

**INAUGURATION OF THE OECD LEED CENTRE FOR LOCAL DEVELOPMENT**

**Palace of the Autonomous Province of Trento, Depero Room**

**Trento, 6 December 2003**

**Opening address**

**by**

**Donald J. Johnston**

**Secretary-General of the OECD**

Minister Frattini, President Dellai, Ambassadors, Ladies and Gentlemen,

It is an honour and a great pleasure for me to be in the historic city of Trento today and to participate with you in the inauguration of the OECD LEED Centre for Local Development. Trento is a city with a long and glorious history. From its origin as the Roman “splendidum municipium” (magnificent town) of Tridentum, through the Holy Roman Empire, the Great Council of the Counter-Reformation of the 16<sup>th</sup> century, its role in the Austro-Hungarian Empire and more recently in the economic development of the Region of Trentino and Alto Adige, Trento has played a key role in facilitating economic and social exchanges between Northern, Central and Southern Europe. So, the location of this OECD LEED Centre in Trento is an inspired and inspiring choice.

On behalf of the OECD, I would like to express my appreciation to the Autonomous Province of Trento and the Italian government for the initiative they took last year to approach the OECD to launch this centre linked to our LEED Programme. Indeed, by creating this Centre, Italy and the OECD are responding to the strong mutual interest in a common agenda among OECD Member and non-member countries to create capacities for local development.

Local development capacity building is an important supporting block for both economic growth and social cohesion. The comparative advantages that drive innovation, investment and output growth often have their roots in the specific characteristics of local areas. For local economies to increase their competitiveness in a new globalised world, they must harness their location, natural resources, skills and ideas to produce goods and services demanded on domestic and world markets. And they must have the capacity locally to ensure that the population and social infrastructure benefits from the resulting prosperity.

To achieve these aims, local economies must have the capacity to design integrated and effective strategies for local development. This is not an easy process as we have seen, time and time again, in our on-going study on local partnerships. The most effective strategies will draw on good policy co-ordination among all the key actors, on policies that suit local needs, and on a genuine participation of all partners in the design and implementation of measures. Therefore, improving local governance is a key to building capacities for local development.

As part of successful area-based strategies, the local partners often seek to promote two crucial elements. The first one is entrepreneurship. A lively entrepreneurial culture will spur economic development and job creation at the local level. This calls for innovative ways to nurture self-employment, facilitate business incubation and help small firms to grow and prosper. It also requires the provision of an environment that will encourage the networking of firms and the establishment of co-operative relationships between education and research institutions and enterprises.

The other key element to which integrated local development strategies must pay attention is social inclusion. And one of the main tools that have been developed to foster it is the development of the non-profit sector. Thanks to its ability to harness the enthusiasm and commitment of local leaders and community groups to fight poverty and re-integrate the excluded in society through productive activities, the non-profit sector provides a clear demonstration that reconciling economic and social goals is possible in practice at the local level.

Thus, it is no surprise that the three main fields on which we intend to work in the Trento Centre are local governance, entrepreneurship and the role of the non-profit sector in local development. We think that these are three priority areas in fostering local development, and the ones on which the LEED Programme can provide real value added to policy makers and practitioners.

Today, with the creation of this LEED Centre for Local Development, the OECD seeks to respond to the need for greater knowledge of best practices in local development in OECD Member and non-member countries, with a focus on Central and Eastern European countries. We think that broader international co-operation and exchanges of experience between OECD Member and non-member countries will be essential to this process, particularly in view of the imminent accession of Central and Eastern European countries to the European Union. By involving cities, regions and sub-national authorities in the policy debate, the Centre will help the enlarged Europe and other OECD Member countries to reap the benefits of globalisation, to promote local employment and social cohesion and to generate growth from the bottom up. The reinforcement of participative and representative democracy at sub-national level and a continued dialogue between national and sub-national legislatures on local development issues will also help to achieve these ambitious objectives.

In sum, ladies and gentlemen, the Trento Centre has a very ambitious agenda. But the OECD is grateful for the opportunity presented by the Centre to take up this challenge and demonstrate once again its utility to Member and non-member countries alike in the field of local development.