

Regional Benchmarking as a tool to improve regional foresight

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I. Introduction

Fast technological progress, the rise of new competitors and changing values are challenges which can be met only by continuous adaptation and innovation. This is true for individuals, enterprises and governments at all levels. In this context the regional level is of special importance because it is at this level that innovation, i.e. the incorporation of new knowledge into new products and production processes, takes place. This has primarily to do with the role of industry clusters in the innovation process. The concentration of companies of the same and related industries supported by stimulating regional demand, specialised suppliers, institutions of higher learning and research and especially a pool of specialised qualified labour can only happen at the regional level.

Regional industry clusters create externalities which can only be exploited by individuals and companies settled in the region. The existence of **regional cluster externalities** implies that the mere reliance on markets does not guarantee the emergence and all further development of industry clusters so important for successful innovation. Public investment in infrastructures, in specialised human capital and focussed, application oriented research and development, as well as government regulations fostering the openness and flexibility of product, capital and labour markets are important for successful regional industry clusters. There are lucky regions who already have a well positioned industry cluster and the right mix of government intervention. In these cases one can rely on the play of market forces and no further collective action is needed. But there are a lot of regions in Europe (and elsewhere) which are not in this benign situation: either because they have no specific specialisation or they were not able or do not possess the necessary competences to adapt to new challenges and thus are characterised by slow growing, stagnating or declining industry clusters.

In all these cases there is a **need for collective action** in order to come up with new investments and regulations needed **for the creation of new regional industry clusters in order to stimulate regional economic development**. These are exactly the cases where regional foresight is needed most and the sooner the better. It is therefore not astonishing that the most developed regional foresight activities are to be found in regions whose once successful industry clusters are declining and compensating economic activities grow at too slow a pace as for instance in the West Midlands (see Winters) and the Ruhr area (see Guth). On the other hand we did not find evidence of major regional foresight activities for instance in the fast growing high GDP per capita regions such as Greater London or the Munich Area. In slow growing or even declining regions **the five steps typical for regional foresight** (see Keenan and Gavigan) are not just an academic exercise but of utmost practical significance:

1. In these cases, structured **anticipation and projections** of long-term social, economic and technological developments and needs will generally reinforce the conclusions reached on the basis of an analysis of strengths and weaknesses of the region under consideration.
2. Only **interactive and participative methods** will lead to success because all relevant regional stakeholders have eventually to come to the conclusion of the necessity of change.
3. In regions under pressure to convert their industrial structure **forging new networks and alliances** will be a prerequisite for the creation of new regional industry clusters.

4. On the basis of this networking process the elaboration of a convincing **strategic vision** is a must in order to make giving up certain positions and making investments for the future acceptable to regional stakeholders.
5. Then support and readiness to implement **present day decisions and actions** is given.

Thus the **critical elements of successful regional foresight are its intertemporal and –personal dimension**: the readiness to take into account the medium and longer term future with respect to causes external to the region and variables under control by regional agents as well as the acceptance of collective action needed in the development of regional industry clusters. In other words what is contingent for successful regional foresight leading to a sufficient pace of innovation is trust and social capital (see Gertler, Wolfe). Overcoming short-termism as well as individualism and/or non responsive state bureaucracy is the major merit of the growing regional foresight movement to be observed today.

By introducing an additional important element i.e. the interspatial/interregional dimension, the quality of regional foresight can be considerably improved as will be shown in this paper. Value can be added to the regional foresight process if information available from outside the region is introduced systematically. Extraregional information which will give the region under consideration a clearer picture of its position vis-à-vis competing regions, about possible futures already emerging elsewhere, attractive practices applied in other regions leading to better performance but also about bad policies not to be adopted is of value to regional foresight and should therefore be included explicitly in the process. **Interregional comparisons of performance, processes, practices, policies and resources and using this information in order to improve regional development: this is regional benchmarking.**

The rest of the paper is organised as follows. A brief introduction into the concepts and applications of benchmarking in general and into regional benchmarking in particular is followed by a section showing how regional benchmarking can be integrated into the regional foresight process. Finally, a short presentation of a large and growing international and –regional project of regional benchmarking focussing at the moment on the regions of the extended Alpine Space (EAS: Baden-Württemberg, Bavaria, Austria, Northern Italy, Eastern and South Eastern France and Switzerland) and around twenty benchmarking regions outside the EAS initiated by BAK Basel Economics Ltd will conclude this contribution.

II. Benchmarking: Concepts and applications

Benchmarking is a term originally used by land surveyors to describe “.. a marked point of known or assumed elevation from which other elevations may be established” (Webster’s Encyclopaedia – unabridged Dictionary of the English Language, Portland House, New York, 1989).

This description of benchmarking implies the following: Benchmarking takes place in space and is about comparison and positioning vis-à-vis a marked point – known or assumed. This implies that benchmarking is not necessarily the comparison with the highest point (the “best”) but actually with any point chosen by the benchmarking agent.

In the world of business and government made up by human beings able to change, benchmarking is not static but essentially dynamic: “the marked point of known or assumed elevation” is changing over time as well as the “other elevations to be established”. Thus **benchmarking** in a social-economic context is primarily about **social learning** – and it is in this respect very close to regional foresight.

Learning is generally induced if agents come under pressure. Thus it is not surprising that **benchmarking** outside its original use **started in the world of business** operating in a competitive environment. Financial markets continuously evaluate financial assets, i.e. stocks, and thus implicitly the performance of incorporated companies. In this financial world it is very common to compare the price of an asset with a benchmark, i.e. a share price index. If the price of a share of the company under consideration performs less well than the benchmark, the management comes under pressure and will start to improve the performance of the company. Thus it is in the best interest of a management being benchmarked by financial markets to use benchmarking at every level of its activity: Research, development, production, procurement, marketing, sales, etc.. Specific benchmarks will be established by the management. In a fast changing business world targets are moving fast as well and it is increasingly accepted that the market is best in defining these targets. This then equals benchmarking to the comparison with the “best in class” and learning from its “best practises”.

Globalisation of markets and company activities has gained pace since the early nineties. As a consequence of a fast expansion of market oriented political systems after 1989 and an increased rate of innovation in the field of information and communication technologies, competition between nations and regions has increased, putting **governments at all levels under pressure to offer conditions of world class quality to mobile production factors** such as capital, management and highly qualified manpower. Hence, not only business but government, too, have now to operate in a competitive environment. Thus it was a natural step by governments to engage in benchmarking as well. The famous first movers were the Australian and the Dutch Government [see European Round Table of Industrialists (ERT), Benchmarking for policy makers, Brussels 1996]. Whereas in Australia the focus was on national infrastructures only, the Dutch government was benchmarking the labour and capital market, taxation and education as well. Major results of the first benchmarking exercises by governments were that a world class position can get lost because competing nations and regions are catching up or even taking over implying that benchmarking is a continuous task. By an ongoing look “from the outside”, governments learn the essential lesson, that keeping its own organisation up-to-date is just as vital for the economy as for a single company and that in this context home grown practices are not always the best.

In the second part of the nineties benchmarking has been embraced by the institutions of the **European Union** as well. The so called “Lisbon Strategy” agreed by the heads of state and government and the European Commission is a vivid expression of the benchmarking approach. The ambition to make the European Union by 2010 “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” implies overtaking the current benchmark given by the US economy. The “Lisbon strategy” calls explicitly for “open methods of co-ordination and benchmarking”.

Finally the benchmarking movement has also reached the **regional level**. What is different as compared to the national and supranational level and what is or should be covered by regional benchmarking will be discussed in the next section.

III. Regional Benchmarking

Regional benchmarking has to take into account the following **specific points** which generally are of lesser importance at the national or supranational level:

- As pointed out above **industry clusters, the main drivers of innovation, unfold at the regional level and not at the national level.** This implies that regions are generally more specialised with respect to industries and economic functions than nations. There are up- as well as downside risks to regional specialisation: In the better cases it is a source of above average productivity levels and growth, and in the worst case it can be the factor behind the decline of a region.
- Political boundaries very often do not coincide with the boundaries of a region in an economic sense (defined by the labour pool specialised for the requirements of the regional cluster), thus making the collective action needed to exploit region specific cluster externalities more difficult. Furthermore, in many European countries the political competences necessary for innovation enhancing collective action are not at the appropriate government level: too much power is still concentrated at the national and not enough delegated to the regional level. **In cases where political boundaries do not correspond and necessary competences are not given to the “real” region** regional benchmarking has an even more important role to play. The generation of the adequate regional benchmarking information is a decisive prerequisite for the elaboration, implementation and continuous evaluation of a strategic vision for the “real” region. **Regional benchmarking information in these cases becomes an important instrument in developing political pressure to induce the necessary decisions by governments of neighbouring regions and/or the central government(s)** – in the hope that **what gets measured gets done!**

With respect to the contents **regional benchmarking has to involve the following elements:**

1. **The choice of regions against which the region under consideration wants to be benchmarked.**

Generally it makes sense to concentrate on the “league” to which the region belongs, i.e. regions which specialise in the same industries and economic activities. In the context of regions of the Extended Alpine Space, the following benchmarking groups have been or could be established:

- metropolitan regions like Munich, Stuttgart, Vienna, Lyons, Milano, Zurich, etc.
- high-tech regions like Grenoble, Basel, Karlsruhe, etc.
- regions with strong traditional industries like Veneto, Eastern Austria, etc.
- Alpine tourism regions like Isère, Savoie, Haute-Savoie, Valle d’Aosta, Sondrio, Valais, Grisons, Tyrol, etc.
- Diversified, less specialised regions with elements of some or all types of regions mentioned above such as the Espace Mittelland, Central and Eastern Switzerland.

Due to the globalisation of markets and company activities, the same “league” implies in some cases comparisons with far away regions: the Basel economic area, specialised in research inten-

sive pharmaceuticals, life sciences and speciality chemicals, benchmarks itself against regions such as New Jersey, Massachusetts and parts of California as well as Greater London and the Munich area.

Regions very often not only want to compare themselves with **regions of the same league**, but also with neighbouring regions for issues of transregional complementarities, competition and co-operation.

2. Benchmarking, i.e. comparison of the performance of the chosen regions

Performance benchmarking which should be equal to monitoring sustainable development typically covers the following variables:

- **Economy:** overall productivity/output per man hour as the general indicator of regional economic competitiveness and source of regional wealth. **GDP per capita**, which matters finally, is not only determined by output per man hour but also by annual hours worked per inhabitant. A comparison of GDP per capita of the European Union with the same indicator in the US shows that lower labour market participation rates and hours worked per employee are more important for the explanation of the European gap with regard to the US than the productivity differential. At the regional level one has to be careful with the interpretation of GDP per capita figures due to the fact that a region often is not identical with an economic region as defined above. If a region is smaller than an economic region, we will observe either a net commuting in- or outflux, implying that GDP per capita will be higher (lower) than regional income per capita. GDP per capita will be higher than regional income per capita if the region is more competitive and attractive than neighbouring regions and vice versa.

The **sectorial disaggregation of regional GDP** into as many industries as statistically possible is of **extreme importance for a precise international and -regional positioning of the region**. Only with this information does the region know for instance in which parts of urban services it has its specific strengths and weaknesses. Due to the impact of pathdependency on the position of the regional economy, the comparative analysis of the change in GDP per capita as well as output per man hour and its sectorial composition in the most recent past is contributing probably more to the regional decision making process than benchmarking output and income levels only.

- **Environment: Economic development has to be ecologically sustainable;** benchmarking regional economic performance has therefore to be supplemented by benchmarking regional CO₂ emissions per capita, emissions and immissions into the air, water and soil, as well as land use, forest damage and bio-diversity.
- **Society:** The same holds true with respect to a **fair participation of all groups of a regional society** in the wealth created, social and cultural life as well as politics in the region. The following regional indicators have to be benchmarked in this context: labour participation and unemployment rates, income, as well as educational, safety, health, societal and political participation levels – if possible for specific groups, especially for the weakest segments of a regional society.

It is clear that there are at least short term trade-offs between the economic, ecological and social performance of a region, but in the longer run regional economic competitiveness is only guaran-

ted if regional development is ecologically as well as socially sustainable. The opposite also holds true: disregarding the challenge of regional economic competitiveness leads, in the longer run, to regional ecological and social decline as well.

3. **Benchmarking determinants of regional economic development.**

Benchmarking performance is not sufficient. Regions have to know why they are performing better or worse than their benchmark regions. They have to be able to get the diagnosis right in order to come up with the adequate therapy. The determinants of regional economic development have therefore also to be benchmarked. In this context, regional actors have to come to know two things:

- First, they should know how important different determinants (location factors) are for their region, i.e. their industry clusters. The relative **importance of location factors** can either be measured on the basis of surveys primarily covering companies which are “location sensitive” such as multinationals, heavily export oriented small and medium sized enterprises and newly created companies, or by determining quantitative parameters on the basis of hard data by linking performance variables with adequate statistical techniques to factors potentially contributing to the explanation of regional economic performance. With the help of data for performance as well as explanatory variables (location factors) for a lot of regions over several years, this should be possible.
- Second, regions have to know how they rate with respect to the **quality of relevant location factors**. Compared to benchmarking determinants at the national level, additional enquiries are only necessary in the case of decentralised countries. Only in these countries at least some regulations of product and factor markets as well taxation will differ from region to region. On the other hand, we observe important disparities with respect to the knowledge base, transportation, energy and telecommunication infrastructures of regions in decentralised as well as centralised countries. In the latter cases, exemplified by the French and British example, regional disparities in factor endowments are more marked than in more decentralised Germany.

Assessing the quality of location factors at the regional level is a challenge per se. Surveys of “location sensitive” companies with respect to their evaluation of the quality of important location factors in a multitude of regions is feasible only to a rather limited extent. Even very qualified respondents are not able to rate more than five to ten factors in ten to fifteen regions. And even in these positive cases one cannot exclude strategic behaviour (respondents know that their answers will be used in the political process) and furthermore the cultural, socio-economic and specific psychological background of the respondents have an impact on the answers thus making comparison of location related quality judgements very difficult.

Thus it is highly desirable to develop **quantitative indicators to measure the quality of location factors at the regional level**. What already has been done and is planned to be done for regions in the Extended Alpine Space and around twenty benchmark regions outside the Extended Alpine Space will be discussed further below.

4. Identification of best practices: the derivation of policy recommendations

On the basis of company surveys on the importance and quality of important location factors at the regional level, in conjunction with the analyses of comparative regional performance the derivation of a first set of policy recommendations is possible as experience shows. But in order to come up with more precise and better founded policy recommendations quantitative empirical work linking performance variables to explanatory variables (location factors) must be the medium term objective of regional benchmarking. More on this further below.

IV. Integration of Regional Benchmarking into Regional foresight

Regional Benchmarking can add value to regional foresight at each of the five typical steps as they have been described in the above introduction:

Anticipation and projections of developments having an impact on the future of the region will be improved if information on relevant competing regions are explicitly included. If one or several of these regions are leading relevant developments, this information will ease the elaboration of projections because a possible future for the region under consideration is already a fact somewhere else.

In today's competitive environment, a region is in the same situation as a company. The projection of market demand for the products of the region is not sufficient. Only future oriented **information on the behaviour of all players – the region under consideration as well as the competing regions will give the complete picture.**

Depending on the quality and quantity of available benchmarking information, the projection will be more of a qualitative or quantitative nature. In the latter case, relatively well developed data bases on regional performance as well as explanatory variables (location factors) for all relevant regions are necessary.

The second element characterising regional foresight – **interaction and participatory methods** – imply with respect to the inclusion of regional benchmarking that **actors from outside the region have to be part of the foresight process.** The **minimum requirement would be the inclusion of a supplier of information and analyses for all relevant competing regions.** The region being in a foresight process would of course profit if representatives of business, government and academia from competing regions could be part of the foresight process. A further possibility would be the inclusion of representatives of multinational companies present in the region. Because in most cases the position of a multinational company is more powerful than the position of the region, the first being mobile and the second immobile, makes the inclusion of global players in a regional foresight process generally difficult (see also Gertler and Wolfe). In any case, the region should not only rely on information provided by multinationals present in the region, but should control this information supplied by independent information from a third party supplier and information provided by other stakeholders of competing regions.

The third element – **forging networks and alliances** – with respect to the benchmarking dimension would imply the **development of alliances with competing regions.** Because competing regions specialise in the same industries and economic functions, they also have **common interests:** It starts with the provision of data: their quality, quantity and timeliness would certainly be improved. Regions specialised in the same activities have a common interest in the improvement of framework conditions regarding the common industry vis-à-vis higher level governments. At the end of the day, the situation is rather similar to the lobbying interests of specific industries in a national or international context. The impact of lobbying activities by alliances of regions would not necessarily always be to the good of Europe or the world: one can hope, that the consumer interests of large metropolitan areas and/or the producer interests of very innovative regions would outweigh the protectionist interests of regions primarily engaged in traditional industries under pressure from emerging economies!

The advice from representatives of competing regions with regard to the fourth element of regional foresight – **the elaboration of a convincing strategic vision** – is probably more difficult to come by (it does not happen in the business world and is unlikely to be different for regions), but pitfalls typical of insider actions can be avoided by relying with respect to this step of foresight on **independent consultants/providers of information and analyses on competing regions**.

In the phase of implementation of the strategic vision (“present day decisions and actions”), the inclusion of regional benchmark information and thirdparty actors from competing regions can add considerable value also. But the most **important role regional benchmarking can play is in controlling the impact of decisions and actions in a regional foresight exercise**. This again is best done by the inclusion of independent consultants, especially providers of independent regional benchmarking information services.

Unless regional foresight is perfect, regional benchmarking (in the sense of regional controlling) implies that regional foresight is a continuous process leading to revisions of anticipation and projections, changes in the foresight processes, adaptations of the strategic vision and new decisions and actions.

The **incorporation of regional benchmarking into regional foresight guarantees that during the whole process there is the necessary look from the outside** absolutely necessary in today’s environment which is very competitive not only for companies but also for regions.

V. An Example for Regional Benchmarking: The BAK International Benchmark Club (IBC) for Regions in Europe

The acceleration of globalisation and the competitive pressures it brought to West European regions created at the beginning of the Nineties new information needs for data, analyses and forecasts at the regional level. Thanks to its competence in international sectorial analysis and forecasts and its experience with estimating missing data in national and sectorial accounts, BAK Basel Economics Ltd – a private Swiss research institute founded at the University of Basel in 1980 – was approached to submit an offer to meet these new information needs because the **availability of regional data in qualitative and quantitative terms is not the same as at the national and international level.**

GDP data and value added by industries not being available for Swiss cantons from official sources, BAK has built up its own database during the Nineties, estimating and continuously updating the data on the basis of existing statistics and indicators. Today the database is used by the majority of Swiss cantons and the Swiss federal administration. The situation is better for regions of EU member countries, but generally regional GDP data are lagging by up to two or even three years and value added data by industries generally are not sufficiently differentiated to allow the positioning of a region adequately (as mentioned above, regional specialisation generally is much more pronounced than specialisation at the national level). Furthermore quite a few of these regional data are not comparable at the interregional and –national levels. To close this gap, **BAK in 1997 started to construct the missing data also for German, Italian, Austrian and French regions** bordering Switzerland. By June 2002 the database of indicators of economic performance of regions and industries/business sectors of BAK's International Benchmark Club for Regions in Europe¹ will cover value added (in current and constant prices in US dollars and Euros at purchasing power parities of 1996/97), employment, man hours worked and thus also labour productivity and hourly productivity, gross labour cost and hence also unit labour cost for around 45 sectors and 15 sectorial aggregates in around 220 regions in Western Europe (around 190 of which from the Alpine Space) and North America for the period 1980 up to 2001. This database allows a very timely and sectorially differentiated benchmarking of economic performance of regions mainly from the Alpine Space but also for a majority of European metropolitan areas.

During the Nineties BAK not only acquired knowhow concerning benchmarking of regional economic performance, but also of regional ecological and social performance, at least for selected Swiss regions. This enables the **monitoring of sustainable development at the regional level** and answers the crucial question whether regions having outperformed others on the economic level attained this growth at higher ecological and social cost or not. Meanwhile BAK is in the process of proposing the extension of this regional monitoring of sustainable development to include all regions within the INTERREG IIIB Alpine Space Programme of the European Union.

1 For the details of the offer and the plans of BAK's International Benchmark Club for Regions in Europe, see www.bak-ibc.com/documents until 12 June 2002, as from 13 June 2002: www.bakbasel.com.

Benchmarking economic performance in all its dimensions as well as its repercussions for the natural environment and the social balance of the region is only the first but very important step in regional benchmarking, as pointed out above. Regional agents also want to know what determines regional performance. They want to know which factors attract mobile companies and contribute to business and job creation in a region and what enhances a region's competitiveness. They would like to know more about the relative importance of the critical location factors. Ideally they would like to have precise quantitative information about causal relationships. All this knowledge can then be used to elaborate the forecasts and scenarios necessary for regional foresight.

In 1994, 1997 and 1999 BAK has undertaken **company surveys on the importance and the quality of location factors**. The prime focus was on multinational companies with headquarters in Switzerland (the 1997 survey also included multinational companies with headquarters in Germany, France and The Netherlands) and small to medium size export orientated businesses, assuming that they would be in the best position to judge the quality of locations in different regions in Europe and North America. A further survey has been undertaken in the first quarter of 2000 on the significance and perceived quality of important location factors among „location-sensitive companies“, i.e. companies which had relocated or had been founded since 1995 in the Alpine Space (Switzerland, Austria, Baden-Württemberg, Bavaria, Rhône-Alpes, Eastern France, Lombardy, rest of northern Italy).

The surveys give a very good indication what mobile companies consider to be very important, important and less important location factors – information which representatives of suppliers of immobile production factors, i.e. the elected politicians of regions, have to take very seriously.

Because of the cultural and psychological diversity of the persons interviewed and the subjectivity of their answers, the information on the quality of important location factors must be treated with a degree of caution. This limitation of the surveys was the major reason for several research projects launched in the period 2000/2002 within the framework of BAK's IBC with the objective to gather data which would permit to elaborate quantitative indicators of the quality of important location factors.

The first of these research projects deals **with monitoring innovation resources, processes and results at the regional level**. This monitoring will cover quantitative indicators for:

- the availability of qualified and highly qualified manpower according to qualification level and orientation of education
- indicators of the quality of the output of tertiary educational institutions (universities)
- the availability of capital (seed capital, venture capital, private equity, etc.)
- research and development budgets
- entrepreneurial activity in general and the foundation of new companies in particular [in co-operation with the Global Entrepreneurship Monitor (GEM) of the London Business School and Babson College as well as Dun & Bradstreet]
- patents and research performance (citation indices) in co-operation with ISI Fraunhofer Institute, Karlsruhe
- indicators of ICT use

The capacity of regions to innovate, to change and to adapt to new challenges depends not only on good framework conditions with respect to the regional innovation capabilities in the narrow sense. Other location factors are also very important in this respect, such as the quality of life, taxation, flexibility and openness of markets and the accessibility of regions on the basis of telecommunication and transportation by road, rail and air. BAK has therefore launched additional development modules within the IBC with the objective to gather and estimate quantitative data on the quality of these location factors in all regions belonging to the Extended Alpine Space (EAS) as well as competing regions outside the EAS.

Government as regulator, provider of services and last but not least as collector of taxes, plays the absolute key role with regard to the capacity of a region to attract internationally and –regionally mobile capital and highly qualified manpower, that is to say for the ability of a region to attract foreign companies, to create new companies and to foster growth of established companies.

The more open and flexible product and factor markets – naturally under the condition of ecological and social sustainability – the better for a region. Thus in the development module on regulation openness and flexibility of markets will be monitored. Because a good part of these regulations is set at the national and even the supranational level, BAK is taking part in a project of The Conference Board, New York, and the University of Groningen, The Netherlands, on «Benchmarking Reform in a „Renovating“Economy», the results of which will be integrated in BAK's International Benchmark Report. Furthermore it is planned to start a module **monitoring regulations at the regional level** in the fields of retail trade (with the Technical University, Munich) and of liberal professions (with the IHS Institute of Advanced Studies, Vienna).

In a globalising world economy with increasing competition between regions and nations, **the tax burden of companies and of qualified and highly qualified manpower** has become a very important location factor. A first project with the Centre for European Economic Research (ZEW Zentrum für Europäische Wirtschaftsforschung GmbH), Mannheim, on the taxation of companies in a limited set of regions from the EAS has been completed in 2001. The expansion of this project to cover all regions of the EAS, an update for 2002 and 2003 and the inclusion of the tax burden of qualified and highly qualified manpower is now on the programme for 2002 and 2003.

Last but not least, **a region's inter- and intraregional accessibility by road, rail and air** is an important location factor, even though less important than innovation resources, processes and the role of government with regard to regulations and taxation. On the basis of a pilot study conducted in 2001, the module dealing with accessibility has been launched by BAK Basel Economics Ltd. in 2002 with the support of the Universities of Lugano and Basel, Switzerland.

It is hoped, that by the end of 2003 the database of BAK's International Benchmark Club will have become so rich not only with regard to the **variables to be explained** – such as GDP and the contribution of 45 sectors in more than 220 regions in- and outside the Extended Alpine Space (naturally always under consideration of ecological and social sustainability) – but also with respect to **explaining variables** (important location factors) that **empirical studies can be launched to test hypotheses on regional development**. This will enable BAK to give much more precise advice to regional decision makers. But even **the already available volume of regional benchmarking information** is a **powerful instrument** for regional decision makers **outside as well as within the framework of regional foresight**.