

Obstacles to Investment at Local and Regional Level

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The challenge

- Persistent investment gap, at EU, MS and LRA level
- Wide-ranging, diverse and inter-linked obstacles to investment
- A large category of obstacles are territory-related:
 - have a territorially differentiated impact within countries,
 - are relevant to the functions of the LRAs re: investment, and
 - there is potential for the LRAs to contribute towards easing or removing them.
- How to ease or remove such obstacles in order to narrow/fill the investment gap

The study

■ Starting point:

- AGS: a process of identifying/tackling investment challenges
- Listing of investment challenges by MS
- Main thrust: regulatory & administrative challenges

■ Other sources

- EC/CR+CSR, NRP, CoR, OECD, LRA associations
- 8 case studies: IT, PT, UK, SE, DE, PL, SK, EE

Main groups of obstacles

1. Deficiencies in **MLG and public administration**, including coordination with other levels & sectors.
2. Deficiencies in **accessing and managing investment funds**, including mismatches between the functions and financial resources of LRAs.
3. Shortcomings in **public procurement and public-private partnerships**.
4. **Unfavourable business environment**, due to burdensome regulations & difficulty in accessing SME finance.
5. **Inadequate preconditions for investment** (appropriately skilled labour force, transport networks, etc.).

Relevance and impact of obstacles

- LRAs play multiple and often inter-linked roles regarding investment in their area:
 - planner, investor, investment partner, regulator, provider and promoter/facilitator, and
 - an overarching role of 'enabler' as envisaged in EFSI
- Relevance and extent to which the obstacles impede the different roles of LRAs:
 - Shortcomings in public procurement/PPP present the most significant challenges, especially on the role of investment partner and enabler
- Territorial relevance of the main obstacles in terms of their impact on regions *within* countries:
 - the most differentiated impact is observed in the case of 'essential preconditions', such as the availability of skills and transport infrastructure.

Types of action [LRA contribution]

- **Fiscal and financial framework [low]**
 - Fiscal framework adapted to the investment objectives
 - Correcting functions / financial resources misalignment
- **Multilevel governance and institutional reform [medium]**
 - Better MLG
 - Institutional reform
- **Administrative capacity building [high]**
 - Organisational strengthening
 - Strengthening specialist expertise

Message

- Not all the territorial obstacles are equally important in terms of their relevance to the competencies and functions of LRAs and the intensity of impact within countries:
 - a more selective and focused approach would be justified from a territorial perspective,
 - a “template” at EU level that can be used for establishing more specific packages of action in each country.

"Template"

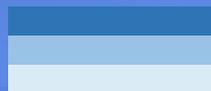
Main obstacles	LRA competences and roles* / Types of action** / LRA contribution***					
	Planner	Investor	Investment partner	Regulator	Provider	Promoter/Facilitator
1. Governance and Public Administration						
1.1 Deficiencies in quality, efficiency, coordination within public administration	○					
1.2 Fragmentation and lack of coordination with other levels of government	◇					
1.3 Lack of coordination/cooperation with other sectors	◇ ○					○
2. Accessing and managing investment funds						
2.1 Deficiencies in planning, managing public investments incl. EU funds		○ ◇				○
2.2. Mismatch between the functions and financial resources of local/regional		△ ◇				
3. Public procurement and PPP						
3.1 Public procurement shortcomings			○ △ ◇			○
3.2 PPP shortcomings			○ △ ◇			○
4. Business environment						
4.1 Burdensome (general) regulatory regime				○ ◇		○
4.2 Burdensome sector-specific regulations				○ ◇		○
4.3 Difficult to access finance						○
5. Essential pre-conditions						
5.1 Lack of appropriate skilled labour force					○ △ ◇	○
5.2 Inadequate transport and other infrastructures					○ △ ◇	○

*Impact on LRA competencies and roles

High

Medium

Low



**Types of action

Fiscal & financial framework

MLG & institutional reform

Administrative capacity building

***LRA contribution

Low

Medium

High



Thank you for your attention

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