



## **Meeting of the Territorial Development Policy Committee (TDPC)**

**OECD, 31 March 2009**

### **Session I**

## **Regional, National Objectives and Global Challenges**

### **The Spanish Local Investment Fund**

**Ms Elena SALGADO  
Minister for Public Administrations (Spain)**

Thank you Madam Chair,

I'm going to be very concrete and to refer specifically to the Spanish Local Investment Fund, one of the main measures of our extraordinary fiscal package.

By means of this Fund, the Spanish Central Government provides all Local Councils with a total amount of 8,000 M euros to carry out projects in different fields. Through this initiative around 31,000 projects have been approved in ten weeks, and most of the works will start in April. Every project has to be below 5 M euros so to reduce publicity delays.

Projects have been presented by more than 8,000 municipalities, 99,9 % of total, all over Spain.

Distribution of the Fund among municipalities has been done on the only basis of population, so that benefits reach even the smallest village.

Projects approved refer to different areas, among them:

- environmental improvement of public spaces;
- promotion of sustainable urban mobility;
- energy savings and efficiency;
- cultural and educational facilities;
- elimination of architectural barriers to facilitate disabled people mobility.

Through this Fund, we will create jobs and we will foster local economy. All projects have to be carried out by private companies, normally small and medium size firms.

Total estimated direct jobs that are being created amounts up to 280,000 and around 400,000 if you include indirect jobs. Many of the jobs are in the construction sector, the one which is more severely hit by the crisis.

All works have to be finished before March 2010, so we are talking about small projects, labour intensive, but also very useful if we want to create better conditions for future growth.



This is a conjunctural and exceptional measure. It doubles all municipalities investment in an average year, for example 2007. And what is more important projects are additional to the local council ordinary budget. That means projects are not dedicated to basic and daily ordinary needs, but to create conditions for a new economy.

This plan has succeeded because we have been very efficient through all the administrative process, using to the most the e-government with not even one written document or paper.

This plan has also awakened citizens interest, with more than 11,5 M visits to the Fund web page. Many of the citizens want to know what is their Local Council doing with the money and in many cases Local Councils have asked for citizen's suggestions and opinions before presenting their projects.

Details are explained in the brochure Spanish delegation is going to distribute during lunch time.

In summary we think this is a measure which shows that cooperation between different levels of government, in this case Central Government and municipalities, may provide powerful tools to overcome economic crisis.

Also this measure complies with the conditions suggested by European Union in its Economic Recovery Plan:

- It is immediate, to rapidly sustain the economy;
- It is temporary, to avoid public funding being permanently compromised;
- It is targeted on our big economic problem, job destruction;
- It is coordinated among administrations, to multiply the positive effects of the measures.

And I should add it is efficient in its electronic procedures and contributes to the process of reducing administrative burdens.

Thank you



## **Meeting of the Territorial Development Policy Committee (TDPC)**

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### **Session II**

## **Unlocking Regional Growth: Innovation and Public Goods**

### **Introductory speech**

**Ms Elena SALGADO**  
**Minister for Public Administrations (Spain)**

Thank you Madam Chair.

Good afternoon,

It is for me a great honour to introduce the second session of this ministerial meeting, pertaining to regional growth through the fostering of innovation and the creation of public goods.

In my opinion, it is essential to focus this question from the perspective of the public sector's role in the economy. And even more so, with the events we are experiencing today, which call for leadership to head economic recovery.

Those of us who have always been Keynes followers, because we consider that Public Expenditure is a powerful instrument for social transformation, generating wealth and prosperity, we are convinced that the States in terms of both central Government, as well as regional and local government have to play not only an important role, but an essential one in combating this crisis and fostering economic recovery.

Firstly, it is the Government's role to respond to the needs of citizens, who increasingly call for more, and improved public services, services such as education, health, justice and security, which allow citizens greater freedom and which sustain social cohesion. Experience has proved that when such public services are weakened, this leads to increased inequality and poverty.

Secondly, the public sector plays a fundamental role in creating public assets, boosting economic development through its infrastructure investment policy, and investment and promotion of Research, Development and innovation. Investment in both infrastructures and in Research, Development and innovation have a direct impact on competitiveness and productivity and contribute to creating more and better quality jobs.

In times of crisis, such as we are currently experiencing, Governments must intervene decisively so as to avoid a long and deep recession, assuming a



renewed role, which succeeds in transmitting a sense of security in consumption and investment decisions, to economic agents.

Having said this, by no means do I wish to underestimate the role of the market in the economic development of a country. Business initiative represents a crucial factor for economic growth and the Public Administrations should not substitute this business initiative. On the contrary, they can and should stimulate and promote it, maintaining a predictable macroeconomic environment, and acting as catalysts for economic recovery, creating the appropriate conditions to enable companies to once more generate wealth and employment.

This is the perspective of international institutions such as the IMF and the EU, and the different Governments that have drawn up extremely ambitious extraordinary Plans to stimulate the demand of the different economies, by means of measures involving increased expenditure, because with such measures, the economy reacts more rapidly.

This is what the Spanish Government has also done, through the Spanish Economy and Employment Stimulation Plan, which signifies an unprecedented movement of public resources in our country. This Plan provides support measures to families, to companies and to the financial system, and incorporates measures for the modernization of the economy in order to improve the productivity of such fundamental sectors as transport, energy, telecommunications, services and Public Administration.

It, for example, dedicates almost 500 M euros to innovation projects, carried out through regional centers.

These are complementary measures to those included in the National Reform Programme, which is being implemented within the framework of the Renewed Lisbon Strategy, to provide the Spanish economy with a sustainable and long-lasting economic growth model in the medium and long term. Measures promoted by the European Union, such as the transposition of the Services Directive and the reduction of administrative burden on companies and citizens, will revitalize the creation of companies and economic growth.

This is important, as a crisis brings about opportunities to do things better, to be more effective and efficient, more productive and more competitive. For this reason, it is sound to improve the structural conditions of our economic sectors, to achieve economic growth models that are more sustainable, more respectful to the environment, more dynamic, and which favour social cohesion.

In all these measures aimed at stimulus of the economy, it is not only central Government that should be committed to their success; but it is also the responsibility of all Public Administrations, including local and regional government, to confront and employ the most suitable measures for their respective areas. Of course, combined action between the different levels of government is the best way of ensuring that the measures are successful.



Likewise, it is important to involve the business sector, particularly small and medium-sized firms, not only because of their highest labour-ratios, but because as someone suggested this morning, innovation is not only classical R+D, and in this new innovation concept, small firms, municipalities and regional governments have a crucial role to play. New skills for a new economy. And as I tried to illustrate this morning, this “small size” concept may be boosted through municipalities and small projects.

I want to finalize this introductory speech by making two final remarks I consider of particular importance. At least it is so for the Spanish Government. First, we will overcome this crisis with all social agents’ efforts and compromise, not only with financial support and we mustn’t forget that. Secondly, as you know, all situations of economic hard times are suffered to a great extent by the most vulnerable people, that is by those with lower incomes.

The Welfare State which makes Europe different from other economic regions is upheld on this social justice, and it is something that we cannot relinquish.

Thank you