

# CIVITTA

Foreign Investors Summit 2017  
Country Strategy - Panel

31/10/2017

# Country Strategy Modelling

$$Y = K \times (a \times L)$$

- ✓ Output as a function of capital (K) and effective labour ( a x L) - Solow-Swan model
- ✓ Neoclassical (aggregate) Cobb-Douglas production function – linked with microeconomics
- ✓ Capital – rather abundant at current growth rates
- ✓ Knowledge – dependent on human capital as well
- ✓ Most important variable for both economic, social and societal growth – **HUMAN CAPITAL !**

# Breaking the silo policy around human capital – “*status quo*”

## Human capital

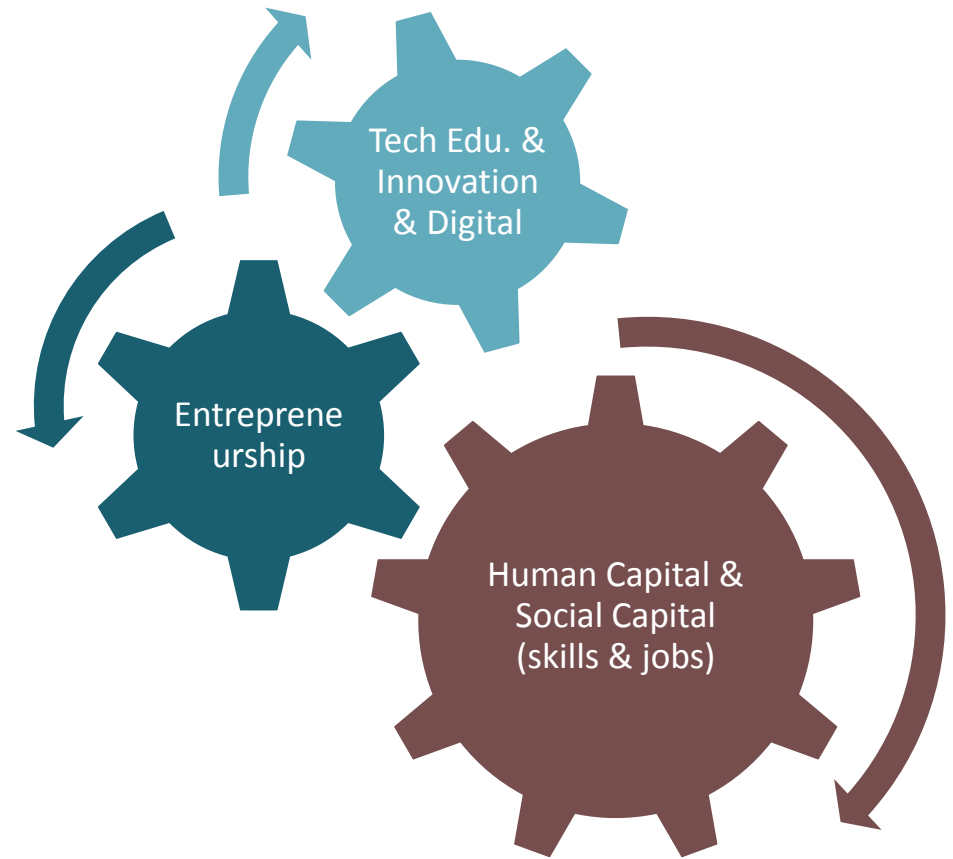
- Quantity issue – powered by demographics, migration, health
- Quality issue – skill mismatch, poor formal education (e.g. PISA tests), almost inexistent informal education (caused by inadequate school curricula & family destructuring)
- Territorial heterogeneity + low involvement of local authorities
- Initial VET fractured from LLL policy
- VET & LLL (Edu) fractured from Labour policy
- ALMP (Labour) fractured from social assistance policy & fractured from housing & urban policy (Reg policy)
- Both Edu & Labour fractured from Econ and Fin policy
- Public vs. private rather than together

## Social Capital

- Lack of trust
- Lack of community spirit / weak grassroots movement
- Insulated models of community development
- Weak community education

# Breaking the silo policy around human capital – “desired state”

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|----------------|--|
| Human capital  | <ul style="list-style-type: none"><li>• Long term education planning – investment perspective (return driven)</li><li>• Focus on both formal &amp; informal</li><li>• Common planning edu &amp; labour &amp; regio &amp; econ &amp; finance &amp; other (clustering / integrated approach)</li><li>• Public and private together</li></ul> |
| Social Capital | <ul style="list-style-type: none"><li>• Developing true communities</li><li>• Community Led Local Development</li><li>• Integrated development of disadvantaged communities</li><li>• Urban design concepts – urban regeneration, neighbourhood planning, boosting creativity</li></ul>  |



# CIVITTA

Estonia - Latvia - Lithuania - Belarus – Russia – Ukraine – Moldova – Serbia – Romania

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