

OECD Ministerial Meeting

Investing for Growth: Building Innovative Regions

SESSION III – MOBILISING ACTORS AND CAPACITY FOR REGIONAL DEVELOPMENT

Background to the Session: Themes Provided by the OECD

Unlocking regional potential requires close collaboration among actors and capacity building at all levels. Effective leadership is crucial for regional development.

- What has been done to build local and regional capacities in order to ensure high quality policy delivery?
- What has been done to facilitate policymaking across administrative boundaries (urban-rural linkages, cross-border collaboration, etc.)? What are the successful mechanisms to bring together governments and non-governmental actors? Does it work differently in cities than in rural areas?
- What has been done to facilitate horizontal co-operation within the central government? What policy lessons have been learnt?

Lead Speakers:

- **Iain Wright MP**, Parliamentary Under-secretary of State, Communities and Local Government, UK

- **Geddel Vieira Lima**, Minister of National Integration, Brazil

- **Cyril Svoboda**, Minister for Regional Development, Czech Republic

- **Gustavo Merino** - Vice-Minister for Prospective, Planning and Evaluation, Mexico

SPEAKING NOTE FOR IAIN WRIGHT MP

- Pleased to have the opportunity to open discussion on this important theme: building capacity for regional development.
- The theme reflects well on our experience in the UK, and comes up consistently in discussions between our Government and partners in other countries.
- To put it simply, we need robust and sensitive regional policies, and we need the regional capacity to implement them and the regional dimensions of national and local policies.
- And in the current global economic crisis whilst growth is important, we also need to concentrate on restoring economic stability. Strong regional policy and delivery is a crucial part of this.
- **In the UK our experience has been that:**
 - i) It's essential to have regional capacity within national government.
 - ii) It's essential to build regional delivery capacity which has private sector and local government buy-in
 - iii) It's essential to provide vehicles for local government to have both regional and sub-regional collaborative arrangements.

iv) It's essential to have some mechanisms that enable these different parts of our system to work well together.

- I'd like to comment on each point.

Regional Capacity within National Government

- Although the UK has a more centralised system of government, compared to many OECD countries, since 1997 we have encouraged and supported greater devolution.
- Scotland, Wales, and Northern Ireland all have their own devolved administrations which are taking increasing responsibility for internal economic development and public services.
- We've Government Offices in each of the 9 English Regions. These are single offices that bring together the interests of 11 departments of national government in each region and articulate the needs and interests of the regions back to central government.
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- The Government Office Network is a key mechanism to ensure national government policies and programmes are calibrated to regional needs and implementation reflects local conditions.
- More recently, this capacity has been enhanced through the appointment of 9 Regional Ministers, combining Departmental

Ministerial duties. Regional Ministers provide greater voice via the Council of Regional Ministers.

Regional Development Capability

- In 1999 we set up 9 Regional Development Agencies (RDAs) and Regional Assemblies in England, and in 2000 a new regional government for London. The latter includes a regional development agency, regional transport authority, regional planning body.
- The English RDAs were set up to improve economic prosperity and quality of life in the English regions, by enabling market failures and other obstacles to better economic performance to be tackled at the appropriate spatial level.
- An evaluation of RDA performance, announced in the UK Parliament today, has concluded that all RDAs have generated regional economic benefits which exceed their costs and have added value to their regions.
- Since 2002, RDAs have helped create over half a million jobs, 56,000 new businesses, and helped lever in over £5.7bn of private finance.
- RDA programmes worth £5bn will add over £23bn to their regional economies over and above what otherwise would have happened.

- Overall, the average return of RDA programmes will be at least £4.50 for every £1 spent. I am circulating a copy of the report through the Chair of the TDPC.
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- To make RDAs and Regional Assemblies even more effective we're planning to bring together their economic and spatial planning roles in single integrated regional strategies. This will help ensure economic development, housing, planning, and transport are better aligned towards achieving sustainable economic growth,
- In London, we've increased the power of the London Regional Government so it has greater control over housing, learning and skills, and environmental issues, in addition to powers on transport, planning, policing and economic development.
- We believe RDA's have a crucial role to play in the current economic downturn, both in providing strategic economic leadership for regions; and a vital connection between the national and local level in helping us design effective and tailored policy interventions.
- We're working particularly closely with RDAs during the current downturn, through:
 - **Regional Task Forces**, bringing relevant together public and private partners to address major closures and

economic shocks, such as car factory closures or outbreaks of foot and mouth disease;

- **Emergency Loans and Gap Finance**, helping the most vulnerable businesses with short term commercial lending difficulties;
- **Regional intelligence**, providing government with the intelligence it requires on local economic conditions and impact: and
- **Support for critical sectors and business**, working with regionally significant companies to remove barriers and addressing short term pressures.

Regional and Sub-regional Roles of Local Government

- We've also encouraged local governments to develop their capacity to act together at regional and sub-regional levels.
- Regional associations of local government play a critical role in Regional Assemblies and will play an enhanced role in supervising the newly integrated regional development bodies.
- We've defined new ways of getting groups of local authorities to work together through initiatives such as Multi-Area Agreements, to help coordinate and manage delivery of economic change.
- We're planning new mechanisms such as a local authority economic assessment duty, to be undertaken with

neighbouring authorities, and Economic Prosperity Boards, to further drive economic growth in the global economy

A coherent system

- Building capacity for delivery at different levels is essential, but so too is joining up that capacity. So we're setting up arrangements to make all levels work well together. We've shared intelligence and evidence collection and policy targets that all tiers work towards.
- And we're moving towards single strategies that combine actions from each level, with close co-operation in the governance of each element.
- At present, when we're dealing with global economic challenges our National Economic Council, supported by the Council of Regional Ministers and Regional Economic Council, draws on national, regional, and local levels of leadership and looks at how the whole system can respond.
- The Regional Economic Council provides a forum for the UK's regional leadership. It includes local authorities from around the country, the RDAs and other critical agencies and partners, to engage with Central Government on the most pressing economic issues.

- It also allows us to flavour national policy development with regional pragmatism, ensuring measures announced best meet the needs of our most vulnerable communities.
 - So UK experience bears out the importance of these issues. Capacity to deliver regional policy is key. And that capacity must support national, regional, and local contributions to regional goals, and be part of an integrated regional governance and implementation system.
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- I'll hand over now to John Swinney, Scottish Finance and Sustainable Growth Minister, who would like to say a few words.