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**„Enhancing regional competitiveness: the Multiannual Financial
Perspective 2014-2020 as the key to effective completion of the Digital
Agenda goals”**

*Lunch debate organised by MEP Danuta Hübner together with the Polish
Confederation of Private Employers and Telekomunikacja Polska SA.*

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We are here to discuss how to improve competitiveness of the European economy through action at regional level in the area of digital economy. And I believe it is crucial to understand that to be successful we need a well orchestrated involvement of all levels of European governance: European, national, regional and local.

When we say that Europe needs growth we do not mean just any growth. Investing in petrifying existing industrial structures is not an option. Growth we need must respond to new demands of our societies. Jobs will be created in new sectors. We talk about growth based on innovation allowing companies and regions to create sustainable jobs "at home" and to face global competition at the same time. Having fast broadband infrastructure all over Europe is a necessary condition for this type of growth that can make our competitiveness sustainable. It is particularly relevant for Poland as our country is still far from reaching the status of knowledge economy and we are under-invested as far as Research, Development and Innovation and adequate digital infrastructure are concerned. On the other hand we have human resources, young talents winning international computer-science competitions who in conducive environment can flourish.

Poland needs high growth rates because its productive capacities are far from full use. One of the lowest employment rate is a visible proof here. To

overcome growth deficit, taking ICT potential seriously is a must. It is difficult, if at all possible, to identify a policy field, a sector of economy or an enterprise, a region or a city in Poland that would not benefit from ICT.

Of course it is not only digital infrastructure that matters. We need digital ecosystems. Last year's study conducted by McKinsey Global Institute highlights that strong Internet ecosystem may deliver new type of growth. However, according to the study, in order to take advantage of this ecosystem, efforts should be focused on human capital development, extension of the access to financial capital, proper infrastructure development and raising attractiveness of business environment. Poland does not have the comfort of thinking today only in terms of enhancing digital infrastructure and learning for tomorrow policies needed to stimulate use of ICT to boost growth and employment. Poland as entire Europe needs such a driver for growth.

I said that exploiting digital potential for growth, jobs and competitiveness requires a well orchestrated joint effort at all levels of European governance. It is not only about systems, strategies, policies, policy tools but also about the best choices of the place for public intervention. In the EU, a lot has been done to put digital agenda at the heart of regional policy. Poland is a major beneficiary of this policy and must exploit its potential to earn a digital economy and society label.

The importance of developing internet infrastructure for enhancing the global competitiveness of the European Union is undisputable. There are estimations that Internet economy creates 2.6 jobs for every off-line job lost. There are also important benefits from the social impact of broadband, to name some of them: provision of e-health services, flexible working practices in terms of both time and location that may promote entrepreneurship and employment in the remote locations, education and lifelong learning.

Now with the youth unemployment reaching unprecedented levels, access to internet infrastructure is especially important for job creation. Today's children and youth cannot function in the school and private life without full access to

internet and I know that in Poland there are still many places with no access or with limited or relatively expensive access to the basic broadband not talking about fast broadband. This is social exclusion of XXI century and it implies a number of challenges for regional governments in Poland.

Here, the role of European regional policy is of particular importance - we can go much faster thanks to additional funding. We have an unprecedented chance to catch up with the rest of Europe, with the countries that are leaders in developing and utilisation of broadband infrastructure. It goes without saying that we need full and wise investment of available funding.

I know that there are efforts needed to complete projects which are in the pipeline. It is a good news that the implementation rate has picked up recently, and by end 2010 it reached 34,3%.

Broadband investments requires a lot of coordination at national level and between the regions. Poland allocated ca.1 billion € for broadband infrastructure (570 M€ at regional level and 430 M€ at central level (Eastern Poland project and "last mile"). The significant problem is posed by the State Aid considerations: 15 projects are concerned here with ERDF support of ca.500 M€ (incl. Eastern Poland with 255M€) which corresponds to ca. 50% of the available budget for broadband.

The impetus coming from the European Commission services can contribute to progress. I think here about 'EU Guide on Broadband investment models' published recently by the DG REGIO, which is the first attempt by the Commission to advise public authorities managing EU funds on the strengths and weaknesses of different models of investment in internet infrastructures. It provides advice to managing authorities and project promoters on the issues that should be considered when planning a public sector investment in broadband infrastructure based on a detailed review of several broadband investment projects (mostly ERDF co-funded) and includes messages on success factors and lessons learned. This guide aims to facilitate the use of

Structural Funds in broadband investments as well as to contribute to the Digital Agenda goals.

We are now beginning to negotiate the new regulatory framework for regional policy 2014-2020 where we put innovative regions and cities at the heart of Europe's growth strategy. And this is where the concept of smart specialisation emerges. It aims at encouraging regions to identify and exploit their high value added assets as well as finding innovative methods to exploit local strengths and possibilities.

To embark on smart specialisation, a region has to focus its resources on strategic priorities and identify comparative advantages, which can also be man-made rather, not only inherited. Mix of policies and actions would then be needed to strengthen the innovative potentials of local companies, with a view to enabling smart and inclusive growth. Smart specialisation must be a bottom-up process; based on regional potential. There is a role of public funding and smart specialisation should also ensure effective use of public funds to leverage private investment. Also, there is a role to be played by the cooperation between regions. This, in turn, can enlarge the overall research and innovation potential available to local companies.

According to the proposal for the legislative package 2014-2020 "Enhancing access to, and use and quality of, information and communication technologies" is one of 11 thematic objectives in the proposal for Common Provisions Regulation (so-called General Regulation). The ERDF regulation provides a list of investment priorities for each of the 11 thematic objectives set out in the General Regulation for all the CSF funds. It specifies: "Extending broadband deployment and the roll-out of high-speed networks" is one of the three investment priorities within this objective (the other two are: (a) developing ICT products and services, e-commerce and enhancing demand for ICT; (c) strengthening ICT applications for e-government, e-learning, e-inclusion and e-health). The introduction of e-cohesion in the proposal that according to the Commission should be a significant

simplification will on the other hand require a good internet infrastructure from beneficiaries.

The new legislation will provide us with new innovative instruments for territorial development, i.e. the Integrated Territorial Investment (ITI), the Joint Action Plan (JAP) and the Community-Led Local Development (CLLD) and we have to consider the feasibility of using these instruments in order to improve internet infrastructure of our country.

Strategic thinking is the keyword in the austerity times when reduction of public spending requires careful consideration of each euro spent. Smart specialisation will be a keyword/main concept and it should also take into consideration meeting targets of Digital Agenda. Careful preparation of the strategy for growth and jobs, choosing the best strategy for internet infrastructure in the country as a whole and in the regions is a huge coordination task for the national government and it can only be done with the proper involvement of regional and local stakeholders and effective cooperation between them. And here we are talking not only about regional and local authorities but private enterprises as well as civil society.