

Speech by Commissioner Danuta Hübner

"EU Cohesion Policy needs savings banks as agents for change"

Deutscher Sparkassen- und Giroverband

Concert Noble

Brussels, 9th October 2007

Sehr geehrter Herr Präsident Haasis,

Sehr geehrte Damen und Herren,

Es ist mir eine Ehre und auch Freude, heute Abend einige Worte an Sie zu richten. Das "Concert Noble" ist zweifellos ein herrlicher Rahmen für die heutige Veranstaltung und das schöne Konzert, auf das wir uns schon alle freuen.

Ladies and Gentlemen,

It's an honour and a pleasure to be with you tonight in this beautiful venue, the "Concert Noble", which seems to be the perfect setting for today's event and the beautiful concert we are all looking forward to.

I am not breaking any news by saying that at the beginning of the 21st century European societies face numerous factors of change generated by globalisation and competitive pressures coming from world markets, but also by demographic ageing, stronger immigration pressure, rising energy prices or climate change and many others. It is against this background that we struggle to promote our global competitiveness and to improve our living environment in Europe.

These new challenges raise the question of how the mix of European policies should best respond to them. Yet, not only do we need to respond to new challenges, but we also need to respond in a better way.

I think it is not too bold to state that the new regional policy for 2007-2013 is at the heart of this response. We have reframed our EU regional policy to strengthen its contribution to this European response.

First, there was a major shift towards investments inducing endogenous growth. Our estimates indicate that 60% of the regional policy budget for the period 2007-2013 is dedicated to investments in the field of research and technology, innovation, entrepreneurship, the information society, human resources, transport infrastructure networks of European importance and competitiveness.

All of this forms the core of the renewed Lisbon agenda for growth and jobs. European regional policy has thus become the primary investment instrument at Community level to implement the growth, jobs and innovation strategy.

The overriding objective of the Union's Lisbon agenda is to make Europe a modern, dynamic, competitive and outward looking society. We will only be able to get there if we produce sustainable and good quality jobs for our citizens. And jobs are created at the level of enterprises, newly emerging or just growing. And this is where the banking sector and notably the savings banks come into play. We need you, the banking sector as partners for the new regional policy.

This brings me to my second point, the role of partnership. The renewed regional policy builds on a partnership approach between EU, national, regional and city administrations, and also on partnerships between the public and the private sector, including the banks.

To make our policy work we need regional and local knowledge. We in Brussels, at the EU level, can only provide a favourable framework but it takes knowledgeable partners to turn this into successful local strategies, joint projects and actions.

Savings banks play a crucial role in all this. With their extensive networks in rural and also less populated areas, they embody

regional expertise and, in a matter of speaking, also attach a price tag to the regional and local development potential. Savings banks are not easily deterred by the risks of small-scale regional investments – not because they are not good enough bankers - but rather on the contrary, because they are more willing to discern the opportunities even of a small undertaking, beyond its mere risk horizon.

I can only corroborate what President HAASIS just pointed out in his speech: i.e. how important the link is between the banking sector and the real economy. And at the regional and local level, savings banks strike me as an almost ideal link to the regional economy. Their knowledge of the local circumstances is certainly a key asset that is pivotal when it comes to the market entry of new firms. But what is at least equally important is the wider institutional framework in which the *Sparkassen* operate. This means that savings banks operate locally but think - almost – globally.

A few words on what we are doing from the Commission's side in this context. We have launched new policy initiatives to promote partnerships in general and public private partnerships in particular. Of interest for you can certainly be the JEREMIE initiative we developed jointly with the European Investment Fund to improve access to finance for SMEs, and the JESSICA initiative we developed jointly with the European Investment

Bank and the CEB for more and more sustainable investment in the urban context.

All the evidence and indicators we have so far show that this works. Our partnership with the EIF under JEREMIE has attracted Member States and Regions. More than 50 operational programmes foresee some JEREMIE type action in favour of SMEs. At the national level more than 20 Member States will implement JEREMIE type actions. The public partners for JEREMIE are the European Commission, national and regional authorities, and the EIF as the specialised European financial institution. But it will soon be your, the banking sector's, turn and the turn of the SMEs to respond, as JEREMIE can offer leverage, flexibility and expertise and it can contribute substantial public investment capital to the banking and financial sector.

Saving banks will have a key role to play in making JEREMIE or JEREMIE type actions a success for supporting SMEs and new business creation, for more jobs and sustainable activity and development.

Certainly, the leverage effect, which the private and banking sector can provide to European regional policy, is an important objective and advantage of the new cohesion policy. At the same time, a new governance culture and experience, involving directly banks and financial institutions in partnerships with

administrations is a major innovation that could bring substantial added value at many levels. Capacity building, flexibility and innovation for promoting new investment and management schemes, better service for the citizen, sustainable growth, are some of these.

I feel confident that the "*Sparkassen*" will fully play their role in such partnerships, and will contribute to dynamise and modernise the economy of our regions.

Thank you for being with us at the OPEN DAYS here in Brussels. The OPEN DAYS are, as you know, the biggest regional policy event with 5000 participants and many of you contributed to interesting workshops and a vivid exchange of experiences. But we will certainly continue our good cooperation to make our regional policy a success.

Thank you for your attention.