



**Developing institutional capacity for attraction of FDI
in Ternopil region**

**Workshop: Practical aspects of investment promotion
and support at the local level**

Location selection process

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THE MINISTRY OF REGIONAL DEVELOPMENT,
CONSTRUCTION, HOUSING
AND COMMUNAL SERVICES

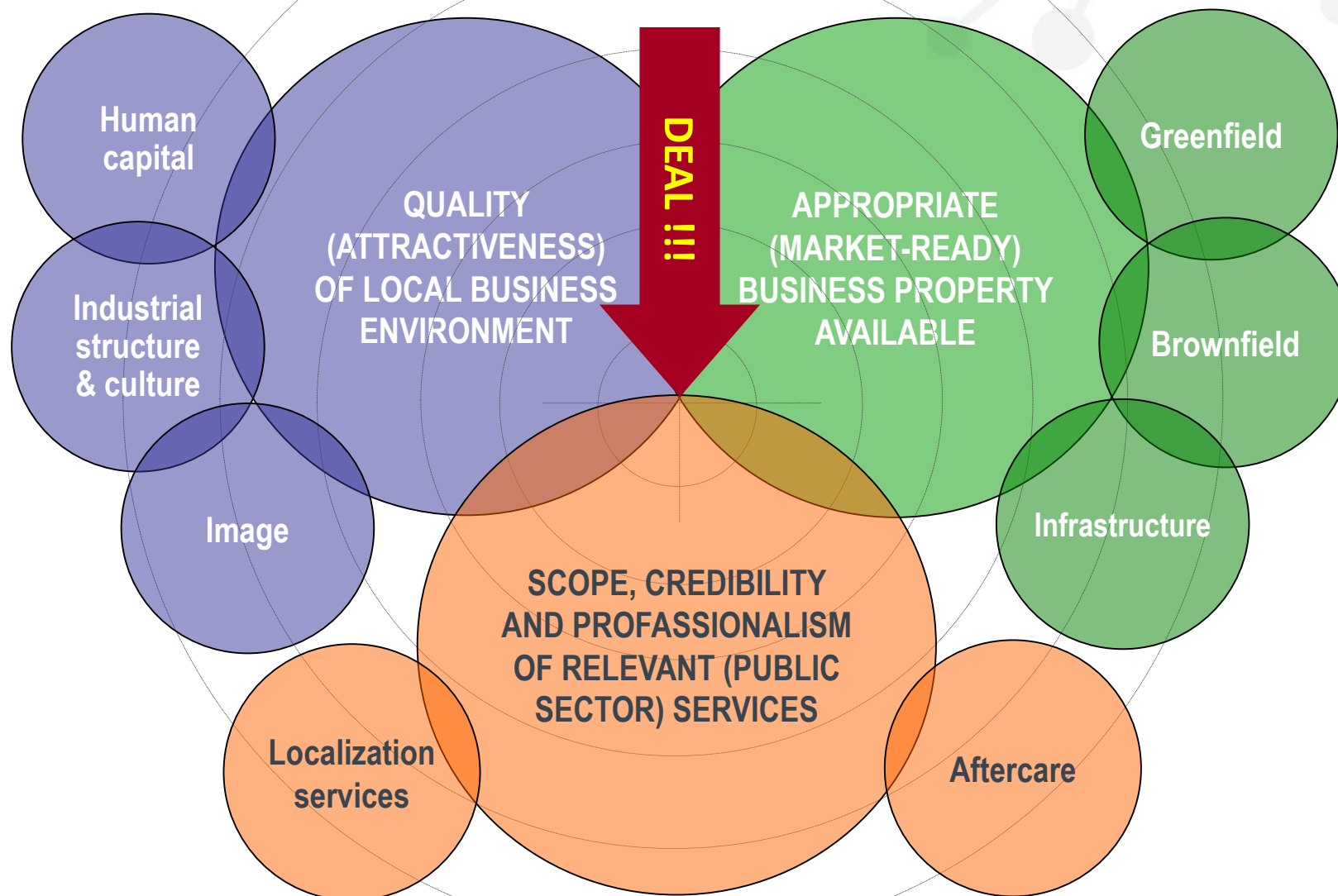


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Structure of the presentation:

- Major location selection criteria
- Location selection process
- Multi-criteria analysis
- Financial and economic analysis
- Time-to-market
- Discussion

Major location selection criteria



Site selection process



Multi-criteria analysis

- Multicriteria analysis is a comparative analytical tool used for selection from a long-list of candidate locations
- Weighted-average used for evaluation
- Weight-setting influences results. Good practice: at least two independent experts set the weights prior to data collection / analysis based on experience.
- Typically, there are 10+ selection criteria.



Systemic way to structure selection information.

Particular advantages and disadvantages of different sites are transparently pointed out.

Some external parameters of quality may be the same in small countries because of geographical limitation

Selection is not always „rational“!

Multi-criteria analysis

Practical example / CZ

#	Criteria	Weight	IZ I		IZ 2	IZ 3
1	Spatial/territorial identity	7	40	280	70	75
2	Legal ownership status	7	13	91	10	40
3	Price	4	90	360	90	90
4	Integrity / conformity	3	90	270	60	70
5	Transport	6	80	480	55	50
6	Technical Infrastructure	5,5	90	495	60	50
7	Environment	6,5	70	455	60	70
8	Human resources	7	85	595	80	70
9	Local economy	7	70	490	65	60
10	Externalities	7	90	630	60	50
		60	69,10	4146		

Location selection matrix

Practical example / UA

Site evaluation	City A	City B	City C	City D	City E	City F
Population	200.000	140.000	150.000	1.000.000	220.000	240.000
Unemployment	low	low	10%	low	8%	15%
Labor Availability	saturated	saturated	potential problems	saturated	saturated	readily available
Average Wages (€)	150	150	150	160	120	120
Technical Universities	yes	no	no	yes	yes	yes
Industrial Culture	yes	yes	no	yes	yes	yes
Industrial Focus	electronics, small industry	electronics	small industry	tourism, textile, food, small industry	electronics, wood	electronics, textile
Language Capabilities	En, Ger, Hu	En, Ger, Hu	En, Ger	En, Ger, Pol	En, Ger, Pol	En, Ger, Pol
Investor Friendliness	high	high	medium	medium	medium	high
Perceived Corruption	low	low	high	high	low	low
Land Pricing (\$/sqm)	2-4	2-4	4-10	4-10	2,5	2,5
Airport	4 hours	3 hours	1,5 hour	in the city	2 hours	2 hours

Feasibility study

Cost-benefit analysis

Financial and economic feasibility					
Investment project		financially		economically	
Investor	Private sector	feasible	non-feasible	feasible	non-feasible
	Public sector	feasible	non-feasible	feasible	non-feasible

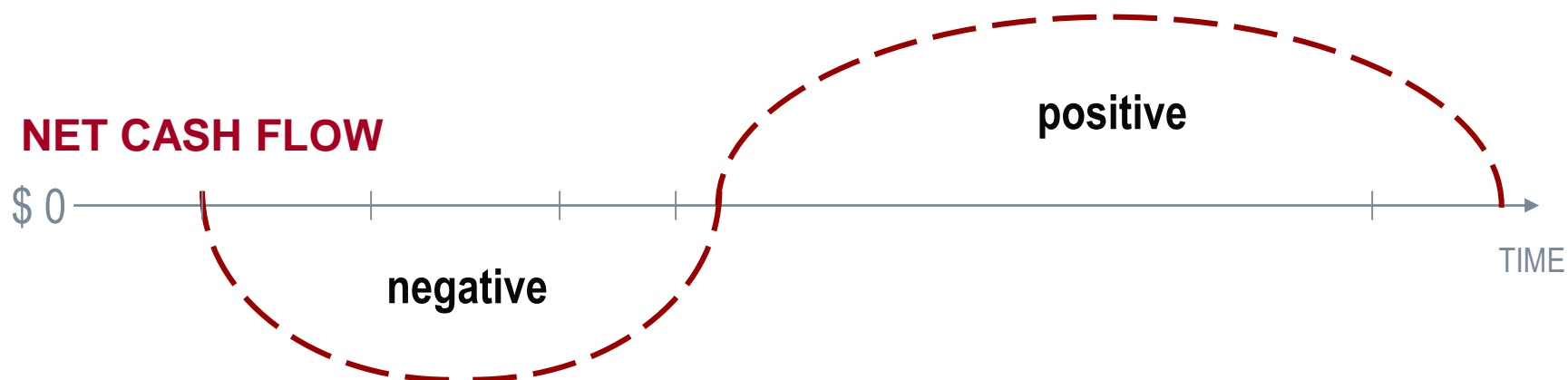
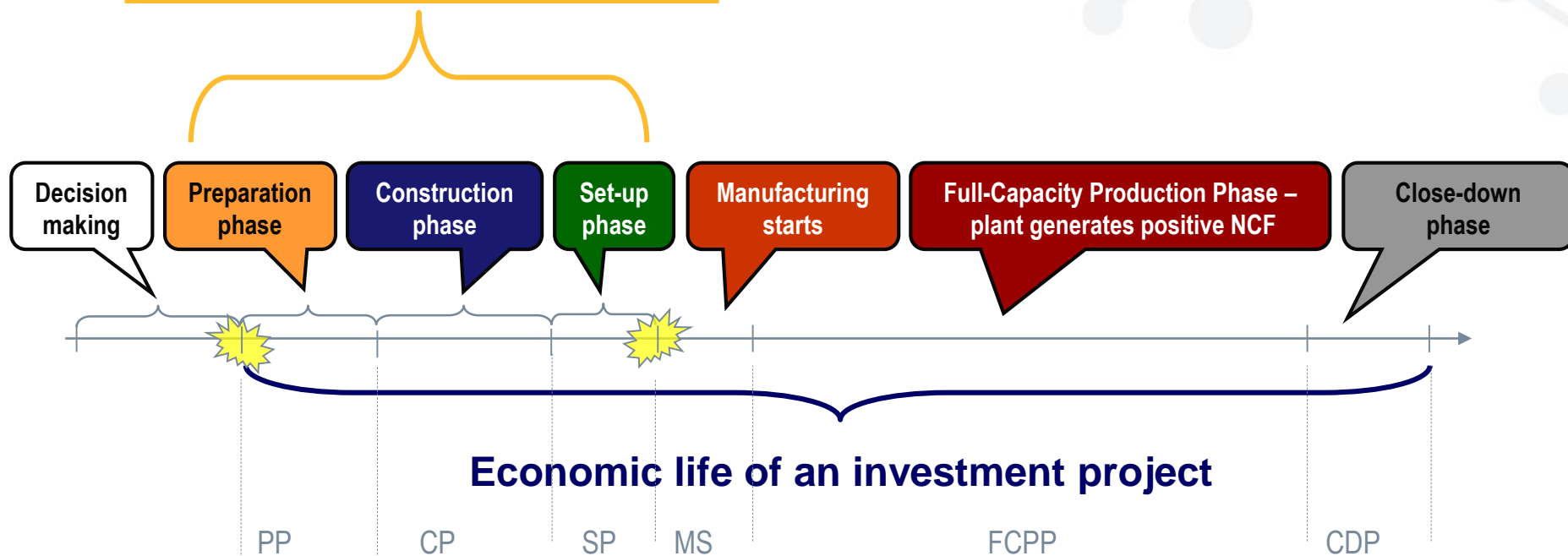
Net present value

You can also count ...

Net economic impact

- Economic compatibility - potential to strengthen local (regional) economy key value-chains
- High export potential
- High value-added potential
- Employment potential
- Technology and innovative potential
- Local input / sourcing potential
- Upgrade potential
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Time-to-market





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U - LEAD

W I T H E U R O P E

Дякую за увагу!