EUROPEAN UNION

Committee of the Regions

Results of the CoR online consultation on obstacles to investments at local and regional level

Secretariat of the Commission for Economic Policy (ECON), Unit C2
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1. Executive summary

Re-launching public and private investments to boost long-term growth is at the top of the EU policy agenda. The European Commission has invited Member States to help identify and later to overcome obstacles to investment. The European Committee of the Regions (CoR) advocates that local and regional authorities (LRAs) should take part in this effort. LRAs are key public investors and key contributors to setting the preconditions for long-term sustainable and inclusive growth; among others, they help to create a better environment for private investment, in particular for SMEs.

In order to gauge the situation on the ground, the CoR carried out an online consultation on obstacles to investments at local and regional level between 19 May and 14 July 2016, which resulted in 329 replies from all 28 EU Member States. The survey results show that, while the national level is very important regarding investment conditions, there are specific needs and conditions that characterise the subnational level of government and which should be addressed to improve the level of both public and private investments.

Regarding the survey results, a clear majority (75%) of respondents reported that their total investment rate (public and private combined) was lower in 2014 than in 2008. As expected, the share of respondents who confirmed this trend was significantly higher in countries hardest hit by the economic crisis. When asked about the last 12 months, about a third of all respondents indicated that private investments had gone down, while for about a third, they had gone up. There was a similar pattern for public investments, although these have slightly more decreased than increased.

Of those local and regional authorities that confirmed a decrease in investments in 2008-2014, only 14% noted an increase in both public and private investments. At the same time, however, 18% noted a further decrease in both public and private investments.

Respondents were also asked how private businesses perceive specific obstacles to their investments, first in the area of laws and regulations. Two of the listed obstacles were marked as obstacle to investments by more than 60% of respondents: burdensome administrative procedures to launch/extend/close an activity (by 61%, with an additional 30% seeing it as an obstacle to a limited extent) and a slow/burdensome judicial procedure (by 64%, with an additional 23% seeing it as an obstacle to a limited extent). Furthermore, more than half (55%) of respondents agreed that burdensome rules (concerning the environment, labour market, retail trade and other areas) are relevant obstacles that are reported by private businesses. An additional 30% of respondents agreed with their relevance to a limited extent.

Furthermore, respondents said that for businesses in their regions and cities, obstacles related to regulations (e.g. administrative procedures to launch or close an activity; environmental and labour market-related rules) were more burdensome than those related to daily procedures and services provided at local/regional level (e.g. delays taking decisions, delays in public payments, transparency in how the public administration works).

The results confirm the need to improve the regulatory framework, to ensure that starting and running a business becomes simpler. This reflection is also valid for local and regional authorities themselves. Respondents seem to be aware of the fact that their administration needs to be more efficient and offer better, or timelier, services to answer to the needs of local businesses, but also to plan and implement public investments. However, to achieve this goal, one of the first challenges is to improve coordination procedures. Responses to the survey show that coordination between and within the different levels of public administration, as well as insufficient capacity to design or manage specific financial tools, are of prime concern. Particularly, coordination challenges (with other levels of government, with the private sector and civil society, as well as within the administration) were seen as obstacles by a clear majority (around 70%) of respondents.

There is also a need to improve the administrative capacity, in particular because the absorption of financial sources and the use of available financial instruments, the participation investment partnerships/platforms and projects pose a significant challenge in many cities and regions. For example, 71% of respondents see it as a challenge or a major challenge to get involved in public-private partnerships, and 70% see in the same way the management of complex public procurement procedures. Obtaining financing from the schemes managed by the European Investment Banks or obtaining funding from the EU Structural Funds is a challenge in terms of matching the formal requirements and the complexity of the projects with the current level of administrative capacity.

Access to finance and the low level of familiarity with new tools offered by the Investment Plan for Europe and the European Fund for Strategic Investments (EFSI) is a significant problem that requires more communication, promotion and training. Only approximately 10% of respondents said that they were well informed about how the EFSI could be used in their region or city. Most respondents (73%) were not aware of the concept of investment platforms within the EFSI. This shows that more effort is needed to provide LRAs with information on the EFSI and its tools. Some of the additional comments sent by respondents also confirmed this finding, with some of them admitting that they had learned about the EFSI thanks to the CoR survey.

The overall picture that emerges from the CoR survey is that despite the urgent need to step up and better manage the limited resources, there is a major training, technical assistance and communication challenge. There are financing schemes and instruments, managed by (promotional) banks in member States, together with, or independently from, the EIB, and there are also EU Funds, which require sufficient administrative capacity at local and regional level. Once informed about the possibilities, administration in cities and regions needs to acquire skills to use the financial tools, to design and manage private-public partnerships and to combine different streams of financing and funding to reverse the trend of investment cuts. At the same time, it is also important to simplify the regulatory framework and change burdensome daily practices across different levels of government, to make it friendlier to businesses.

2. Background and information on respondents

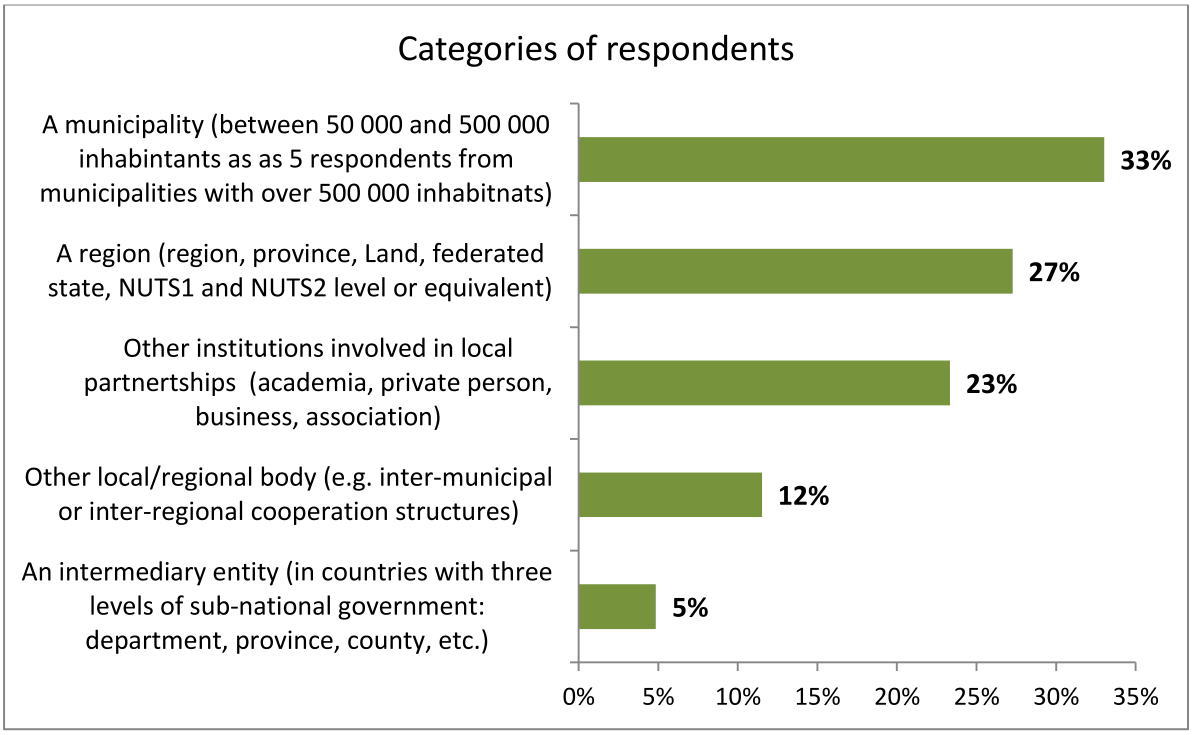
Between 19 May and 14 July 2016, the CoR carried out an online consultation on obstacles to investments at local and regional level. The survey was designed to help identify obstacles to investment and to monitor the implementation of EFSI. It was addressed to LRAs because they are key public investors and key contributors to setting the preconditions for long-term sustainable and inclusive growth. Their views were expected to feed directly into the ongoing debates about how to re-launch public and private investments to boost long-term growth, an issue which is at the top of the EU policy agenda. Their views are particularly important because the European Commission has invited Member States to help to identify obstacles to investment. The CoR advocates that LRAs should take part in this exercise. Cities and regions also help to create a better environment for private investment, in particular for SMEs.

Nearly 330 contributions were submitted from all 28 EU Member States[1]. Approximately 77% of the responses were submitted by LRAs or public administration representatives, and the remaining 23% by other actors involved in local partnerships, such as representatives of academia or associations (e.g. trade, transport and other sectors).

Readers must be aware that responses are not representative of the EU in a strictly statistical sense. They are rather a good sample, based on the views expressed by experts and practitioners in the field. Because some countries or groups of respondents are over-represented, the answers to each question were additionally broken down by specific category (region, intermediary bodies, each type of municipality, etc.) and by country. In most cases, the views of specific groups or those from respondents from specific countries did not affect the overall average, and instances where this might be the case are highlighted in the report.

[1] Austria: 5, Belgium: 5, Bulgaria: 11, Croatia: 6, Cyprus: 5, Czech Republic: 3, Denmark: 4, Estonia: 11, Finland: 7, France: 4, Germany: 15, Greece: 17, Hungary: 14, Ireland: 1, Italy: 43, Latvia: 9, Lithuania: 4, Luxembourg: 1, Malta: 2, Netherlands: 7, Poland: 26, Romania: 13, Slovak Republic: 10, Slovenia: 8, Spain: 35, United Kingdom: 7.

Figure 1: Categories of respondents



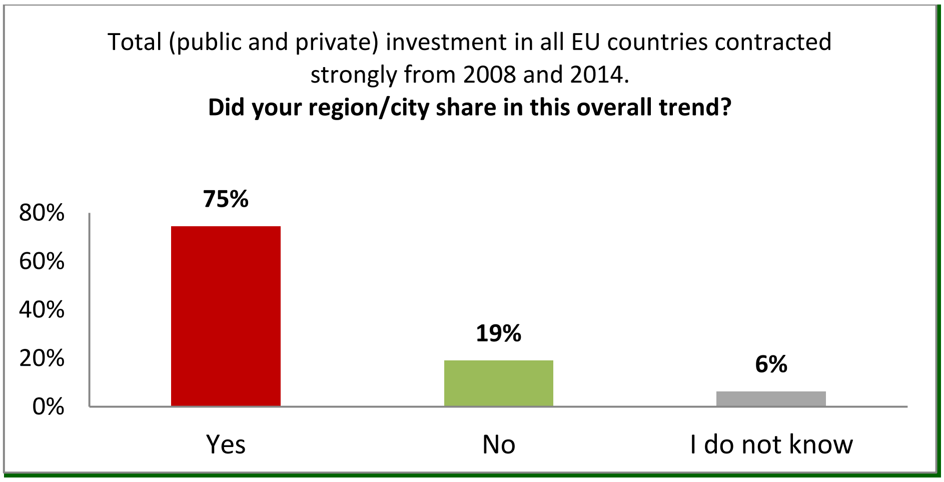
3. Findings

The findings presented in this document follow the order of questions in the online survey that was distributed to all respondents. Initial emphasis is on both public and private investments for 2008-2014 and the most recent 12-month period. The following paragraphs cover specific obstacles to investments as well as the general awareness of and selected aspects of the Investment Plan for Europe.

3.1 Decrease in total investments in 2008-2014 and observation of trends over the last 12 months

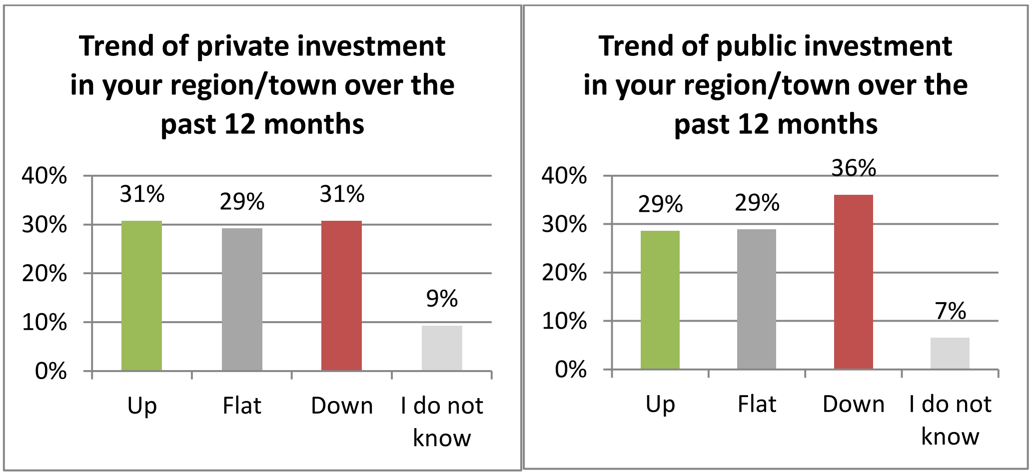
A clear majority (75%) of respondents shared the view that their region/city had witnessed a decrease in total (public and private) investments from 2008 to 2014 (**Figure 2**).

Figure 2: Total investments 2008-2014



For approximately one third of respondents, the last 12 months had brought a further decrease in either or both public and private investments. For one third of respondents, the level of investments seemed unchanged (**Figure 3**).

Figure 3: Private and public investments over the past 12 months



The most difficult situation was observed by approximately 18% of respondents (**Figure 4**), who said that after the decrease between 2008 and 2014 in their cities/regions, there had also been a decrease over the last 12 months in both public and private investments.

Some respondents noted a positive development: despite a general decrease between 2008 and 2014, there was an increase in either or both private and public investments in specific regions or cities. The group of respondents with the most positive development and an increase in both private and public investments is small (14%).

Figure 4: Comparison 2008-2014 drop in investments and situation over the past 12 months

	Private investments	Public investments	Both public & private investments
Decrease in 2008-2014 and DECREASE in last 12 months	26%	29%	18%
Decrease in 2008-2014 but INCREASE in last 12 months	23%	21%	14%

3.2 Investment decrease in countries hardest hit by the economic crisis

In order to verify the differences in the perception of investment levels between countries hardest hit by the economic crisis and those less affected by it, the results of the survey were analysed separately for these two groups. For this purpose, the Eurostat data on GDP growth was used[2] (data from May 2015) and countries were categorised depending on their cumulative growth rates in the period 2008-2014[3]. This enabled two groups to be defined in order to compare the sample: a) those that were hit by the crisis harder than the EU average (13 Member States) and b) those that were less affected (15 Member States). To enable a more detailed comparison, the respondents, according to the country they are from, were also divided into four quartiles of seven countries each, according to the impact the economic crisis had on the growth rates in their countries. Observations based on these divisions are highlighted whenever they offer interesting insights.

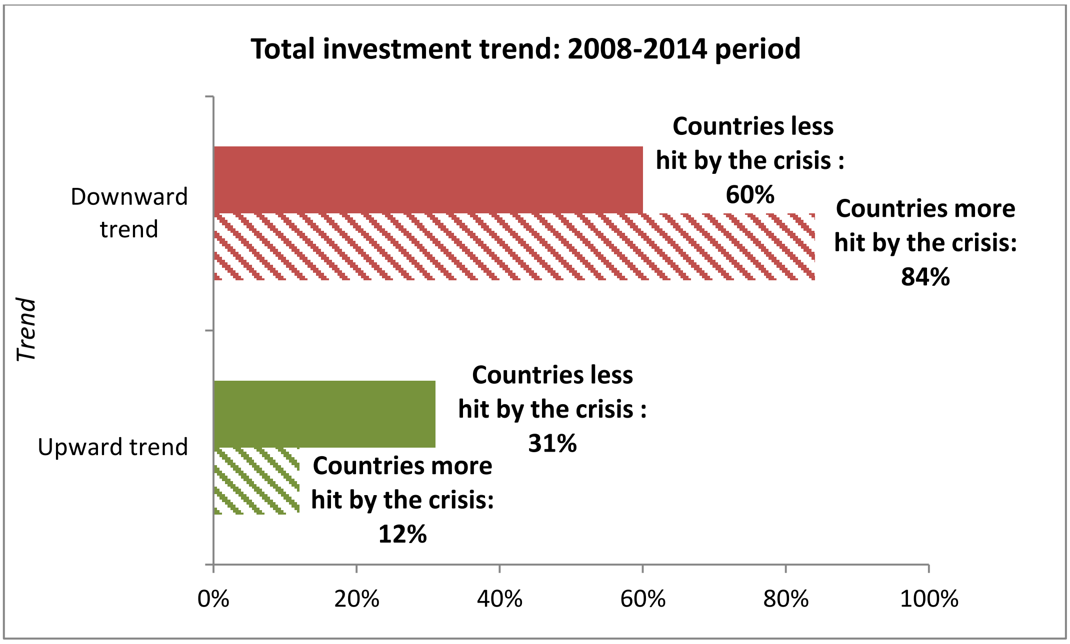
3.2.1 Investment decrease 2008-2014

The results of the CoR survey confirm the Eurostat data on the GDP growth rate for 2008-2014. The harder countries were hit by the crisis, the more likely they were to declare that their total investment had decreased between in 2008-2014. The respondents in the first quartile (the hardest hit by the economic crisis in terms of the decrease in GDP) responded 3.5 times more frequently that their total investment had decreased (**Figure 5**).

[2] Eurostat, real GDP growth rate – 2008-2014, data available here: http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1

[3] The division of the survey results in two groups: a) countries hit harder by the crisis (above EU average), based on the Eurostat GDP growth data for 2008-2014: Greece, Croatia, Italy, Latvia, Cyprus, Portugal, Spain, Finland, Slovenia, Denmark, Estonia, Hungary, Ireland; b) remaining countries, less affected by the crisis: Netherlands, France, Czech Republic, Austria, Lithuania, Belgium, United Kingdom, Germany, Sweden, Bulgaria, Romania, Luxembourg, Slovakia, Malta, Poland.

Figure 5: Comparison 2008-2014 drop of investments by countries less and more hit by the crisis



3.2.2 Private and public investments over the last 12 months

With respect to the 12 months preceding the survey, the situation has been more difficult for regional and local authorities in countries hardest hit by the crisis than in those less affected by it (**Figure 6**). Respondents from these countries confirmed a decrease in private investments over the last 12 months much more frequently (40%, compared to 15% from countries less affected by the crisis).

For 21 countries that suffered more severely from the crisis than the average of the EU countries, public investments dropped more significantly (43% declared decrease compared to 23% from countries less hit by the crisis) (**Figure 7**).

Figure 6: Comparison, private investments in the last 12 months, countries more and less hit by the crisis

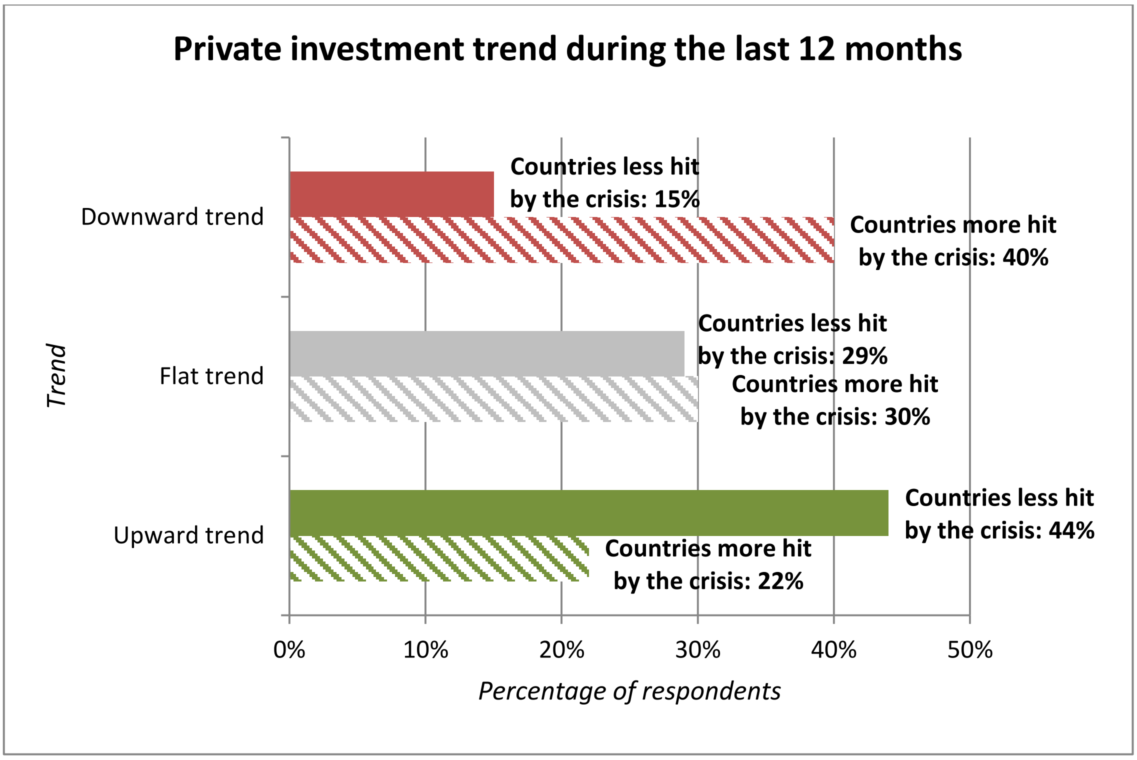
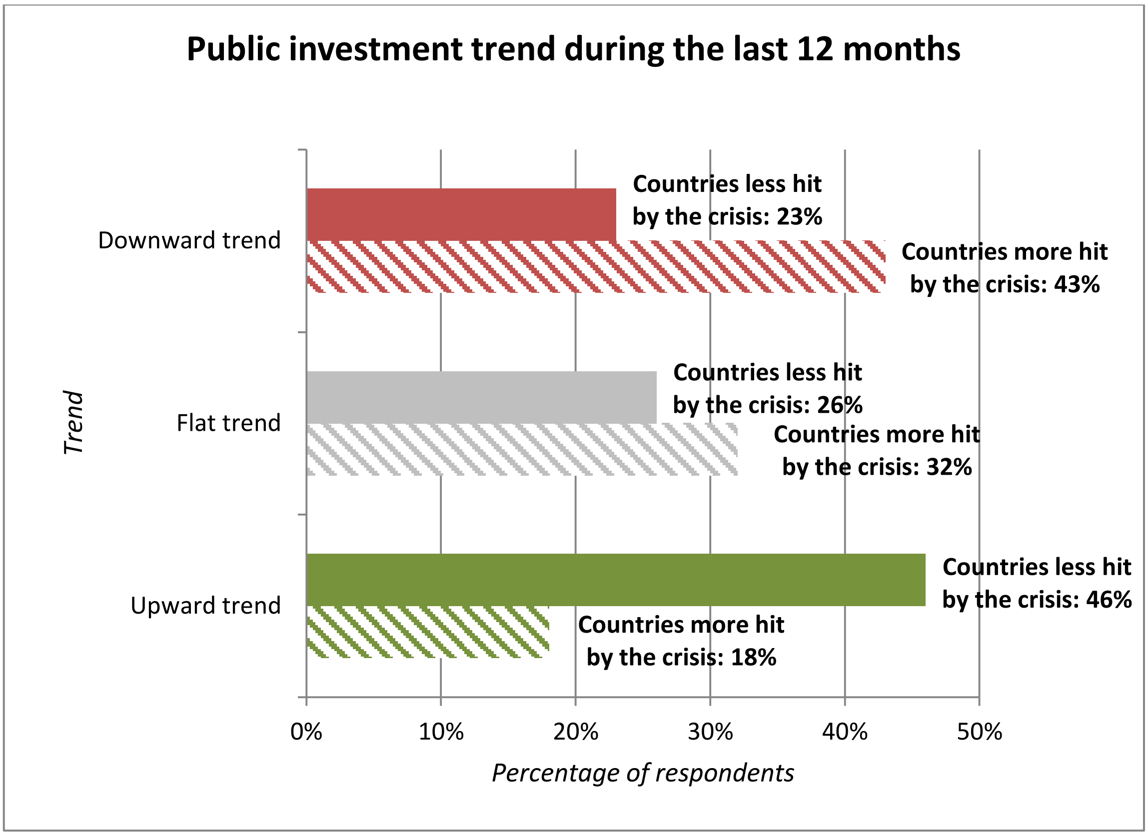


Figure 7: Comparison, public investments in the last 12 months, countries more and less hit by the crisis



3.3 Obstacles to investments at regional and local level

The CoR survey included a list of obstacles to investments at local/regional level (which was drawn up on the basis of recent European Commission, OECD, European Investment Bank publications,[4] CoR analysis of the European Semester documents[5], and relevant CoR opinions and studies. The obstacles can be grouped under four main headings:

a) **Laws and regulations affecting the business environment** – factors reported by private businesses as obstacles to their investment;
b) **Labour force, infrastructure and funding** – factors reported by private businesses as obstacles to their investment;
c) **Quality of public administration –** aspects of the public administration in your city/region that can be seen as potential challenges to public investment;
d) **Funding and financing** – aspects of the public administration in your city/region that can be seen as potential challenges to public investment.

3.3.1 Laws and regulations affecting the business environment

In this question, the slowness and cost of rules and procedures (judicial, those related to business creation and daily administration, etc.) were stressed as being the biggest challenges (**Figure 8**). Financial and economic topics were the second most challenging points (difficulties in evaluating private return on investment, the functioning of the EU single market and "availability of land and authorisations needed to invest in residential buildings as well as manufacturing and services facilities"). Finally, the integrity and transparency of public administration was mentioned as a less problematic matter.

- **Judicial procedure is too slow/burdensome**

  The slowness of judicial procedures was seen as a challenge by 64% of participants in the CoR survey, with further 23% seeing it as a challenge but only to a limited extent.

- **Costly/long/burdensome administrative procedures (authorisations) to launch/extend/close an activity**

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4 For references see for example: OECD Effective Public Investments Toolkit: https://www.oecd.org/effective-public-investment-toolkit/; European Commission, 2016, Challenges to Member States' Investment Environments: http://ec.europa.eu/europe2020/challenges-to-member-states-investment-environments/index_en.htm ; EIB pages on the European Fund for Strategic Investments: http://www.eib.org/efsi/index.htm

5 CoR analyses of the European Semester documents are available online: https://portal.cor.europa.eu/europe2020/pub/

A majority (60%) of respondents thought that the procedures to launch, extend or close an activity required too much time or money, and an additional 30% of them agreed with it to a limited extent. A large number (18%) of respondents declared that policies were being implemented in this field. This ratio is higher for respondents representing regions: in this group, more than a quarter of respondents signalled such actions. Other obstacles listed in the CoR survey were being tackled by policy actions at local level according to 5-9% of respondents. This finding can be seen as a confirmation of the ongoing commitment of local and regional authorities to addressing administrative burdens.

- **Burdensome rules (concerning the environment, labour market, retail trade and other areas)**

  Burdensome rules are indeed an obstacle to investments, as confirmed by 55% of respondents, with an additional 31% of them confirming it but only to a limited extent.

- **Public administrations' delays/unpredictability (making it difficult to estimate returns on private investment)**

  Public administration delays were relevant for 40% of respondents, with an additional 30% seeing it as relevant but only to a limited extent. Regions, compared to other types of respondents, agreed less often with the relevance of this issue.

- **Delays in public payments (in particular, with respect to smaller private companies)**

  Delayed government-to-business payments, in particular to smaller private companies, are a relevant obstacle to investments, according to 38% of respondents. For an additional 30%, they are relevant but only to a limited extent. Local and regional authorities were addressing this issue, according to 16% of respondents.

- **Lack of a true EU single market in some areas (making costs of compliance with different legislation too high)**

  The lack of a true EU single market was indicated as a relevant obstacle by 38% of respondents and for further 32%, it is so but to a limited extent only. A relatively high number (16%) of respondents had no opinion on this subject. In particular, 20% of respondents from smaller towns chose the "no opinion" answer.

- **Uncertainty about the availability of land and authorisations needed to invest in residential buildings as well as manufacturing and services facilities**

  This source of uncertainty was regarded as relevant to regions and cities by 25% of respondents. Additionally, 27% of respondents agreed that it was an obstacle to investment but to a limited extent only.

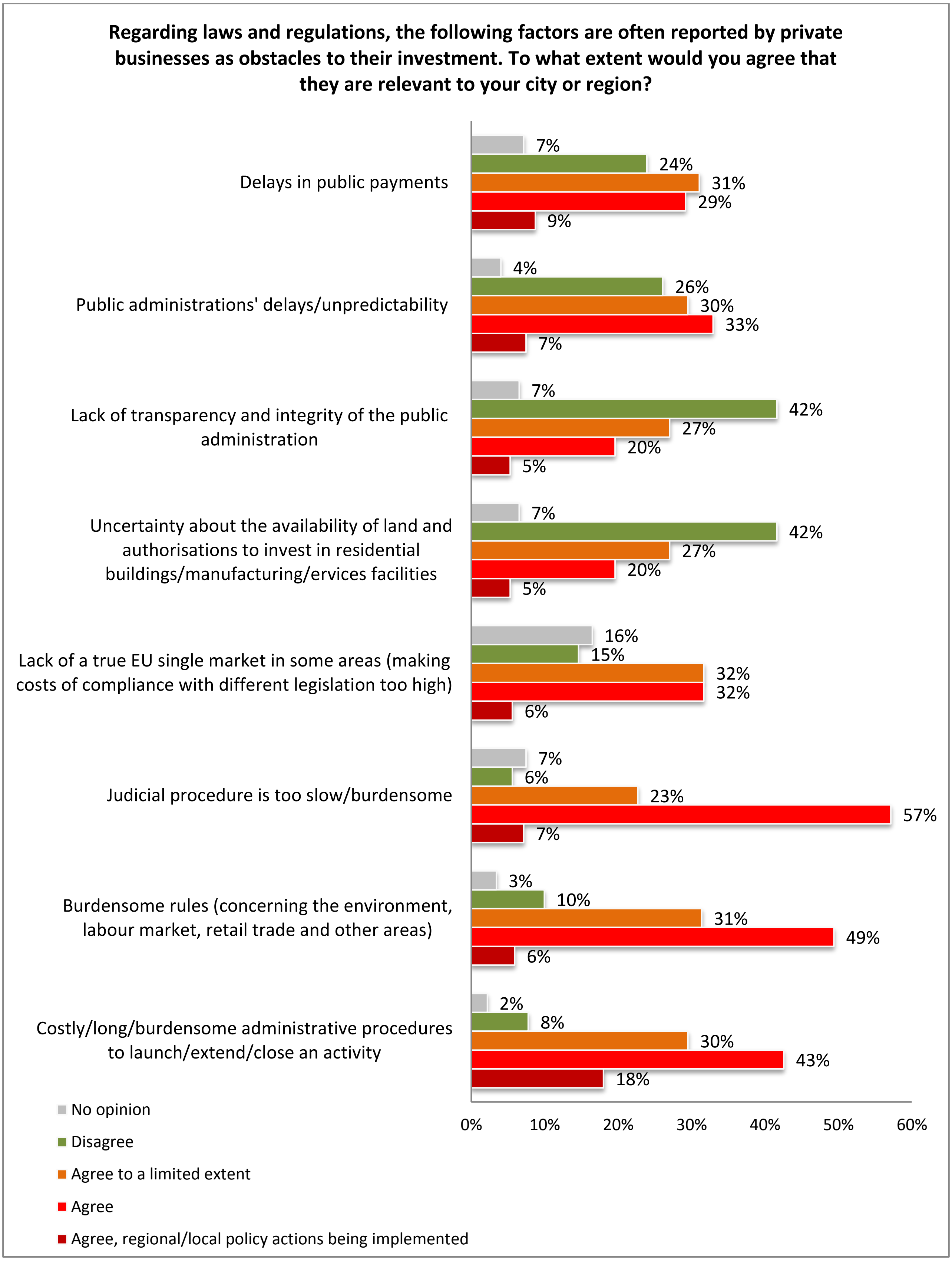
- **Lack of transparency and integrity of the public administration (hindering private investment in infrastructure and other areas)**

The lack of transparency and integrity of the public administration was the least frequently chosen issue by respondents when asked about the relevance of certain factors to their cities and regions. Only 25% of respondents agreed, and additional 27% agreed to a limited extent, that it was an issue.

The answers concerning this question were split into four quartiles according to the Corruption Perceptions Index (CPI)[6] for EU countries provided by Transparency International. It measures the perceived levels of public sector corruption. Answers to this question in the CoR were in line with the CPI figures. For instance, two thirds of respondents from the quartile with the lowest level of perceived corruption judged that the lack of transparency and integrity was not an issue. Concerning the quartile, where perceived corruption level is higher (referring to the CPI figures), a little more than one third of the respondents disagreed that the lack of transparency and integrity of the public administration was a challenge for private investment.

[6] Transparency International, Corruption Perceptions Index 2015, available at: http://www.transparency.org/cpi2015

Figure 8: Laws and regulations related obstacles, as often reported by private businesses



3.3.2 Labour force, infrastructure and funding

Among factors that are often reported by businesses as obstacles to their investments, respondents to the survey marked most often as relevant to their cities or regions, those that are directly related to financing. The three most frequently marked answers were the following: a) the lack of equity capital: 58% (with an additional 26% "to a limited extent"), b) difficulty in combining multiple public and/or private funding streams: 55% (with an additional 32% "to a limited extent") and c) access to credit and/or bond loans: 52% (with an additional 26% "to a limited extent") (**Figure 9**)

- **Lack of equity capital**

An obstacle most often marked as relevant (by 58% of respondents) was the lack of equity capital. Additionally, 26% of respondents saw it as relevant to their cities or regions but to a limited extent only.

- **Difficulty in combining multiple public and/or private funding streams**

Difficulty in combining multiple public and/or private funding streams was the second most relevant obstacle, as seen by respondents, with 55% of them agreeing that it was relevant to their city/region and an additional 32% supporting such statement but to a limited extent only.

- **Difficult access to credit and/or bond loans**

The third most relevant obstacle, according to respondents – and, similarly to the first two factors, also related to private streams of funding – was the difficult access to credit and/or bond loans. This obstacle was indicated by 52% of respondents as relevant to their city/region, with an additional 25% who agreed to a limited extent. Respondents from countries harder hit by the crisis between 2008 and 2014 had more difficulties with access to finance than those from countries less affected by the crisis.

- **Lack of a skilled labour force**

The lack of a skilled labour force was seen as an obstacle by 40% of respondents and an additional 34% agreed it was an obstacle but to a limited extent only. This factor was also most often marked in this section as one in relation to which there were local/regional policy actions to improve the situation (13%).

- **Lack of transport infrastructure**

The lack of sufficient transport infrastructure was seen by 40% of respondents as an obstacle relevant to their city/region. Additionally, 32% of respondents saw it as an obstacle but only to a limited extent.

- **Lack of R&D infrastructure**

The lack of R&D infrastructure was seen as a relevant obstacle to investments by 37% of respondents, with an additional 35% who saw it as an obstacle to a limited extent. Regions and medium-sized towns saw it somehow as less problematic than other categories of respondents.

- **Lack of communication/IT infrastructure (broadband)**

The lack of communication/IT infrastructure (in particular broadband) was seen as an obstacle relevant to regions and cities only by 28% of respondents, which makes it the least frequently chosen factor in this part of the survey. Additionally, 29% saw it as an obstacle to a limited extent Because this factor was least often marked as a relevant obstacle, the results of the survey were also checked against the 2015 data on the percentage of households with a broadband internet connection (EU average = 80%). However, this comparison, and the size of the statistical sample and its coverage, does not allow clear conclusions to be drawn. There were respondents from countries where the percentage of households with broadband access is below EU average but the respondents were divided in their opinions.

- **Other obstacles added by respondents**

Respondents were invited to mention items they regarded as obstacles to investment other than those suggested in the survey. Nearly 10% of respondents added additional factors, which can be grouped under a few themes:

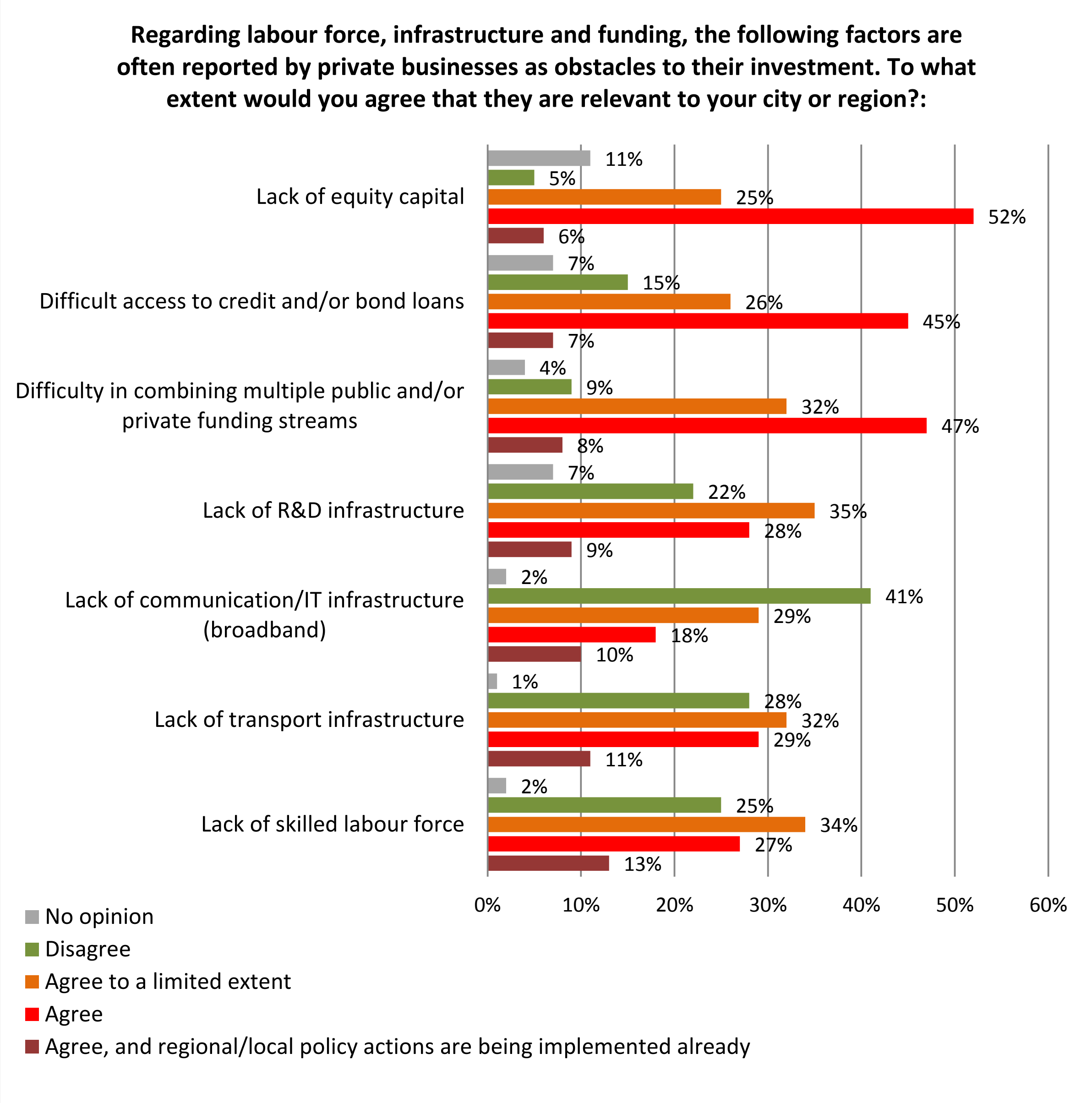
  - **Excessive regulations**: comments on excessive regulations being an obstacle to business were sent by respondents from Germany (burdensome security measures) and Finland (land planning); according to the Finnish respondent, this was being addressed and improvements were expected. Difficulties in terms of land management to prevent speculation were also mentioned as a challenge in Slovakia.

  - **Lack of transparency**: some respondents from Italy shared their concern regarding private-public partnerships, and respondents from Bulgaria indicated corruption as being an obstacle.

  - **Taxation**: taxation-related problems were mentioned by respondents from Italy, Latvia and Greece.

- **Difficult access to capital**: difficulties for micro-enterprises to access capital were mentioned by a respondent from Hungary and also from Portugal. A Dutch respondent wrote about banks' risk avoidance as being an obstacle to business in the Netherlands.

Figure 9: Labour force, infrastructure, funding and financing related obstacles as reported often by private businesses



3.3.3 The quality of public administration

The CoR also addressed questions to local and regional authorities on the quality of public administration, listing aspects that could be seen as potential challenges to public investments. All factors listed in the CoR survey were seen by clear majority of respondents as relevant at local/regional level (**Figures 10 and 11**).

The results of the survey show that there is a coordination challenge at and between various levels and an insufficient administrative capacity to manage complex financial tools or to submit projects following demanding requirements and regulations regulating specific schemes and funds.

In regard to coordination aspect (**Figure 10**), all issues listed in the survey were seen by a clear majority of respondents as potential challenges to public investments. The most challenging coordination seems to be the one between different services and sectors (72% of respondents sees is as a challenge or a major challenge) followed by the coordination with other levels of government (69%) and the coordination with local actors outside the public administration (67%).

Regarding public administration capacities (**Figure 11**), 71% of respondents see it as a challenge or a major challenge to get involved in public-private partnerships, 70% sees in the same way the management of complex public procurement procedures. The capacity to design and manage public investment and public-private partnerships funded by the EU Structural Funds and other EU programmes – as high as 68% identified this as a potential challenge to public investments (with a further 23% seeing it as minor obstacle). The factor that was seen as a challenge relatively less frequently than others in this section was the capacity to submit projects to the European Investment Bank and/or national promotional (development) banks with 55% of respondents seeing it as a challenge or a major challenge. This factor was however also often marked with a "no opinion" answer across all respondents (12%).

A breakdown of the survey results shows that the smaller administrative units (e.g. smaller towns, medium size municipalities) have more difficulties and perceive factors listed by the CoR (both in terms of coordination and capacities) as greater challenges than the other groups of respondents.

Figure 10: Administration related challenges to public investments - coordination aspects

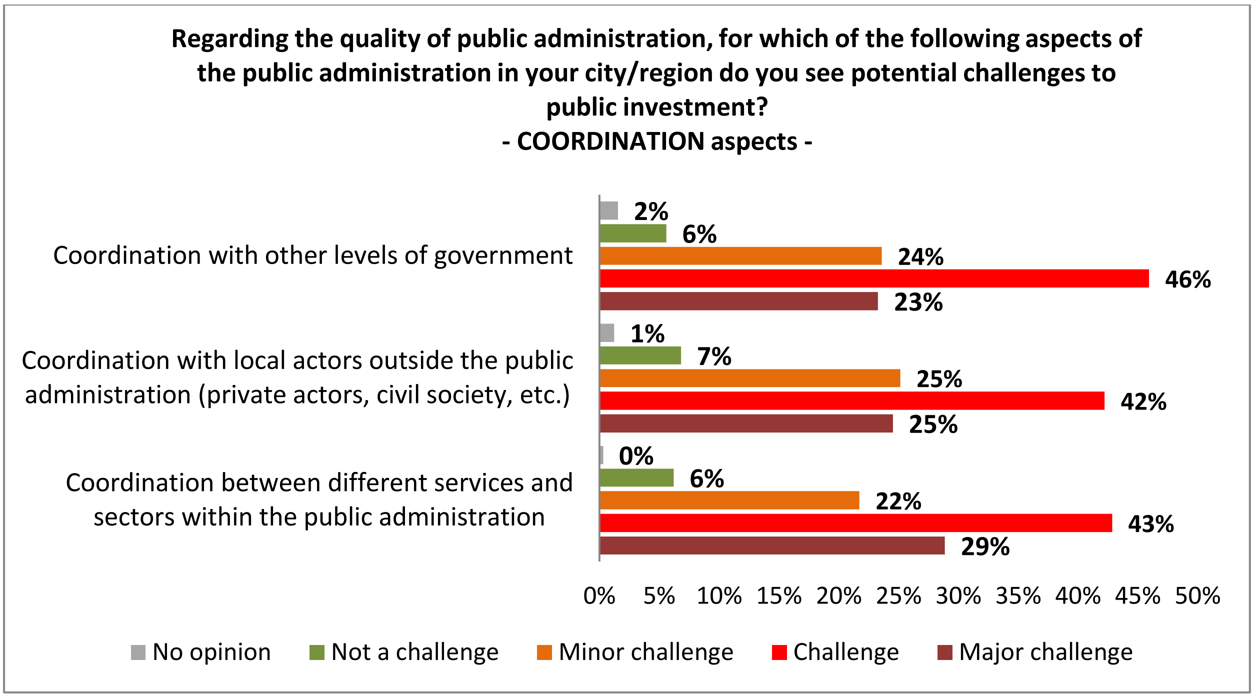
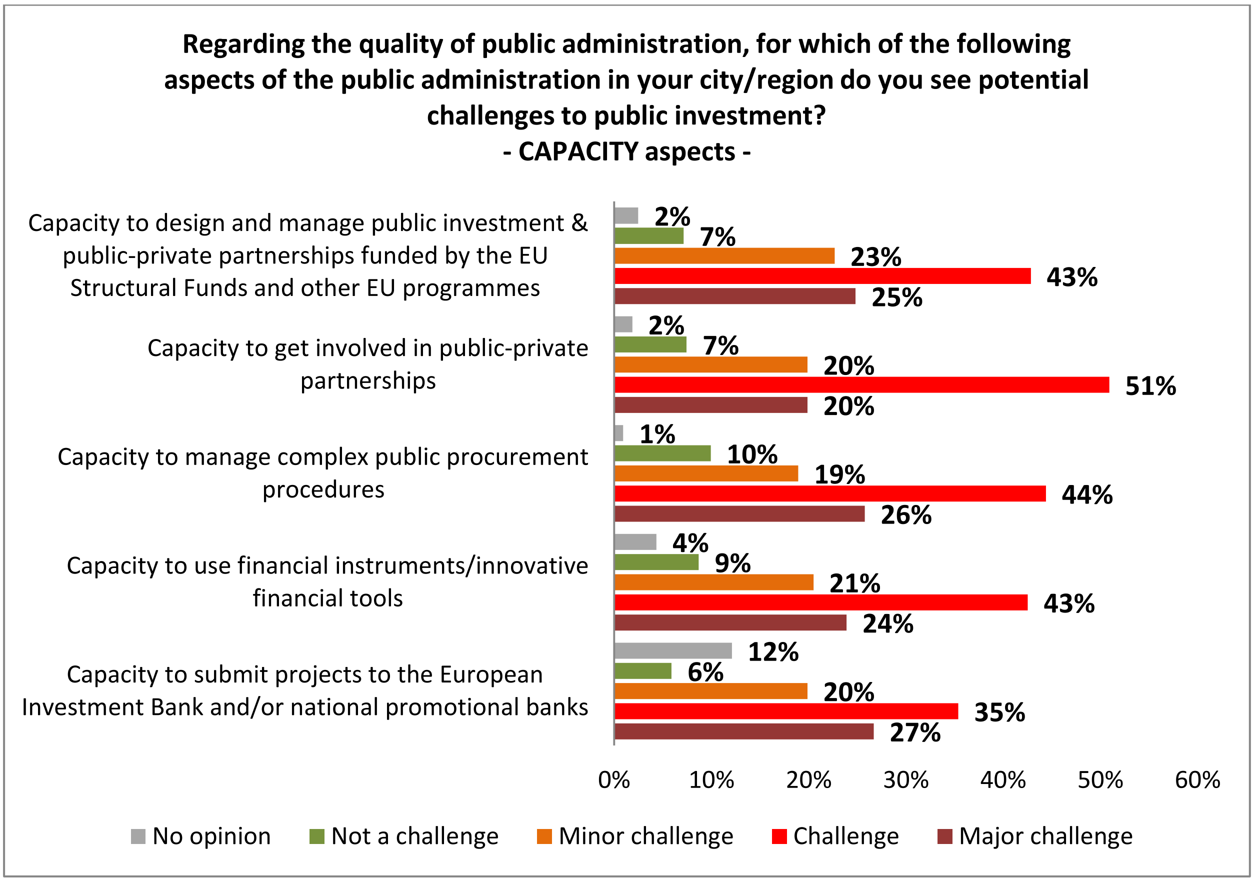


Figure 11: Administration related challenges to public investments - capacity aspects



3.3.4 Funding and financing

The results of the survey show that all the obstacles listed in the survey are a challenge for the majority of respondents, with answers confirming this ranging from 52% to 73% of all respondents (**Figure 12**). Smaller municipalities and medium-sized towns generally saw these points as a major challenge more often than other groups of respondents.

Another group that generally had more specific views on certain matters than other respondents was academia, private individuals, businesses and associations. They were concerned however more than other respondents by R&D, healthcare, social services, childcare and housing services. The results calculated for regions specifically are very close to the final average for each question.

- **Funding public investment in R&D**

  For 73% of respondents, the funding of public investment in R&D was a significant issue, especially for academia, private individuals, businesses and associations and for medium-sized towns. For an additional 18%, it was a minor challenge. Smaller towns and intermediary entities had a higher than average share of "no opinion" answers.

- **Funding public investment in healthcare, social services, childcare and housing services**

  66% of respondents found it relevant to mention healthcare, social services, childcare and housing services as a field where there was a challenge or a major challenge regarding funding of public investment. Furthermore, for additional 24% they were a minor challenge. Smaller municipalities and academia, private individuals, businesses and associations found it a little more problematic.

- **Funding public investment in transport infrastructure**

  Funding public investment in transport infrastructure was an issue or a major issue for 65% of respondents and an issue to a limited extent for further 27% This was particularly the case for smaller and medium-sized municipalities and less so for inter-regional and inter-municipal organisations and for academia, private individuals, businesses and associations, which saw this challenge more as minor or non-existent.

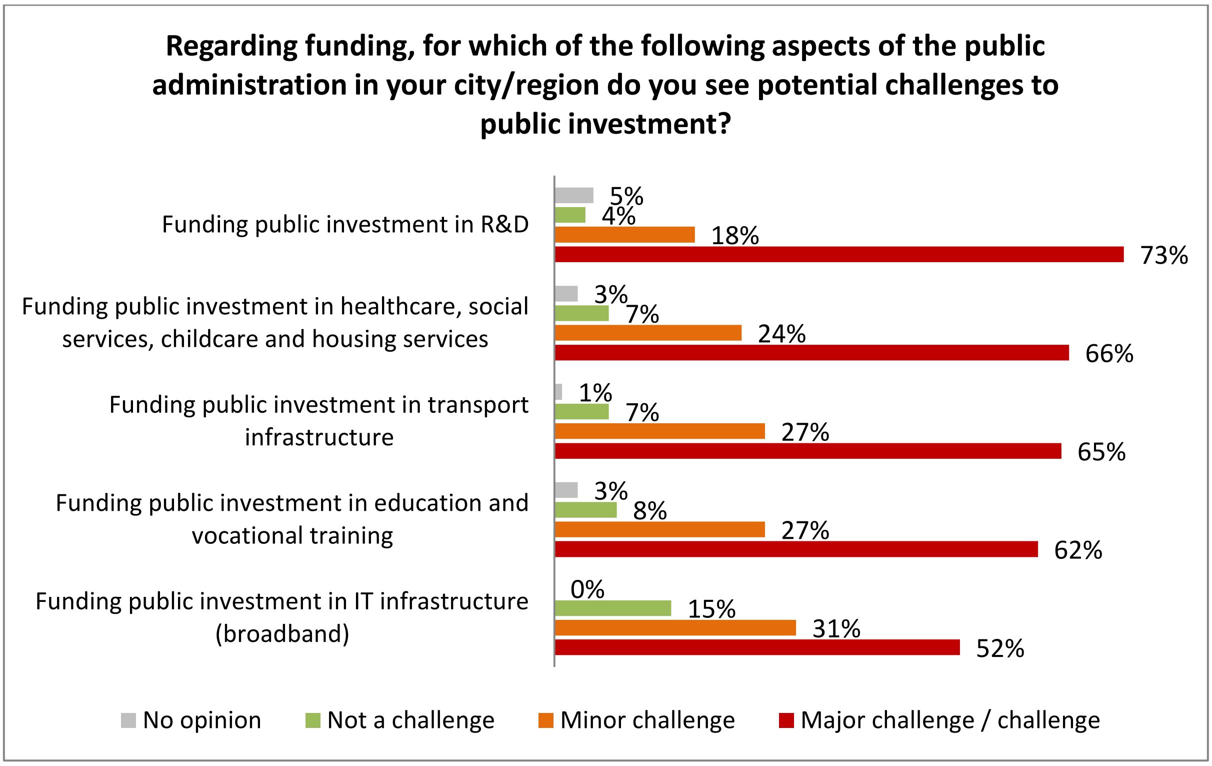
- **Funding public investment in education and vocational training**

  Funding public investment in education and vocational training was a challenge or a major challenge for 62% of respondents and for further 27% it was a minor challenge. The views of different groups of respondents were quite uniform.

- **Funding public investment in IT infrastructure (broadband)**

  Funding public investment in IT infrastructure was challenging or very challenging for 52% of the respondents. It was a minor challenge for 31% of respondents. Here again the municipalities and in particular the smaller ones, tended to see it as a matter of prime importance. Meanwhile, the problem was less widespread among academia, private individuals, businesses and associations, as well as intermediary entities – and was much less significant for the latter category.

Figure 12: Administration related challenges to public investments



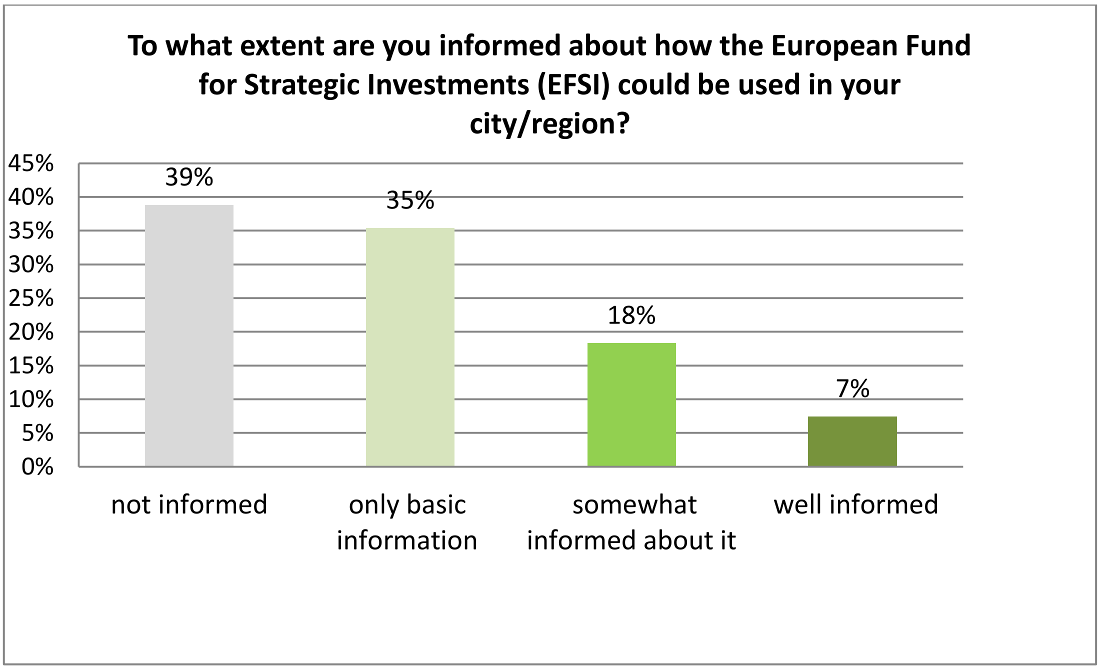
3.4 EFSI and its implementation

3.4.1 General awareness and projects submitted

Although only 7% of respondents said that they were well informed about how the EFSI could be used in their region/city, a significant group of 53% had heard about it and had some knowledge (35% had basic information and 18% were somewhat informed) (**Figure 13**).

The regions were far more aware (19% of them were "well informed" about the possibility of using the EFSI in their regions), followed by medium-sized municipalities (8% of them). Intermediary entities and inter-municipal and inter-regional bodies were not all "well informed" about EFSI opportunities for their territories.

Figure 13: European Fund for Strategic Investments – awareness level



Respondents who were somewhat informed or well informed about the EFSI (approximately one third of respondents) were asked a few additional questions on the information channels and the specific projects submitted or about to be submitted to the EIB (**Figure 14**).

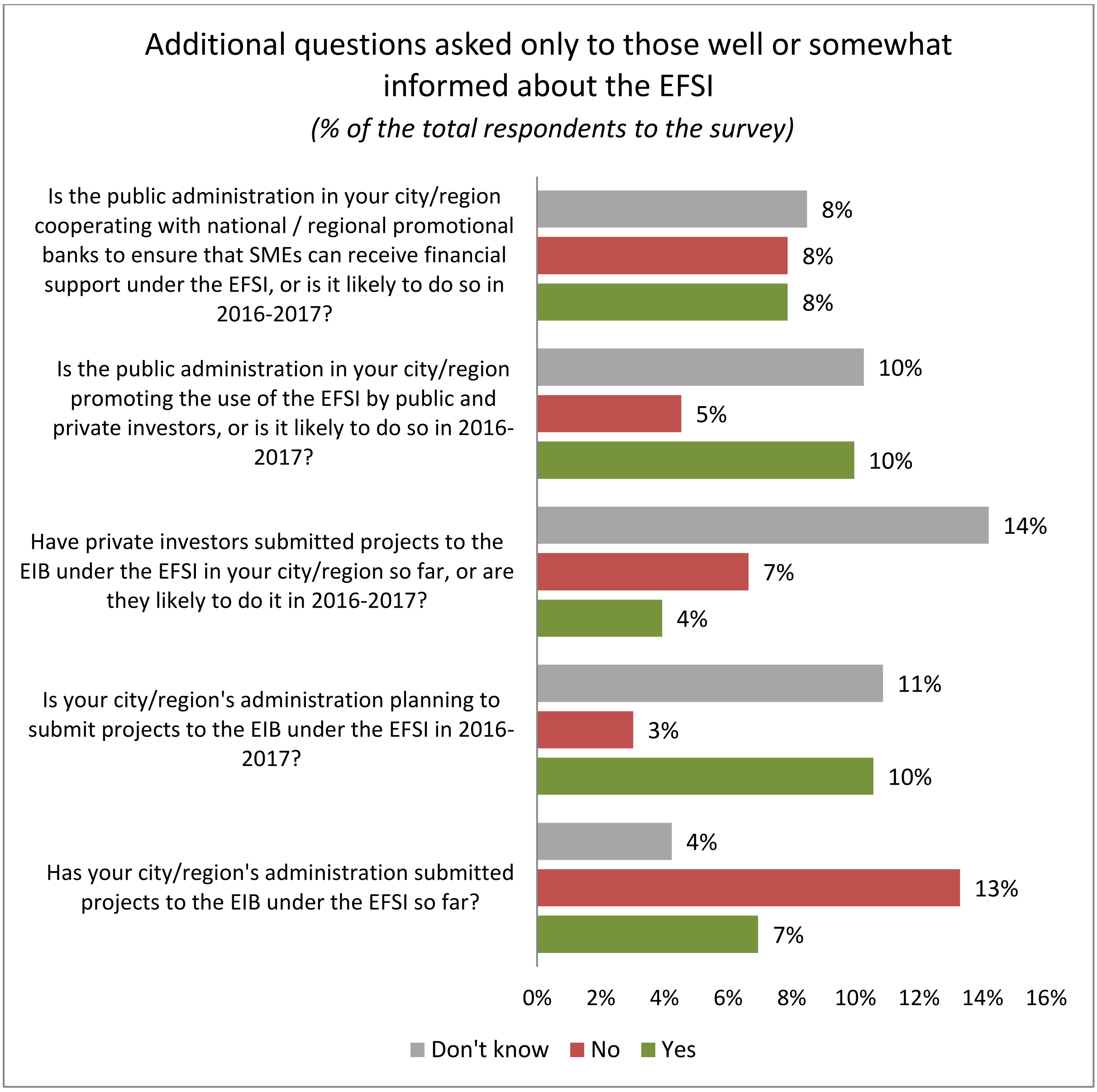
Approximately 10% of all respondents said that the public administration in their city/region promoted the use of the EFSI by public and private investors, or was likely to do so in 2016-2017.

This level of awareness among respondents to the survey is also reflected in figures concerning actual projects submitted or about to be submitted, and only 7% of all respondents said that their city/region administration had submitted projects to the EIB under the EFSI while approximately

10% of respondents said that their city/regional administration was planning to submit new projects to the EIB under the EFSI in 2016-2017. Approximately half of respondents in this group also declared that other projects had already been submitted.

Similarly, only 8% of respondents confirmed that the public administration in their city/region cooperated with national or regional promotional banks to ensure that SMEs could receive financial support under the EFSI, or was likely to do so in 2016-2017. Furthermore, 8% of respondents said that such cooperation was not taking place, and another 8% did not know.

Figure 14: EFSI - additional questions asked only to those informed about the EFSI



3.4.2 Investment platforms

In the context of the Investment Plan for Europe, investment platforms can be set up; these could and are encouraged to take the form of investment initiatives with financial contributions from local/regional governments, promotional banks, private banks, pension funds, etc. This construction would allow small investment projects (from SMEs, or public bodies such as municipalities) to receive funding under the EFSI, which operates with certain thresholds. Out of all the respondents to the survey, only one actually knew about an investment platform being set up in his region/city. The majority of respondents (73%) were not familiar with the concept of investment platforms, 23% were somewhat aware of it and 3% said they were indeed well informed. (**Figure 15**)

Those who were informed about the investment platforms were asked additional questions about the challenges they saw in setting up such a structure under the EFSI (**Figure 16**). The two most significant challenges they chose from the list were: capacity constraints within the public administration at local level (31% of respondents) and the difficulty of finding other investment partners (28%). These were followed by burdensome administrative procedures (24%) and the fact that it was still easier for firms and local administration to borrow from traditional channels (18%).

Figure 15: EFSI investment platforms – awareness level

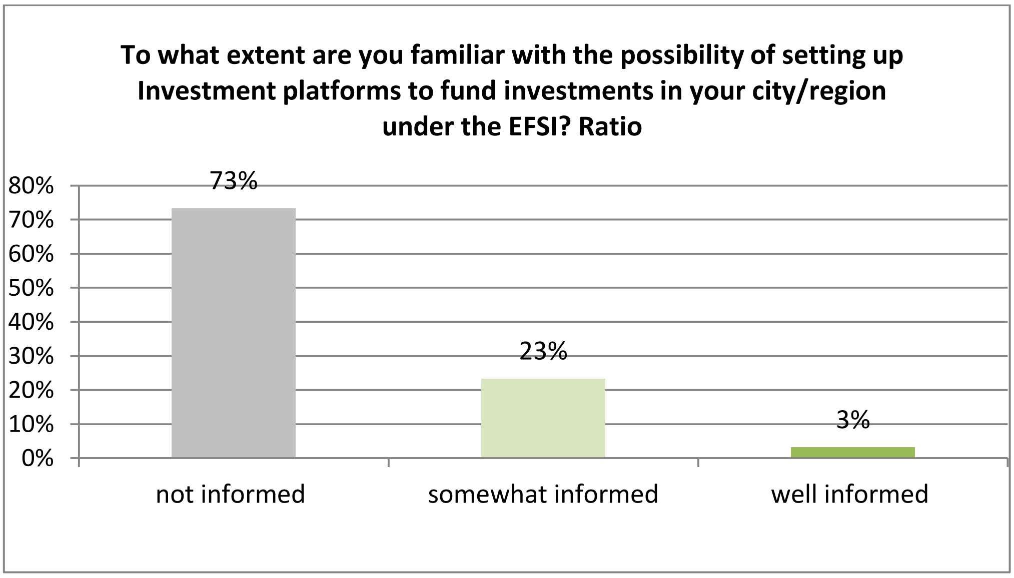
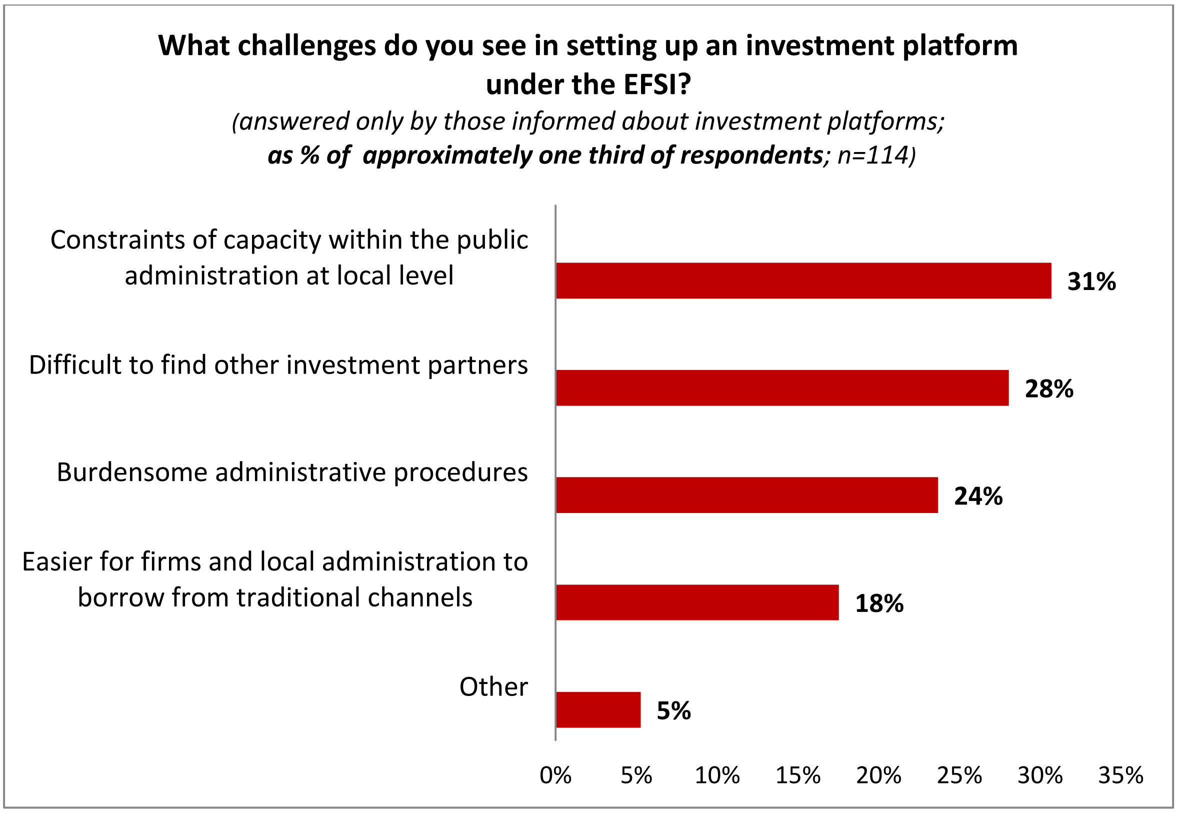


Figure 16: EFSI investment platform – challenges, additional questions asked only to those informed about investment platforms

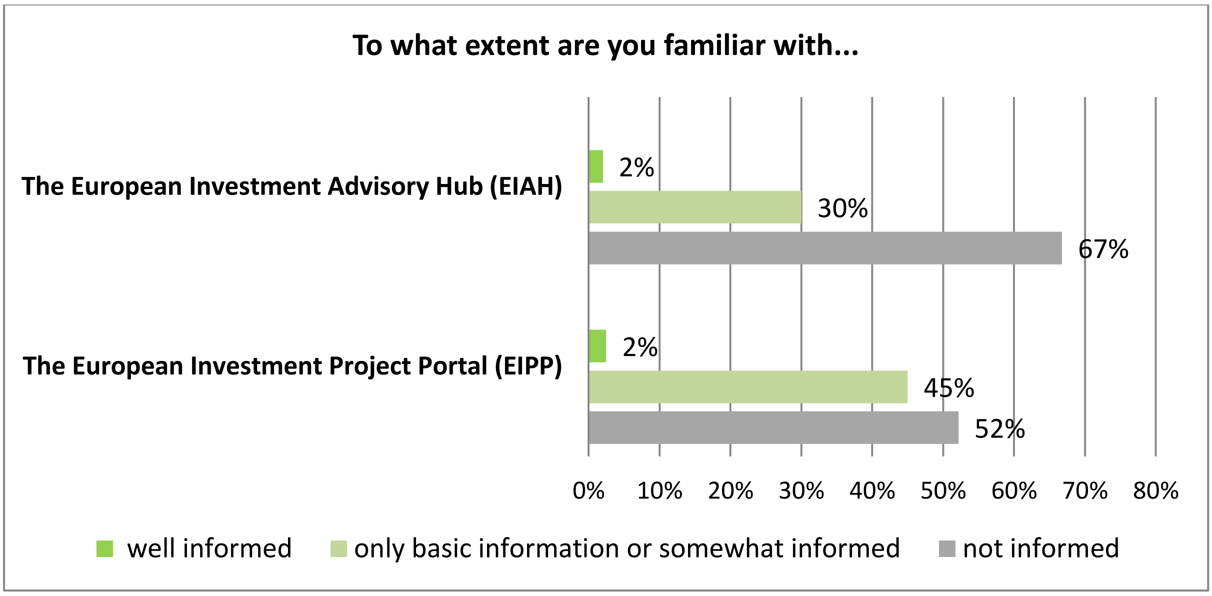


3.4.3 European Investment Project Portal and the European Investment Advisory Hub (EIAH)

As part of the Investment Plan for Europe, the European Commission established the **European Investment Project Portal (EIPP**) in order to provide greater transparency about EU investment opportunities. The Portal offers EU-based private and public project promoters a convenient way to boost the visibility of their investment projects by simply filling in and submitting a project form. The respondents to the CoR survey were not fully aware of the project and its potential, which might have been due to the rather recent launch of the EIPP. Only 3% of respondents were well informed about the EIPP, a further 12% were somewhat informed, 33% had only basic information and 52% were not informed about it (**Figure 16**).

The European Investment Advisory Hub (EIAH) was launched as Europe's gateway to investment support. It is a joint initiative by the European Commission and the European Investment Bank under the Investment Plan for Europe; the Hub offers a single access point to advisory and technical assistance for companies, public institutions and other entities with respect to their investment projects. The EIAH is free of charge for public authorities. The majority of respondents to the CoR survey were not informed about the EIAH (67%) with a further 30% somewhat informed and 3% well informed about it. There were also two respondents (from the municipality of Pordenone in Italy and the Norte region in Portugal) who said that the Hub was being used by public or private investors in their region/city to receive advice. (**Figure 17**).

Figure 17: European Investment Advisory Hub and the European Investment Project Portal – awareness level



3.4.4 Further comments on the EFSI

Respondents to the CoR survey were given the opportunity of making comments they deemed useful with respect to the issues addressed in the questionnaire. Some of them showed a high level of interest in the EFSI. Some of them admitted that they were not informed about the EFSI and its tools before seeing the CoR survey and some others commented on it and provided advice on possible improvements, for example:

- **Spain, region** " This survey has served me to look at the EFSI, EIPP and the EIA"
- **Finland, region:** *"All of the tools need to be well understood in the regions. I follow them very closely because they fall under my duties, and I am also interested more generally. But they need to be demystified and become well known in the regions. The combination of funds should also be emphasised and opened up. I recently followed two bank seminars on* ***InnovFin***[7] *and the*

[7] Editors' note: InnovFin = EU Finance for Innovators. A joint initiative launched by the European Investment Bank Group (EIB and EIF) in cooperation with the European Commission under Horizon 2020. For more information please visit: http://www.eib.org/products/blending/innovfin/

more I learn, the more I like the tools. I am familiar with the investment portal, but our companies asked me about the probability of finding investors through it. I could not give an answer. It would be a very good thing if our region could be encouraged to be more active with these new tools or otherwise to join forces with another region."

- **Greece, national level**: *"Transparency in project selection rules and procedures applied under the EFSI is a fundamental issue. Continuous dissemination via an e-newsletter is necessary. Interested SMEs should have direct access to EFSI opportunities in order to make efficient use of the EFSI. Some Member States need adequate legislation in order to make use of the EFSI."*

- **Spain, region**: *"I have the impression that although the information given about the EFSI is very extensive (on the internet, in the online seminar organised some time ago, etc.), we aren't able to see the practical link with the needs and challenges in our region. For instance, how could you use those EFSI opportunities and financial sources to help current entrepreneurs who are considering making an investment at this very moment? What is the role of our regional government – should we really have a role at all? Or should private initiatives be informed directly by the European institutions?"*

- **Greece, region:** *"The Investment Plan for Europe has not been widely disseminated in our region; therefore, we are still lacking crucial information about its potential uses."*

- **Poland, region:** "(…) *As regards points 8, 9, 10 and 11*[8]*, as a unit that is directly involved, we are completely unfamiliar with them – in terms of training our staff, we will certainly liaise with the Investors' and Exporters' Assistance Centre*."

- **Croatia, local level:** *"More information about EFSI possibilities is needed to be disseminated on a local level."*

- **The Netherlands, association of local/regional authorties: "***In the Netherlands, there is the Bank of Dutch Municipalities (BNG), which for decades has provided investment loans to Dutch provinces and municipalities at very low interest rates. Given the low interest rates, low investment thresholds and simple procedures, the BNG is for many municipalities much more attractive than the EIB for seeking funding for their investments. A bigger problem for local investments is the cuts that municipalities have had to make in recent years due to the economic and financial crisis, as well as the stringent requirements arising from the Stability and Growth Pact. In particular, the rules on reducing the government deficit in better economic and financial times pose great challenges for Dutch (and probably other) municipalities in the near future."*

[8] Editors' note: survey points 8, 9, 10 and 11 were about the European Fund for Strategic Investments, with more detailed questions on the European Investment Project Portal the European Investment Advisory Hub and investment platforms.

4. Additional comments and observations made by respondents

The dissemination of the CoR survey on obstacles to investments made it possible to reach out to administrative units in municipalities, towns and regions which were not aware of the EFSI and its tools. The feedback received from respondents shows that more effort is needed to provide local and regional authorities with concise information on programmes and tools. Furthermore, a very constructive feedback provided to the CoR by the Italian "Conferenza delle Regioni" Their representatives coordinated the dissemination of the survey in all Italian Regions and in their feedback showed that there is a need to plan and carry out more regular information campaigns and monitoring of the implementation of the available tools. The survey created and disseminated by the CoR could be used here as a good example. Some other examples of feedback received are presented below:

- **Spain, region:** "*In the light of the survey, I believe that the European Commission has not made the necessary efforts to convey to local and regional actors the initiatives it seeks to use to boost growth and investment."*

- **Romania, technology cluster: "**Your idea to develop this instrument for gathering opinions is a very useful one. The communication process in the EU is a real challenge."

- **Germany, town:** "Thank you for bringing my attention to EIPP; I am a specialist in URBACT, Interreg, regional structural funds. I will forward your survey to the relevant colleagues. Aside from the fact that we often act on too small a scale, in other respects we are a prospering city because we avoided most of the neo-liberal mistakes of the 1990s and have an integrated strategy. You are invited for a presentation."

- **Greece, technology institute:** "*We (EU) should promote equity funding for enterprises being in startup mode, especially in poor ("Objective One" regions) where no actual market risk may be undertaken by young entrepreneurs. Public and private funds should be steered in EU towards reducing investment risk for newcomers*"

- **The Netherlands, municipality:** *"Too limited EMU scope for regional and local authorities creates an obstacle to investment."*