

EUROPEAN UNION



Committee of the Regions

RESOL-V-016

109th plenary session, 3-4 December 2014

**RESOLUTION
of the
Committee of the Regions**

ON THE EUROPEAN COMMISSION'S COMMUNICATION

FOR AN INVESTMENT PLAN FOR EUROPE

THE COMMITTEE OF THE REGIONS,

having regard to the European Commission's Communication on "An Investment Plan for Europe":

1. welcomes the fact that the new Commission has put investment in growth and jobs at the centre of its agenda and stresses the Committee of the Regions' willingness to cooperate with the European Union institutions, in particular with the European Commission and the European Investment Bank, in order to ensure the necessary political ownership for the success of the plan which combines enhanced investments with structural reforms;
2. welcomes the recognition in the proposed investment plan of the role that local and regional authorities will play in boosting investment for jobs and growth given that sub-national governments carried out around 55% of total public investment in the EU-28 in 2013¹;
3. welcomes the acknowledgment by the European Commission of the current significant under-investment with current investment levels EUR 230 to EUR 370 billion per year below average;
4. highlights that the investment plan should be the start of a wider EU investment strategy, closely connected with the revision of the Europe 2020 strategy, interlinked with removing regulatory burdens;
5. suggests that the investment rate per Member State should be used as a criterion of macroeconomic surveillance;

Unblocking financing resources to fuel investment at EU, national and regional level

6. emphasises that public investments have to comply with the sustainability of the public debt; stresses that quality public investments constitute a stimulus and often a prerequisite for private investment and that their re-launch should aim at producing output effects delivering a decline in the debt-to-GDP ratio;
7. calls on Member States, regional and local authorities to respond positively to the appeal for voluntary participations to the European Fund for Strategic Investments (EFSI);
8. endorses the Commission's suggestion to exempt the public investments that support projects under the EFSI from deficit calculations under the Stability and Growth Pact;

¹ Sixth report on economic, social and territorial cohesion: investment for jobs and growth - COMM473-2014.

9. considers that this exemption is consistent with the Committee of the Regions' demand that national co-financing of the European Structural and Investment Funds be exempted from deficit calculations of the Stability and Growth Pact and therefore asks the European Commission to assess the feasibility of this demand;
10. endorses the Commission's assessment that without the regional authorities' financial and project-based involvement the Investment Plan will not reach appropriate leverage effects into the real economy;
11. questions whether the envisaged 1:15 leverage ratio, can be achieved throughout the EU, taking into account that some less developed regions lack a robust private sector that could provide additional financing for projects;
12. welcomes the announcement by the Commission that the new EFSI will be established in addition to the European Structural Investment Funds; underlines that any overlap between EFSI and ESIF must be avoided and requests clarification on the complementarity needed between these investment funds, including on the use of financial instruments;
13. urges accessibility for small-scale projects contributing to job creation at local level, and stresses the need for a balanced urban-rural investment plan;
14. stresses that this package must not have any negative impact on projects launched or planned under the existing COSME and Horizon 2020 programmes;
15. considers that capital injections should not only focus on quantitative leverage in general but also on quality investments in areas such as education, training, research, transport, infrastructure, health, energy efficiency, sustainable development which increase the growth potential;

Local and regional authorities as key facilitators in matching funding to key investment projects

16. welcomes the Commission's intention to cooperate with all public and private stakeholders at regional level, in order to facilitate key investment projects and ensure their access to appropriate sources of funding; underlines that public private partnerships could deliver competitiveness but need to have well-defined areas and agreed goals; urges the Commission to require Member States to apply transparency in the selection of projects, sharing the process with the regional and local authorities;
17. stresses that a stronger involvement of national and regional development banks is needed in the implementation of the investment package;
18. suggests that the OECD principles on public investment should be taken into account when assessing the foreseen investment projects;

19. endorses the idea of a one stop shop investment advisory "Hub" to guarantee European priority-setting; highlights the capability of local and regional authorities to bridge with project promoters, investors and public managing authorities to facilitate key investment projects and ensure the right projects access appropriate sources of funding;
20. welcomes the plan's initiative to support risk financing for SMEs; however, as SMEs are known to be the most vulnerable enterprises during times of economic and financial instabilities, support should be fully guaranteed by the EIB and not be priced on market terms; underlines that the support for risk financing must also be available to small and micro-enterprises and expresses concerns that the broad definition of mid-cap companies might lead to the support benefiting mostly larger mid-cap companies;
21. supports the initiative of organising "Investing in Europe" workshops at regional level and confirms its willingness to contribute to their success with its expertise;

A more efficient environment for public administrations in the implementation of investments

22. underlines that the capacity and the quality of local and regional administrations to identify and prepare suitable projects is often the biggest bottleneck for more private investment; points out that local and regional authorities may be exposed to additional financial administrative burdens during the plan's implementation phase; stresses the importance of working with local and regional authorities in identifying regulatory and non-regulatory barriers given that local and regional authorities implement about 70% of EU decisions;
23. consequently, stresses that more dedicated technical assistance is needed to support the administrative capacity of sub-national public administrations in order to efficiently cope with structural reforms aimed at improving the investment climate;
24. calls for simplified procedures allowing for timely approval of projects to avoid any delays in the implementation of the plan;
25. shares the view that efficient and timely transposition of EU public procurement rules, including on innovative partnerships and the promotion of e-procurement tools will improve the conditions for investment; stresses, in this respect, that many contracting authorities do not currently have the facilities to process electronic invoices and thus various Member States should target actions towards developing appropriate IT systems and providing solutions to the existing gap;
26. commits itself to provide its contribution to the draft regulation implementing the investment plan which is expected to be adopted by the Commission in January 2015;

27. instructs its president to forward this resolution to the European Parliament, the Council, the European Commission and the president of the European Council.

Brussels, 4 December 2014

The President
of the
Committee of the Regions

Michel Lebrun