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

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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.



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General cross-sector considerations regarding accessibility and affordability:

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



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- 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;
- 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.



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

- 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.europarl.europa.eu/activities/committees/studies/download.do?language=fr&file=33591>



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