



**Datar**



**COESIONET**

**EUROPEAN COHESION AND TERRITORIES RESEARCH NETWORK**

## **Minutes of the workshops**

**27 – 28 January 2011**

### **First workshop “Cross-border Cooperations” group**

**Evaluation of the INTERREG Programmes  
Philippe Doucet, GEPHYRES**

#### **1. Evolution of the INTERREG Programmes**

The management of the INTERREG programmes has gradually become more complex and now covers broad, overlapping transnational areas.

There has been a slight increase in INTERREG programmes, from 2% for the 2000-2006 programming period to 2.42% for the 2007-2013 programming period.

The notion of proximity has an important place in cross-border cooperation.

#### **2. Ex Post Evaluation of INTERREG 3**

##### ***Evaluation***

The aim was to evaluate the political and territorial impact of cross-border cooperation.

Axis A: the evaluation emphasized:

- Very general and global strategies;
- The direct effects of physical investment on the development of cross-border areas and direct effects of less material soft cooperation (creation of networks, exchanges etc.);
- The intensity and depth of cooperation is quite good but varies according to the level of joint initiatives or lack of them.

Axis B: the evaluation emphasized:

- Strategies are not adequately targeted;



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- Budgets are too small;
- Direct effects tend to result from soft cooperation;
- The most significant effect is the creation of large, sustainable networks;
- Above average levels of cooperation as strong cooperation was directly linked with the project rather than the programme.

Axis C: the evaluation emphasized:

- Very broad issues;
- Low intensity and depth of cooperation;
- Management of the cooperation was emphasized to the detriment of content;
- Indirect effects on the territory.

### ***Recommendations***

The recommendations proposed on the basis of this evaluation were as follows:

- Cross-border programmes need to better target priorities and objectives;
- Project development (as opposed to a purely reactive posture) needs to be developed;
- Synergies between programmes need to be developed;
- Joint strategies need to be anticipated and worked out;
- Indicators to better measure the results and performance of cooperation and relations between regions need to be developed.

#### *Governance tool:*

EGTC could contribute to the sustainability of cooperation. EGTC could be a good tool for promoting better governance but governance systems have to be adjusted on a case by case basis.

There is a clear need to reinforce the territorial integration of the respective areas. The macro-regional tool could be very useful in this regard. There is also a need to strengthen links between the various EU interventions.

#### *Financial tool:*

FEDER means should be directly allocated to programmes rather than to Member States.

#### *Evaluation:*

It is necessary to evaluate not only the programmes but also the projects.

### **3. Conditions for Cooperation**

Several reasons lead regions to cooperate:

- Opportunistic cooperation because available FEDER funds;
- Given increasing territorial interdependence, there is a genuine need for strategic cooperation for better territorial integration.

To reach this second objective, a place-based approach that goes beyond administrative borders is necessary. Whatever the administrative borders happen to be, cooperation between territories needs to be based on relations and flux in order to develop a cross-border cooperation strategy based on shared issues.

### **4. Discussion Issues**

- What are the competences and skills necessary to carry out sound transnational cooperation development?
  - o Skills need to be strengthened.
  - o Intercultural exchange is complex and requires time.
  - o Training/diplomas must be oriented towards the strategic dimension of territorial cooperation rather than simply focus on program management.



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- What are the dynamics of cross-border cooperation in the new Member States? Are such programmes adapted to this area?
  - o Developing cross border cooperation while at the same respecting community rights has been difficult.
  - o The main question is how the new members see their place and role in European institutions.
- Doesn't the significant, ongoing economic competition between regions impede territorial integration?
  - o It is difficult to integrate the economic level in cross-border relations due to divergent rules (taxes, salaries etc.)
  - o Local and regional administrations are not ready to share rules, laws, etc.
- What type of conditionality can increase the efficiency of such a programme?
  - o How is conditionality to be developed without indicators?
  - o How can territorial integration be evaluated?
  - o The place-based approach is interesting but there are no funds available to finance it. In the Baltic Sea, cooperation existed long before structural funds: historical links are the best opportunity for organizing cross-border cooperation. But in most other cases, there would have been no cooperation without structural funds – i.e., without obligations, cooperation may fail.
  - o The place-based approach may also represent an opportunity for bringing actors together around a common territorial objective.

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INTERREG III Community Initiative (2000-2006), Ex-Post Evaluation, [http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2006/interreg\\_executive\\_summary\\_fr.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2006/interreg_executive_summary_fr.pdf)

## **Second workshop « Governance » group**

### **Current State of Discussions and Preparations for the 2014-2020 Cohesion Policy Jean-Charles Leygues**

#### ***Evolution of the Institutional Framework***

The projects that are to be implemented are increasingly complex, decisions are taken at multiple levels and the infra-national level is increasingly under pressure. In such a complex environment, public policies are facing a crisis of legitimacy in terms of cohesion and the national policy tools. Everywhere, there is a trend towards decentralization, as promoted by the Structural Funds. Decentralization can take various forms but a common element is that it requires working in networks.

#### ***Coordination of Public Intervention***

Sector-based public intervention represents a main obstacle and brake to the political action of cohesion. It increases disparities and privileges a handful of development poles. There is a need to favour common effort among the various levels of decision-making and competence and to accept and recognize competencies (both public and private). This will allow us to bring all available and complementary competencies to bear on working together on a common project. And this requires genuine political will and leadership.



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### ***Added Value of Cohesion Policy?***

What is the added value of cohesion policy? In a difficult economic context, structural investment may not be sustainable. There is a need for qualitative additionality for strategic orientation.

### ***EU2020 Strategy***

EU2020 Strategy remains at a very general level but everyone agrees on its main goals: environmental protection and the promotion of a sustainable and inclusive society.

If we demand that cohesion policy strengthen competitiveness and reduce disparities, we are requiring something for which it is not equipped.

### ***How to Finance Cohesion Policy?***

Discussions of how to finance cohesion policy will probably lead to maintaining financial distribution rules. Moreover it will be difficult for Member States to transfer funds to the Community level for 2014-2020. But if the Member States agree on the EU2020 Strategy, there is a need for coherence between national budgets and the strategic choices of Community policies.

Two options concerning conditionality can be discussed:

- Macro-economic conditionality on the basis of macroeconomic criteria;
- Is there a specific conditionality in the area of cohesion policy? In order for this specific conditionality to be fair, the same conditionality must be applied in all Member States. It thus requires common, clear and credible indicators. The only credible indicators are those of the structural reforms linked with the EU2020 Strategy. This implies that there should be an initial contract (“partnership contract”) between the European Commission and the Member States to distribute funds at the regional level. The national partnership contract will force major strategic discussions. Subsidiarity will be organised. For the three main priorities of EU2020 Strategy we need to develop one indicator and one result objective. According to this result, funds can be reinforced or reduced.

### ***Is There Compatibility Between or an Alternative to the Various Forms of Conditionality?***

It probably will not be applied to all policies but it is certain to be applied to cohesion policy.

The macro-economic sanction can only be symbolic but, given the climate of mistrust among Member States and the budget crisis, it will exist. It is not necessarily negative if it encourages the regions to make efforts to transpose Community policies in their use of structural funds and acts as an incentive for Member States to make changes that they have been reluctant to adopt.

### ***Discussion:***

- EU2020 Strategy represents general objectives acceptable to all but is not an integrated and complete strategy as such.
- What are the particular objectives of conditionality? Since inclusion and innovation also have to be taken into consideration, it can not be based on macro-economic indicators.
- Does the EU2020 Strategy meet the expectations of the new Member States or does it rather favour the countries of the “competitiveness objective”?
- What is the place of the new Member States in the process of decentralisation? Do they represent an opportunity to deprive the European Commission of responsibility to transfer the responsibility to the States?
- The European Commission establishes norms and rules but no longer refers to any dynamics of action. Isn't the European Commission facing a global crisis (financial, reference, etc.)?
- Does it mean a return to the place-based approach?
- Cohesion policy methodology seems to focus on the control and oversight rather than on new development strategies or new strategies of collective action.



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- The European Commission seems to no longer be invested in the question of content. Is this explained by the position of States that say “take care of the criteria, we take care of the contents of the policies”?
- What is the role and place of the “confidence contract” between the European Commission and the Member States?
- There is a need for real political debate concerning the role of cohesion policy, which may otherwise become an indiscriminate financial tool.
- Do we want community-level governance or not?
- How to translate the EU2020 Strategy given its sector-based approach? Does the “partnership contract” help reduce the risk of sector-based cohesion policy?
- It seems that cohesion may encourage increased competitiveness, polarization and divergence: can we still talk about cohesion in that case? What is the role of territories? If we consider the convergence and reduction of disparities, it is easier to see the role of the territory.
- What is the importance of territorialised policies if sector policies prevail? It is not only an issue of subsidiarity.
- With the new perspective of strategic alignment with Community policies based on EU2020 Strategy, there is a change in paradigm: how do Member States react to that?
- How can we have “a good” cohesion policy without a larger budget?
- What would be the nature of macro-economic conditionality? How can it be implemented in concrete terms?

## **Third workshop**

### **“Crises and territorial cohesion” group**

#### **I. Moving beyond Crisis: A Territorial Approach to Finance** **Olivier Crevoisier, Neuchâtel University**

An increasing portion of industry is influenced by the financialization of the economy. The financial industry has built channels to exploit the mobility and liquidity of capital across borders. Companies are no longer territory-based. Company owners are being replaced by managers from large groups.

Paradoxically, these changes contribute to increasing both transparency and opacity. Indeed, the financial industry is based on transparency but the fact of distance between investor and investment increases opacity. Increasing diversity in the number of sectors, products and intermediary actors involved similarly contributes investment opacity. The global city dominates producing regions and investors.

The crisis has led:

- To promises of developing the green economy, socially responsible development and financial sustainability. But sustainable and socially responsible development, on the one hand, and finance, on the other, run counter to one another in terms of their spaces of action, criteria of analysis, actors and mode of governance.

Financial actors try to adapt market finance to new social demands, such as sustainability.

- to a second scenario, characterized by the fragmentation of financial channels: How are territorial bonds to be understood? Loyalty and confidence are the new key words.

But one central question remains: how are confidence and loyalty to be restored between investors, entrepreneurs and financial intermediaries? Territorial bonds characterized by new spaces and a new temporality might be an answer. There is a need for inter- and intra-regional channels.

#### ***Discussion:***



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- “Dark pools” and the European directive on financial tools aimed at breaking monopolies.
- Returning to the territory to restore loyalty: do we return to the model of the 70s or are previously existing institutions to be restored?
- Returning to the value of loyalty and social capital: what will happen in territories where these values are weak? What could be the effects in terms of concentration?
- To what extent are cohesion policies meaningful compared to the development of financial tools?
- What is the role of micro-finance and alternative financial means in the examination of financial channels?
- How to move beyond perspectives that are constrained to those of “real” economy and financial economy actors?
- Is there a risk that the trend set by big investors will be followed, with the result that small innovative projects (investment in the green economy at the moment) will be neglected?

## **II. The Dynamics of the Industrial Economy after the Financial Crisis**

### **Pierre Veltz, LATTS Ecole des Ponts, OIN de Saclay**

What is going on in the real economy? On the one hand, there is a disconnection between the financial and real economies and between the level of the Stock Exchange and the actual situation of companies. But both terms of these pairs are in fact closely interrelated. There is at the moment financial “liquidification” and “liquidification” of the processes induced by the pressure of the global market. This leads to a reduction of transaction costs linked to transport.

The global world is characterised by:

- A movement of “unblending activities”: the production process can be totally fragmented and distributed geographically in an open and fragmented way. The main reference is the value chain, with a strong focus on the client – a significant development compared to some years ago, when suppliers came first. Paul Krugman emphasises the change from trading goods to trading tasks.
- A movement of organizational and project “fluidification”: projects are based on a hard core in large networks of activities. These take more open and more flexible organisations into consideration, with pressure exerted to lower salaries.

Such changes have strong destructuring effects on the territories and are linked with uncertainty and unpredictability. Because of the developments mentioned above, crises can have an impact on any company and any territory. This impact is all the more important given the fact that there is a lack of collective action and expression due to the scattering of the working world. The impact of the crisis is therefore fragmented, both from a geographical point of view and when considering affected populations and companies.

The territorial impact is differentiated: capital cities in France are better off than regions integrated into large international networks. Social shock absorbers played their role as well (see study carried out by L. Davezies and the present author’s presentation of its results at an earlier CoesioNet conference). Manufacturing regions are suffering the most. The fact that social shock absorbers played their role gives a false impression that there is a balance in France, a notion that is questionable given the fact that this redistribution system only works in the event of employment. A degrading industrial situation will lead to a worsening redistributive system.

How can territories be considered a counter-balance to the general process of economic “liquidification”? Some territories resist better than others. Metropolitan cities are better off because there is a congruity between the metropolitan economy and the new form of the global economy.

Three models of territorialisation can be distinguished:

- Confronted with fragmented channels, we could favour short channels based on local solidarities that are likely to lead to protectionism and not counterbalance global effects;
- Some resisting territories are doing well, as in Germany: they have strong SMEs with important territorial relationships and they benefit from a high level of global industrial demand;



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- A development model linking industrial sectors and territories (health, education, energy and mobility): packages of goods and services can emerge; territories are not excluded from international networks. The role of public policy is crucial.

**Discussion:**

- Was the model of development of Baden Württemberg particularly hit by the crisis? The notion of social capital is central.
- Where does German companies' money come from when they are not on the Stock Exchange?
- What can be done by territorial actors in terms of clusters and other territorial tools? Do these tools have a structuring role?
- What can public actors do? How could territories be considered differently? Do macro-regions have a role to play? Territories need to be thought of in terms of networks. There is a need for large scale industrial policy at the EU and national level.
- Couldn't the three models presented above be complementary?

**III. After the crisis, will territorial cohesion be a victim of structural adjustment or rather a guiding policy consideration?**

**Roberto Camagni, Politecnico de Milano**

What is new is the fact that a structured system can collapse because of increased "liquidification".

The equity/efficiency trade off exists today but only in the short run.

Territorial cohesion needs to be better defined.

In the longer run, the territory should be placed at the centre of development strategy because:

- Territories compete on the basis of an absolute principle rather than competitive advantage, as is the case of individual countries, and they run the risk of desertification in case of inefficiency;
- Territories experience growing imbalances due to integration and economic liberalisation;
- The crisis has increased disparities. This may result in protectionist intervention by governments.

How should EU policies intervene? The same recipe does not apply in all territories because they present different territorial capital assets.

Territorial cohesion is an important principle of EU intervention but needs to be better defined. Territorial cohesion could be considered as the territorial dimension of sustainability and is composed of three main elements:

- Territorial efficiency linked to competitiveness and attractiveness, external accessibility;
- Territorial quality, i.e., the quality of the living and working environment and accessibility to SGI;
- Territorial identity involving social capital, a shared vision of the future, common heritage, etc.

These dimensions could be associated with result indicators in order to assess policy performance and impact.

Territorial cohesion can therefore become the basis for a smart, long term development strategy. This approach refers to the importance of the "place based" approach discussed in the Barca report.

In this way, territorial cohesion could contribute to overcoming the crisis.

**Discussion:**

- In France, the development of certain territories is linked with the development of tourism. What does this mean for territorial cohesion and inequalities between territories?
- The crisis originated in the service-based model. Given the low salaries of the sector, should tourism represent the basis of development?
- Germany has been a model of East-West solidarity. What solidarity model is to be used to locate aids? How is the quantity and quality of aids to be defined?
- What is to be done to ensure that territorial policies can adjust to present mobility needs?



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Barca F. (2009), *An Agenda for a Reformed Cohesion Policy. A Place Based Approach to Meeting European Union Challenges and Expectations* DG Regio report. Can be downloaded: [http://www.eurada.org/site/files/Regional%20development/Barca\\_report.pdf](http://www.eurada.org/site/files/Regional%20development/Barca_report.pdf)

## Fourth workshop

### “Services of General Interest and Cohesion” group

#### I. Services of General Interest and Economic, Social and Territorial Cohesion

B. Sak, M. Abada, CIRIEC

Two studies have been conducted of Services of General Interest (SGI) and cohesion:

- The first study, “Contribution of Services of General Interest to Economic, Social and Territorial Cohesion”, was carried out in 2003-2004 for the DG Regio and sought to assess the extent to which SGIs contribute to improving economic, social and territorial cohesion in the context of liberalisation. The study was based on a methodology of comparative analysis of 9 countries (Finland, France, Germany, Hungary, Italy, Poland, Portugal, Spain, United Kingdom) and 4 sectors (transportation, energy, telecommunications and postal services);
- The second study, “The Inter-Relationships between Structural Funds and the Provision of Services of General (Economic) Interest” was conducted in 2009-2010 for the European Parliament and examined the link between SGIs and EU regional policy. It analysed case studies in 27 Member States in 4 sectors (transportation, environment and energy, telecommunications and social infrastructures) on the basis of available statistics (mainly from 2006).

The objectives of these two studies broadly differed but their conclusions remain relevant today.

#### 1. Study “Contribution of Services of General Interest to Economic, Social and Territorial Cohesion”

The study established a list of common indicators:

1. Universality and general accessibility: complementary indicators are needed.
2. Affordability and price equalization: difficult to analyze.
3. Social accessibility: people with special needs.
4. Territorial accessibility: for both densely and sparsely populated regions and urban/rural differentiation, with special attention to remote regions.
5. The continuity and quality of provision: how to measure them on the basis of available indicators.
6. Spatial cohesion and development.

This study revealed problems stemming from the paucity of available statistics and raises the question of what can be measured on their basis.

General cross-sector considerations regarding accessibility and affordability:

- Needs vary according to the type of population and location;



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- Substitutable means (with different economic and public interest policy impacts) exist to satisfy particular needs but are difficult to compare;
- Difficulty finding data on the percentage of people or territories without access to or not using a given service.
- Notion of affordability varies over time and space and is itself subject to social change.
- The provision and use of SGIs have consequences, especially on the competitive activities of an entire territory. They also affect the issue of territorial attractiveness. They can have a cumulative effect on cohesion and structural organisation.

SGI provision has crucial effects on spatial planning, economic activities and thus the competitive profile of a given country or region. There is a cumulative effect of cohesion and structural organisation of space, with results for territorial attractiveness.

With the exception of positive evolution for mobile phones, other sectors have exhibited little change in regards to the above indicators.

### ***General Conclusions:***

One of the conclusions of the study was that we should focus on the service provided rather than on its objectives and its means (operators).

More generally, in remote and peripheral regions, EU regional policy invests in infrastructure but there is little oversight. Moreover, in new Member States, some population categories can not pay the price when a service or improved service is provided (water, waste).

Cross-sector issues need to be tackled:

- In a more liberalized and globalized world, it is more difficult to get comparable data.
- Universal service: what does a public service obligation contain? How should it be financed?
- Attention must be paid to territorial polarization in order to guarantee consumers' rights to equal treatment.
- When competencies are transferred and subsidiarity is implemented, financial resources should be used. But what is the appropriate level for defining policy options and subsidies?
- In a context marked by technological change and economic liberalization, what type of solidarity mechanisms should be implemented? Which social groups or regions should be supported? And who should pay the "full" price? The absence of a public service lobby renders answering such questions all the more difficult.

## **2. "The Inter-Relationships Between Structural Funds and the Provision of Services of General (Economic) Interest"**

As a general methodological concern, the study reveals that the up-to-date data necessary to conducting economic studies and developing public policies is lacking. Also, regional averages tend to mask infra-regional disparities and European statistics do not always compare the same thing.

The differing situations of old and new Member States are evident but equally important spatial and territorial gaps in SGI provision can also be found among old EU countries and between rural and peripheral regions. Inter-connexion and border services also present their own particularities.

The highest level of provision can be found in the Scandinavian and Nordic countries and in the capital city regions of the EU-15 countries.

Considering the four sectors examined:

- Telecommunications: disparities are stronger in the new Member States;
- Social services and infrastructure: no pattern emerges. Disparities exist between European countries but clear distinctions can not be made between EU-15 and EU-12 countries nor between more or less remote/densely populated regions. In many respects, they depend on local policies;
- Environment: in the new Member States some important problems remain (waste and water treatment). Investments (especially those co-financed by EU policies and conditioning the use of Structural Funds on the respect of certain environmental norms) help reduce the gap;



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- Energy: clear leadership from the EU in support of renewable energies, which are still underdeveloped in most EU countries;
- Transportation: significant differences exist, with more pronounced gaps in the EU-12 (road transportation) / EU-10 (rail transportation).

**General Conclusions:**

- Territorial cohesion is improved when accessibility to services is equally guaranteed to all citizens whatever their location;
- Social cohesion is ensured where people are not discriminated against and have access to all services. Equal access to SGIs is a pre-condition of social cohesion.

Considering the existing disparities among the EU, it is necessary to consider investing in infrastructures to bridge gaps. Such investments are ensured by the EU policies and Structural Funds. They contribute to the provision and quality of SGIs in sectors that are lagging behind, including telecommunications, social infrastructure and transport. Yet finding a balance between financial sustainability and affordable tariffs remains a challenge once infrastructure has been financed. This remains a key issue in SGI provision.

Further SGI evaluation should address the (changing) needs of citizens and consider the issue of technological development. It should also use multiple criteria to reflect the demands and expectations of the various stakeholders. Evaluation should assess the effects on EU public policy SGI objectives of European legislative measures. First of all, however, these objectives must be made clear and explicit.

European level observatories with links to the national, regional and local levels are necessary. Moreover, user committees need to be developed in order to get the various stakeholders involved in overseeing the evolution of SGIs.

**Discussion:**

- EU cohesion policy does not deal with affordability: what could be a solution to help people pay for the services? Is there any possibility of a tariff subsidy?
- How could policies impact the equal access and treatment of all citizens?
- What are the effects of the crisis on SGIs?
- Given the disparities between the EU-15 and EU-12, between centres and peripheral regions, what is the relevance of efficiency-equity?
- Are territorial disparities greater between than within regions?
- Why should the EU Parliament order this study?

**II. Public Private Partnerships and Their Contribution to Cohesion**  
**Reinier d’Haussonville, Directeur Europe, Veolia Environment**

Veolia Environment is a private company, one of the global leaders in 4 main SGI sectors: water, heating, waste and public transportation.

The company’s activity is mainly concentrated in Europe and its main clients are the municipalities that delegate the management of public services to Veolia.

What does public-private-partnership mean? In the EU, it covers any type of partnership enabling public and private actors to be associated in one way or another.

Therefore to what extent do public-private partnerships contribute to cohesion?

PPP represents a balanced way to combine two central principles: enabling competition while maintaining public ownership of the service.

How can PPP ensure provision of high quality public services and guarantee social and territorial cohesion?



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- PPP experience and political legitimacy: public authorities define and validate the needs and terms of references;
- By opening tenders to private operators, public authorities have access to experience, research and development and economies of scale. In the new Member States, Veolia has thus organised a transfer of know-how;
- PPP also represents a transfer of risks and responsibilities with an obligation to produce results
- Economic dynamics: if the operator reaches its goals, profits can be redistributed;
- PPP can represent a way for public authorities to orientate and attract private investment on the basis of the principle of additionality;
- Capacity of the PPP to serve as a social model: when you manage a public service, you need to be up to that mission and to find solutions to whatever challenges present themselves, particularly in the social realm. Mechanisms need to be identified in order to avoid counter-social mechanisms of accessibility and affordability. There is a need to find the right balance between public and private partnership in order to guarantee equal treatment and access for all. PPP should thus not be considered as a way for the public actor to disinvest certain sectors. On the contrary, public support is needed but can be oriented towards the definition of needs and following up on the mission in order to maintain social and territorial cohesion. Without public investment or EU financial support, many of the objectives of general interest services would not be reached;
- The quality of expenditure also benefits;
- Rules for the use of structural funds in the framework of a PPP need to be revised to guarantee that funds seek to guarantee access to services for all rather than increase profit margins for the private operator.

***Discussion:***

- What can / should be the balance in a PPP between public and private actors?
- What about the reality of PPP in contexts characterized by bad governance and corruption?
- What are the needs and capacities of public and private funding in regards to the issue of cohesion policy conditionality?
- The contribution of structural funds to infrastructural investment and maintenance.

**References:**

Studies presented by CIRIEC can be downloaded on the following links:

[http://www.ciriec.ulg.ac.be/fr/telechargements/RESEARCH\\_REPORTS/2004\\_ciriec\\_dgregio\\_sgei.pdf](http://www.ciriec.ulg.ac.be/fr/telechargements/RESEARCH_REPORTS/2004_ciriec_dgregio_sgei.pdf)  
<http://www.europarl.europa.eu/activities/committees/studies/download.do?language=fr&file=33591>



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