table 5):

Table 5. Indicators of investment attraction strategy

Region	Indicator	2014	2018	2020	Source
LPR	FDI Balance, EUR	85 million	120 million	155 million	Lursoft statistics
	Number of jobs in manufacturing industries	9543	9718	9893	Central Statistical Bureau
	Number of investors in LPR	994	1001	1008	Lursoft statistics
INPP Region	FDI Balance, EUR	8 million	13 million	34 million	Central Statistical Bureau
	Number of jobs in manufacturing industries	3000	3065	3130	Central Statistical Bureau
	Number of investors in INPP Region	2	5	7	Central Statistical Bureau, Invest Lithuania

Box 4. FDI project in Eastern European countries, 2012-2014.
Data: fdimarkets.com

Country	Projects recorded	Average FDI per 1 project, mL EUR	Jobs created by 1 million of FDI, average
Romania	341	31,78	7
Poland	430	28,90	6
Hungary	145	26,08	6
Czech Republic	207	25,41	7
Estonia	34	24,33	4
Latvia	32	22,79	3
Bulgaria	109	22,67	6
Slovakia	100	21,01	8
Lithuania	74	15,05	6
Slovenia	20	14,52	8