



WG Long Term Investments

4 December 2019, Brussels

Venue: Gothenburg European Office, Rue Luxemburg 3, 1050 Brussels

Chair: Vienna

Vice chair: Gothenburg

All presentations are available on the event page of the Munich EDF on the EURO CITIES website: <https://bit.ly/2rkflh9>

Theme: Presentation of the EURO CITIES policy statement [*'European cities as drivers of investments'*](#)

During the long-term investments working group meeting held 4 December at the Gothenburg European Office, EURO CITIES invited several institutional actors to attend the presentation of the LTI position on 'European cities as drivers of investments.'

The working group activity began with the presentation of the new EURO CITIES [policy statement](#) to the institutional actors present. The objective was for these actors to react to the statement.

Before the institutional reaction, the WG received presentations from the European Commission's DG ECFIN on [The InvestEU Programme](#) in the context of the next European Multi-Financial Framework (MFF). The key principles are:

- A Single Fund a single Regulation and single agreement with implementing partners
- Access to the EU guarantee open to multiple implementing partners
- Policy driven approach implemented through thematic policy windows
- Budgetary guarantee (no funding)
- Member State compartment
- Blending: harmonised combination rules

The financial products under the InvestEU programme relevant to the urban context were mentioned as well. They are in the fields of:

1. Social infrastructure and inclusion
2. Social impact investment
3. Smart/green mobility
4. Energy service providers for energy efficiency investments

Following the presentation of DG ECFIN was a presentation of EUROSTAT on the investment in the [excessive deficit procedure](#). Eurostat highlighted:

1. Role of EUROSTAT regarding long term investments
 - Providing deficit and debt figures to be used in SGP through member state data tables
 - Assessing quality of the data reported by EU member states, checking compliance with deficit and debt figures

- Interpreting European System of Accounts (ESA 2010). The rules are decided at member state level by majority vote
2. The system of financial recording
 - EUROSTAT records infrastructure investment via GFCF, over the construction period of the asset not via depreciation like with IPSAS or IFRS
 - Normally, government investments are carried out through (1) public (2) contracts, public private partnerships (PPPs), (3) concessions, (4) leases and (5) energy performance contracts - ESA 2010 only framework allowing PPP OFF Balance -Sheet¹
 3. The state of play and the rules it abides by.
 - Eurostat actions include publishing a guide on statistical treatment of PPPs, a guide on statistical treatment of EPCs and will provide a future guide on concessions
 - Eurostat role is limited to statistical treatment and clarifying rules
 - Rules of Eurostat are very difficult to change

Feedback on EUROCITIES policy statement

Once the presentations from the institutions had finished, the WG proceeded to a feedback session on behalf of the invited experts on the EUROCITIES policy position paper including the participation of DG ECFIN's fiscal and surveillance unit.

Presentations on funding opportunities

The second part of the day focussed on the funding opportunities from different institutions. The [European City Facility programme](#) which intends to:

1. Provide technical, legal and financial expertise
2. Build capacity of at least 450 public authority staff to develop substantial project pipelines
3. Facilitate access, especially for small and medium-sized municipalities to private finance, EU funding streams and similar facilities and advisory services
4. Use successful investment concepts and knowledge generated to reach out to more than 8,000 cities and communities
5. The programme will provide a funding of 60.000 euros

Members reacted emphasizing that the programme could be very useful for smaller cities with tight budgetary constraints.

Members were also presented with EU funding mechanisms under the [European Investment Bank and URBIS initiative](#):

- EIB emphasized that their advisory support is held throughout the whole project cycle i.e.:
 1. Upstream: policy and programme advice, preliminary project assessment
 2. Preparation: technical advice, financial structuring advice, supervision of consultants
 3. Implementation: advice on project implementation, enhanced monitoring in delayed projects.

¹ Eurostat will check if data on the five ways of government investment is available. The goal is to have an idea of their total and relative importance for public/urban investment.

- Eligibility criteria:
 1. Concern sustainable urban investments with a planning led approach and building on integrated urban strategies
 2. Be investment related
 3. Be linked to an integrated urban investment programme or project of at least EUR 20 Mln and short to medium term time horizon, typically 3-5 years
 4. Demonstrate additionality - e.g. address a capacity or funding gap, support the use of different funding sources, can be replicated in other cities

The Commission's DG HOME additionally presented the [financial instruments for migrant integration](#).

Challenges cities face regarding migration:

- Lower employment than host country nationals
- Larger risk of poverty and social exclusion
- Large share of low education
- Substantial gender gap

Tackling the challenges:

- Reception - ensuring integration from first day
- Education - access to inclusive and non-segregated education
- Employment - ensuring conditions for long term labour market integration
- EU budget to address challenges on migration management:
 1. Separate heading IV and specific resources on migration and border management
 - Asylum and migrant fund
 - Increased dedicated resources in 2021-2027 - EUR 10,4 billion
 2. Mainstreaming migration under various EU funds (internal, external)
 - Policy prioritisation of migration under various EU funds (ESF+, ERDF, NDICI, IPA etc)
 - Specific earmarking of expenditure for migration
 3. Strengthening the EU framework for financial instruments and blending opportunities
 - Leverage effect of the social window of Invest EU
 - Blending facilities under specific instruments

Further financial instruments can be found through:

1. social outcome contracting (SOC):

- Social Impact Bond is a partnership aimed at improving social outcomes for service users. The service will only be paid for if and when outcomes are achieved.
- Impact bonds are outcome-based contracts that incorporate the use of private funding from investors to cover the upfront capital required for a provider to set up and deliver a service.

2. The InvestEU fund (2021 - 2027)

Work Programme 2020

The WG proceeded to delineate the objectives for the next working programme for 2020. Objectives were identified.

New chair election

Cologne and Gothenburg were elected co-chairs of the working group.