

CENTRE FOR ENTREPRENEURSHIP, SMES AND LOCAL DEVELOPMENT
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DRAFT PRINCIPLES FOR LEVERAGING LOCAL BENEFITS FROM GLOBAL SPORTING EVENTS

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This document presents draft principles for leveraging local benefits from global sporting events. These draft principles have been prepared as part of a project on optimising the local benefits from hosting the EURO 2016. They build upon previous work on Local Development Benefits from Staging Global Events.

It is submitted to the Directing Committee for DISCUSSION and APPROVAL.

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OECD LEED PRINCIPLES FOR LEVERAGING LOCAL BENEFITS FROM GLOBAL SPORTING EVENTS.

Background

1. In 2008, the OECD Co-operative Action Programme on Local Economic and Employment Development (LEED Programme) published *Local Development Benefits from Staging Global Events*. The report identified how international events can work as catalysts for economic development and what hosting cities can do to ensure positive and long term benefits. The LEED Directing Committee approved key principles which were published in the report and have been used by cities and national governments as guidance for bidding, hosting and leveraging local benefits. The LEED Programme, having observed the catalytic nature of global events started from the premise that capturing local benefits does not happen automatically or by accident. The report stated “*the most successful host countries and cities have a long term plan that the event helps them to implement, and a dedicated management effort aimed at securing the benefits and the legacy for some time before the event is staged, and for several years afterwards. And will have ensured that the highest levels of integrity are demonstrated throughout the process*”.

Sport events are complex

2. Of all of the events that were considered, sport is probably the category that generates the most enthusiasm, the greatest passion and the most global media attention. The lure of international-standard competition between human beings striving to be the fastest, the strongest, or simply the best at what they do is difficult to compare to the other types of event on offer. The number of types of sports events competed at the international level is as great as the number of sports in existence. But what makes an international sports event a truly great sporting spectacle capable of drawing visitors from across the globe and captivating television audiences and business interests alike? There seem to be two answers, both closely linked.

3. The first is an event that, for the athletes, would be the greatest achievement of their career to win. It is *the* global competition in a single sport. Events fitting this description might be the FIFA World Cup, the Rugby World Cup, the America’s Cup, and so on.

4. The second event is on another level. It is a multi-sport event whereby each sport not only fulfils all of the above criteria, but it is made even more alluring in the context of an international competition to see which country can win the most events. The events referred to here, of course, are events like the Summer Olympics, the Winter Olympics and the Commonwealth Games.

5. The distinction between single sport and multi-sport events is made here consciously and for good reason, for there are different challenges, risks and benefits for host cities associated with the two sub-categories. More accurately, it is a question of scale, for it follows rather logically that hosting a multi-sport event is a bigger, more complicated and probably more expensive responsibility. The opportunities to leverage economic, social and environmental impacts from each type of event are quite different and must be clearly understood at the outset of a bid process.

The benefits, challenges and risks associated specifically for cities hosting sports events

6. There is no doubt that hosting a major world sports event will raise the international profile both of the host city or cities and of the country itself. The effects of this world exposure last longer than the event itself and can attract serious business interest, but vary according to how much energy and capital is invested into securing a long-term legacy of the event. Successfully organising a sporting event of scale proves to the world that the city or country has outstanding management and organisational capabilities and, if combined with a vibrant celebration of the culture and characteristics that define the host, the experience will have a lasting impact on city image and the subsequent interest that the country receives from tourists and businesses alike. By the same token, however, underperforming may have an equally powerful, negative effect and produce an image that is very difficult to shake off. Not all exposure is positive and fault lines in the bidding, procuring, preparation and delivery of events have been exposed and international organisations are now being called upon to lead a new global dialogue.

7. It is highly likely that sporting facilities will either have to be constructed from scratch or at least significantly refurbished in order to meet the requirements and standards of the event in question. This will undoubtedly benefit the professional sports people of the city or country well after the event has finished, but it is important to ensure that the success of these venues does not depend on the levels of usage, activity and interest that will be generated by the sports competition. Long-term infrastructure needs long-term, sustainable planning and management. Frequently, the provision of sporting facilities becomes an area of contention as ‘white elephant’ facilities have little purpose beyond the event. Lessons are being learned to avoid this scenario but a more mainstreamed approach is needed which calls for greater dialogue between host cities and nations and the international sporting bodies.

8. In addition to sporting facilities host cities investment in transport, retail and hotel infrastructure is likely to be needed in order to serve, accommodate and mobilise the competitors and spectators inevitably drawn to the event. Funding all of this investment is a challenge in itself and strict budget management is required to avoid burdening host cities with debts for years after the event. Both private and public sectors will need to work together in raising funds and sponsorship deals must be carefully thought out and managed. Since the financial crisis of 2008 this has become more pertinent as public budgets have decreased and city leaders need to justify investments and expenditure to citizens. The costs associated with hosting sports events are becoming increasingly scrutinised from the bid process through to delivery.

9. Transparency, integrity, accountability and shared benefits are fundamental principles which should be followed by host countries and cities, private companies, international sporting bodies and citizens involved in the organisation of major sport events. The OECD has a critical role to play in this area and has adopted legal instruments which are relevant in the context of global sporting events, in particular on anti-bribery and corruption (see the 2009 *Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions* which has in Annex II “Good Practice Guidance on Internal Controls, Ethics, and Compliance”), as well as on public procurement (see the 2015 *Recommendation of the Council on Public Procurement* and the 2012 *Recommendation of the Council for Fighting Bid Rigging in Public Procurement*). The OECD has also undertaken important analytical work in the area of corporate governance providing an indispensable and globally recognised benchmark with a view to supporting economic efficiency, sustainable growth and financial stability and with principles relevant to the governance of global sporting bodies (See the 2015 *Recommendation of the Council on Principles of Corporate Governance* which embodies the *G20/OECD Principles of Corporate Governance*, the 2015 *Recommendation of the Council on Guidelines on Corporate Governance of State-Owned Enterprises* and the 2015, *High Level Principles for Integrity, Transparency and Effective Control of Major Events and Related Structures*).

10. In 2015, the French Ministry of Cities, Youth and Sport launched a project with the OECD which aims to leverage economic and social benefits from EURO 2016 for the ten host cities. At the request of the Minister Patrick Kanner, the LEED Programme has developed the 2008 key principles to focus uniquely on global sporting events. Since the adoption of the 2008 principles the global economy has experienced significant shocks which have impacted on public budgets. Catalytic projects such as global sporting events need to demonstrate more clearly how they bodies impact upon cities and nations to contribute to economic growth and development. Host cities should not be burdened with debts for years after the event. Tax incentives, investment and sponsorship deals must be carefully thought out and managed to ensure that each event benefits host cities as well as the relevant sporting body. Recent sporting scandals have compounded the need to leverage clear local benefits from global events. Drawing on the analysis from the ten French cities and lessons from other sporting events such as the football World Cup South Africa 2010, the Olympic and Para Olympic Games London 2012, the Commonwealth Games Glasgow 2014 etc. and mindful of the challenges facing international sporting bodies the OECD LEED Programme proposes three new principles to complement those approved in 2008 which are listed in annex 1. The LEED Directing Committee recommends:

11. **The creation of a clear and legitimate framework for evaluating the economic, social and environmental consequences of global sporting events. This requires a robust *ex-ante* approach as well short, medium and long term *ex-post* event evaluation.**

- The aim of the *ex-ante* evaluation is not only to provide accurate quantitative information related to the event in terms of costs, results and impacts, but also establish appropriate measurement criteria throughout the life-cycle of the event. The *ex-ante* evaluation should be overseen by the responsible public authority and be open to public scrutiny. International sporting bodies have a key role to play to work in synergy with public authorities to ensure the accuracy of the evaluation. *Ex-ante* evaluation is a critical tool for consultation and exchange with civil society.
- *Ex-post* evaluation is a normative aspect of hosting global sporting events. Rigorous criteria are often set by public bodies to monitor public expenditure and impact at national and city levels. No global standard currently exists therefore Member countries could reinforce cooperation with a view to creating common benchmarks for evaluating the economic, social and environmental impacts of global sporting events and to ensure that lessons are recorded and passed on to future hosts.

12. **The decision to bid to host a global sporting event should be based on an objective of optimising long-term economic development, environmental protection, good governance and multi-sectoral partnership, strengthening social inclusion and developing the practice of sport.**

- The staging of a major sporting event should set specific objectives in terms of public interest and should ensure, in cases where public financial assistance is provided, that the economic, social and environmental interests justify the costs, that redistributive effects are taken into consideration and that the net benefits are optimised.
- The event should align with local economic development and investment objectives; pursue job creation, skills development and social integration strategies and adopt growth strategies for local businesses with a specific emphasis on sme's. The city authority and bid/delivery teams should create local mechanisms to achieve these goals.

13. **Host nations and international sporting bodies ensure the sustainability and ongoing viability of global sporting events as catalysts for local development.**

- International sporting bodies and host cities and nations share a mutual interest in ensuring that events follow clear principles of transparency, accountability and openness throughout the bid, delivery and legacy phases. Host cities and nations invest extensively in sports events and the return on investment must represent value for money. Greater collaboration between interested parties and the sharing of information, learning and best practice could reduce local costs and achieve efficiencies to ensure that principles of public good underpin such event.

ANNEX 1

Key guidance for optimising success

	Principle
Select the right global events to bid for	
i.	Identify the different timescales of potential events to host and select appropriately. The bidding and preparation process varies hugely between events like the Olympics and a political conference. Events will be more or less appropriate for a given city depending on how urgently authorities wish to host an event, how much time they need to develop the necessary infrastructure, the periodicity of the event cycle etc.
ii.	Select an appropriate event according to the city space available. Some events require multiple sites within a city (<i>e.g.</i> Olympics), others require a single concentrated large area of land (<i>e.g.</i> World Expo) and others still require only a conference centre. Bidding for an event that the city will struggle to find the space to host is ill-advised and different cities will have different amounts of land available for development at different times.
iii.	Identify the opportunities/limitations related to the size of the city and focus strategic planning around these factors. Hosting global events is not limited to capital cities, or evenly strikingly large cities. Cities of any size and stature can bid certain types of event, as long as they are aware of the opportunities and limitations related to their size. Successfully hosting a global event requires plans to be drawn up with this in mind.
iv.	Evaluate the city's current transport infrastructure and align event requirements with future ambitions for development. Different events attract different numbers of visitors requiring different degrees of city mobility. Assessing what needs to be done to enable the city to successfully accommodate these requirements is a vital step in judging the transport infrastructure investment necessitated by the event. Finding an event with requirements that are closely aligned to the city's own ambitions for development is an ideal situation.
v.	Assess the city's management capability and make appropriate investments in personnel, skills and infrastructure where necessary. Many cities choose to host a global event for the first time, which means they may not have the management capability already set-up to be successful. From the earliest moments of the bidding process, a full management team needs to be in place. Events in the past have encouraged secondments of experienced personnel from other city authorities or even hired event consultants.
Planning for the hosting of the event and securing local benefits	
vi.	Adopt a business-orientated approach. Even though events may, in practice, focus on lively sports competition or cultural festivities, they must be organised around a firm business plan, including strict budgeting, projected revenue-collection and ticket sales. This enables short and long term goals and legacy ambitions to be more realistically approached.
vii.	Use the event to accelerate/catalyse existing urban development plans. Even though each event comes with its own unique set of requirements, for the event to have a successful, lasting legacy within the city itself it must be used to prioritise existing urban development plans over other competing demands on city finances. Events are largely unsuccessful in the long-term if they rely on 'spill-over' effects to promote urban development.

viii.	If new infrastructure needs to be constructed, always attempt to regenerate urban areas experiencing decline. Locating global events in areas of the city that require development efforts anyway is a key way to secure local support and achieve the greatest relative success. Such an approach, in conjunction with Point 2 above, can effectively (and dramatically) expand the commercial base of a city from within.
ix.	Innovate and be creative. In a world full of readily-accessible images from around the world, event projects need to be striking to capture the imagination of both the local and the global community. Ambitious projects, if well managed, are often the most successful.
x.	Secure the support, involvement, employment and pride of local communities. Without the local community being fully behind the event's projects, success judged at a local scale will be much more difficult to achieve.
xi.	Identify the intended city image resulting from the event and plan around it. Making the intended image-goals for an event a focus at the start of the planning process has a greater chance of success than relying on 'spill-over'. Cities have also, in the past, felt the pressure on construction of infrastructure so acutely that they had no time for image/legacy-building. If this had been a component of the original construction plans, this would have been less of a problem.
xii.	Plan the longer-term legacy at the same time as the event itself. This is the central lesson, achieving a long-term legacy is not a question of planning action after the event has happened, but integrating long-term goals to plans from the beginning.
xiii.	Focus on a positive short-term financial/visitor impact to ensure sustained community support. Local communities will probably experience disruption in the build-up to the event, through construction works, for instance, so are unlikely to respond well to an unsuccessful event turnout. This should therefore be a key focus from the outset.
xiv.	Create public-private investment partnerships and other co-operative arrangements. A successful event has not yet been hosted without the co-operation of the public and the private sector.
xv.	Ensure sufficient action is taken to enable business preparedness for the event. If projected numbers of visitors do come to the event being hosted, businesses need to prepare in order to take full advantage. This may involve hiring more temporary staff and renovating, or even expanding, premises. City authorities might take a lead role in encouraging such action to ensure as much of the city as possible benefits from the event.

Recommended principles for success in capturing local benefits from global events

	Principle
i.	Look to use a city-based event to stimulate regional development as well . Global-scale events have ample potential to stimulate regional-scale development for their hosts. Actively spreading the benefits of the event will ensure a wider support framework.
ii.	Look to affect a wider audience than those already interested . Sports events in particular have the potential to alienate those not interested in sports, or in the particular sport in question, thus limiting the spread of enthusiasm for the event's projects through the city. In such an instance, efforts can be made to actively include other people through, for instance, a cultural festival in conjunction with the sporting event.
iii.	Look to achieve lasting societal change . Projects focusing explicitly on infrastructural legacies may not win favour with all people. Effort should be made to direct development projects towards direct social benefits to have a better chance of achieving long-lasting social legacies.
iv.	Honestly evaluate and then challenge negative/weak pre-conceptions of the city image . Openly identifying outside negative perceptions of a city's image and using the event to make specific efforts to change those perceptions can have significant and rewarding results.
v.	Identify existing city image strengths/cultural heritage and look to further enhance and promote these . Creating a successful city image will only work if it builds on existing positive perceptions rather than building them from scratch. Cities actively identifying and promoting their key cultural strengths enjoy the most success.
vi.	Devote adequate time and resources to raising carefully selected private sponsorship for the event . Private investment is vital, but so is securing appropriate sponsors for the event, since they will inevitably become part of the event/city branding. Some first-time organisers underestimate the time/resources required to raise significant sponsorship.
vii.	Establish, from the start, a structure/organisation with the responsibility for implementing the longer-term legacy ambitions of the city after the event . It takes specific effort to sustain the long-term legacy ambitions of a city hosting a global event and reap the rewards of a raised global profile in the long-run. This is best achieved through the work of a dedicated structure or organisation.
viii.	Use the event to improve political/cultural/civil relationships with other cities/regions/countries . Specific occasions for improving (often fruitful) relations can be hard to come by, especially on the scale offered by global events. Such opportunities should not be overlooked.
ix.	Look to minimise the environmental impact of the event and publicise efforts to do so . Quite apart from being socially responsible, 'greening' the event being hosted can prove to be more cost-effective and certainly adds to the city branding efforts in a significantly more environmentally-conscious age.
x.	Implement an, ideally independent, monitoring and evaluation scheme so that lessons are recorded and passed on to future hosts . Many city authorities do not have accurate or comprehensive figures that demonstrate the success of the event they have organised. Not only does this mean that future hosts cannot benefit from their lessons learned, but also that publicity of the success achieved is restricted.

Risks to address in capturing local benefits from global events

	Principle
i.	<p>Beware of expenditure levels felt to be unjustified by local communities. Some events have involved local communities supporting the debt from infrastructure investment for many years after the event has happened. This can generate resentment and bitterness, especially for people who did not actively benefit from the event and can therefore mar the long-term legacy of the event.</p>
ii.	<p>Beware of the displacement effect of various events on local businesses, retail and tourism. While various global events do generate new opportunities for businesses, retailers and tourist venues, there are often instances of displacement to take into consideration. This may be spatial - some areas of the city losing out to areas closer to event projects - or it may be temporal, with people who would have visited the city choosing not to in order to avoid the event crowds.</p>
iii.	<p>Be aware of the probable (relative) decline in interest, visitor numbers and public funding availability immediately after the event. Hosting a global event normally attracts much higher levels of interest and public funding for a city in the years running up to, and the year of, the event. Invariably, this cannot be sustained in the years following the event, which can challenge the sustainability of longer-term legacy ambitions if not taken into account in the planning stages.</p>
iv.	<p>Anticipate negative social action (e.g. protests) stimulated by the event and plan accordingly. It will be relatively clear to authorities if protests or the like are likely for a given event, but they require as much planning as the hosting of the event itself. Failure to do so could lead to disproportionate media attention focussing on uncontrolled protests, rather than the event.</p>
v.	<p>Beware of the event's legacy being susceptible to political changes in the city authorities after the event. The longer-term legacy ambitions of some events have, in the past, been disrupted by political changes in the city authorities, with figures being elected in who are not interested in the projects or keen to sanction the funding required. If possible, event projects should remain as a-political as possible if they are to survive power-changes.</p>