

DRAFT speech of M. Vit Vanicek, President of CECODHAS HOUSING EUROPE

European Commission, 29th November 2011

Ladies and gentlemen,

Like every public policy, the Cohesion Policy needs to be effective in order to be legitimate. It is maybe even more crucial for a European policy at a time of deep skepticism about the usefulness of the EU and its ability to ensure the well being of its nations and people. I will talk to you about one clear example of effectiveness of the Cohesion Policy: the support to energy efficiency investments in the housing sector.

Since 2007 in the EU-12 and 2009 in the whole EU, the European Regional Development Fund can be used to co-finance energetic refurbishment of residential buildings, although under specific circumstances. From various sources we estimate that about 1.7 billion € have been so far committed to projects of energy refurbishment in housing in 16 Member States. However this figure does not correspond to actual selected projects. That is why only in few countries we have aggregate information about the overall impact. But the cases of UK and France (which will be explained to you later on), where absorption rates are close to 70% only 2 years after the entry into force of the measure are promising.

What we now for the moment is that energy efficiency in housing projects create or maintain 1 full-time employment for 4 homes refurbished, over 200mio€ of ERDF can generate over a billion€ of investment, creating around 15 000 regional jobs and renovating more than 50 000 dwellings, with a reduction of energy consumption on average of 40%. Extrapolation is not an impact assessment but it gives a robust picture of the potential of the 1.7€ of ERDF investment committed so far.

We also know that Managing authorities have either chosen the form of grants to support those investments, or the form of loans (through the revolving fund model) or a mix of both and that nothing indicates that one approach has a more positive macro-economic effect than the other.

We also know that institutions and governance matter to have a good absorption of the funds and positive macro-economic impacts: it works best when managing authorities, energy agencies and representative bodies of housing organizations have a shared diagnosis of the needs and prepare together the investment priorities in this field.

We eventually know that the EU legal requirements in the field of public procurement and state aids have a great importance: managing authorities need guidance from the European Commission to use the most flexible option knowing for instance that social housing as a service of general economic interest can benefit from an exemption of notification of state aid.

Providing housing of better quality consuming less energy and thus potentially reducing the energy bills is also a question of social cohesion. In Central and Eastern Europe, where I come from, the renovation of multi-family housing is also a way to avoid ghettoization.

Based on those facts, what is our assessment of the new proposals for the Cohesion Policy after 2013? In one word: positive.

It is right that the ERDF draft regulation sets out as investment areas *“supporting energy efficiency and renewable energy use in the [...] housing sector”* as well as *“promoting low-carbon urban strategies”*, with a minimum percentage of the fund to be dedicated to energy efficiency and renewable energies.

It is also very relevant that the European Social Fund is to complement this approach by providing training in the field of energy and environment. This training should not only be provided to housing and energy professionals but residents as well, as we know the importance of users' behaviour.

Eventually, for energy efficiency as for all investment priorities, partnership will be, as demonstrated by the current programming period, the key for success. We therefore welcome the proposal by the European Commission to adopt a European Code of Conduct on Partnership. We are ready to cooperate with the European Commission in the establishment of such a Code and with national and regional authorities to design effective and ambitious partnership contracts and operational programmes.

To conclude I would like to mention the role of Structural Funds in providing support to the EU energy policy. We welcome the synergies between the different EU policies and it is crucial to ensure coherence between their objectives. However to rely exclusively on Structural Funds to provide the necessary public finance element for energy efficiency investments is a non-starter. Cohesion Policy is about community-led local development, about enabling local and regional investment priorities to be supported with, at the same time, a legitimate thematic concentration of the EU public support. The draft regulations allow this combination of flexibility and concentration of support in the field of energy efficiency. It is indeed positive that the regulations don't go into more prescription and requirements concerning the specific measures linked to energy efficiency investments (for instance obligation of so called "deep renovations") but at the same time require regions to deal with this priority and require them to do so in partnership with all relevant stakeholders.

We hope that this approach will be adopted by the member states and the European Parliament.

Thank you very much for your attention.