

DEMOCRATISING TRANSFORMATION



5th edition curated with



FINANCING INFRASTRUCTURE TRANSITIONS – Erik Jones / European University Institute

Regarding infrastructure transitions, I would try to insist on two principles: First, to make sure that money doesn't lock us into a hydrocarbon future at a time when we want to move away from that. And second, that infrastructure investments need to have equitable financing wherever they are made. In other words, countries that have greater difficulty accessing sovereign debt markets, and raising capital to make necessary investments should be supported in those efforts.

Infrastructural investments have to connect us in solidaristic ways. The creation of European markets has to become an instrument of solidarity. And the only way we can do that is making sure that the financing and access of all parts of that market are based on a level playing field.

We also have to make sure that the money is spent effectively. This is a huge problem for European countries. The current European procurement approach doesn't have strong systems at the national and regional level to manage the money that's made available. If you look at the record of spending on authorisations from regional and structural funds across member states, there is virtually no country that achieves a throughput of more than 60% of the money that they are allocated.

And that ineffectiveness has everything to do with contracting, tendering procedures and having the right people in the right place to manage the relationships necessary in order to get

the money out. In Europe we talk a lot about the next generation EU – which is this 800 billion euro package of spending to promote recovery and finance transition to a sustainable and digital economy – and it is very unlikely that more than half of that money will ever be spent. This will have a big impact on the effectiveness of the overall strategy for Europe's dual transition. When you think about the arbitrariness of the projects that won't be completed as a consequence, and the implications of those incomplete projects, for connecting of all the things that need to work for this transition to be successful, you realise, that what should look like whole cloth is going to look more like Swiss cheese, as a consequence.

Most important, the past is not a good guide to the future. What we have to do over the next 20 years has never been done before. Take energy distribution, for example. When we look at petrol stations, gas mains and electric lines, we should recognize that we had all the time in the world to build that out. Now, we are actually facing a transition imperative. We not only have to embrace new forms of energy – with all the distributional challenges that entails – but we have to restructure our whole economy in society around that in a very limited period of time.

If the past is not a good guide, conventional wisdom is not much help either. Much of the way we understand policy is based less on evidence than on tradition. In the context of this major transition we should not assume that people are fully aware of how extensive the energy transformation will impact our daily life. Any crisis that affects diverse individuals in very powerful, even if not equivalent ways, must be structural in origin. If it's structural, what are the structures that we need to address?

If I had a superpower, it would be to communicate that sense not only of the urgency for action but also of the scale that is required. Our children will live in a world that is fundamentally different as a consequence of our success or failure. It's not guaranteed that it will succeed but we have to do this job.