5th October 2006

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OPEN DAYS 2006 "Investing in Europe's Regions and Cities: Public and Private Partnerships for Growth and Jobs"

Opening session:
"How to better organise public and private partnerships?"

Panel Debate: 16h40 – 17h20
Moderator: George Parker, Financial Times
Panellists: Danuta Hübner, European Commissioner for Regional Policy
Michel Delebarre, President of the Committee of the Regions
Hannes Manninen, Minister for Regional and Municipal Affairs representing the Finnish European Presidency.
Ivan Pilip, Vice-President of the European Investment Bank
Philippe de Buck, UNICE Secretary General
Professor Mario Monti, President of the Bocconi University.

COHESION POLICY HAS CONTRIBUTED TO ECONOMIC INTEGRATION BUT THERE IS STILL MUCH TO DO

- **Cohesion policy** was enshrined in the Treaties with the adoption of the Single European Act in 1986 and it **has contributed to successful economic integration as the European Union has progressively enlarged**.

- Take for example **the case of Ireland**. This country joined in 1973, its GDP being 64% of the average of the Union. Now, its GDP is one of the highest. Expressing the EU average as a 100, Irish GDP per capita is 138. This clearly shows that the effects of membership, attraction of foreign direct investment and a correctly focused regional policy can help to enhance growth and employment.

- **The latest Progress Report on Cohesion shows that economic convergence is indeed taking place, but it also clearly reports that there is still much to do**: On the one hand, new member states grow faster but the size of the income gap suggests that convergence is still a long-term perspective, on the other hand, **24 million new jobs are needed to reach the Lisbon employment target of 70%**.

- In order to make the growth and jobs strategy a reality **we need "the regionalisation of Lisbon"** where local actors have more responsibility in cohesion policy: **Member states and regional authorities should clearly commit to concentrate resources from the Structural Funds for infrastructure, entrepreneurship, innovation and human capital.**

- **Coherent investments in these areas will surely increase the attractiveness of the regions**, hence stimulating the interest of companies to invest and create jobs **and secure the long-term future of the area**

- Last December, the European Council decided that **member states for the period 2007-2013 should earmark a large proportion of the funding for cohesion policy to competitiveness.**

- **It is of the outmost importance that member states and regions turn this commitment into a reality without delay**. The **budget review in 2008** will probably scrutinise the performance of regional policy and will demand results.

- **We are concerned about the implementation of these commitments**. Member states already showed some reluctance when they agreed to broaden the list of expenditure eligible for earmarking on an ad hoc basis. And we fear that, in the name of territorial cohesion, regional authorities will sidestep appropriate concentration of resources on research, innovation, networks and training.

ATTRACTING PRIVATE INVESTMENT

- In a context of limited budgets, if we want to push forward the Lisbon strategy**, the Structural Funds and the Cohesion Fund should be used to leverage up investment to a much higher scale than is envisaged by public policy-makers.**

- In order to attract more private investment, **DG REGIO has recently joined forces with the European Investment Bank to develop a capacity, JASPER** (Joint Assistance in Supporting Projects in European Regions) **to provide technical advice to local authorities to prepare large projects establishing PPPs**.

- Joining forces with the EIB is indeed very useful. However, we find two shortcomings to this new capacity. First: it is only for large projects, which could leave many other smaller projects out of the reach of this assistance. On the other hand, **how are local authorities going to search assistance to the EIB is they don't want to engage in a PPP?**

- We believe that **more could be done in terms of training officers involved in reviewing projects applying for EU aid and in spreading good practice**. The creation of a PPPs platform will certainly help in this respect.

A VISION AT THE EU LEVEL

- Europe should be looking for ways of speeding up investment in infrastructure and of promoting efficient public services; private money could be plentiful for those investments.

- The issue is: **how to create a climate conducive to more PPPs?**

- **What it takes is a bit of joined-up thinking by the EU institutions and a common and coherent vision of what should be done to attract more private investment**. In the Commission, for example, only DG REGIO, INTERNAL MARKET and TREN have some experience with PPPs.

- **Many still do not realise that PPPs are a very important instrument to use private knowledge and capacity in the development of Europe.**

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