Address by Minister for Public Expenditure and Reform, Brendan Howlin TD to the Irish Presidency Conference ‘Contribution of Cohesion and Urban Policy to Economic Recovery’

Royal Hospital Kilmainham, Dublin

Wednesday 19 June 2013

Cathaoirligh, distinguished visitors, ladies and gentlemen

I am delighted to be here this morning for this conference on the contribution that Cohesion and urban policy can make to economic recovery. I would like to welcome you all to the Royal Hospital Kilmainham which is perhaps the finest 17th century building in Ireland. It was founded in 1684 by James Butler, Duke of Ormonde, as a home for retired soldiers. In 1984, on its three hundredth anniversary, it was restored by the Government and opened to the public. It is now home to the Irish Museum of Modern Art and the venue for the National Day of Commemoration which takes place annually in the courtyard. Appropriately, it is also a venue that has benefitted from EU Structural Funds.

I would like to thank the two Regional Assemblies for organising today’s conference and also acknowledge the essential role that the Assemblies have played in the success of Cohesion Funding in Ireland and in managing and monitoring ERDF and INTERREG funding. I would also like to take this opportunity to thank Stephen Blair and Gerry Finn and their staff for their hard work and commitment. I wish them every success in their continuing management of the current Regional Operational Programmes for the 2007-2013 period and in their preparations for the next round of Operational Programmes.

We meet here today as Ireland’s seventh Presidency of the Council of Ministers draws to a close. Holding the Presidency of the Council is an opportunity that Ireland has always valued. It gives us
an opportunity to demonstrate we are a constructive and committed Member State that belongs at the very heart of the European decision-making process.

Over the course of our Presidency we have worked intensively to deliver on our objectives of promoting stability, jobs and growth across the EU. We have made steady progress on fulfilling these objectives and we are continuing to strive to make further advances during the final weeks of the Presidency. We remain firmly committed to ensuring that our Presidency leaves a positive and lasting legacy.

Fighting unemployment has been one of the Government’s main priorities and we are therefore pleased with the agreement reached on the Youth Guarantee. With financial assistance of €6 billion from the Youth Employment Initiative, the Youth Guarantee will contribute to addressing the youth unemployment problem across Europe.

In the area of promoting economic and financial stability, we have reached agreement on the “Two-Pack” legislation which strengthens budgetary surveillance and coordination in the Euro area. As Presidency, we have also been successful in implementing this year’s European Semester cycle. We have also secured agreement on two key elements of the Banking Union: the Capital Requirements Directive and the Single Supervisory Mechanism; and now ahead of the ECOFIN meeting we are making final efforts to advance the Banking Resolution and Recovery proposals.

Agreement has also been reached on a new Mortgage Credit Directive that will help avoid the sort of housing bubble which has proved so damaging to our economies.

The Irish Presidency has also worked intensively to advance Single Market files and legislation which we believe can stimulate economic growth and job creation. We placed a particular emphasis on measures to reduce the administrative burden on SMEs. In this regard we are pleased with the progress made on files including the Accounting Directive, the Unified Patent Court, the Union Customs Code, the Re-Use of Public Sector Information Directive and the suite of Public Procurement Directives that officials of my Department are negotiating.

One of the Presidency’s strongest achievements has been brokering agreement on the EU’s Common Fisheries Policy reform. The Presidency reached a general approach on the Common Agriculture Policy reform but is pushing ahead to secure agreement on the package.

Finally, I would like to mention the Cohesion legislative package where officials from my own Department have been leading negotiations in the Council and with the European Parliament. Under the Irish Presidency the Council has completed its position on the complete legislative package. In addition there have been intensive negotiations with the European Parliament, with
more than 80 trilogues and technical meetings having taken place between the Irish Presidency and the Parliament since January and a further trilogue is scheduled for tomorrow in an effort to reach further agreement on areas where we feel agreement in close.

Overall, however, I am pleased to report that in addition to finalising the Council position on the overall legislative package, the Irish Presidency has reached agreement with the Parliament on 90% of the key Common Provisions Regulation and has substantially closed a number of fund specific regulations, notably the ERDF and ETC regulations.

2013 also marks not just the seventh occasion on which Ireland has held the Presidency of the Council of Ministers but also the fortieth anniversary of our accession to the European Union, or the EEC as it was then. Looking back on the forty years since then, we can see that membership of the Union has played a considerable role in Ireland’s economic, social and political development. More recently it has been a key partner in Ireland’s programme of recovery from the banking crisis.

The theme of today’s conference is the Contribution of Cohesion and Urban Policy to Economic Recovery.

We are all too aware of the difficult challenge we have faced in recent years in promoting recovery and repairing Ireland’s economy and public finances. But we have faced up to that challenge and we are confident that we are leading Ireland back to normal market funding and to sustainable growth in living standards and employment.

By taking tough decisions, this Government has implemented a consolidation strategy that is correcting our deficit while allowing economic growth to be maintained in Ireland. The progress we have made has rebuilt the trust of the markets and our European partners in the Irish Government’s ability to keep our house in order.

With 85% of the necessary consolidation already implemented, we are in sight of the completion of the programme of financial assistance.

Having returned to growth in 2011, Ireland achieved a second successive year of growth in 2012.

The labour market has also provided some room for optimism in recent months. Data from the labour market survey show that employment (seasonally adjusted) increased in each of the last
three quarters, with the result that at annual employment growth of 1.1 per cent was recorded in the first quarter of 2013. (Contrast to the 250,000 private sector job losses in 3 years up to 2011).

While our central objective is to control public expenditure and bring our budget back on track, we are also committed to reforming how Government works so that we can maximise the return on every tax euro. We also need to drive down Public Service costs through better practices and more streamlined delivery.

The Government is committed to reform and a key role of my Department is to facilitate, support and drive that reform. The reform agenda is about making the public service fit for purpose by placing customer service at the core of everything we do; by maximising new and innovative service delivery channels; by radically reducing our costs to drive better value for money; by leading, organising and working in new ways; and by maintaining a strong focus on implementation and delivery.

There is no doubt that Cohesion policy has been one of the success stories of Europe. It lies at the very heart of European integration and solidarity. It has played a major role in reducing social and economic disparities and increasing cohesion in a Union of 500 million people in 27 Member States – soon to be 28 - across more than 271 regions.

Cohesion spending supports the growth agenda and will be one of the primary instruments available to the Union to drive investment, promote growth and jobs and stimulate economic recovery in the years ahead.

Let us not forget too that Ireland has been one of the success stories of Cohesion Policy. The Irish experience of Cohesion funding has been very positive, with Cohesion policy playing an important role in the development of Ireland’s economy.

Across Europe we are regarded as an example of how Member States can benefit from Structural Funds, and many Member States have come here to study how we have gone about this.

The future of Cohesion policy is being framed in the context of the current economic downturn, and the challenge of an integrated Cohesion policy is to address this. It is clear that Cohesion policy will be a key policy instrument in achieving the EU 2020 Strategy Priorities for Smart, Sustainable and Inclusive Growth and promoting economic recovery.
In co-operation with the staff of the Assemblies and others, my officials are engaged in planning for the next programming period.

The National Co-ordination Committee for the Funds, which is chaired by my Department, provides the vehicle for bringing together all the relevant stakeholders and relevant Government Departments including the Department of Education & Skills, which is the Managing Authority for the ESF which will form a significant part of our Structural Funds allocation under the next round.

It will then fall to me, as Minister with overall responsibility for Cohesion Policy, to make proposals to the Government on the best use of our Structural Funds allocation and the most efficient way of increasing the impact of EU funding.

In this regard, the new round of funding represents an opportunity for Ireland to move away from traditional one-off grant payments and to recognise the contribution that more innovative solutions, such as Public Private Partnerships and Financial Instruments, can make to increase Structural Fund impact and leverage.

Last month I had an opportunity to take part in a conference in Brussels organised by the Committee of the Regions on investing in Europe’s regions and cities where other participants included Commissioner Michel Barnier, EIB President Werner Hoyer and the head of DG REGIO, Walter Deffaa.

I am very pleased to acknowledge the significant and important role of the European Investment Bank in this area, the crucial supports it gives as the EU's long-term financing institution, and its expertise and knowledge in the development and implementation of a range of Financial Instruments, in co-operation with the European Commission.

Officials from my Department and other key Departments have been involved in a High Level Working Group with the EIB to boost the impact of EIB funding in Ireland and investigate additional areas for further cooperation, such as Financial Instruments.

In the next programming period, I believe it is essential that the European Structural and Investment Funds are used in conjunction with EIB funds and financing sourced from Government and the private sector to ensure an optimum leveraging for EU and EIB funds while securing economic growth and related employment creation.

I am also aware that Vice President Taylor is here in Dublin today to sign a loan for €100m with the Department of Education & Skills to build and extend primary and secondary schools. I fully
welcome this new financing which signifies the enhanced support received over the past year from the EIB.

Ireland is very open to the possibilities offered by the use of Financial Instruments. We are actively investigating the nature of, and extent to which, such instruments could be used most effectively under the new Regional Operational Programmes for the 2014-2020 programming period. For example, the use of Financial Instruments could potentially make a significant contribution to the requirement that 20% of Ireland's 2014-2020 ERDF programme be invested in low carbon economy related projects.

The EIB is mandated to undertake feasibility studies on Financial Instruments on behalf of the Commission for Member States and these studies are jointly funded by both institutions. Last year, my Department requested such a feasibility study on Ireland regarding the potential to utilise a Financial Instrument to deliver parts of our next Structural Funds Programmes.

This study, which was conducted by PWC and ARUP and managed by the EIB, has been completed recently and I welcome the publication of the final report today. The findings will play an important role in the preparations of the Regional Operational Programmes for 2014-2020.

The report shows that there is strong demand on the ground for financial instrument type funding in the areas of resource efficiency including, in particular, projects relating to the retrofitting of social housing.

Another area where these instruments could add significant value is energy efficiency and we will be examining how such instruments can be developed and implemented in the future.

So, thank you all again for your attendance and it now gives me great pleasure to invite Vice President Taylor from the EIB to join me as we launch the final JESSICA 2014 – 2020 Evaluation Study for Ireland.

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