



Municipal Infrastructure

EIB INVESTMENT SURVEY

2017

EIB Group Survey on Investment and Investment Finance: Municipality Infrastructure Investment Activities

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About the EIB Investment Survey (EIBIS)

Being able to track changes in investment activities, identify investment needs and understand the constraints that hold investment back, is vital for effective policy making to support growth and job creation across Europe. The annual EIB Group Survey on Investment and Investment Finance (EIBIS) helps address this challenge.

In 2017, the survey consists of two modules. The main Investment Module targets 12,500 SMEs and larger corporates (General Module). The second one, 555 municipalities and their infrastructure investment activities (Add-on Module). EIBIS has been developed and is managed by the Economics Department of the EIB, with support by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

About this publication

This report is an overview of the 2017 Add-on module of the EIB Investment Survey. It is intended to provide an accessible snapshot of the data on municipality infrastructure investment activities. For the purpose of this publication, results for country groupings is weighted by the urban population of countries to better reflect size differences. Contact: eibis@eib.org.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.

Main contributors to this publication

Philipp-Bastian Brutscher (lead), Tim Bending, Rocco Bubbico, Elena Durante, Christopher Hols, Désirée Rückert. The assistance of the Covenant of Mayors is gratefully acknowledged.

Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c. 200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.



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EU OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs. This overview presents selected findings

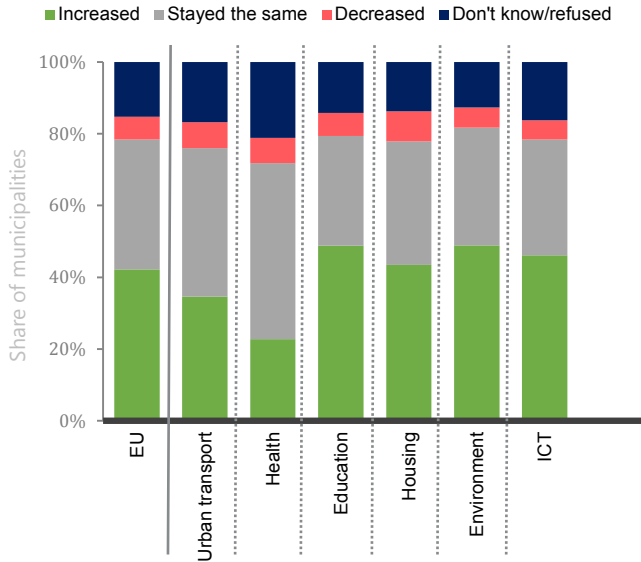
based on telephone interviews with 555 municipalities across the EU. Interviews were carried out between May and August 2017. The EU results are weighted by the urban population of each country.

Key findings

Investment Activities:	42% of municipalities in the EU report an increase in investment activities in their jurisdictions over the last five years, and a rise in their own investment activities.
Investment Priorities:	43% of municipalities expect their investment to focus on repair and maintenance in the next 5 years. Modernisation and capacity expansion play a lesser role. In terms of policy priorities, municipalities will focus their investment on making their infrastructure more socially inclusive.
Investment Gaps:	33% more municipalities report under-investment in the last 5 years than over-investment, mostly in social housing, urban transport and ICT. The quality of municipal infrastructure is ranked at 3.2 (on a scale from 0 to 5). On balance, more municipalities in the EU are optimistic than sceptical about closing their infrastructure gaps in the next five years.
Investment Efficiency:	More than half of municipalities in EU carry out independent ex ante assessments of infrastructure project quality, but only 40% both do this and take these assessments into account. In addition, less than half of municipalities coordinate their investment projects with other bodies.
Drivers and Barriers:	The main barriers to infrastructure investments for EU municipalities are tight budgets and the length of approval process, as well as political and regulatory stability and technical capacity. The aging population is the most important driver of the demographic situation in EU municipalities.
Finance:	Municipalities in the EU mainly resort to their own resources to finance infrastructure investment activities. External finance represents some 20% of municipalities' investment financing, with Banks and National Promotional Banks (NPBs) providing 80% of such external finance.

EU – INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



42% of municipalities report an 'increase' in infrastructure investment activities in their jurisdiction over the last five years. 36% saw infrastructure investment 'stay the same'. Only 15% report a 'decrease' in infrastructure investment over this period.

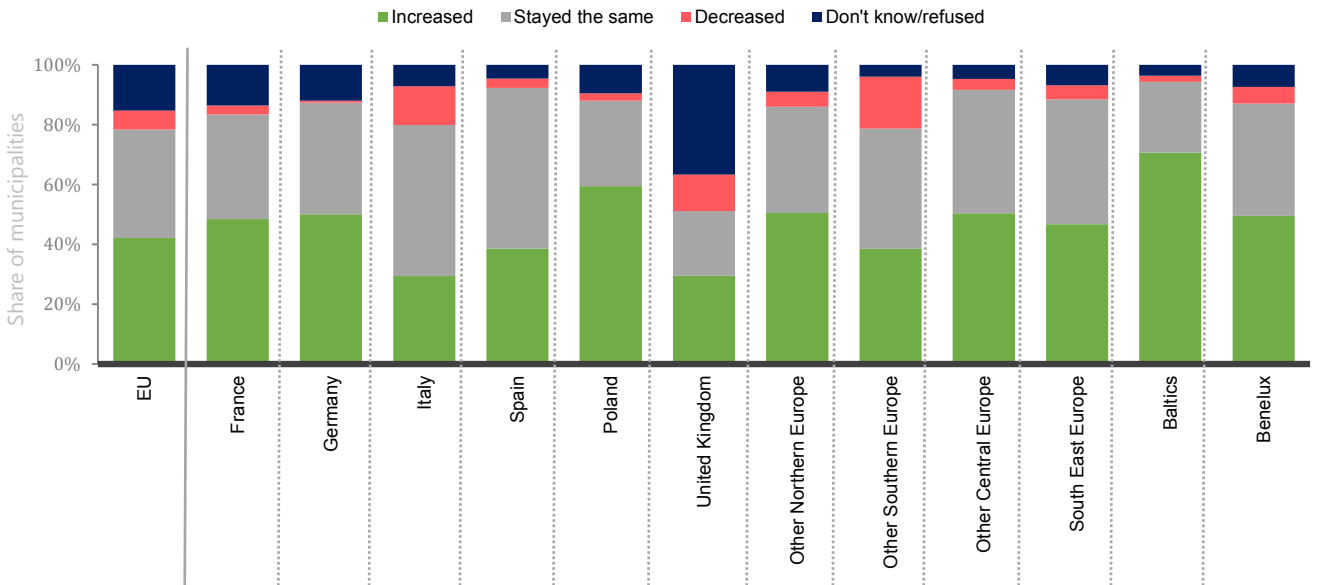
The share of municipalities reporting an increase in infrastructure investment is highest for the 'education', 'environment' and 'ICT' sectors.

From a regional perspective, municipalities were most likely to report an increase in infrastructure investment in the 'Baltics' and 'Poland'; while the share of municipalities reporting a decrease was highest in 'Italy' and 'Other Southern Europe'.

Base: All municipalities

Q. Over the last five years has your investment spend in each of these areas increased, decreased or stayed around the same?

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS BY AREA

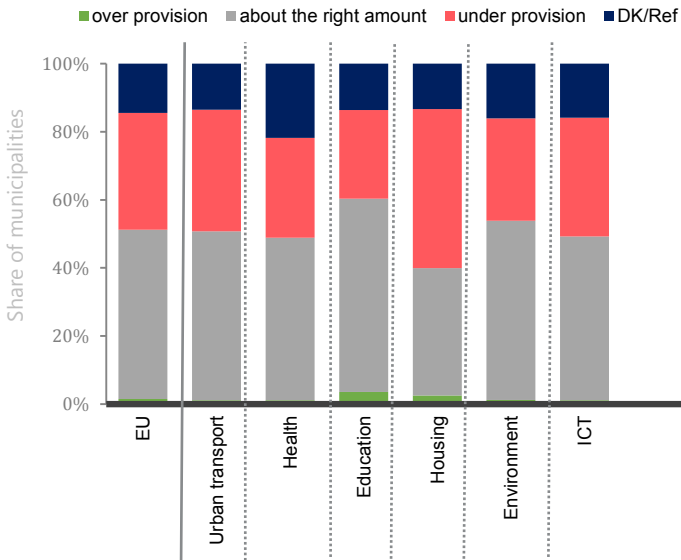


Base: All municipalities. Sectors are aggregated by corresponding sub-national share in public investment.

Q. Over the last five years has your investment spend in each of these areas increased, decreased or stayed around the same?

EU - INFRASTRUCTURE GAP

PERCEIVED INVESTMENT GAP



Around 50% of municipalities in the EU consider past investments in infrastructure to have been in line with needs.

One in three municipalities say that their investment activities over the past five years has been below needs. Less than 1% report 'over provision' over this period.

The share of municipalities reporting 'under provision' is largest for social 'housing'.

From a cross-country perspective, Italy shows the highest percentage of municipalities reporting 'under provision' of investments (around 47%).

Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

PERCEIVED INVESTMENT GAP BY COUNTRY/REGION

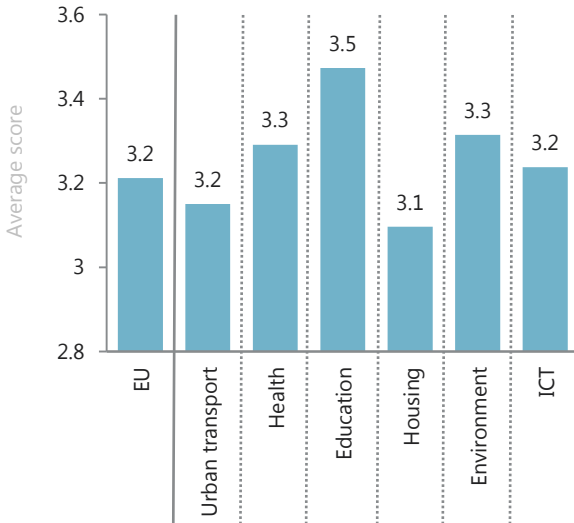
Total	33	17	36	47	38	35	40	20	36	22	33	46	13
ICT	34	22	40	47	47	13	37	25	35	27	26	40	28
Environment	29	14	13	47	33	40	37	11	48	31	23	37	42
Housing	44	22	53	47	43	30	69	33	36	28	41	58	22
Education	23	6	27	37	37	17	29	14	27	12	14	43	1
Health	28	19	13	37	37	23	43	18	39	25	16	54	11
Urban Transport	35	19	37	50	37	43	43	18	33	21	36	53	6
	EU	France	Germany	Italy	Spain	Poland	United Kingdom	Other Northern Europe	Other Southern Europe	Other Central Europe	South East Europe	Baltics	Benelux

Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under-provision or over-provision of infrastructure capacity? * The Figure plots the net balance of municipalities that report under-investment by country/region and sector. The number in the circle states the net balance of municipalities that report under-investment vis-à-vis over-investment for a particular country/region (in%).

EU - INFRASTRUCTURE QUALITY

REPORTED INFRASTRUCTURE QUALITY



When asked to rate the quality of the infrastructure in their jurisdiction on a scale of 0 to 5, where 0 stands for completely outdated and 5 up to latest international standards, municipalities report an infrastructure quality that is, on average, slightly above the mid-point.

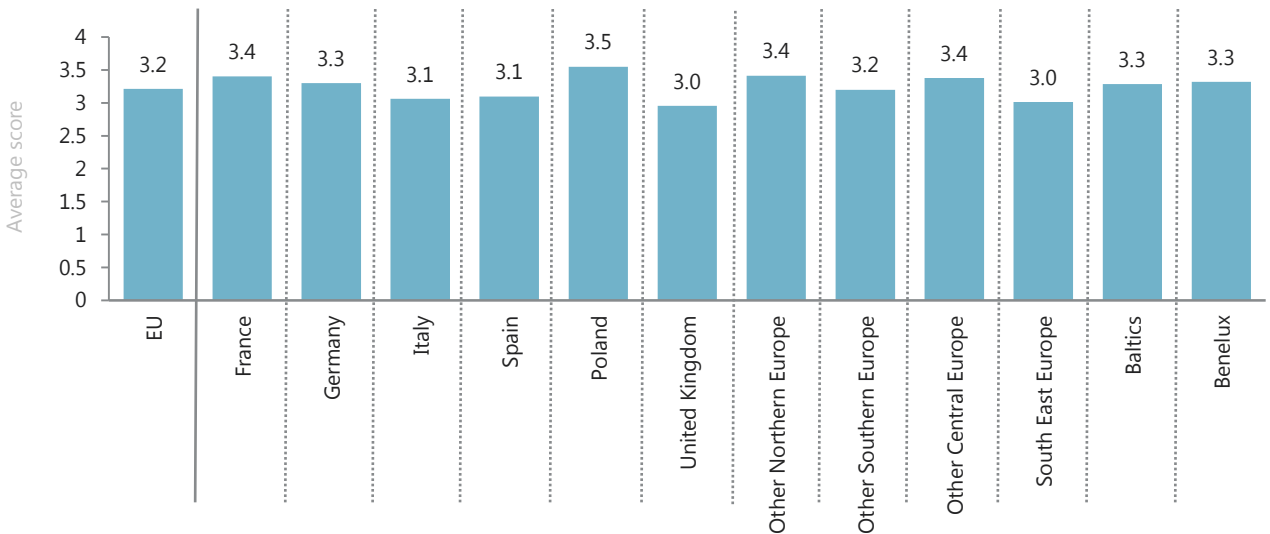
'Education' infrastructure ranks highest (in terms of quality); 'housing' infrastructure lowest.

There are very little cross-country differences in terms of reported infrastructure quality.

Base: All municipalities

Q. How would you assess the quality of infrastructure in each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to the latest international standards?

REPORTED INFRASTRUCTURE QUALITY BY AREA

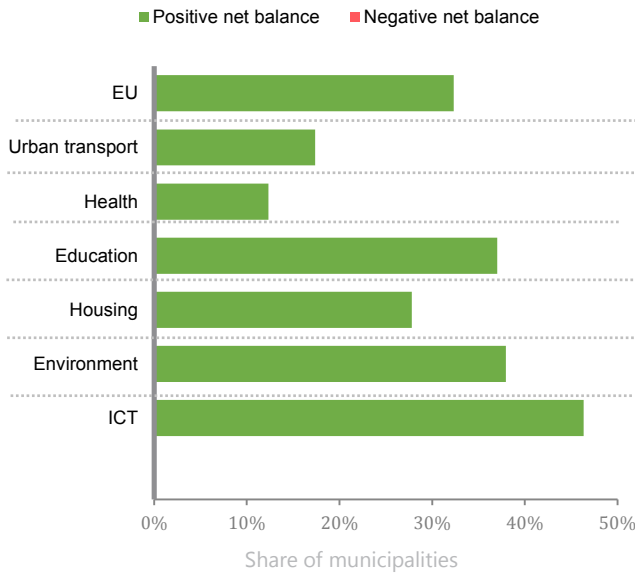


Base: All municipalities. Sectors are aggregated by the corresponding sub-national share in public investment.

Q. How would you assess the quality of infrastructure in each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to the latest international standards?

EU – INFRASTRUCTURE OUTLOOK

INVESTMENT GAP IN THE NEXT FIVE YEARS



On balance, more municipalities are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Municipalities are most positive for the 'ICT' and 'education' sectors. They are least confident that gaps can be closed in case of the 'health' sector.

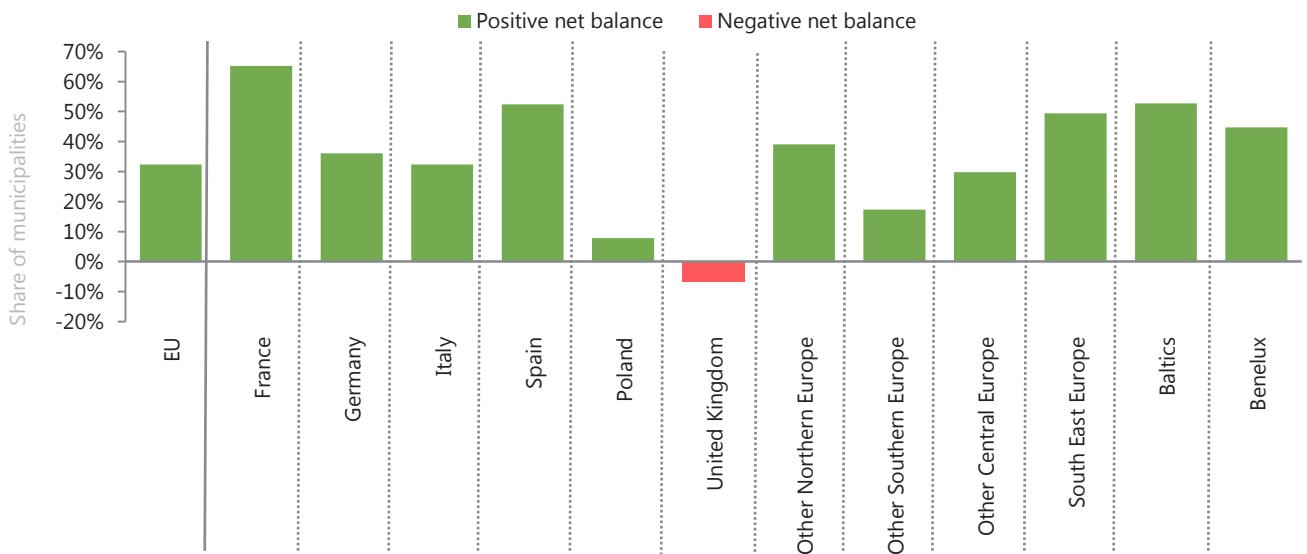
The United Kingdom is the only country where more municipalities being sceptic rather than optimistic that infrastructure gaps can be closed. Municipalities are most optimistic in France.

Base: All municipalities with under provision of infrastructure capacity and/or lower quality infrastructure (rated 1 to 3)

Q. How confident are you that the under provision / quality of infrastructure will be addressed in the next five years given your municipality's financing position?

'Net balance' is the share of firms confident that this will be addressed minus the share of firms not confident

INVESTMENT GAP IN THE NEXT FIVE YEARS BY AREA



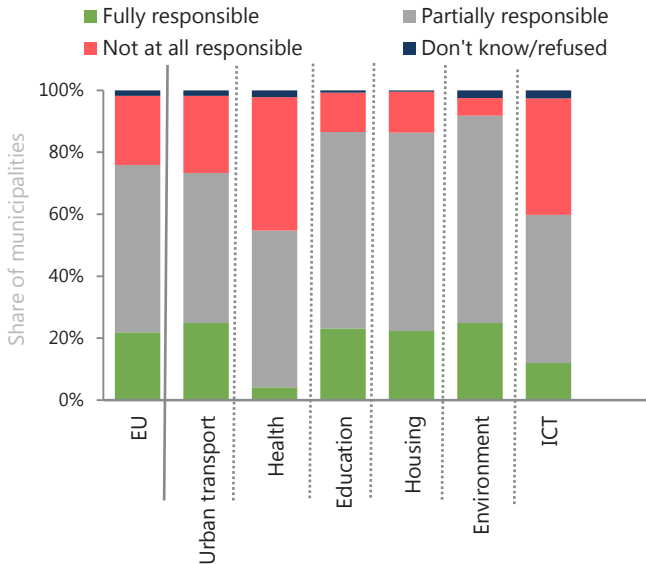
Base: All municipalities with under provision of infrastructure capacity and/or lower quality infrastructure (rated 1 to 3). Sectors are aggregated by the corresponding sub-national share in public investment.

Q. How confident are you that the under provision / quality of infrastructure will be addressed in the next five years given your municipality's financing position?

'Net balance' is the share of firms confident that this will be addressed minus the share of firms not confident

EU - MUNICIPALITY RESPONSIBILITY

INVESTMENT RESPONSIBILITIES



About one in five municipalities are fully responsible for infrastructure investment activities in their jurisdiction; one in two municipalities are partially responsible.

Only 20% of municipalities say that they are not in charge of infrastructure investment activities at all.

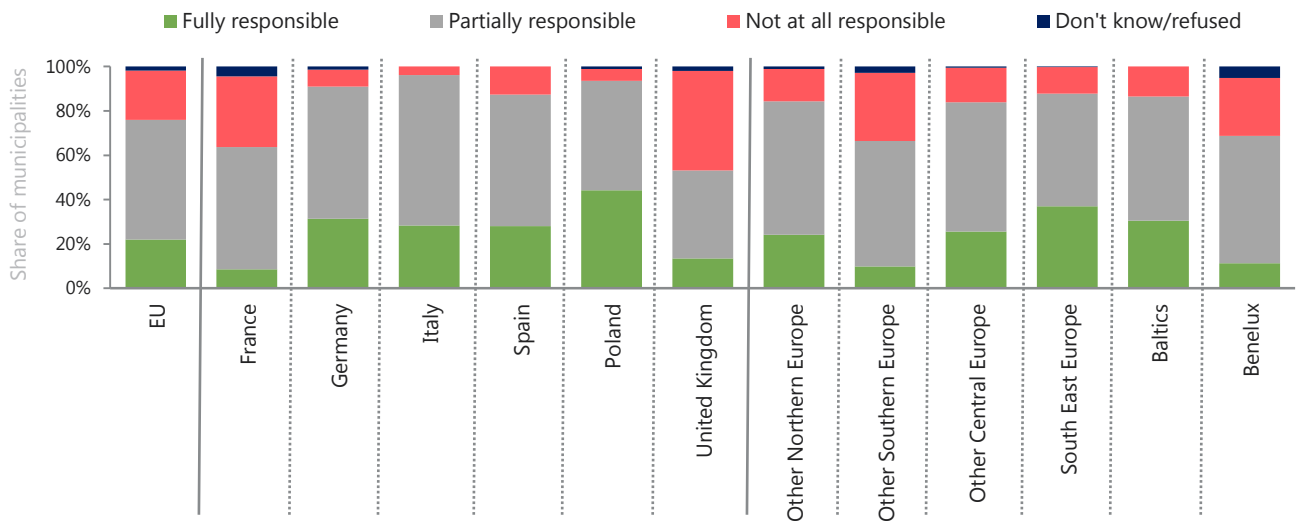
The share of municipalities that are (at least partially) responsible for infrastructure investments is highest in the 'Environment' and 'Urban transport' sector and lowest in the 'Health' sector.

Significant cross country differences exist with more than 90% of municipalities at least partially in charge of infrastructure investment activities in Poland; but less than 65% in France and the UK.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INVESTMENT RESPONSIBILITIES BY AREA

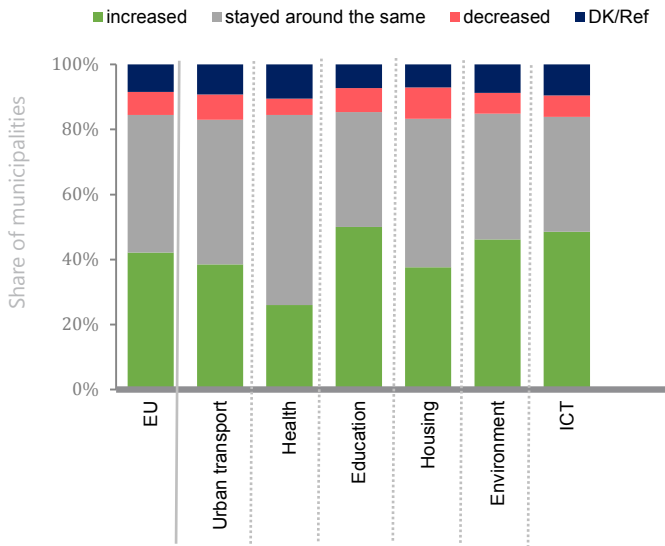


Base: All municipalities. Sectors are aggregated by the corresponding sub-national share in public investment.

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

EU – MUNICIPALITY INVESTMENT SPEND

CHANGE IN INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Asked about their own investment activities (as opposed to investment activities in their jurisdiction), 42% of municipalities say that they increased their infrastructure investment activities over the last five years.

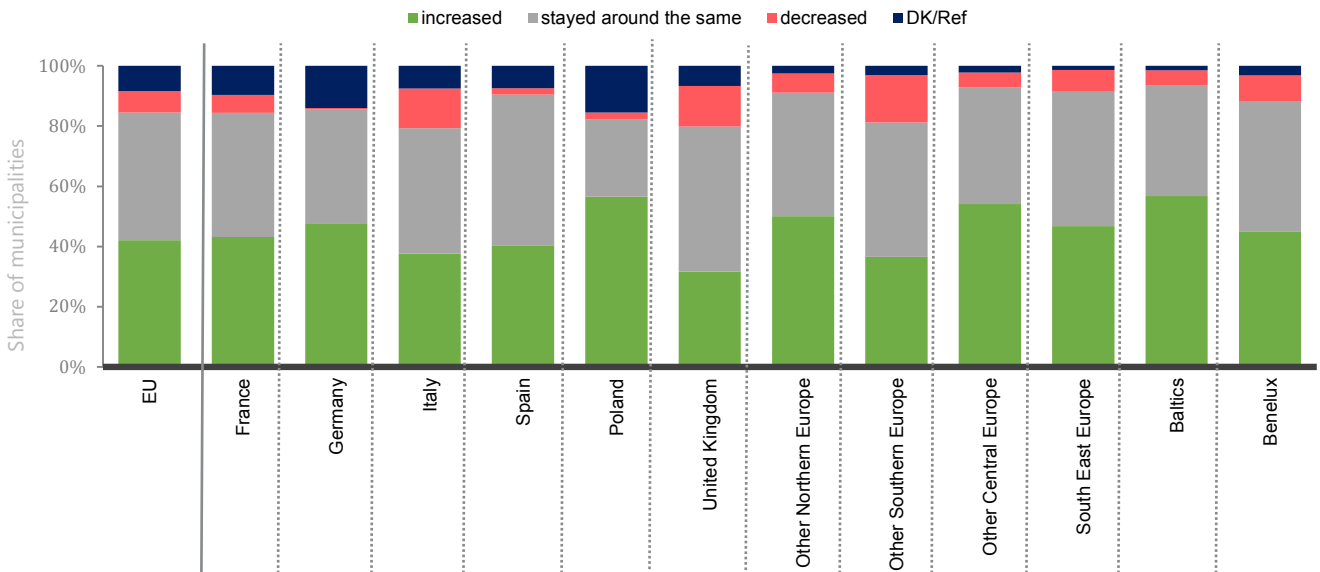
The share of municipalities that increased their investment activities was particularly high in the 'Education' and 'ICT' sectors and among Polish and Baltic municipalities.

Base: All municipalities, fully or partially responsible for each area

Q. Has the overall spend in infrastructure increased, decreased or stayed around the same over the last five years? *Has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend?

*Net balance is the share of firms reporting an increase minus the share of firms reporting a decrease

CHANGE IN INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS BY AREA



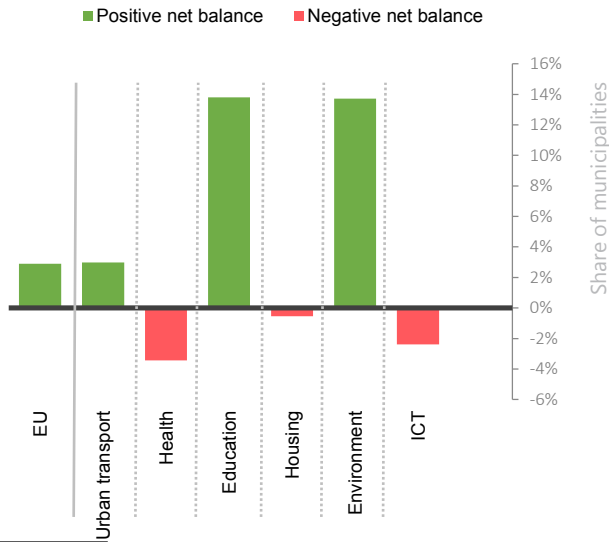
Base: All municipalities who are fully or partially responsible for each area

Q. Has the overall spend in infrastructure increased, decreased or stayed around the same over the last five years? *Has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend?

*Net balance is the share of firms reporting an increase minus the share of firms reporting a decrease

EU – MUNICIPALITY INVESTMENT SHARE

CHANGE IN MUNICIPALITY INVESTMENT SHARE



The positive investment activities have led to a slight increase of municipalities' investment share over the past five years.

On balance, 3% of municipalities report that their infrastructure investment activities have increased (relative to total infrastructure investment in their jurisdiction).

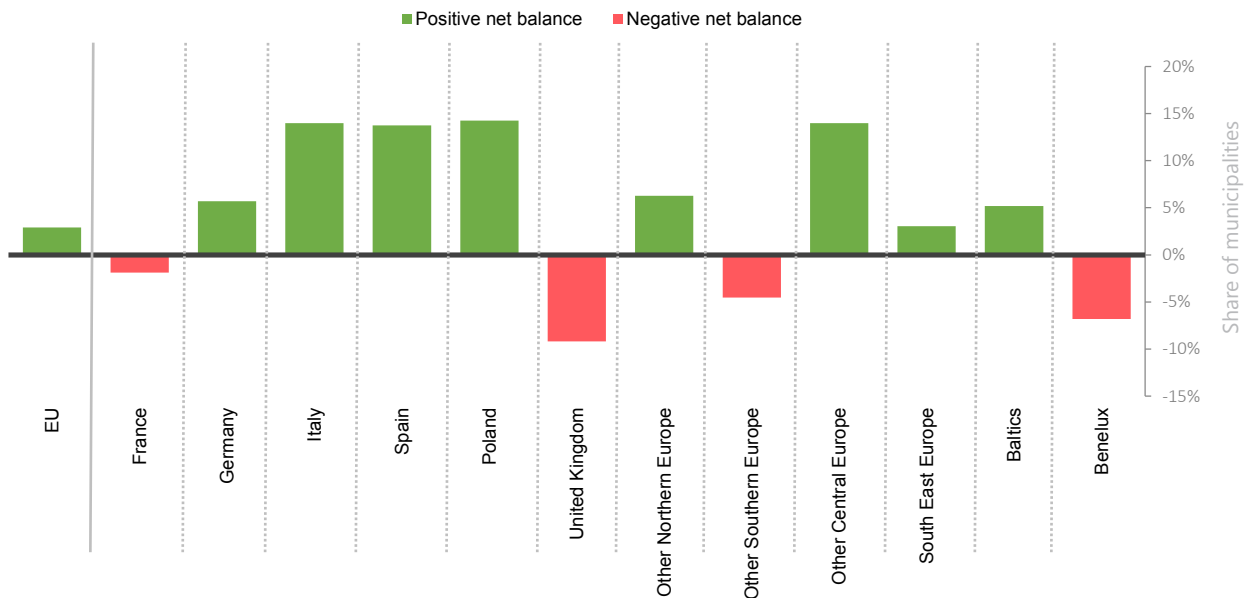
In the 'education' and 'environmental' sectors the increase is nearly 14%. On the contrary, for the 'health', social 'housing' and 'ICT' sectors, more municipalities report a falling investment share (than an increasing one).

From a cross-country perspective, municipalities investment shares increased everywhere except for 'France', the 'United Kingdom', 'Other Southern Europe' and the 'Benelux'.

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same? *
Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spending in each area?

CHANGE IN MUNICIPALITY INVESTMENT SHARE

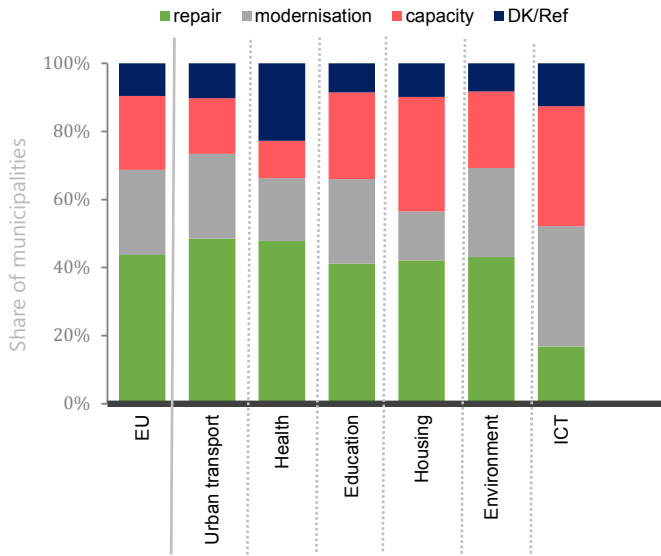


Base: All municipalities. Sectors are aggregated by the corresponding sub-national share in public investment.

Q. Over the last five years has the infrastructure share of your municipality increased, decreased or stayed around the same over the last five years? *Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spending in each area?

EU – MUNICIPALITY INVESTMENT FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, 43% of municipalities intend to focus their investment activities on the 'repair and maintenance' of existing infrastructure.

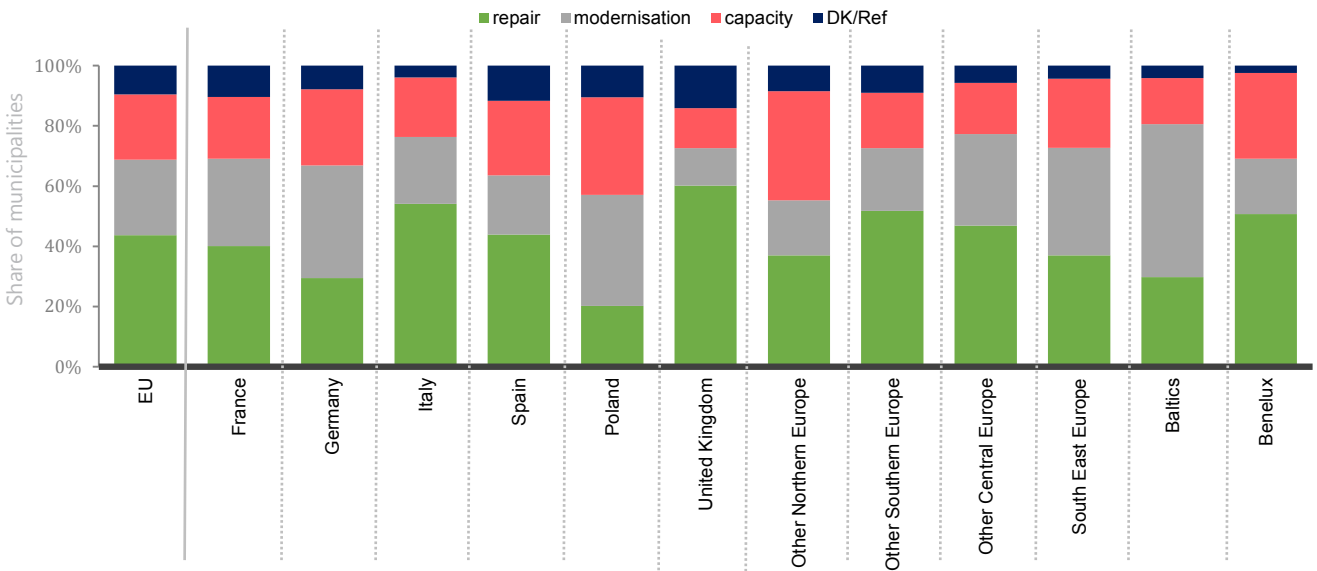
25% of municipalities want to investment primarily in 'modernisation' activities and 22% in expanding existing 'capacity'.

'Modernisation' and 'capacity' expansion are named most frequently as investment focus for the 'ICT' sector and by municipalities in 'Germany,' 'South East Europe' and the 'Baltics'.

Base: All municipalities fully or partially responsible for each area

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS BY AREA

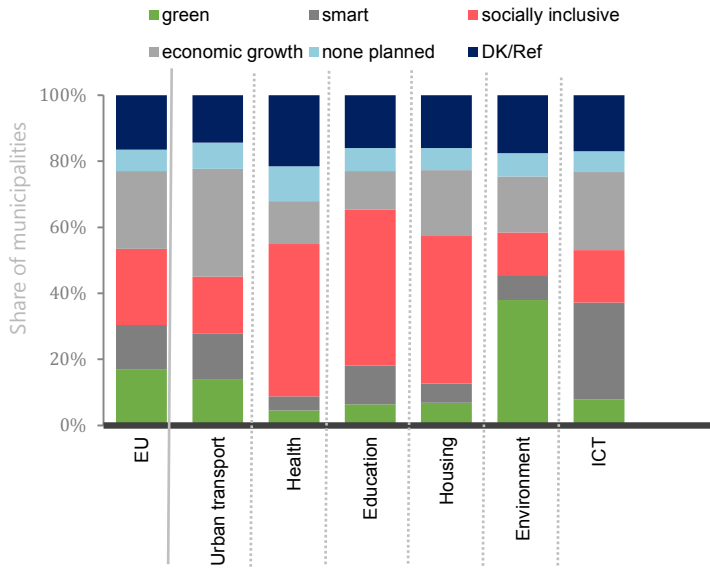


All municipalities fully or partially responsible for each area. Sectors are aggregated by the corresponding sub-national share in public investment.

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

EU – INVESTMENT PRIORITIES

POLICY PRIORITIES OVER THE NEXT FIVE YEARS



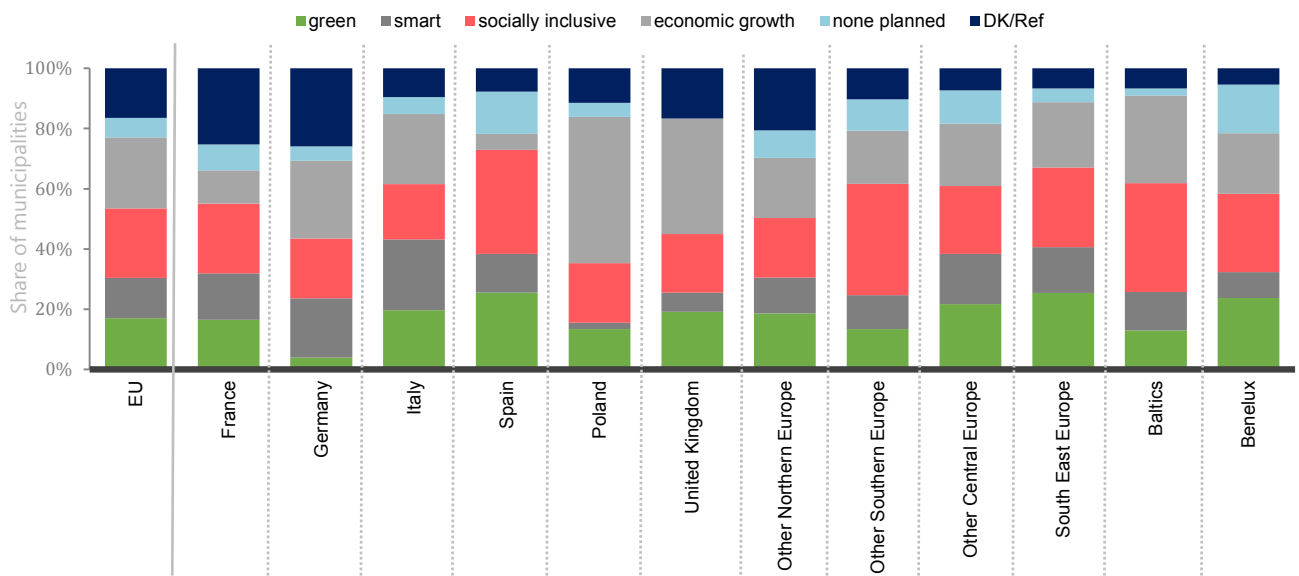
From a policy priority, municipalities expect to focus their investment activities on making their infrastructure more socially inclusive in the 'housing', 'education' and 'health' sectors to make it greener in the case of 'environmental' infrastructure; smarter in the case of 'ICT' infrastructure and more 'growth' friendly in the case of 'urban transport'.

The share of municipalities foreseeing no infrastructure investment activities in the coming years is largest in 'Spain' and the 'Benelux' countries.

Base: All municipalities fully or partially responsible for each area

Q. From the following, what would you say will be the main priority over the next five years ... Green infrastructure, Smart infrastructure, Socially inclusive infrastructure or Infrastructure that boosts economic growth?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS BY AREA

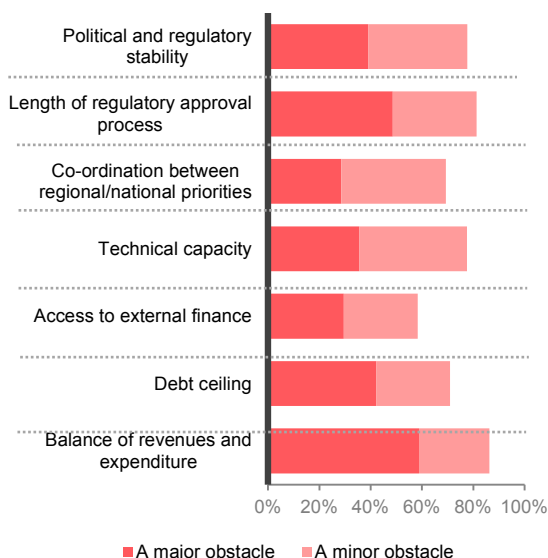


Base: All municipalities fully or partially responsible for each area. Sectors are aggregated by the corresponding sub-national share in public investment.

Q. From the following, what would you say will be the main priority over the next five years ... Green infrastructure, Smart infrastructure, Socially inclusive infrastructure or Infrastructure that boosts economic growth?

EU – INVESTMENT BARRIERS

OBSTACLES TO INFRASTRUCTURE INVESTMENT



The main barriers to infrastructure investment are tight budgets and the time it takes for infrastructure projects to get approved. 58% and 48% of municipalities name these two areas a major obstacle to their infrastructure investment activities, respectively.

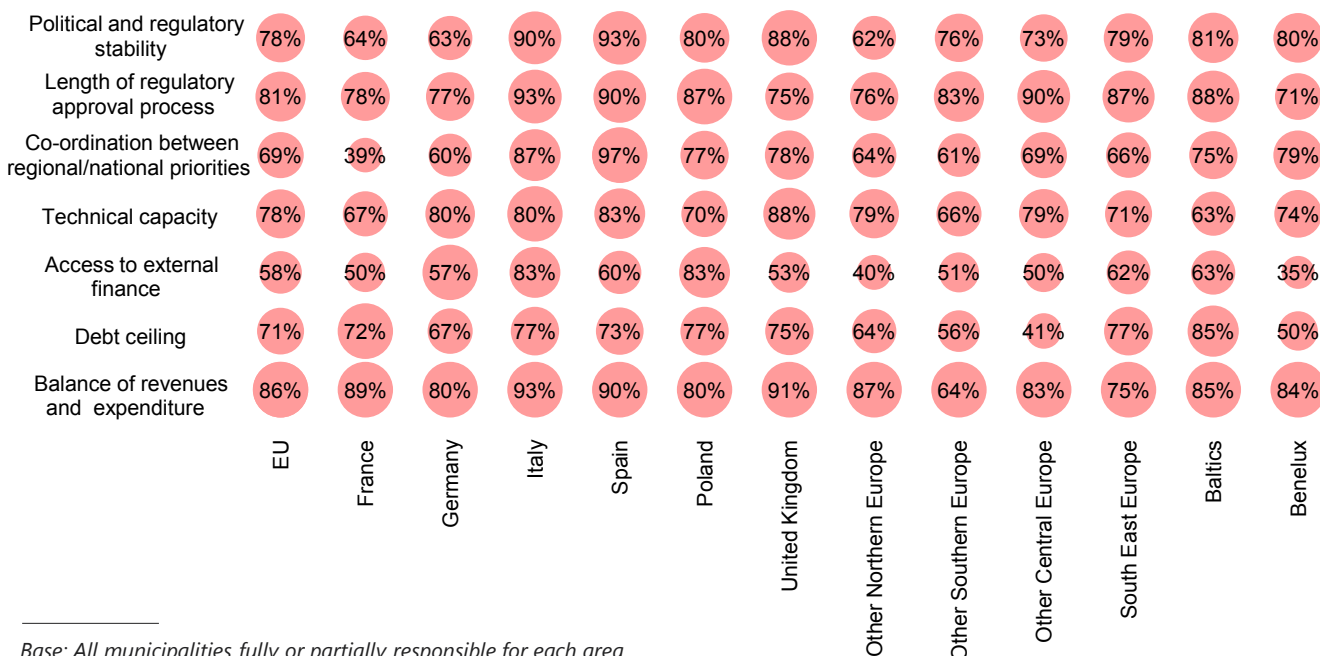
Political and regulatory instability is another important obstacle; particularly for municipalities in Italy; Spain and the UK. Technical capacity is also felt as a constraint, particularly pressing in the UK and in Germany.

Lack of coordination with other bodies plays an important role in Spain.

Base: All municipalities fully or partially responsible for each area

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

OBSTACLES TO INFRASTRUCTURE INVESTMENT BY AREA

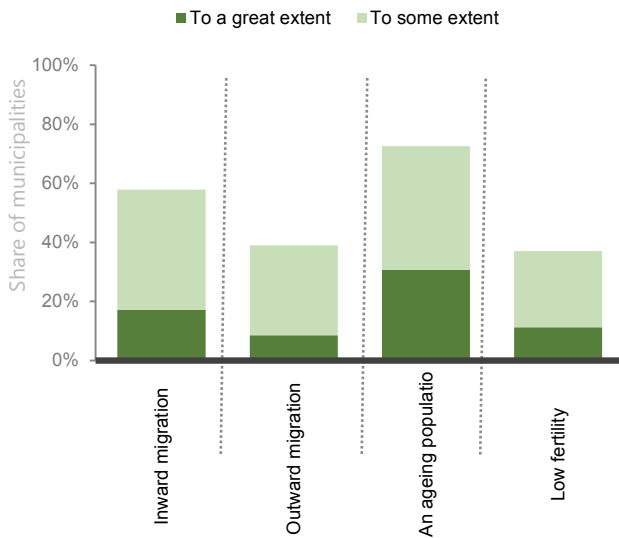


Base: All municipalities fully or partially responsible for each area

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

EU – MUNICIPALITY DRIVERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



About seven in ten municipalities consider aging an important driver of the demographic situation in their jurisdiction.

This is followed by inward migration (57%) and outward migration (39%).

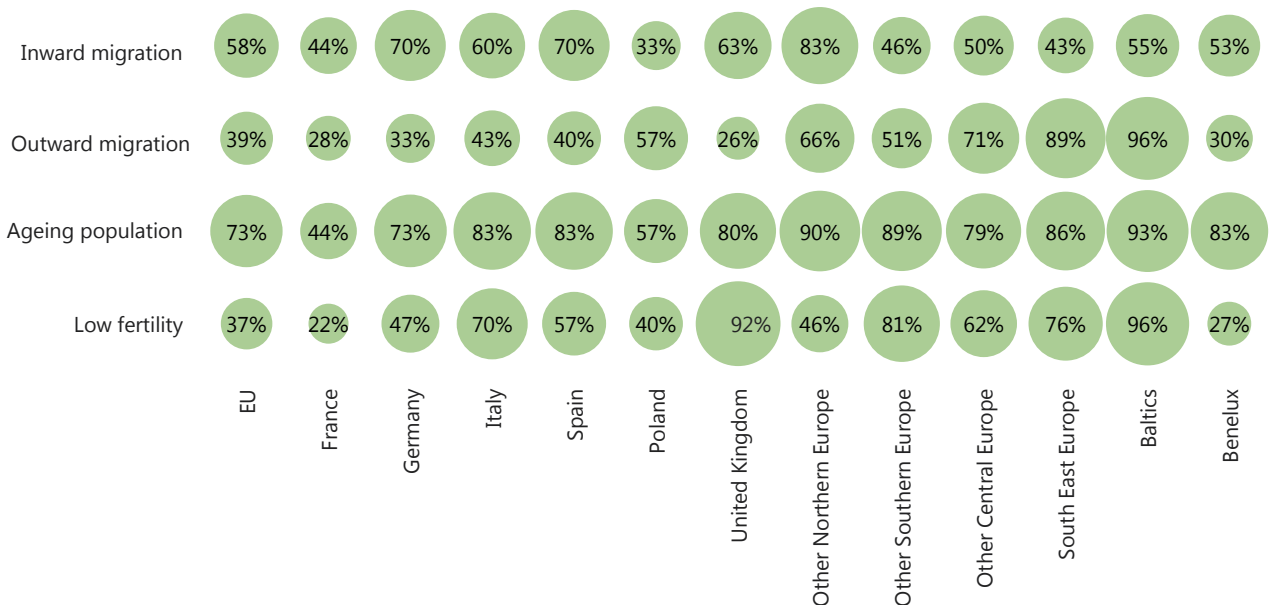
Ageing is of particular concern for municipalities in the Baltics, the group of Other Northern European Countries and South East Europe.

Outward migration plays an important role for municipalities in the Baltics, South East Europe and Other Central Europe; whereas inward migration matters most for the group of Other Northern European Countries, Germany and Spain.

Base: All municipalities

Q. To what extent do each of the following impact the demographic situation in your municipality? (Data not shown for hardly at all/Not at all/don't know/refused)

FACTORS IMPACTING DEMOGRAPHIC SITUATION BY AREA

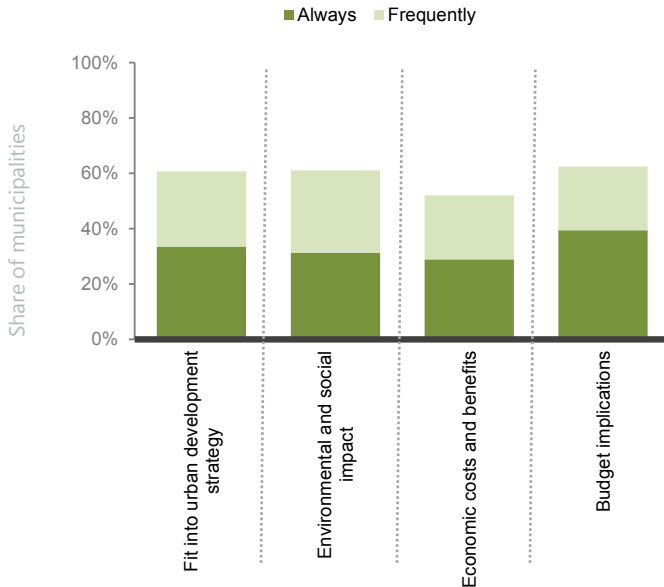


Base: All municipalities

Q. To what extent do each of the following impact the demographic situation in your municipality? (Data not shown for hardly at all/Not at all/don't know/refused)

EU – ASSESSING INFRASTRUCTURE PROJECTS

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS

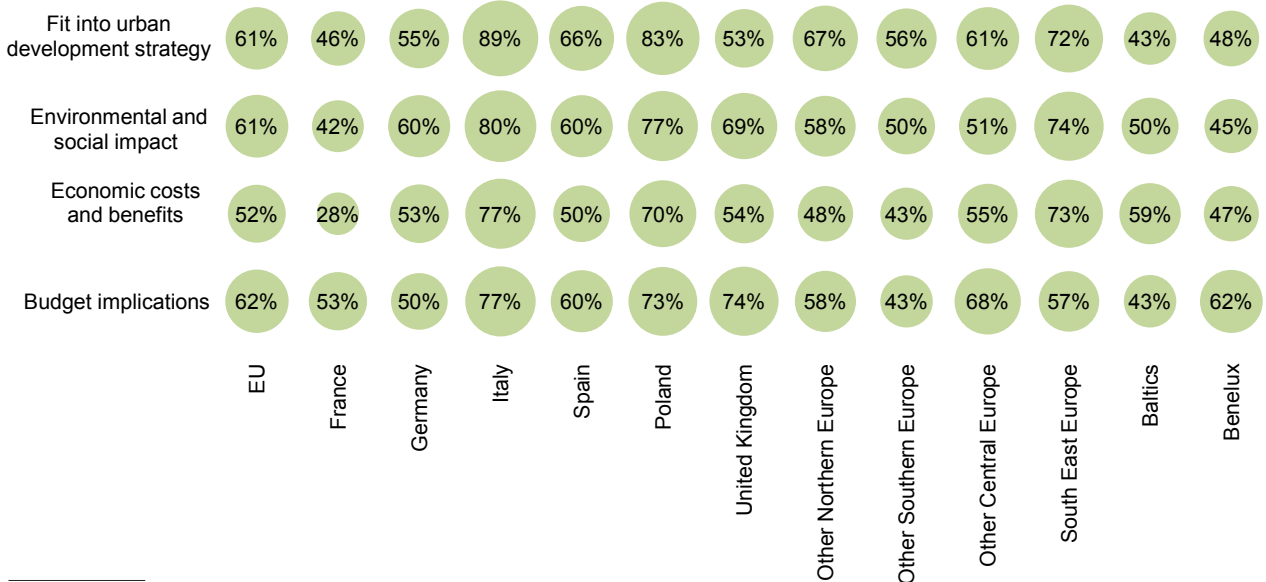


Only around 50-60% of municipalities carry out ex ante assessments of infrastructure projects, either on the 'Budgetary implications', the 'Economic costs and benefits', the 'Environmental and social impact' of the projects, and/ or whether the project 'Fits municipalities' urban development strategy'.

Of all those that carry out an ex ante assessment, only about 60% say that the results of the assessment enter the decision making process (not shown).

Base: All municipalities; * All municipalities with an urban development strategy
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of ...?

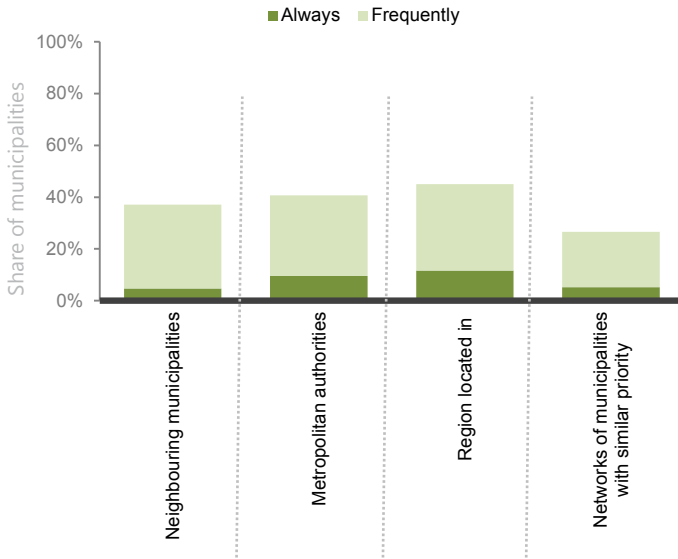
INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS BY AREA



Base: All municipalities; * All municipalities with an urban development strategy
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of ...? (Data not shown for occasionally/never/don't know/refused)

EU – CO-ORDINATING PROJECTS

CO-ORDINATING INVESTMENT PROJECTS



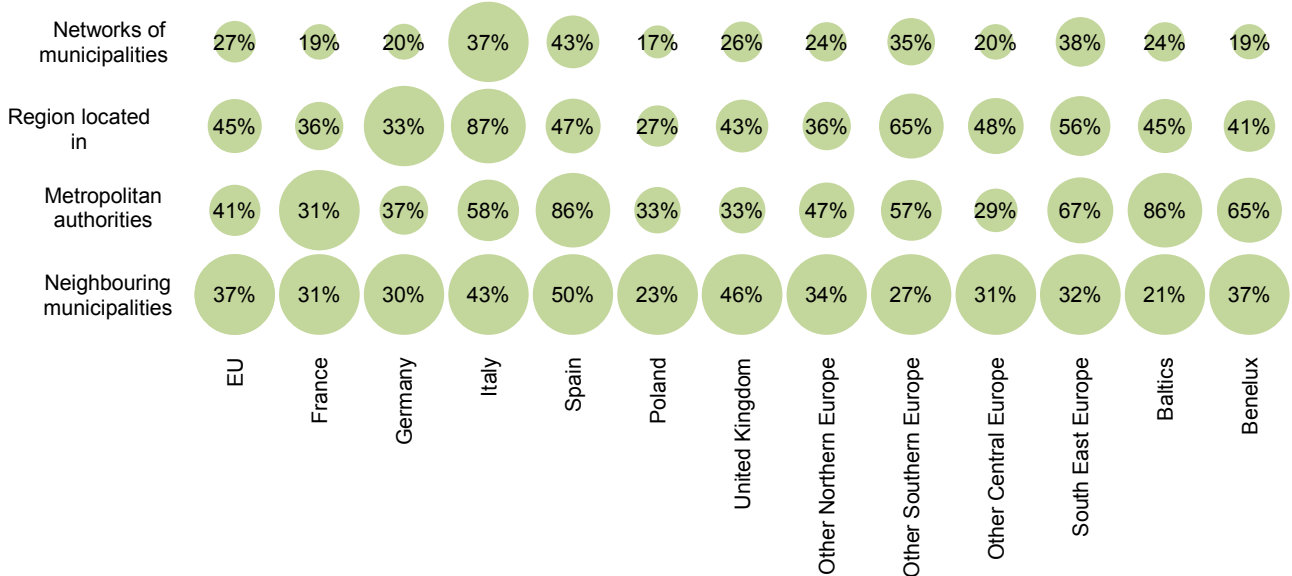
Less than half of municipalities consult with other bodies when it comes to the planning and implementation of infrastructure projects.

The degree to which this is true varies, however, across countries; with as many as 87% of Italian municipalities consulting with the region in which they are located; and as few as 19% of French municipalities coordinating their investment activities with networks of like-minded municipalities.

Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

CO-ORDINATING INVESTMENT PROJECTS BY AREA



Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

EU - INVESTMENT FINANCE

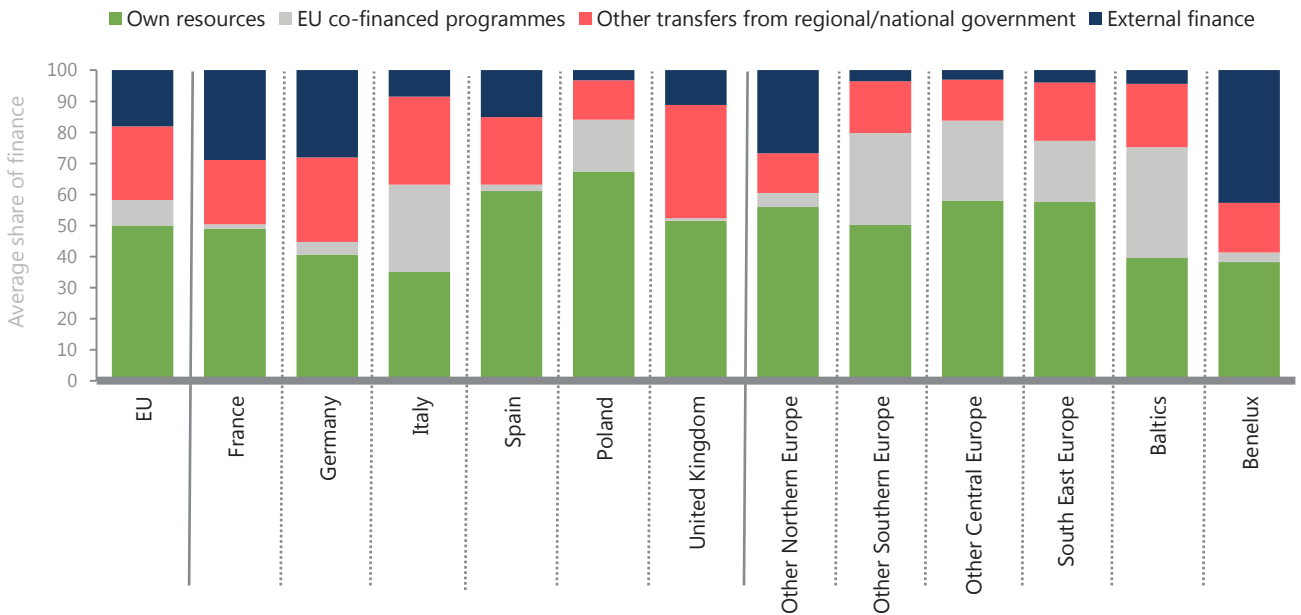
SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE BY AREA

Own resources account for the largest share of investment finance (with more than 50%).

This is followed by other transfers, often from national or sub-national governments (23%), external finance, including bank loans (18%), and EU funding, including funding EU Structural Funds (8%).

A breakdown by the region shows significant differences in the funding mix; in particular with regard to the use of EU funds: for the Baltics and Central European countries, the share of EU funds accounts for 35% and 25% of total infrastructure funding, respectively. Italy also falls into this category (with more than 28% of total infrastructure finance coming from EU programs).

Poland stands out of the group of Central European countries with the highest share of own resources in funding infrastructure investments.



Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

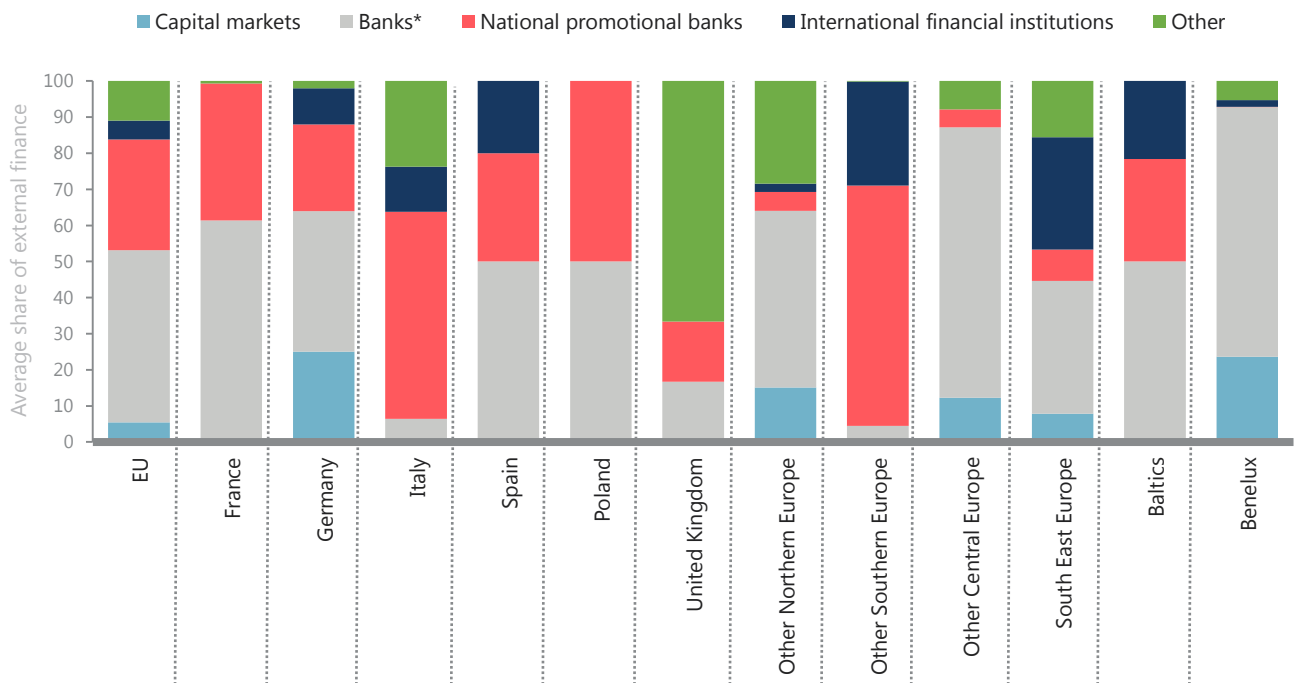
EU - INVESTMENT FINANCE

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES BY AREA

Banks are the main source of the external financing used to fund infrastructure projects, at 47% of total external finance used.

This is followed by national promotional banks (which account for about 30% of total external finance). International financial institutions and capital markets together account for around 10% of total external financing.

Southern Europe and Italy diverge from the overall picture, with national promotional banks playing a more important role (accounting for 66% and 57% of total external finance, respectively).



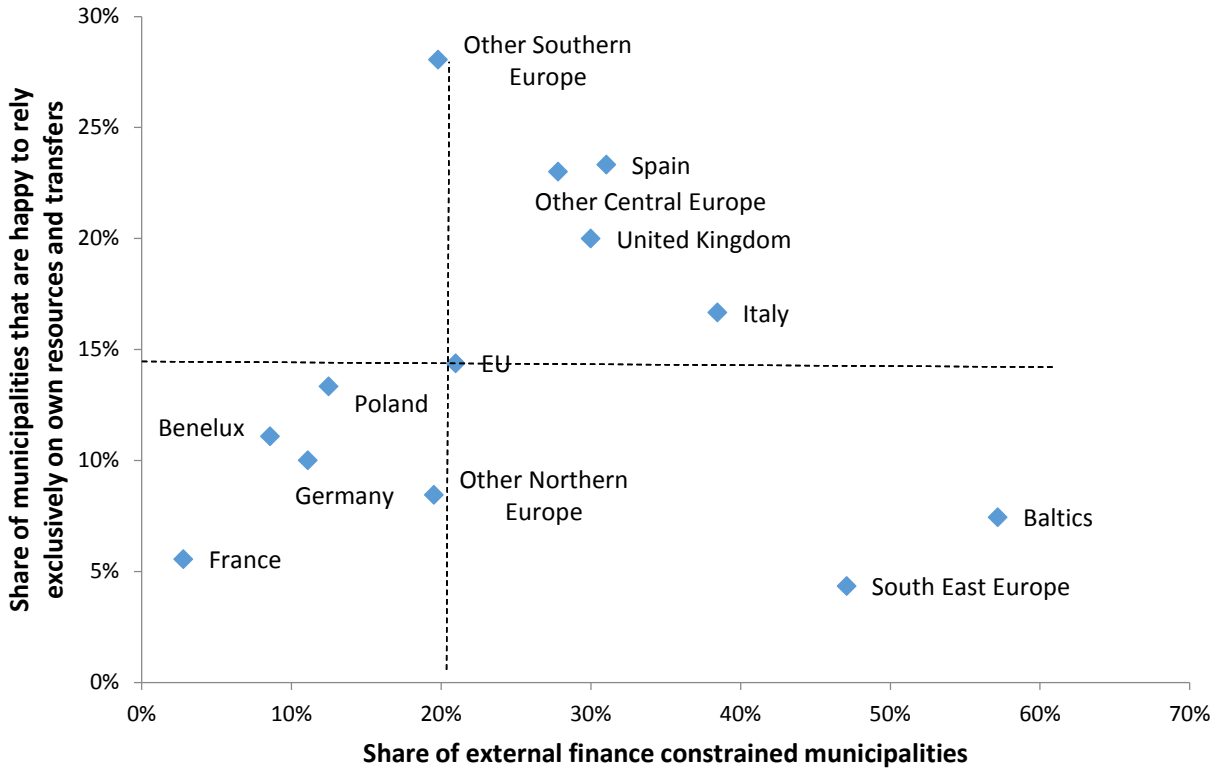
Base: All municipalities who used external finance (excluding don't know/refused responses)

Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following?

* Banks excluding national or international promotional banks

EU – INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Municipalities in the Baltics and South East Europe appeared to have the highest share of external finance constrained municipalities. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. In particular, France has the lowest share of externally finance constrained municipalities (around 3%). Moreover, their willingness to rely exclusively on own resources is also very low (around 5%).

On the contrary, Italy and Spain, together with Other central Europe Countries, have the highest share of external financial constraints (about 38%, 31% and 27% respectively).

Base: All municipalities

Data derived from financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need the finance'

Finance constrained firms include: those dissatisfied with the amount of funding available (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

1. EU OVERVIEW



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FRANCE OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

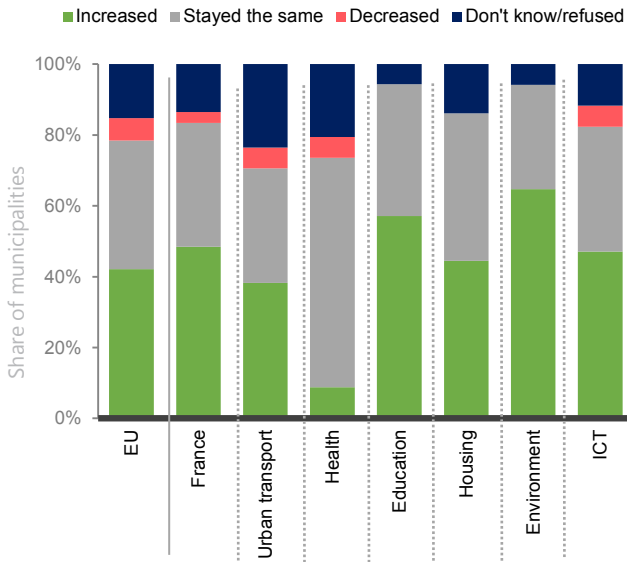
This overview presents selected findings for France based on telephone interviews with 36 municipalities. Interviews were carried out between May and August 2017.

Key findings

Investment Activities:	Slightly less than 50% of municipalities in France report an increase in investments activities over the last five years in their jurisdictions.
Investment Priorities:	70% of municipalities' investment in the next five years will go to repair, maintenance and modernisation. From a policy priority perspective, municipalities in France will focus on making their infrastructures more socially inclusive in the next five years, especially in the education sector.
Investment Gaps:	20% of French municipalities report under-investment in the last 5 years, with perceived gaps mostly for social housing and ICT. The quality of their infrastructures is ranked at 3.4 (on a scale from 0 to 5) slightly above the EU average. More municipalities in France are optimistic than sceptic about the possibility to close their infrastructure gaps in the next five years.
Investment Efficiency:	Around 30%-50% of French municipalities carry out ex ante assessments of infrastructure projects. Moreover, one in three municipalities in France coordinate with other bodies in planning and implementing infrastructure projects.
Drivers and Barriers:	The main barriers to infrastructure investments for French municipalities are a narrow budget and the limit on the amount of debt that a municipality can borrow. Length of approval process and technical capacity are also named as impediments by more than 70% of French municipalities. In addition, the aging population and inward migration are the most important drivers for their demographic situation.
Finance:	External finance represents some 30% of total financing, a larger share than for the average of the EU. External finance mostly comes from banks and from the national promotional bank. Otherwise, municipalities in France mainly resort to their own resources to finance infrastructure investment activities.

FRANCE - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



48% of municipalities in France report an increase in infrastructure investment activities over the last five years. 34% saw infrastructure investment stay the same. Only 1% report a decrease in infrastructure investment over this period.

The share of municipalities reporting an increase in infrastructure investment is higher than for the EU overall (42%) and highest for the 'Education' and 'Environmental' sectors.

Base: All municipalities

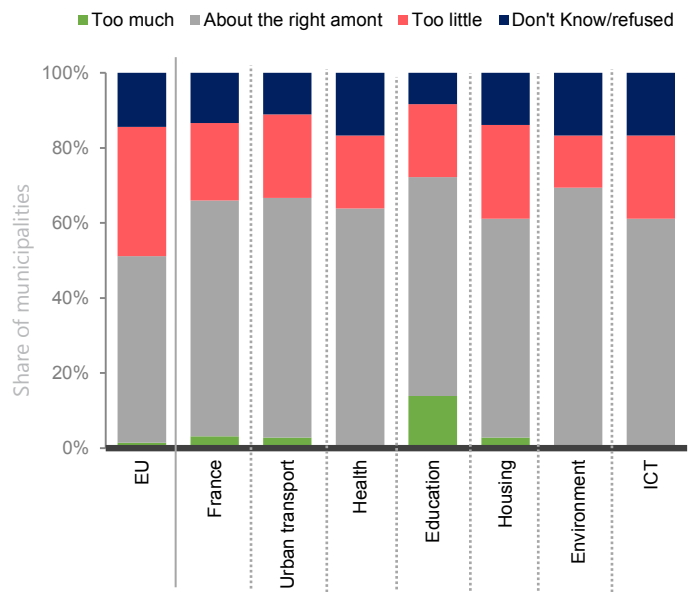
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Around 60% of French municipalities consider past investment in infrastructure to have been in line with needs. This percentage is above the EU average of 49%.

However, one in five municipalities still say that their investment activities over the past five years have been below needs. Only 2% reports over-investment in the considered period.

The share of municipalities reporting under investment is largest for social 'Housing' and 'ICT'.

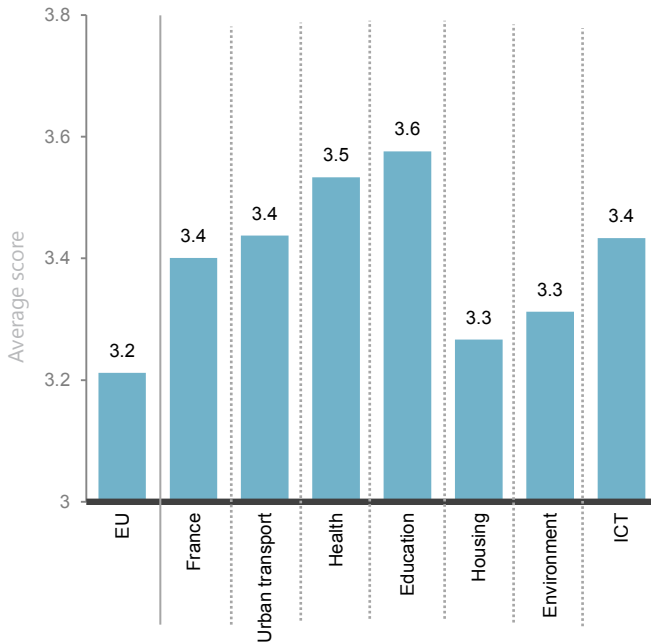


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

FRANCE - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of the infrastructure in their jurisdiction on a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in France report an infrastructure quality that is above the mid-point and higher than the EU average.

'Education' infrastructure ranks highest in terms of perceived quality.

Social 'housing' and 'environment' infrastructure rank lowest.

Base: All municipalities

Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in France are optimistic than sceptic about the possibility to close infrastructure gaps in the next five years.

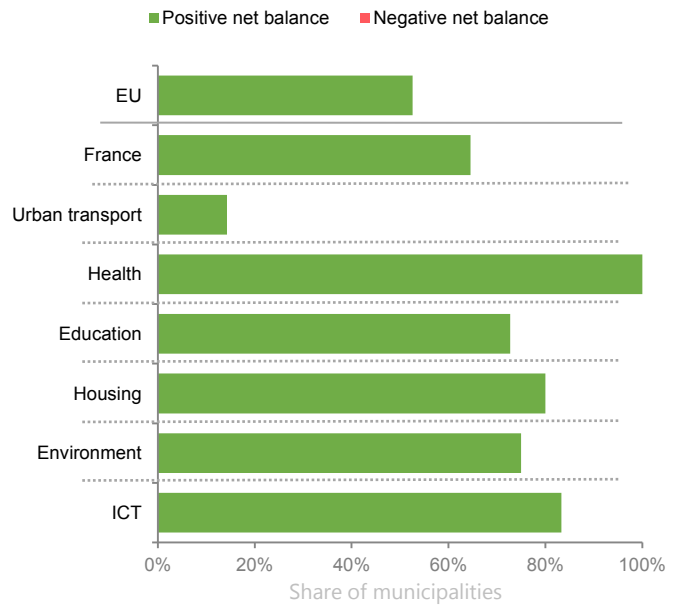
Municipalities are more positive compared to the EU average.

Breakdown by investment categories reveals that jurisdictions in France are most positive for the 'health', social 'housing' and 'ICT' sectors.

Municipalities are least confident that gaps can be closed in case of the 'urban transport' sector.

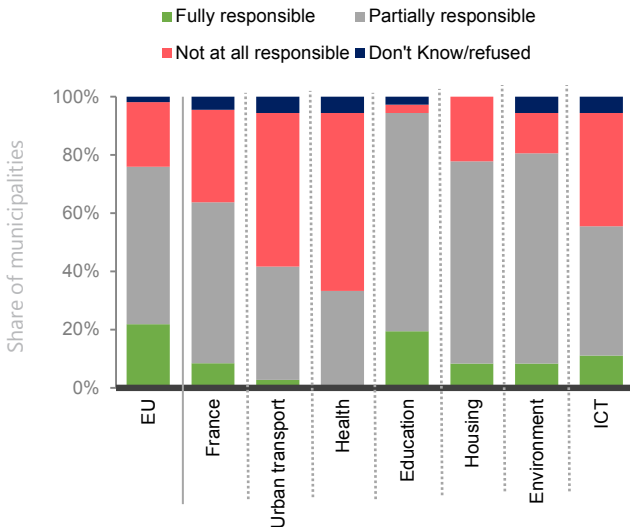
Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.



FRANCE - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



About two thirds of municipalities in France are either fully or partially responsible for infrastructure investment activities in their jurisdiction.

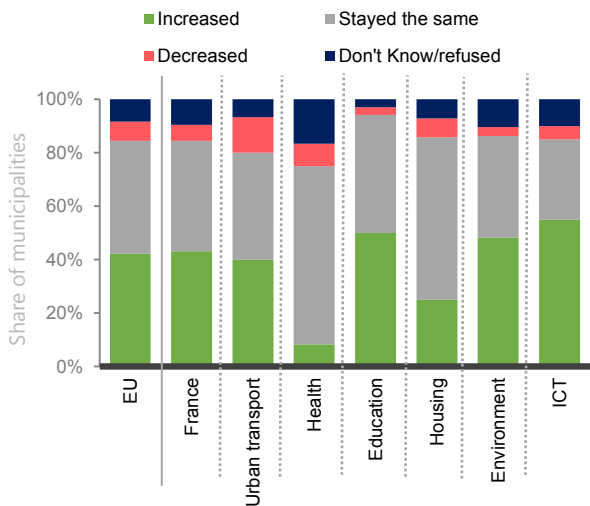
Asked about their own investment activities (as opposed to investment activities in their jurisdiction), 43% say that they increased their infrastructure investment activities.

On net, municipalities in France saw their investment share decline in the past five years (vis-à-vis other sources of investment). This was most pronounced in the 'Housing' and 'Urban transport' sectors.

Base: All municipalities

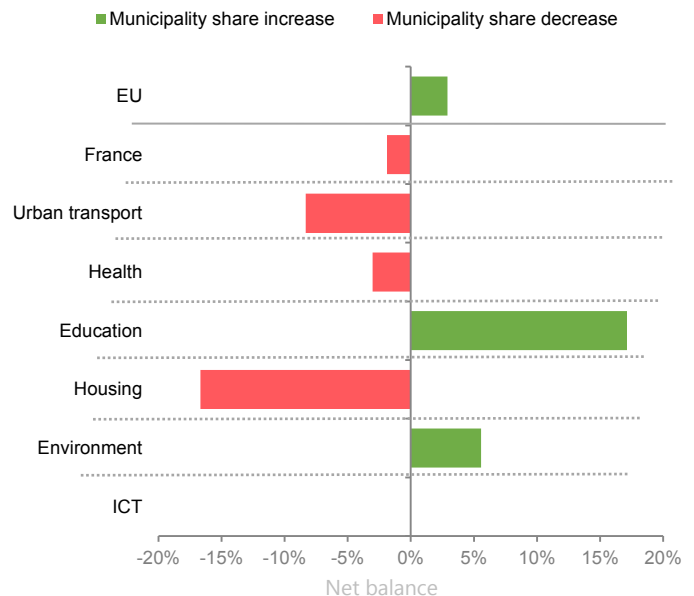
Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

Q. Over the last five years has your investment spend in each area increased, decreased or stayed around the same?

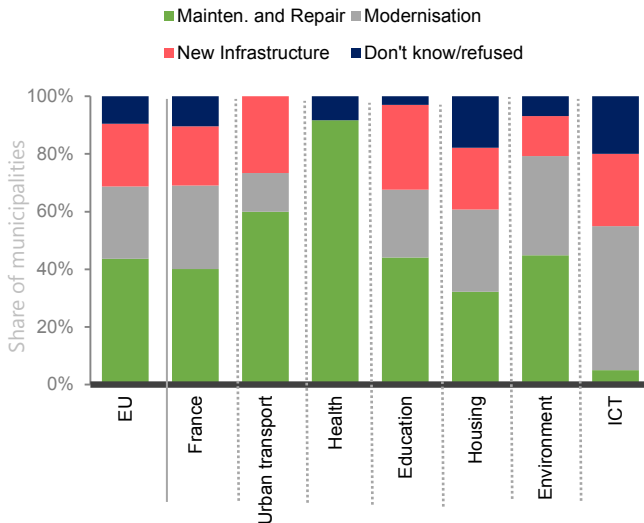


Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

FRANCE – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, 40% of municipalities in France plan to focus their investment activities on the repair and maintenance of existing infrastructure.

Around 30% of intent to invest primarily in the modernisation of existing infrastructures and 20% in expanding existing capacity.

'Modernisation' and 'capacity expansion' are named most frequently as investment focus for the 'ICT' sector.

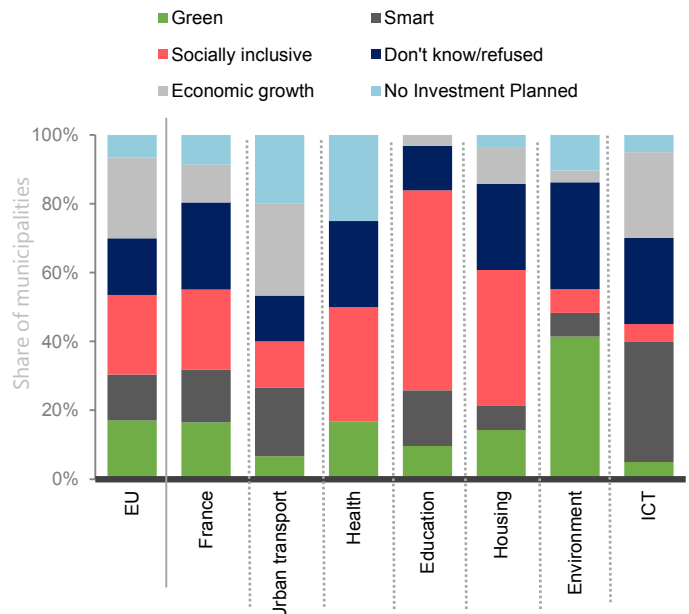
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

From a policy perspective, the main priority for municipalities in France is to make their infrastructure more socially inclusive in the 'housing', 'education' and 'health' sectors, to make it greener in the case of 'environmental' infrastructure and smarter in the case of 'ICT' infrastructure.

On balance, the policy priorities of French municipalities closely resemble those of the EU overall.

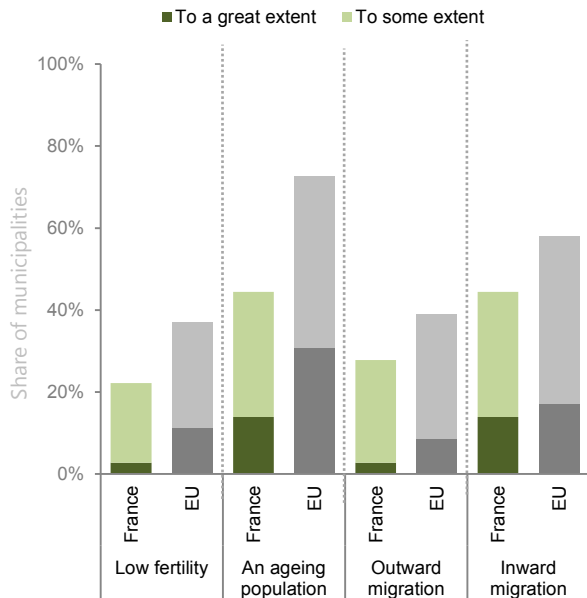


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

FRANCE – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



About four in ten municipalities consider the aging population and inward migration important drivers for the demographic situation in their jurisdictions.

This is followed by outward migration (27%) and low fertility (22%).

A comparison between France and EU municipalities reveals that all four factors generally play less of a role in France than elsewhere.

Base: All municipalities.

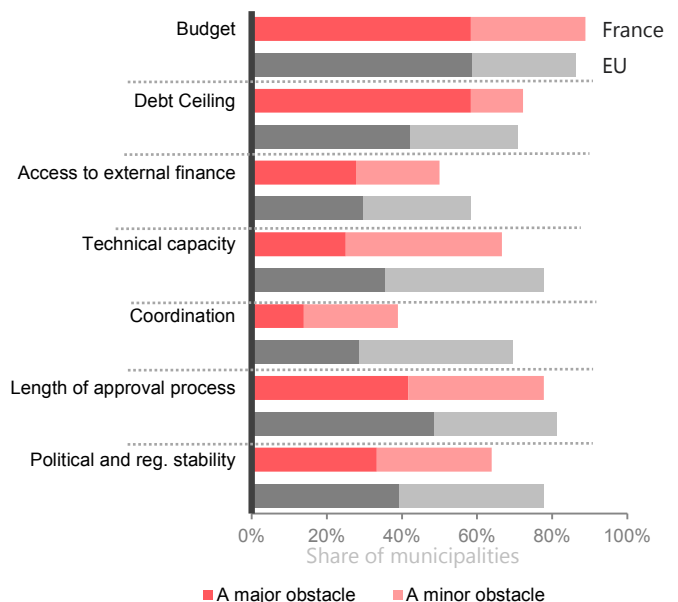
Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main barriers to the implementation of the infrastructure investment activities are narrow budgets and the limits on the amount of debt that the municipalities can borrow.

In addition, the time it takes for infrastructure projects to get approved is reported frequently as an obstacle, as well as technical capacity.

Coordination between regional and national policy priorities is less of a barrier in France than the rest of the EU.

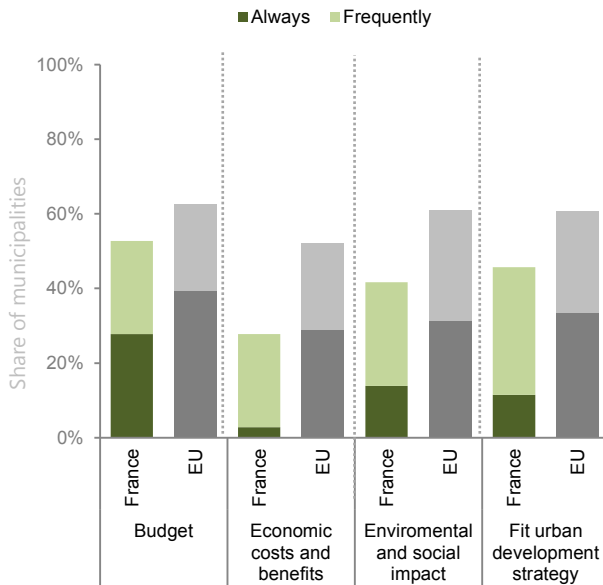


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

FRANCE – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



Only about 30% -50% of French municipalities carry out an independent ex ante assessments of infrastructure projects.

For each category this share is lower than the EU average.

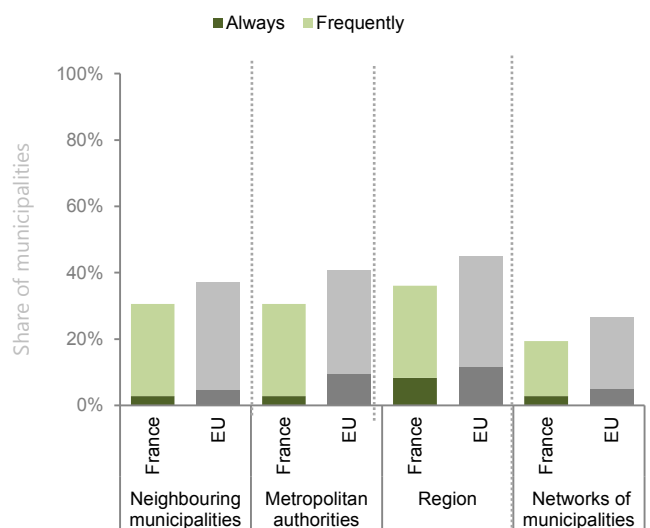
Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Around one in three municipalities in France coordinate with other bodies in planning and implementing infrastructure projects.

This is a lower share than for the rest of the EU. French municipalities are most likely to cooperate with the region in which they are located.

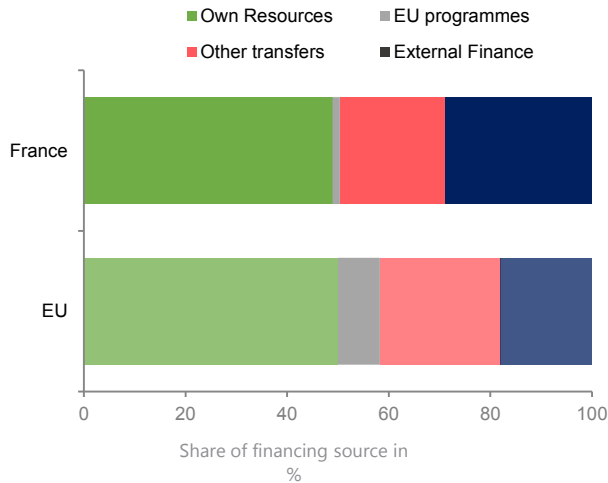


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

FRANCE - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own Resources' represent the largest share of investment finance for municipalities in France.

Around half of infrastructure investment activities are funded through 'Own Resources'.

'External Finance' also plays an important role. About 30% of investment activities are funded using external funds.

Less than 2% of municipality infrastructure investment activities are funded from EU sources.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

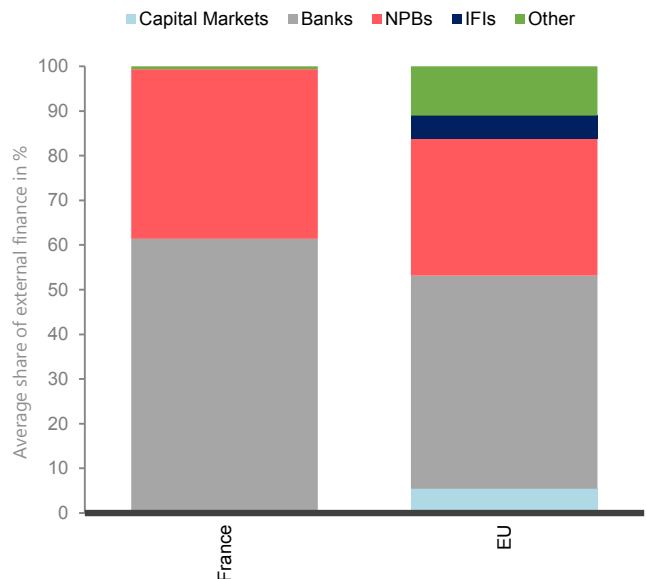
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' and 'National Promotional Banks' are the main sources of external finance among municipalities.

'Capital Markets' and 'International Financial Institutions' do not play a role in the external financing mix of municipalities.

A comparison between French municipalities and the other EU Countries reveals that external sources of financing seem less varied in France.

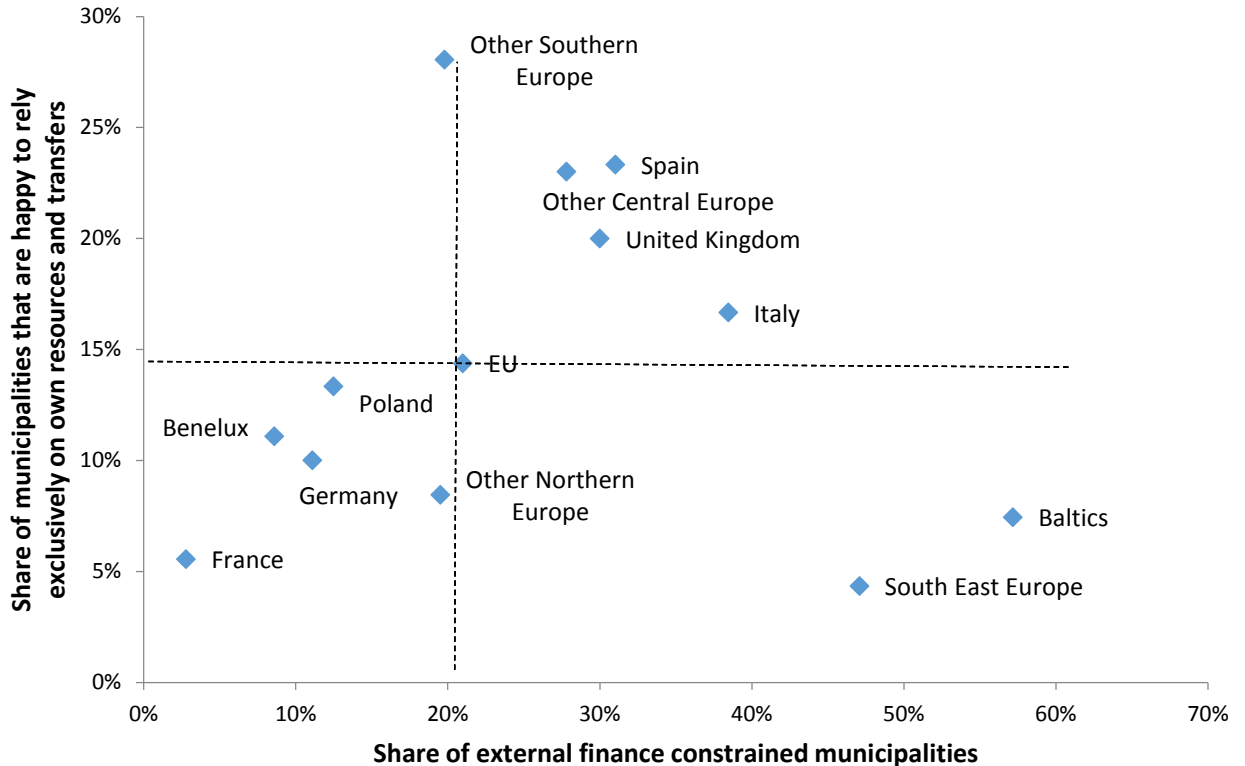


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

FRANCE - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external finance constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. In particular, France has the lowest share of externally financed constrained municipalities (around 3%). Moreover, their willingness to rely exclusively on own resources is also very low (around 5%).

On the contrary, Italy and Spain together with Other central Europe Countries have the highest share of external financial constraints (about 38%, 31% and 27% respectively).

1. EU OVERVIEW

2. FRANCE



3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

GERMANY OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

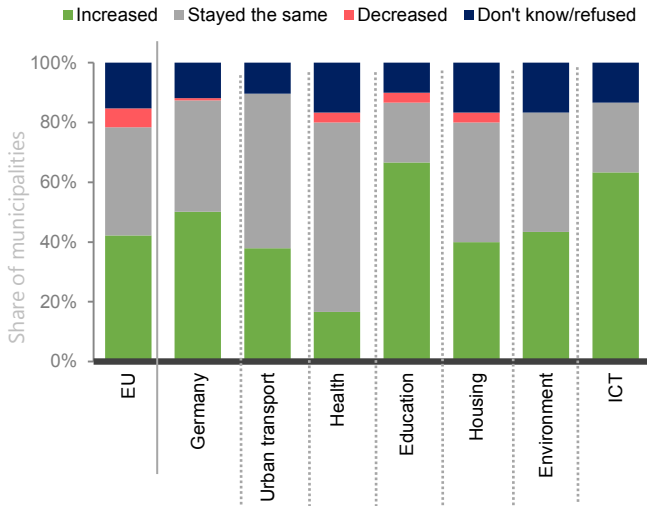
This overview presents selected findings for Germany based on telephone interviews with 30 municipalities. Interviews were carried out between May and August 2017.

Key findings

Investment Activities:	Over the last five years, one in two municipalities in Germany report an increase in investments activities in their jurisdictions.
Investment Priorities:	67% of municipalities will prioritise investment in maintenance and modernisation in the next 5 years. Expanding infrastructure capacity will be a priority for only 25% of municipalities in Germany, with the share substantially increasing in the case of Housing, ICT and Education. From a policy priority perspective, municipalities in Germany will focus on making their infrastructures more socially inclusive in the next five years, especially in the health sector.
Investment Gaps:	One third of municipalities in Germany assesses investment in the last five years to be below needs. The quality of their infrastructures is ranked at 3.3 (on a scale from 0 to 5) slightly above the EU average. On balance, more municipalities in Germany are optimistic than sceptical about the possibility to close their infrastructure gaps in the next five years. Municipalities seem to be more sceptic about the possibility to close the gap when urban transport is considered.
Investment Efficiency:	On average around 55% of German municipalities conduct an ex ante assessments of infrastructure projects. Moreover, one in three municipalities in Germany coordinate with other bodies in planning and implementing infrastructure projects.
Drivers and Barriers:	The main barriers to infrastructure investments for German municipalities are a narrow budget, technical capacity and length of approval processes. The aging population and inward migration are the most important drivers for their demographic situation.
Finance:	External finance represents some 28% of municipalities financing, mostly coming from banks, with support of the NPB (24%). Notably, German municipalities also rely on capital market direct access (25%), a much higher share compared to the average of the EU.

GERMANY - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Half of German municipalities report an increase in infrastructure investment activities over the last five years and 37% saw infrastructure investment stay the same. Only around 2% report a decrease in infrastructure investment over this period.

The share of municipalities reporting an increase in infrastructure investment is higher than the EU average of 42% and in addition, is highest for the 'Education' and 'ICT' sectors.

Base: All municipalities

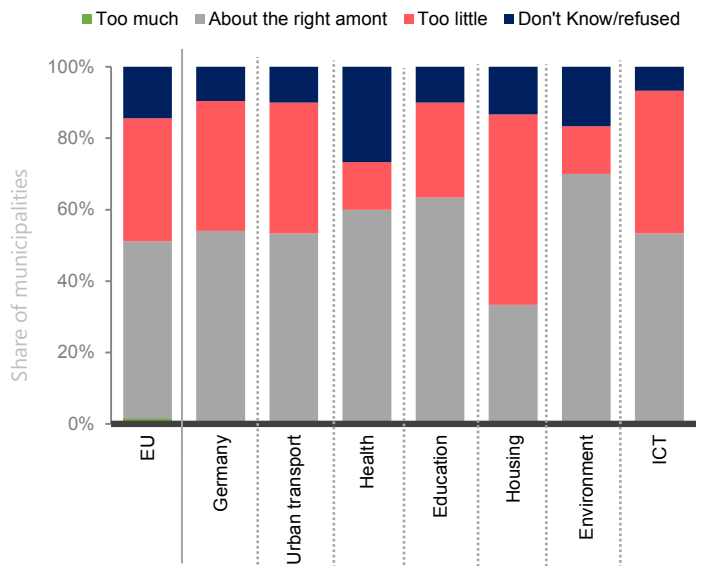
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Around 54% of municipalities in Germany consider past investment in infrastructure to have been about the right amount. This percentage is slightly above the EU average of 49%.

More than one third of German municipalities consider their investment activities over the past five years below needs. No municipality reports over-investment in the considered period.

The share of municipalities reporting under-investment is largest for social 'Housing' and 'ICT'.

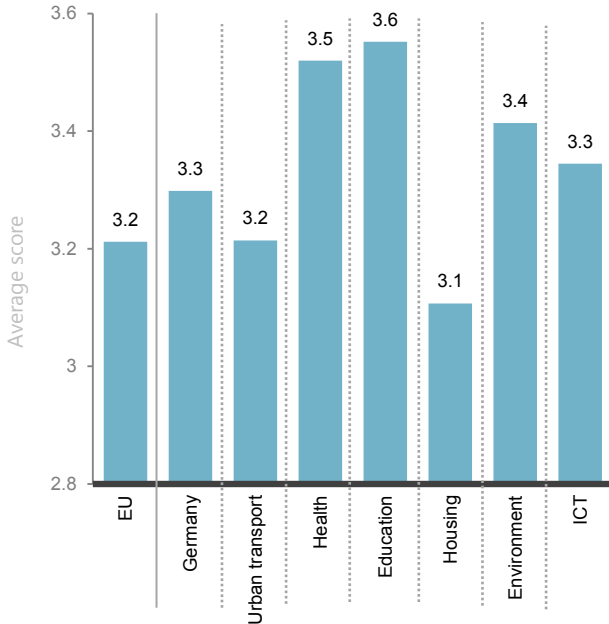


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

GERMANY - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of the infrastructure in their municipalities on a scale of 0 to 5 where 0 means completely outdated and 5 up to the latest international standards, municipalities in Germany report an infrastructure quality that is above the mid-point and slightly higher than the EU average.

'Health' and 'Education' infrastructure ranks highest in term of quality.

In contrast, social 'Housing' and 'Urban transport' infrastructure places lowest in terms of quality.

Base: All municipalities

Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

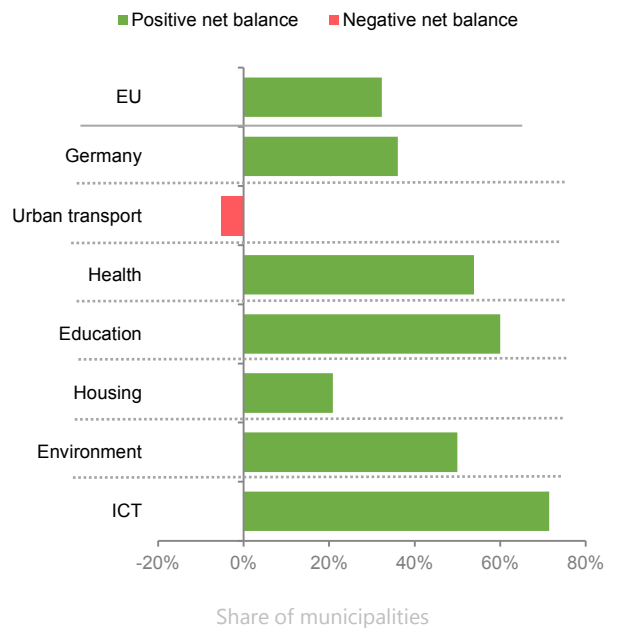
INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in Germany are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, German municipalities are as optimistic as the average EU level.

Breakdown by investment categories reveals that jurisdictions in Germany are most positive for the 'Education' and 'ICT' sectors.

On net, municipalities in Germany are sceptical about their ability to close the gap in urban transport infrastructure investment.

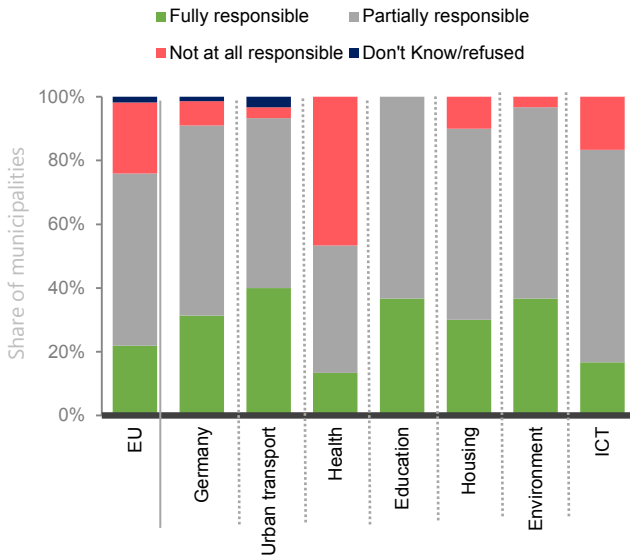


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? 'Net balance' is the share of firms saying that gap can be closed minus gap cannot be closed.

GERMANY - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



Around 30% of municipalities in Germany are 'fully responsible' for infrastructure investment activities in their jurisdictions. Slightly less than 60% are 'partially responsible'.

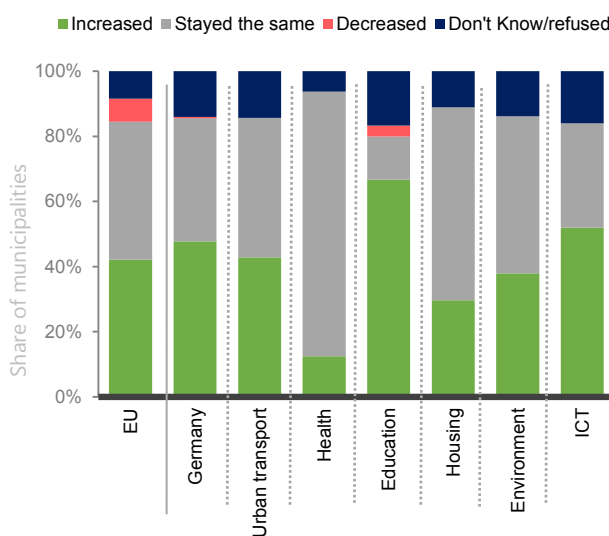
Asked about their own investment activities (as opposed to investment activities in their jurisdictions), 47% of municipalities state that they increased their infrastructure investment activities over the last five years.

On average, 5% of German municipalities report that their infrastructure investment activities have increased.

Base: All municipalities

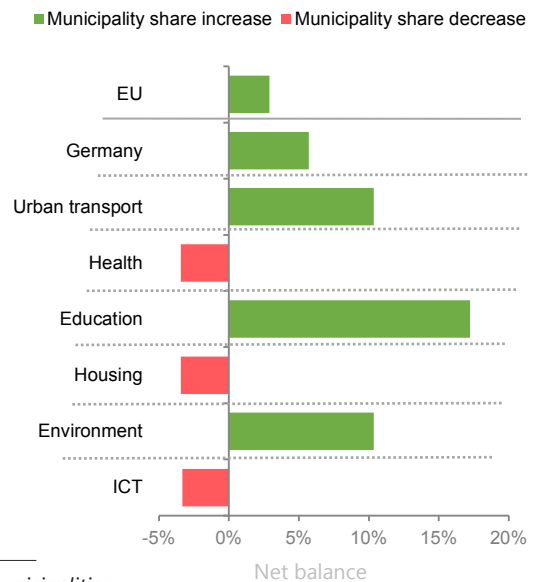
Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

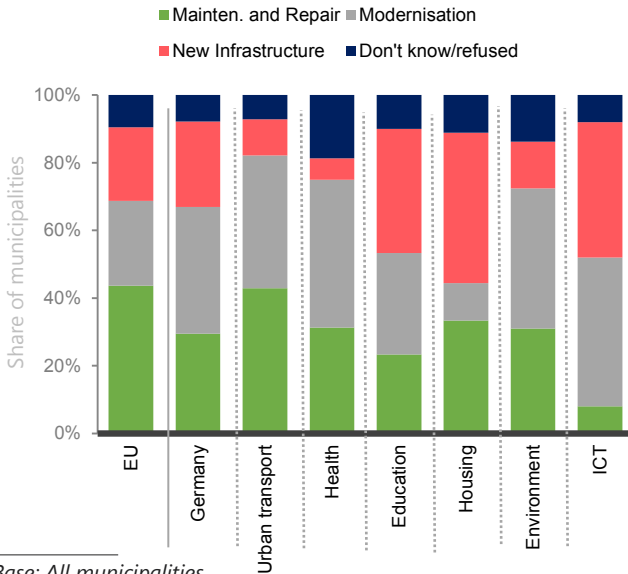


Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

GERMANY – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



Base: All municipalities

For the next five years, around 30% of municipalities in Germany intend to focus their investment activities in repair and maintenance of existing infrastructure.

37% of municipalities wish to invest primarily in modernisation of existing infrastructure and 25% in expanding existing capacity.

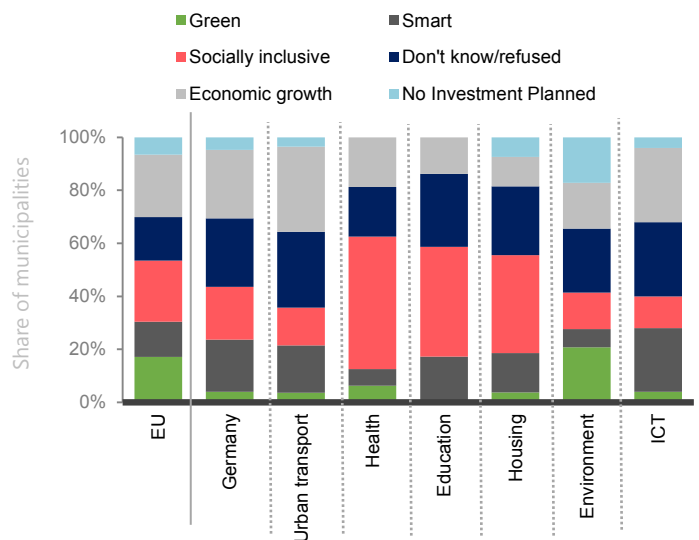
Modernisation and capacity expansion are named most frequently as investment focus for the 'ICT' sector.

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

From a policy perspective, the main priority for municipalities in Germany is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'Health' and 'Education' sectors and to make it greener in the case of 'Environmental' infrastructure.

Overall, investment in green infrastructure appears to be not a policy priority for German municipalities compared to the other EU Countries.

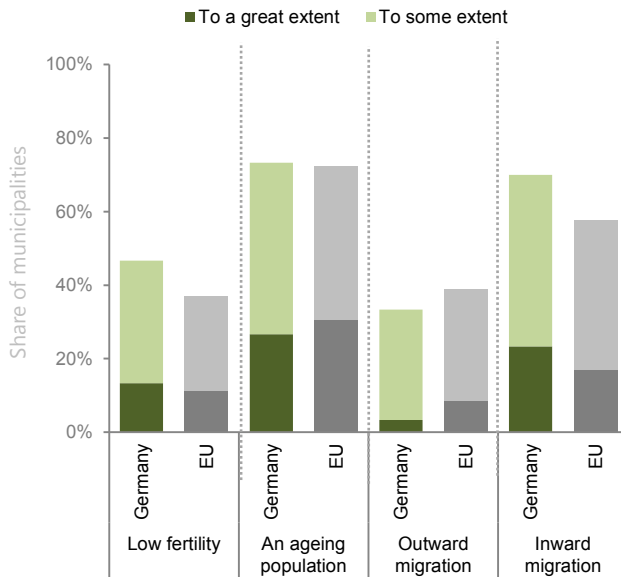


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

GERMANY – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



About one third of municipalities in Germany consider 'An ageing population' and 'Inward migration' the main drivers for the demographic situation in their jurisdictions.

This is followed by 'Low fertility' (46%) and 'Outward migration' (33%).

A comparison between Germany and EU municipalities reveals that 'Inward migration' generally plays a more relevant role in Germany than elsewhere.

Base: All municipalities.

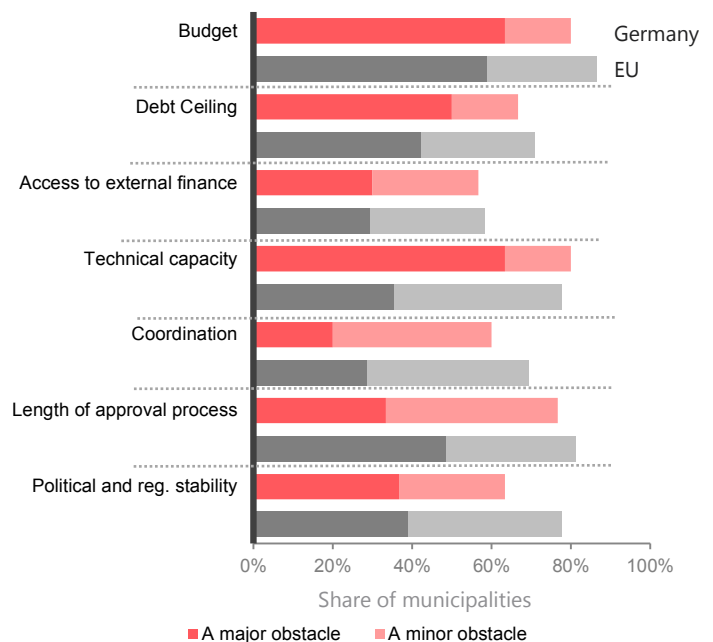
Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main obstacles to the implementation of the infrastructure investment activities are narrow budgets and the technical capacity to plan and implement infrastructure project. For both, 63% of German municipalities see them as a major barrier to their infrastructure investment activity.

In addition, limits on amount of debt the municipality can borrow is another considerable obstacle.

Moreover, 'Coordination' appears to be a minor barrier for the implementation of infrastructure investment activities.

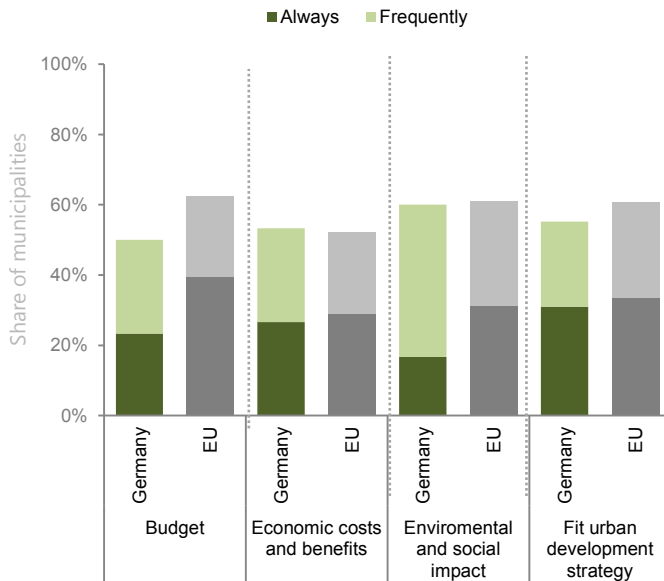


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

GERMANY – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



Around 50% -60% of municipalities in Germany carry out an independent ex ante assessments of infrastructure projects.

Around 25% of German municipalities always perform a budgetary and economic cost and benefit analysis.

On the contrary, only 16% always evaluate the environmental and social impacts of the project. However, this percentage is below the EU average.

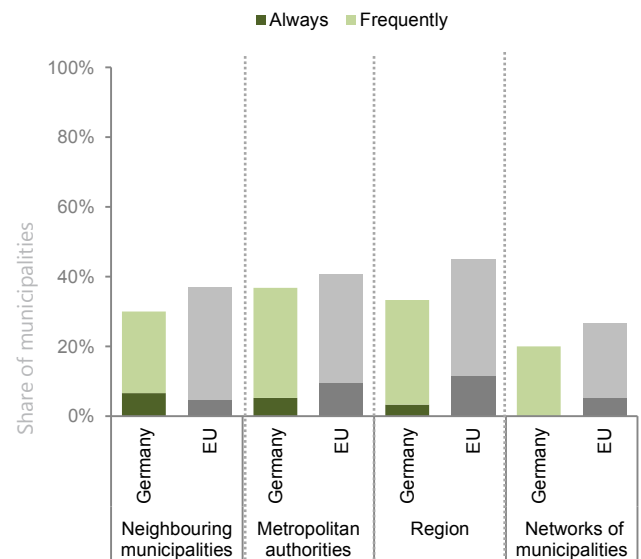
Base: All municipalities; *All municipalities part of a larger metropolitan area
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Around one in three German municipalities coordinate with other bodies in planning and implementing infrastructure projects.

German municipalities are most likely to cooperate with their 'Neighbouring municipalities' and 'Metropolitan authorities' rather than 'Networks of municipalities' with similar policy priorities.

Overall, Germany shows the lowest share of municipalities willing to cooperate with other bodies compared to the rest of the EU.

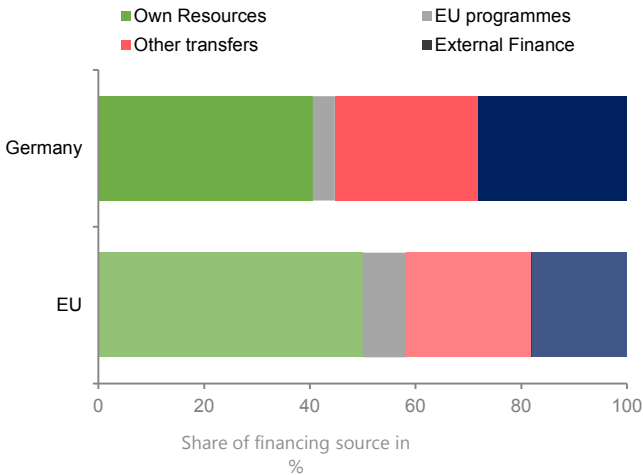


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

GERMANY - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in Germany. Indeed, 40% of the municipalities in Germany finance their infrastructure investment activities with their own resources.

'External finance' and 'Other transfers' also play an important role. They accounts for 28% and 27% respectively.

Only 4% of German municipalities benefit from EU funds for their investment activities.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

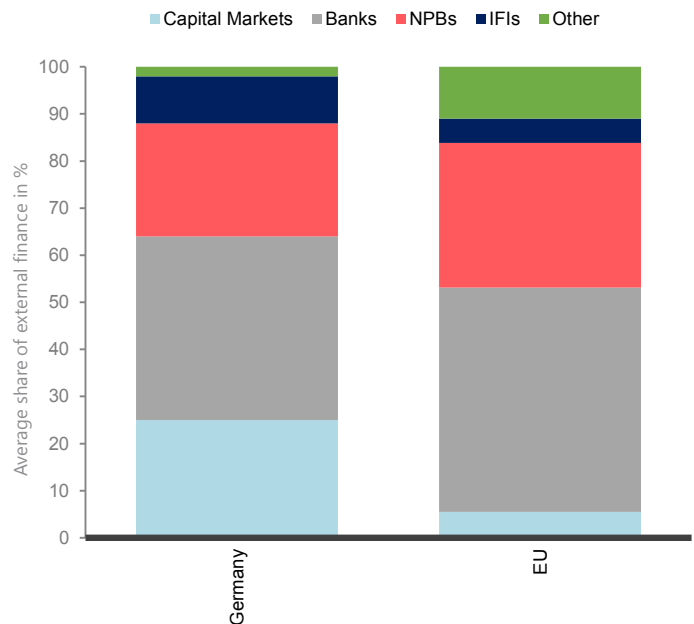
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' are the main sources of external finance among municipalities. They provide 39% of financing for German municipalities followed by 'Capital markets' (25%) and 'National Promotional Banks' (24%).

Moreover, 'International Financial Institutions' represent a modest source of external financing.

A comparison between Germany and EU reveals that the capital market generally plays a more important role in Germany than elsewhere.

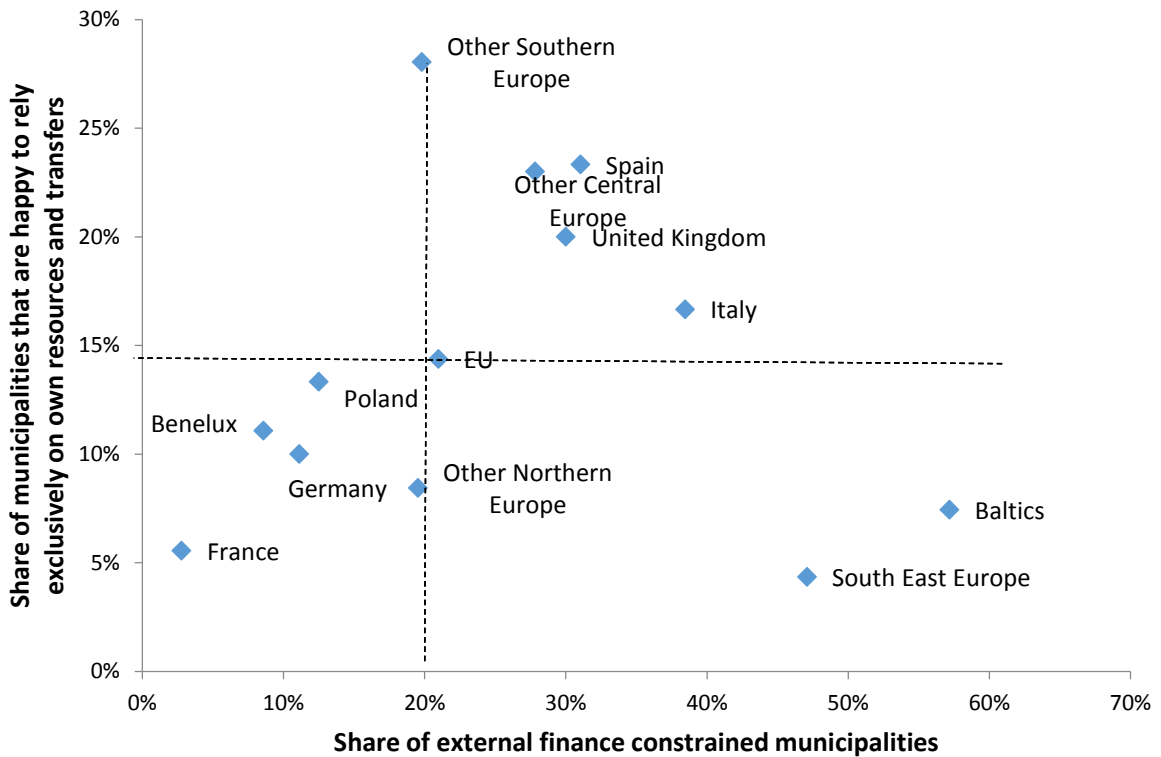


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

GERMANY - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external finance constrained municipalities. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. In particular, 11% of the share of municipalities in Germany are externally finance constrained and 10% share of municipalities are happy to rely exclusively on own resources and transfers.

1. EU OVERVIEW

2. FRANCE

3. GERMANY



4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

ITALY OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

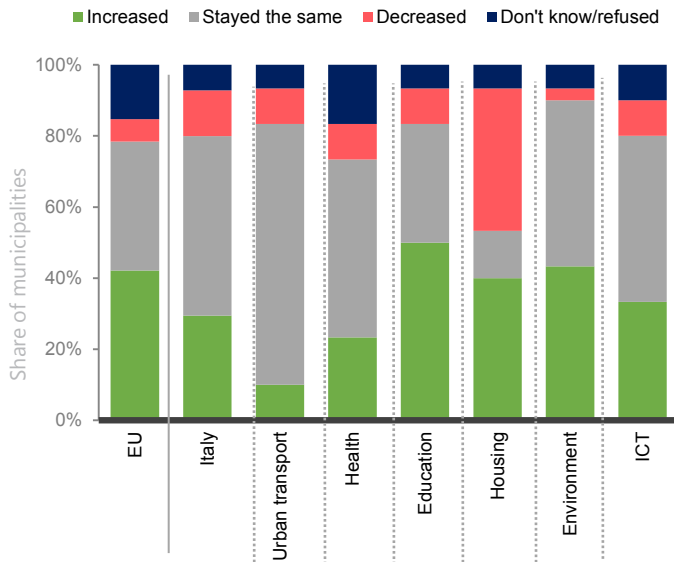
This overview presents selected findings for Italy based on telephone interviews with 30 municipalities. Interviews were carried out between May and August 2017.

Key findings

Investment Activities:	29% of Italian municipalities report an increase in investment activities in their jurisdictions over the last five years.
Investment Priorities:	54% of investment in the next 5 years will prioritise maintenance and 22% modernisation. Capacity expansion will represent only 19% of investment, below the EU average, with a substantial higher share only in the case of ICT investment. From a policy priority perspective, municipalities in Italy will focus on making their infrastructures more socially inclusive in the next five years, especially in the health and education sector.
Investment Gaps:	50% of municipalities report an investment gap in the last 5 years, with the gap largest in urban transport and environment. The quality of their infrastructure is ranked at 3.1 (on a scale from 0 to 5), slightly below the EU average. On balance, municipalities in Italy are as optimistic on average as those in others EU countries about the possibility to close their infrastructure gaps in the next five years.
Investment Efficiency:	Around 60% of Italian municipalities always conduct an ex ante assessments of infrastructure projects. One in four cooperate with other bodies in planning and implementing infrastructure projects. Both figures are relatively high from an EU perspective.
Drivers and Barriers:	All barriers to municipal investment seem more severe in Italy than the EU average. The main obstacles are a budget constraints and the length of approval process. Interestingly, access to finance is also named as a barrier more often than for the EU. An aging population and low fertility are the main drivers for their demographic situation.
Finance:	Municipalities in Italy mainly resort to their own resources and EU programs to finance infrastructure investment. Only 10% of the financing comes from external finance, with the National Promotional Banks accounting for some 57%.

ITALY - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



29% of municipalities in Italy report an increase in infrastructure investment activities over the last five years. 50% saw infrastructure investment stay the same. Only 1% report a decrease in infrastructure investment over the last five years.

The share of municipalities reporting an increase in infrastructure investment is lower than the EU average of 42% and in addition, is highest for the 'Education' sector.

Base: All municipalities

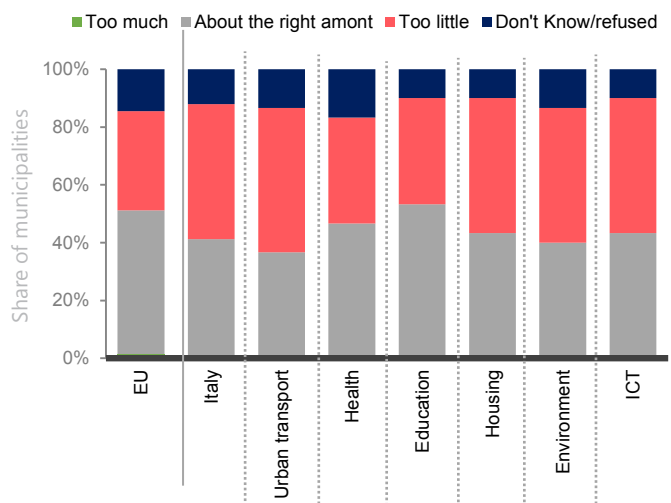
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Around 40% of municipalities in Italy consider past investment in infrastructure to have been about the right amount. This percentage is below the EU average of 49%.

Around one in two municipalities say that their investment activities over the past five years has been below needs. No municipality reports over-investment in the considered period.

The share of municipalities reporting under-investment is largest for the 'Urban transport', 'Housing' and 'Environmental' sectors.

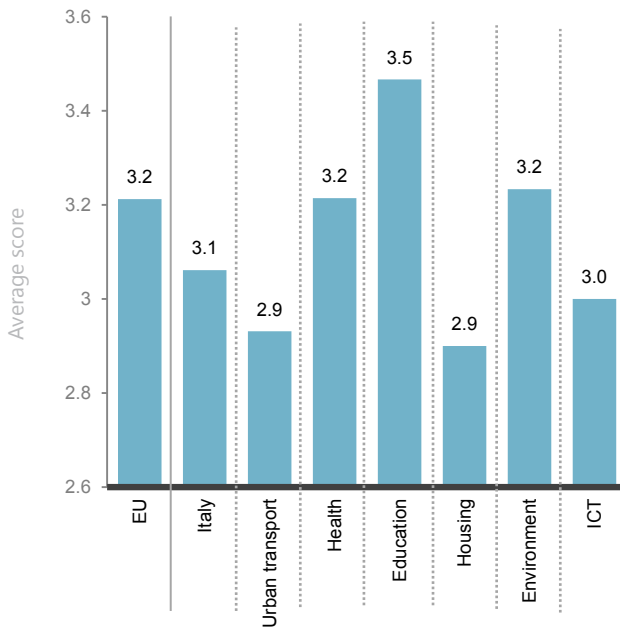


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

ITALY - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of the infrastructure in their municipalities on a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in Italy report an infrastructure quality that is above the mid-point and slightly lower than the EU average.

'Education' ranks highest in term of quality.

In contrast, social 'Housing' and 'Urban transport' infrastructures place lowest in terms of quality.

Base: All municipalities

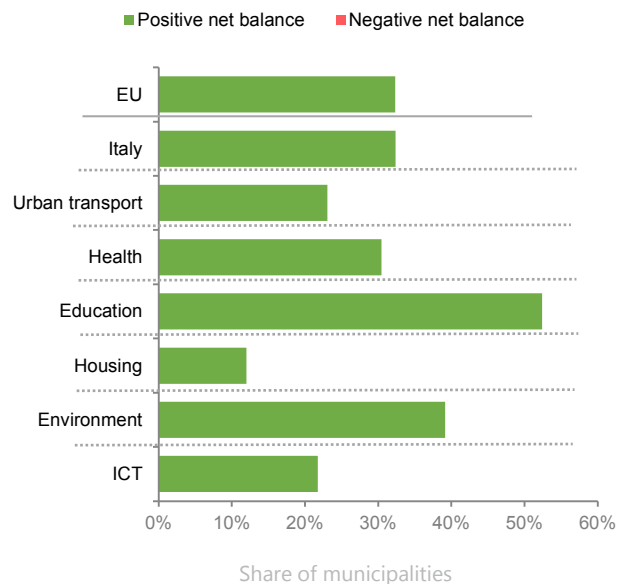
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in Italy are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in Italy are as optimistic as the EU average level.

The breakdown by investment categories reveals that municipalities in Italy are most positive about being able to close the gap for the 'Education' and 'Environmental' sectors.

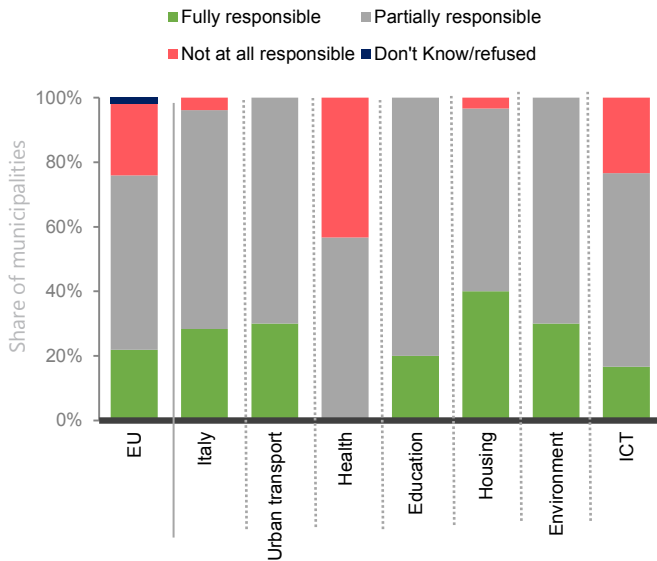


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

ITALY - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



28% of municipalities in Italy are fully responsible for infrastructure investment activities in their jurisdictions. Slightly less than 70% are partially responsible. Municipalities are not responsible for investment in the Health sector.

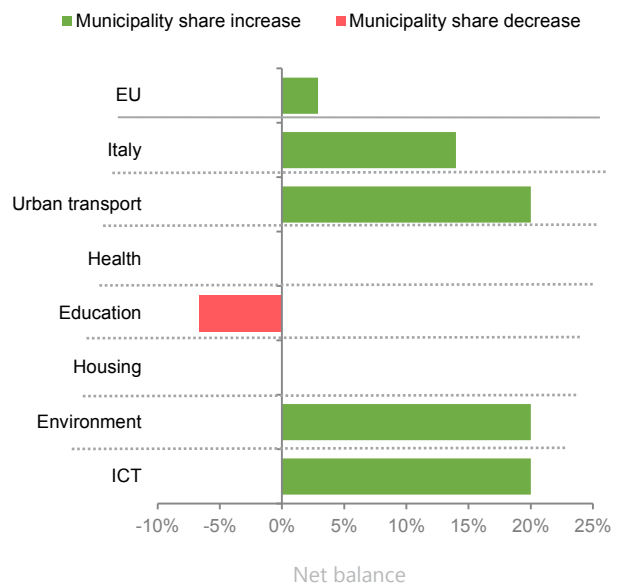
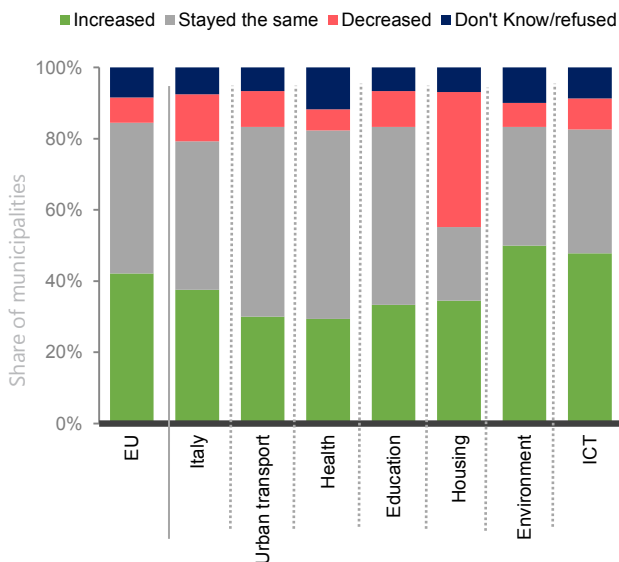
Asked about their own investment activities (as opposed to investment activities in their municipalities), 37% of municipalities state that they increased their infrastructure investment activities over the last five years.

On balance, the municipal share in investment has increased more than in other EU countries. Among sectors, it only decreased in Education.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

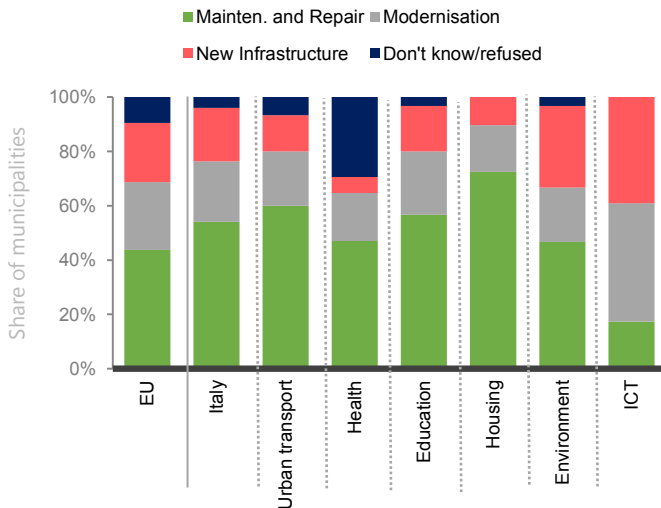
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

ITALY – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, around 54% of municipalities in Italy intend to focus their investment activities in 'Maintenance and Repair' of existing infrastructure.

22% of municipalities wish to invest primarily in 'modernisation' of existing infrastructure and 19% in creating 'New Infrastructure'.

'Modernisation' and capacity expansion are named most frequently as investment focus for the 'ICT' sector.

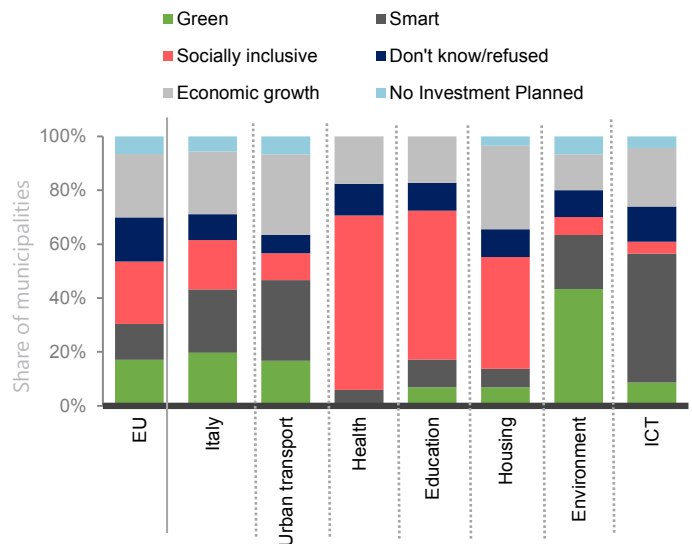
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

From a policy perspective, the main priority for municipalities in Italy is to focus their investment activities on making their infrastructure more 'Socially inclusive' in the 'Health' and 'Education' sectors, to make it greener in the case of 'Environmental' infrastructure and smarter in the case of the 'ICT' sector.

On balance, the policy priorities for Italian municipalities do not closely resemble those of the EU overall. For example, the share of municipalities that have as policy priority making their infrastructure smart is higher in Italy compared to the EU level.

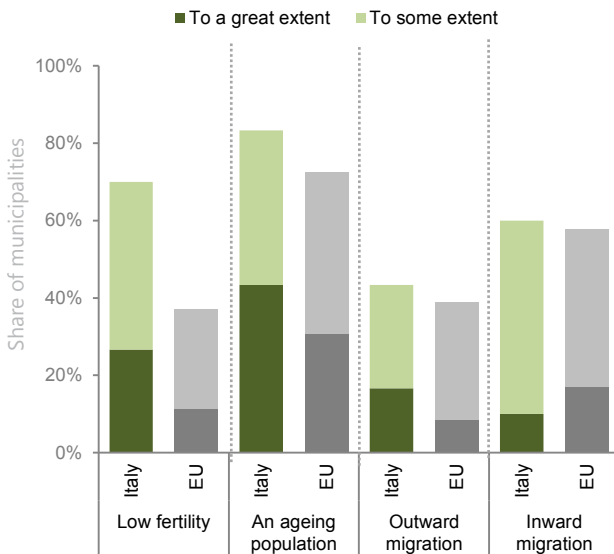


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

ITALY – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



More than 40% of municipalities in Italy consider to a great extent 'An ageing population' the main drivers for the demographic situation in their jurisdictions.

This is followed by 'Low fertility' (26%) and 'Outward migration' (16%).

A comparison between Italian and EU municipalities reveals that 'Low fertility', 'An ageing population' and 'Outward migration' generally play a more relevant role in Italy.

Base: All municipalities.

Q. To what extent do each of the following impact the demographic situation in your municipality?

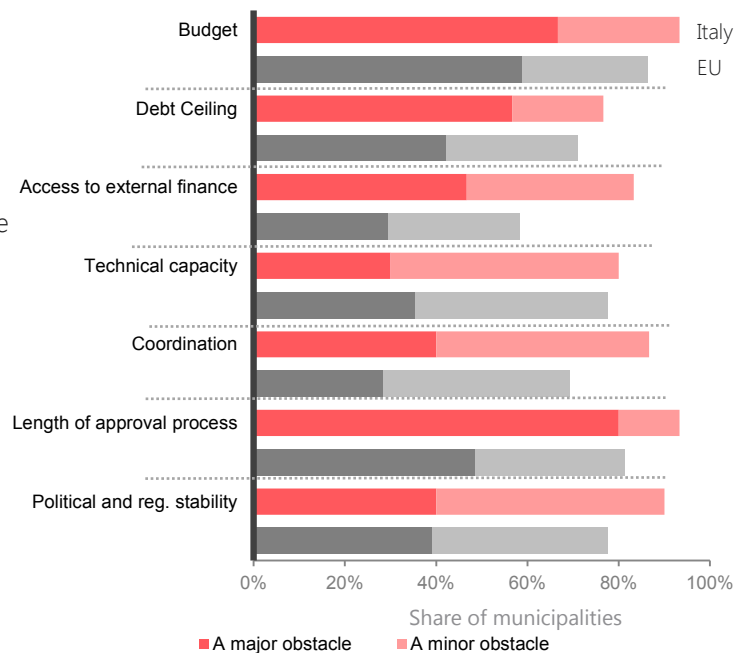
OBSTACLES TO INFRASTRUCTURE INVESTMENT

All obstacles seem to be relatively more severe than for the average of EU municipalities.

The main obstacles to the implementation of the infrastructure investment activities for Italian municipalities are budget constraints, the length of approval processes and political and regulatory stability.

In addition, limits on amount the municipality can borrow is another considerable obstacle.

'Technical capacity' appears to be a minor barrier for the implementation of infrastructure investment activities. Access to finance is more a constraint than at the EU level.



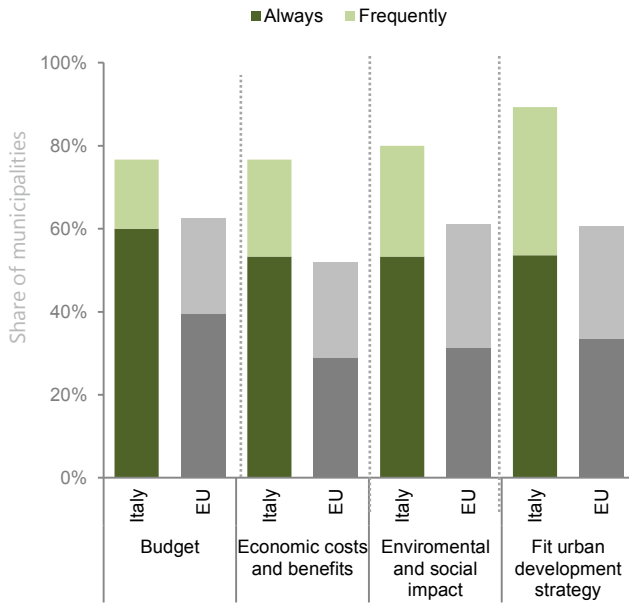
Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities?

(Data not shown for not an obstacle at all/don't know/refused)

ITALY – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



60% of Italian municipalities always perform a budgetary analysis and 'Fit urban development strategy'.

Slightly more than 50% of municipalities always conduct an 'economic costs and benefits' and an 'environmental and social impact' analysis.

A comparison with other EU Countries reveals that Italian municipalities perform better in terms of infrastructure planning.

Base: All municipalities; *All municipalities part of a larger metropolitan area

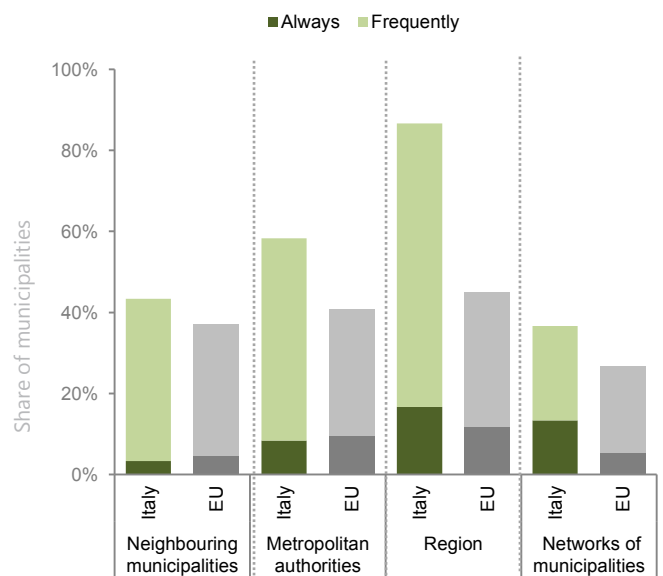
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Around one in four Italian municipalities coordinate with their 'neighbouring municipalities' in planning and implementing infrastructure projects.

The most striking trend is represented by the 86% share of municipalities willing to cooperate at the regional level.

Italian municipalities have a slightly higher propensity to collaborate with 'regions' and 'networks of municipalities' compared to the EU average.

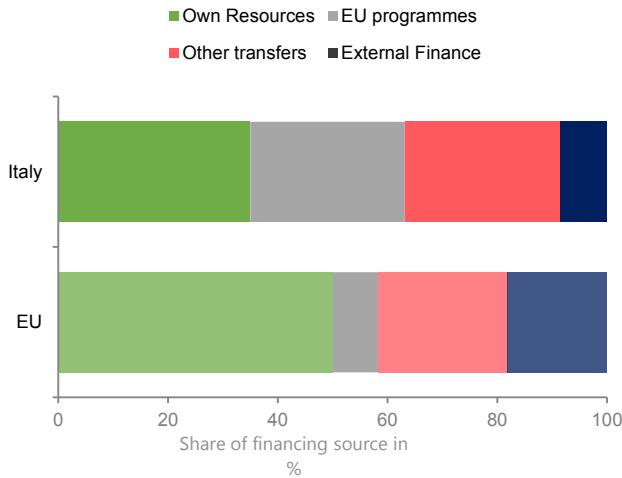


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

ITALY - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in Italy (35%), followed by 'EU programmes' and 'other transfers' (28% for both).

A comparison with the other EU countries reveals that for Italian municipalities, 'EU programmes' play a more important role as a source of investment finance.

External finance, at some 10%, is low compared to the EU.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

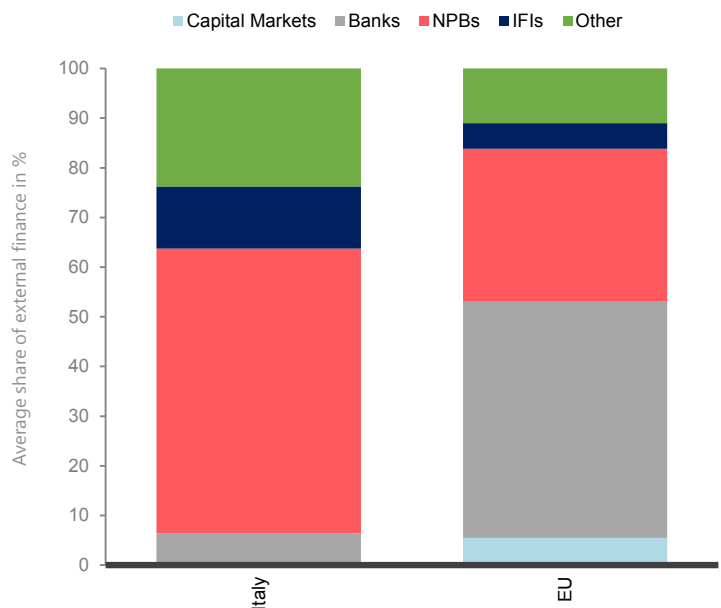
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'National Promotional Banks' are the main sources of external finance among municipalities in Italy.

The share of infrastructure investment supported by 'NPBs' is 57% followed by 'Other' (23%) and 'IFIs' (12.5%).

On the contrary, 'Banks' play a very limited role as source of external finance. This trend is particularly striking if we compare Italian municipalities with the other EU Countries.

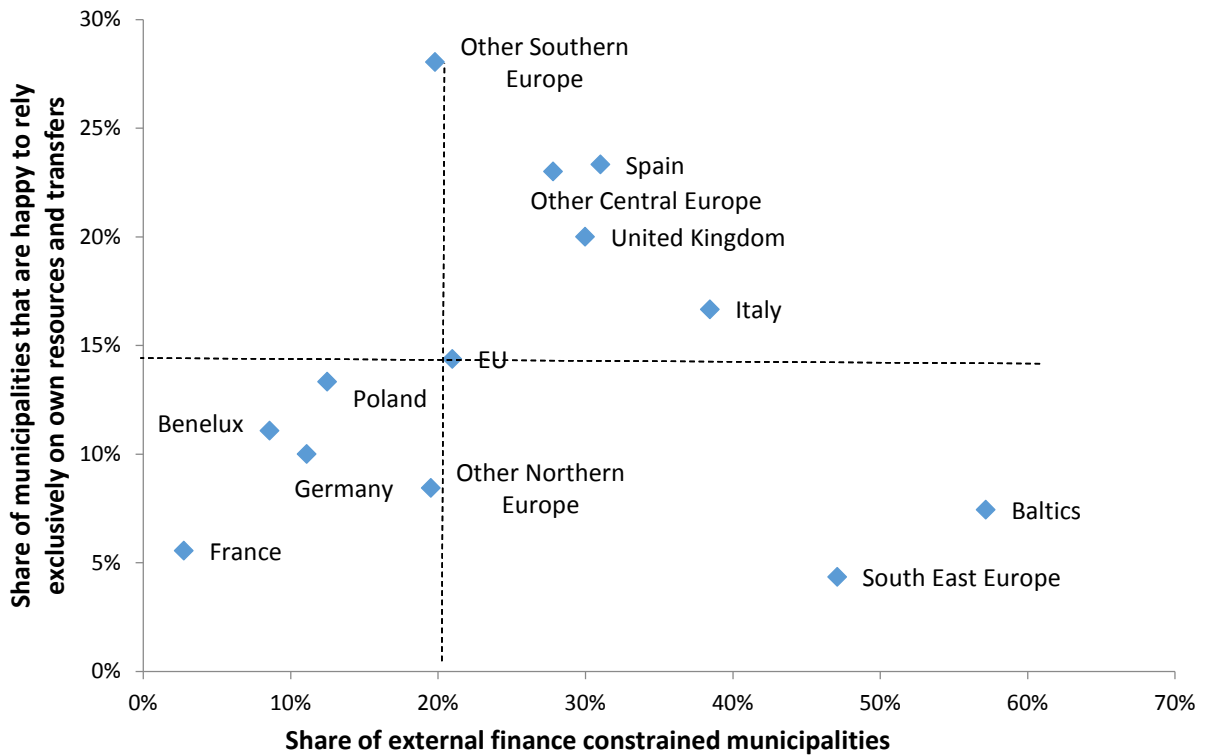


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

ITALY - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external finance constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. Italian municipalities appear to be financially constrained, with a share of slightly less than 40%.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY



5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

SPAIN OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

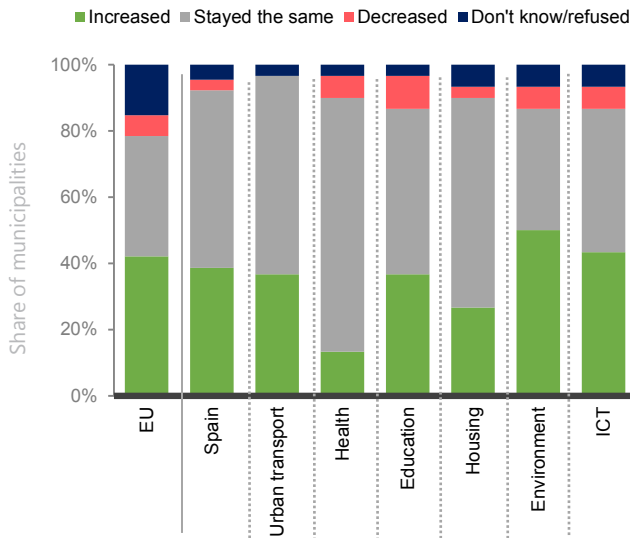
This overview presents selected findings for Spain based on telephone interviews with 30 municipalities. Interviews were carried out between May and August 2017.

Key findings

Investment Activities:	Over the last five years, 38% of municipalities in Spain report an increase in investments activities in their jurisdictions and 40% say that they increased their own investment activities.
Investment Priorities:	63% of municipalities will invest in maintenance and modernisation in the next 5 years, with new capacity development prevailing in Housing and ICT. From a policy priority perspective, municipalities in Spain will focus on making their infrastructures more socially inclusive in the next five years, especially in the social housing and education sectors.
Investment Gaps:	39% of municipalities in Spain believe they under-invested in the last 5 years, mostly in Housing and ICT. The quality of their infrastructures is ranked at 3.1 (on a scale from 0 to 5), slightly below the EU average. On balance, municipalities in Spain are more optimistic than sceptical about the possibility to close their infrastructure gaps in the next five years, being somewhat less positive about the health sector.
Investment Efficiency:	Some 40% of municipalities always do ex ante environmental and social impact assessment and some 30% always do economic cost-benefit analysis. Moreover, more than 40% of municipalities in Spain always cooperate with metropolitan authorities in implementing infrastructure projects.
Drivers and Barriers:	The main obstacle for the implementation of infrastructure investment activities for Spanish municipalities is coordination, followed by budget constraints, political and regulatory stability, length of approval processes and technical capacity. In addition, more than 40% consider the aging population as the main driver for their demographic situation.
Finance:	External finance represents some 20% of financing, mostly coming from banks and from the NPB. Municipalities in Spain mainly resort to their own resources to finance infrastructure investment activities.

SPAIN - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



38% of municipalities in Spain report an increase in infrastructure investment activities over the last five years. 53% saw infrastructure investment stay the same. Slightly less than 5% report a decrease in infrastructure investment over this period.

The share of municipalities reporting an increase in infrastructure investment is lower than the EU average level of 42% and is higher for 'Environment' and 'ICT'.

Base: All municipalities

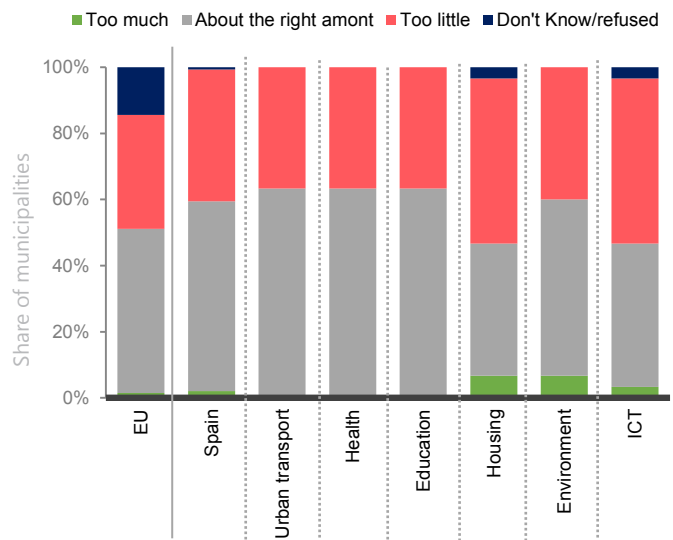
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Slightly less than 60% of municipalities in Spain consider past investment in infrastructure to have been about the right amount. This percentage is above the EU average of 49%.

39% of municipalities say that their investment activities over the past five years has been below needs.

The share of municipalities reporting under-investment is largest for social 'Housing' and 'ICT'.

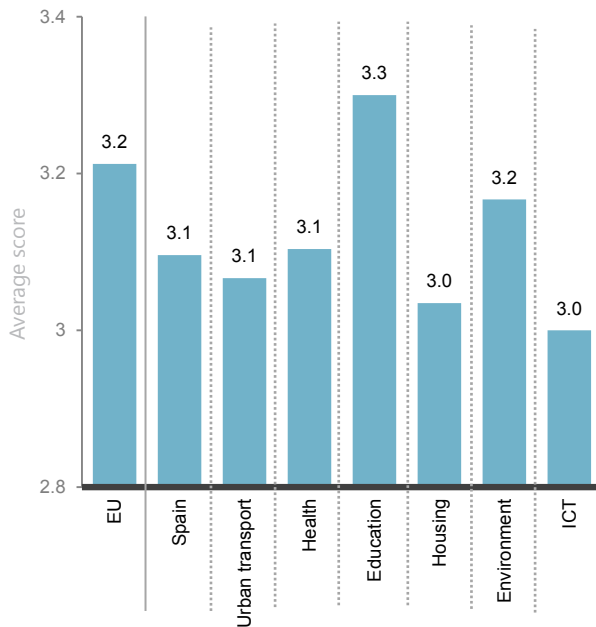


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

SPAIN - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked about the quality of the infrastructure in their municipalities on a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in Spain report an infrastructure quality that is above the mid-point and slightly lower than the EU average.

'Education' infrastructure ranks highest in term of quality followed by 'Environment'.

In contrast, social 'Housing' and 'ICT' infrastructure place lowest in term of quality.

Base: All municipalities

Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

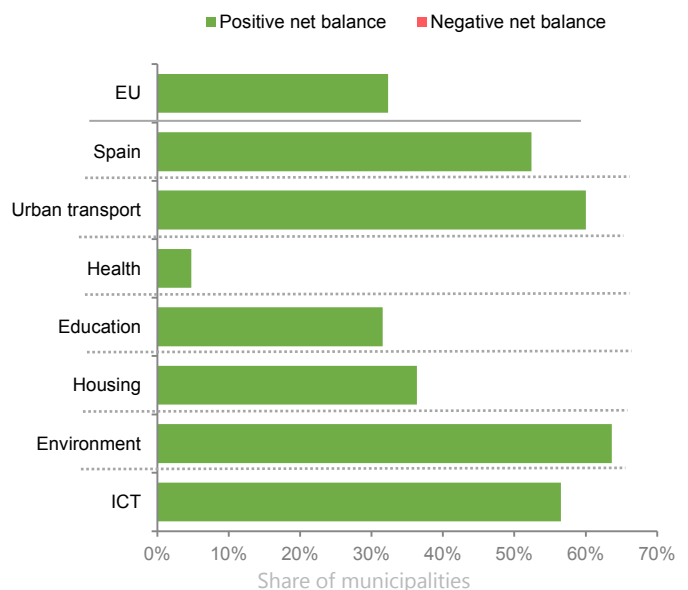
INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in Spain are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in Spain are more optimistic compared to the Other EU Countries.

Breakdown by investment categories reveals that jurisdictions in Spain are most positive for 'Urban transport' and the 'Environmental' sector.

Spanish municipalities appear to be more pessimistic regarding the 'Health' sector.

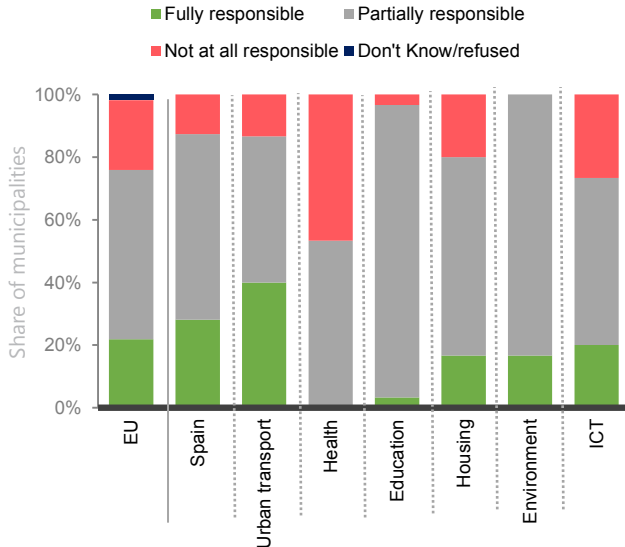


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

SPAIN - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



28% of municipalities in Spain are 'fully responsible' for infrastructure investment activities in their jurisdictions. Slightly less than 60% are 'partially responsible'.

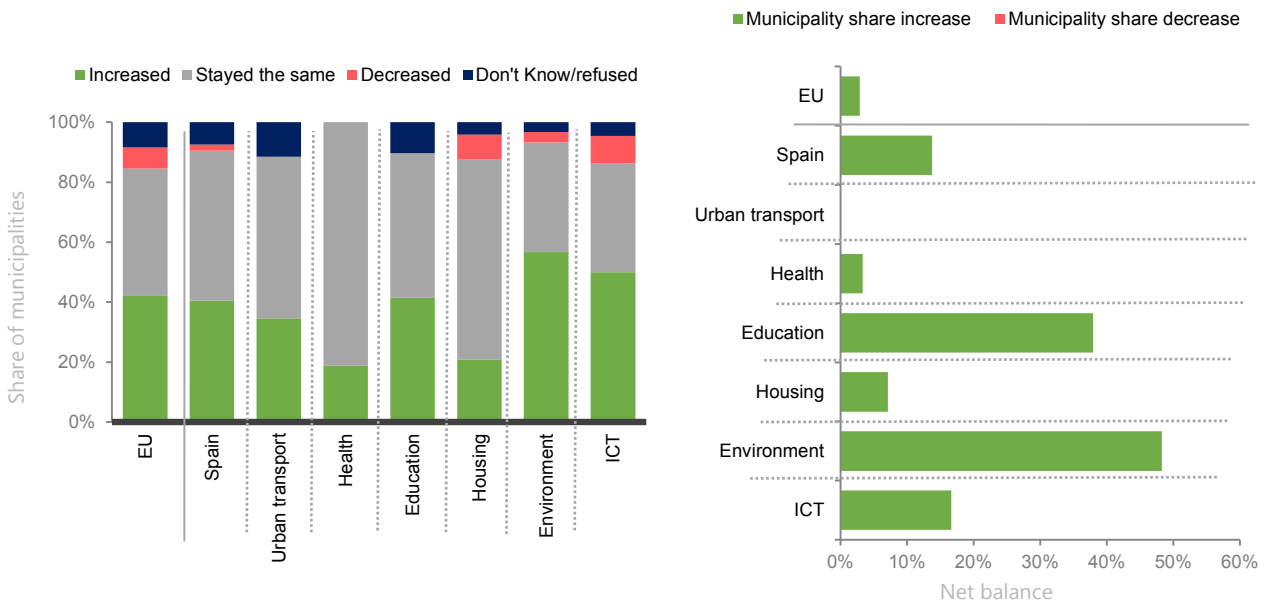
Asked about their own investment activities (as opposed to investment activities in their municipalities), 40% of municipalities state that they 'increased' their infrastructure investment activities over the last five years.

The share of infrastructure investment carried out by municipalities increase in 13% of municipalities, a higher rate than the EU average.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

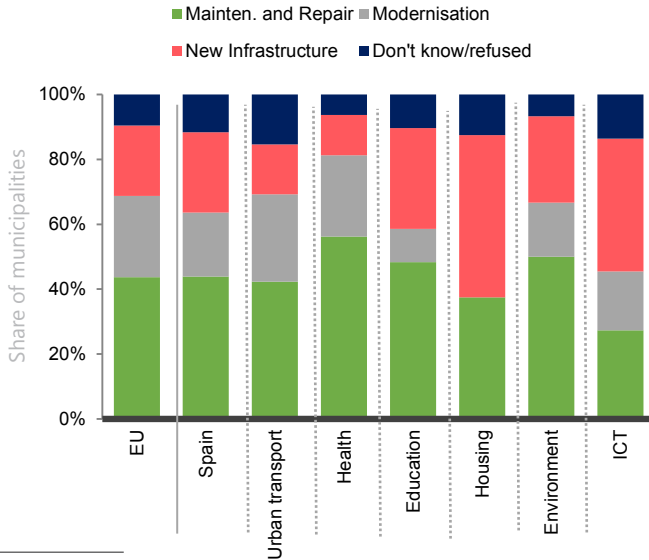
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

SPAIN – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



43% of municipalities in Spain intend to focus their investment activities in 'maintenance and repair' of existing infrastructure in the next five years.

Slightly less than 20% of municipalities wish to invest primarily in 'modernisation' of existing infrastructure and 24% in creating new infrastructure.

'New Infrastructure' is named most frequently as investment focus for the social 'housing' sector followed by 'ICT'.

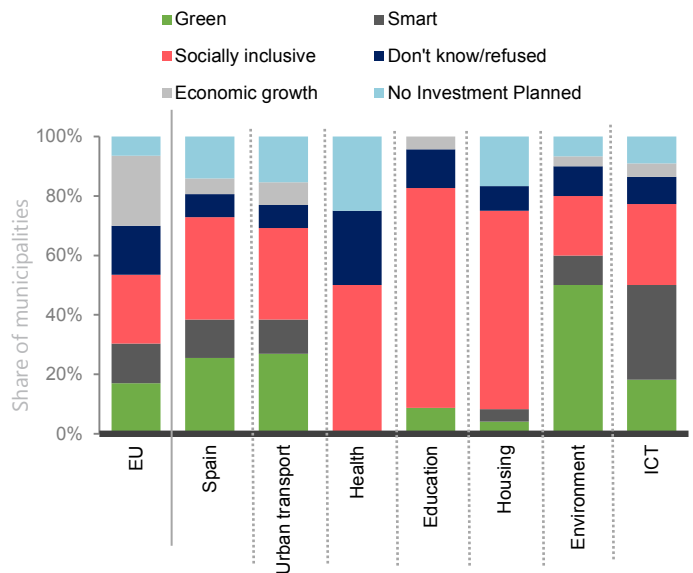
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

From a policy perspective, the main priority for municipalities in Spain is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health', 'educational' and 'housing' sectors, to make it greener in the case of 'environmental' infrastructure and smarter in the case of 'ICT' sector.

Overall, the policy priorities of Spanish municipalities do not closely resemble those of the EU. For example, the share of municipalities that have as policy priority making their infrastructure green is higher in Spain compared to the EU level.

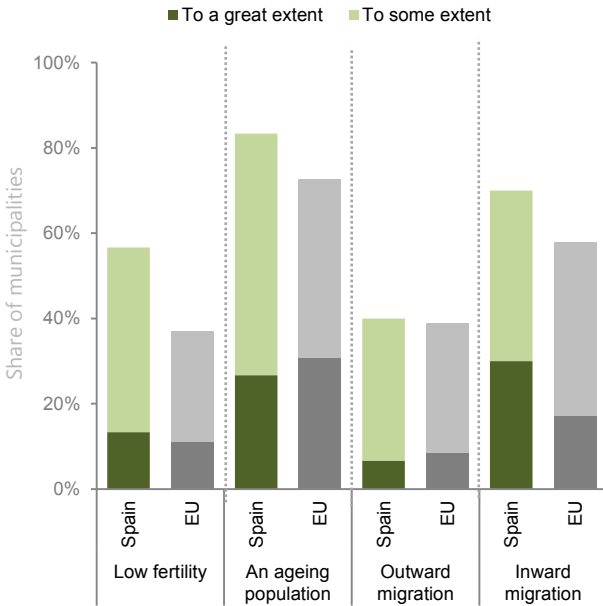


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

SPAIN – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



More than 40% of municipalities in Spain consider to a great extent 'An aging population' and 'Inward migration' the main drivers for the demographic situation in their jurisdictions.

This is followed by 'Low fertility' (13%).

A comparison between Spanish and EU municipalities reveals that 'Inward migration' generally plays a more relevant role in Spain.

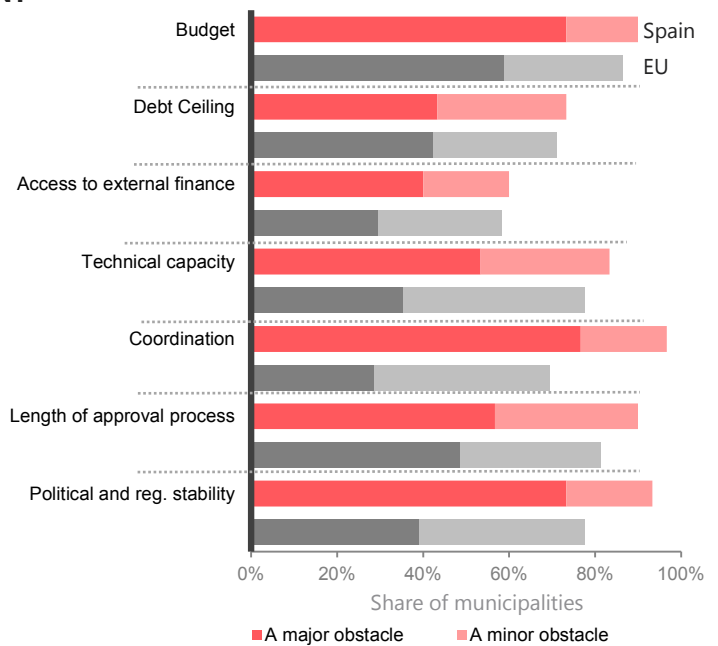
Base: All municipalities.

Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main obstacles for the implementation of the infrastructure investment activities for Spanish municipalities are a narrow 'budget', 'coordination'.

In addition, 'political and regulatory stability', length of approval processes and technical capacity are other considerable obstacles.

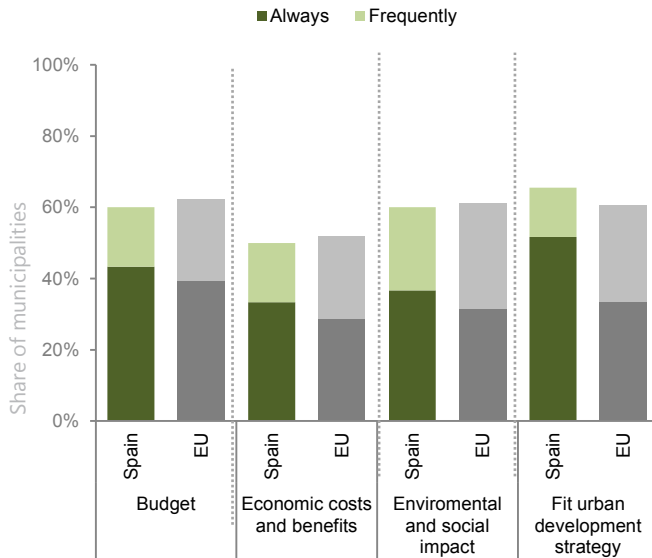


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

SPAIN – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



More than 70% of municipalities in Spain always perform an urban development strategy before going ahead with an infrastructure project.

Slightly more than 40% of municipalities always conduct a budgetary analysis and 36% an environmental and social analysis.

A comparison with other EU Countries reveals that Spanish municipalities perform better in terms of infrastructure planning only in the case of implementing an urban development strategy.

Base: All municipalities; *All municipalities part of a larger metropolitan area

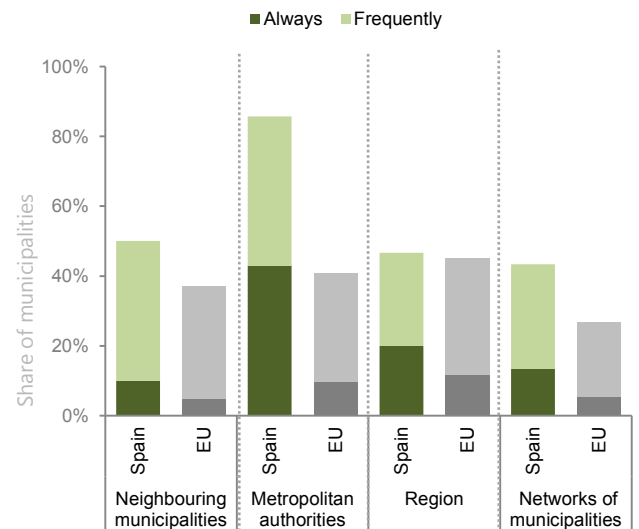
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

More than 40% of Spanish municipalities always coordinate with 'metropolitan authorities' in planning and implementing infrastructure projects.

Spanish municipalities are less willing to cooperate with their 'neighbouring municipalities'.

Overall, a comparison with the other EU Countries shows that municipalities in Spain are more prone to collaborate with their neighbourhood.

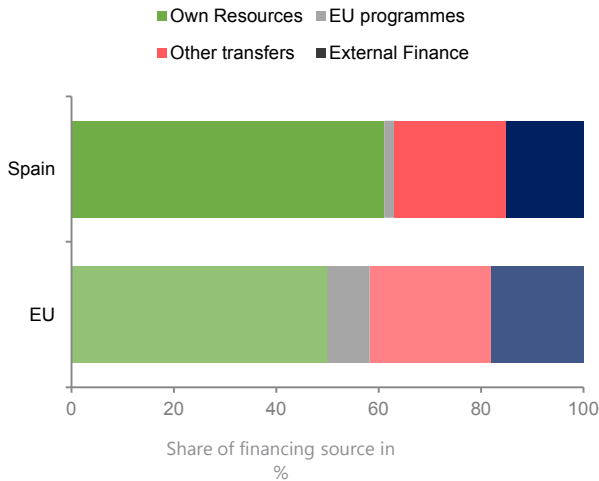


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

SPAIN - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in Spain (more than 60%), followed by 'other transfers' (21%).

'EU programmes' account only for the 2% of the external finance mentioned by Spanish municipalities.

A comparison with the other EU Countries reveals that for Spanish municipalities, 'own resources' play a more important role as a source of investment finance.

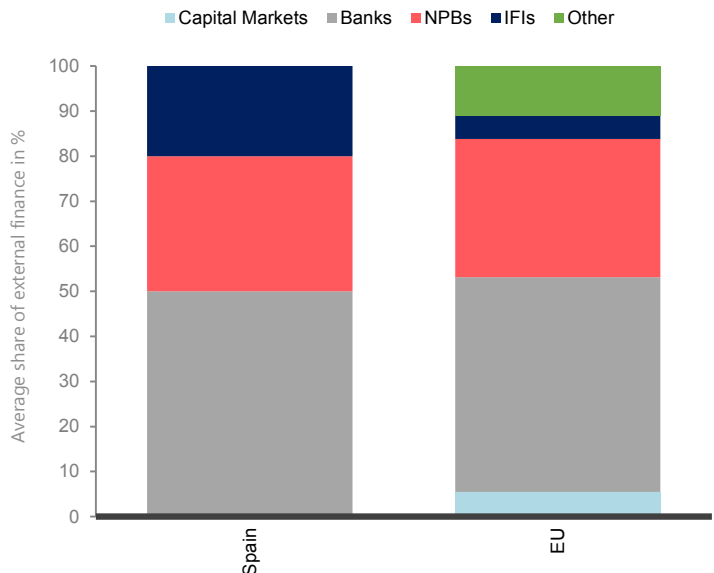
Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' are the main sources of external finance among municipalities in Spain. They provide 50% of financing for Spanish municipalities followed by 'National Promotional Banks' (30%) and 'International Financial Institutions' (20%).

Overall, Spanish municipalities closely follow the EU average trend.

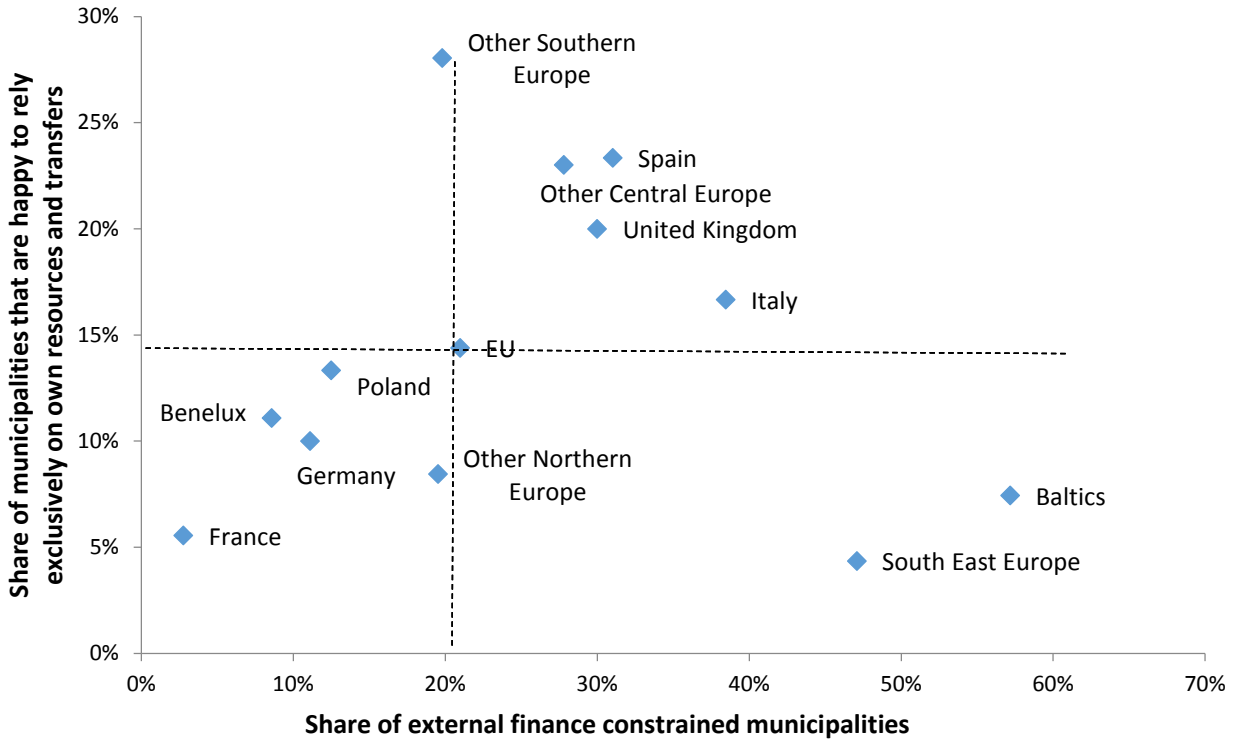


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

SPAIN - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external financial constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. More than 30% of Spanish municipalities are externally financial constrained.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN



6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

POLAND OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

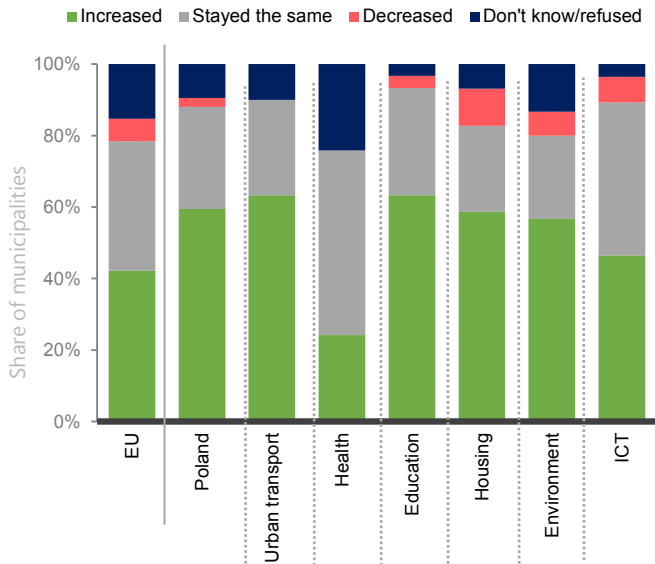
This overview presents selected findings for Poland based on telephone interviews with 30 municipalities. Interviews were carried out between May and August 2017.

Key findings

Investment Activities:	Over the last five years, slightly less than 60% of municipalities in Poland report an increase in investment activities in their jurisdictions and only 9% report a decrease.
Investment Priorities:	40% of municipalities prioritise investment for modernisation in the next 5 years and 20% prioritise maintenance. As much as 32% of Polish municipalities plan to invest in new infrastructure which is well above the EU average. New infrastructure is going to prevail particularly in ICT and environment. For Polish municipalities the main policy priority in the next five years is to focus their infrastructure investment on promoting economic growth.
Investment Gaps:	38% of Polish municipalities believe investment activities in their jurisdiction have been below needs in the last 5 years. The quality of infrastructure is ranked at 3.5 (on a scale from 0 to 5) which is above the EU average, with some more concerns for the health sector. On balance, municipalities in Poland are more optimistic than sceptics about the possibility to close their infrastructure gaps in the next five years, but they remain sceptical about health, housing and ICT.
Investment Efficiency:	In an EU comparison, Polish municipalities perform well in terms of infrastructure planning. Around 70% - 80% of Polish municipalities frequently conduct ex ante assessments of infrastructure projects. Overall, the willingness of Polish municipalities to cooperate with other bodies in planning investment projects is very low.
Drivers and Barriers:	The main obstacles to infrastructure investment activities for Polish municipalities are budget capacity and length of approval process. Access to external finance follows, weighing more than at the EU level. More than half of Polish municipalities consider aging population and outward migration as main drivers for their demographic situation.
Finance:	Municipalities mainly resort to their own resources, EU programs or transfers to finance infrastructure. External finance accounts for only around 4% of the total, evenly split between banks and the NPB.

POLAND - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Slightly less than 60% of municipalities in Poland report an increase in infrastructure investment activities over the last five years. This share is about 17% higher than the EU average level.

28% saw infrastructure investment stay the same. Only 9% report a decrease in infrastructure investment over this period.

The share of municipalities reporting an increase in infrastructure investment is lowest for the 'Health' sector and highest for 'Urban transport' and 'Education'.

Base: All municipalities

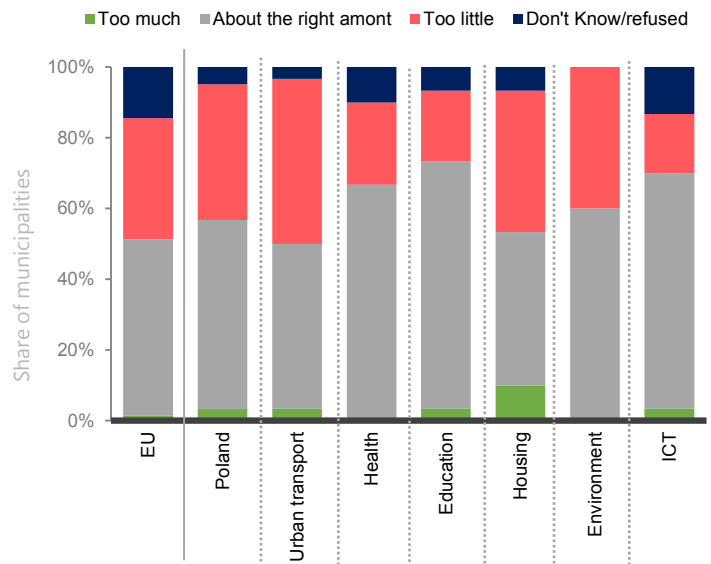
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

53% of municipalities in Poland consider past investment in infrastructure to have been 'about the right amount'. This percentage is slightly above the EU average of 49%.

38% of municipalities say that their investment activities over the past five years has been below needs.

The share of municipalities reporting under-investment is largest for 'Urban transport' and social 'Housing'.

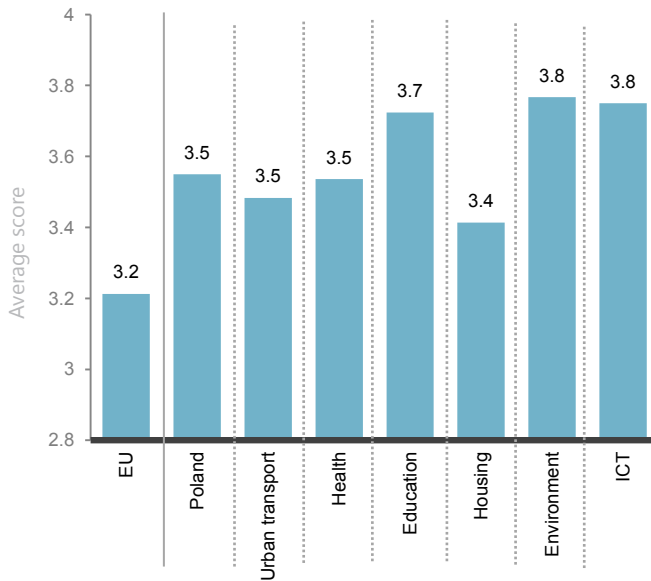


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

POLAND - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



On a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in Poland report an infrastructure quality that is above the mid-point and higher than the EU average level.

'Environment' and 'ICT' ranks highest in term of quality followed by 'Education'.

In contrast, social 'Housing' infrastructure places lowest in term of quality.

Base: All municipalities

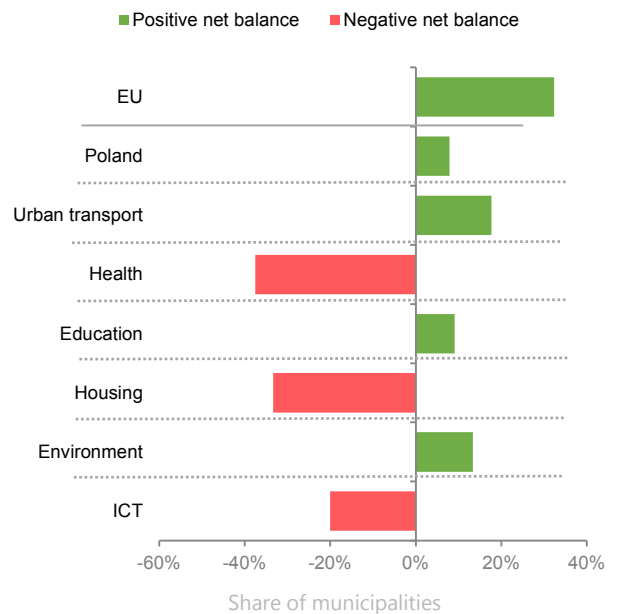
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, municipalities in Poland are optimistic about the possibility to close the infrastructure gaps in the next five years. Still, the share of municipalities in Poland that is confident to close their investment gap in the next years, is lower than the EU average level.

Jurisdictions in Poland are most positive for 'Urban transport'.

However, breakdown by investment categories shows that municipalities remain sceptical about closing the gap for the 'Health', social 'Housing' and 'ICT' sectors.

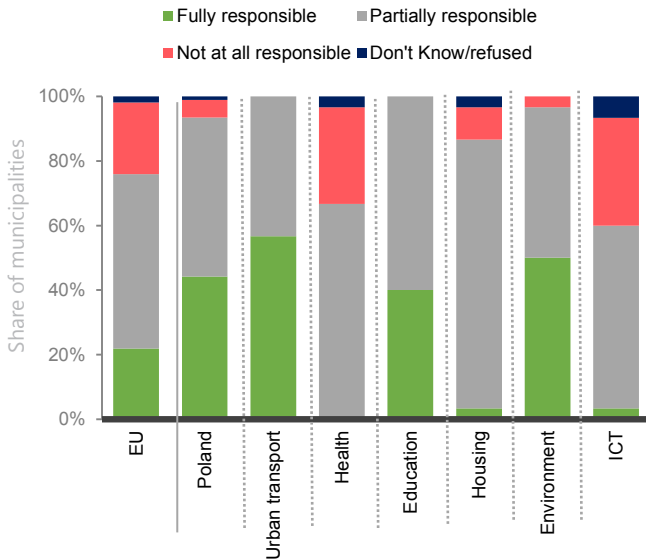


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

POLAND - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



44% of municipalities in Poland are 'fully responsible' for infrastructure investment activities in their jurisdictions. Slightly less than 50% are partially responsible.

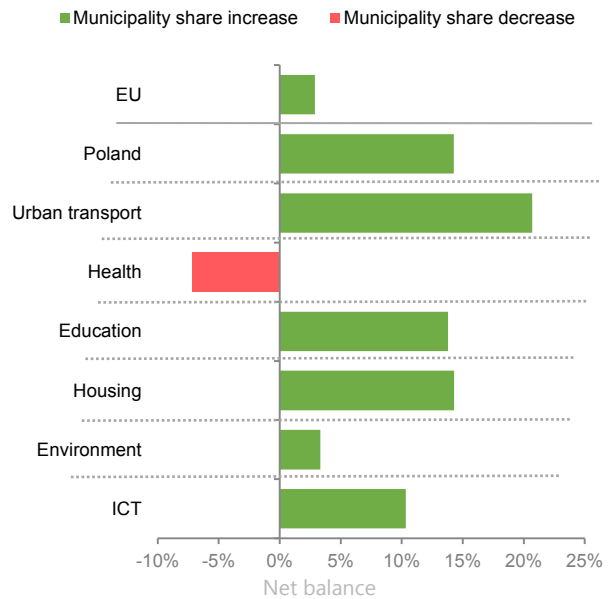
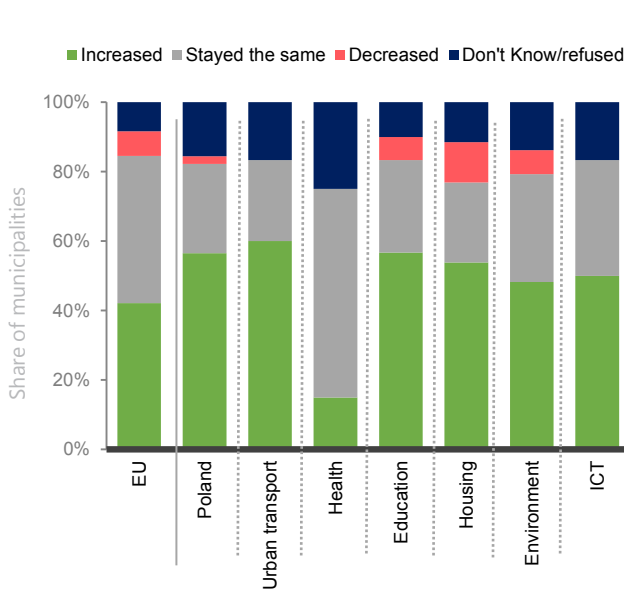
Asked about their own investment activities, 56% of municipalities state that they 'increased' their infrastructure investment activities over the last five years.

Compared to the other EU Countries, more municipalities in Poland declare that their infrastructure investment activities have 'increased'.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

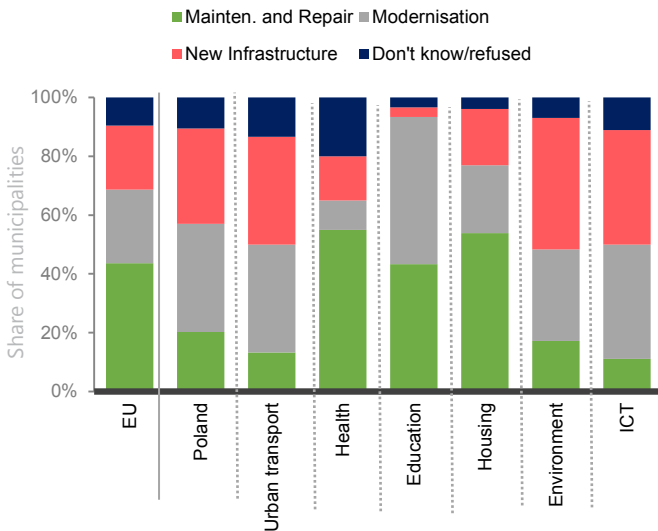
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

POLAND – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



20% of municipalities in Poland intend to focus their investment activities in 'maintenance and repair' of existing infrastructure in the next five years.

Slightly less than 40% of municipalities wish to invest primarily in 'modernisation' of existing infrastructure and 32% in creating 'new infrastructure'.

Create 'new infrastructure' is named most frequently as investment focus for the 'Environmental' and 'ICT' sectors.

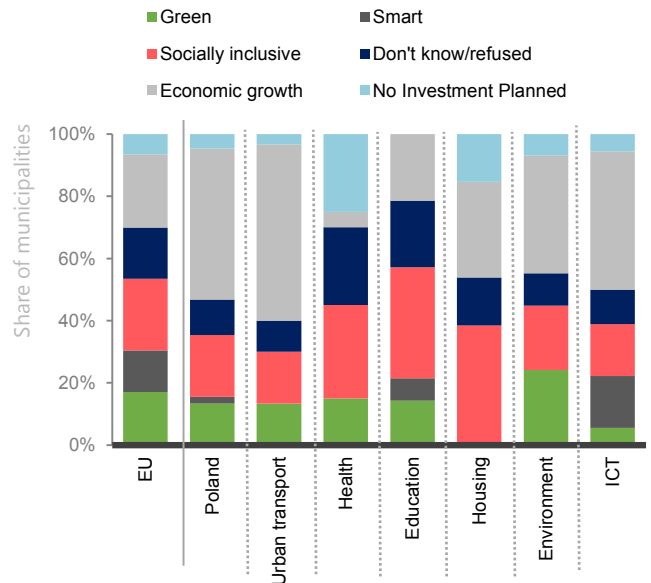
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

Overall, the policy priorities of Poland municipalities do not closely resemble those of the EU. For example, the share of municipalities that have as policy priority the 'economic growth' is higher in Poland compared to the other EU Countries.

From a policy perspective, the main priority for municipalities in Poland is to focus their investment activities on making their infrastructure more 'socially inclusive' in the housing, education and health sectors.

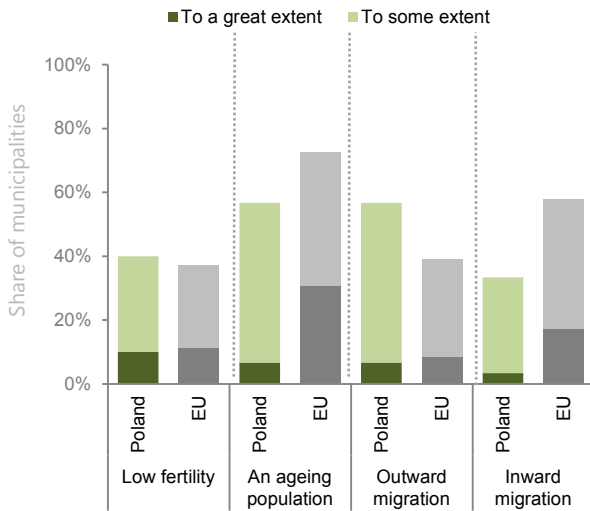


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

POLAND – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



Only 10% of municipalities in Poland consider 'low fertility' to be the main driver "to a great extent" for the demographic situation in their jurisdictions. This is followed by 'an ageing population' and 'outward migration'.

'An ageing population' and 'inward migration' play a less important role in Poland than in the EU as a whole, but outward migration appears to play a larger role when one considers 'to some extent' responses.

Base: All municipalities.

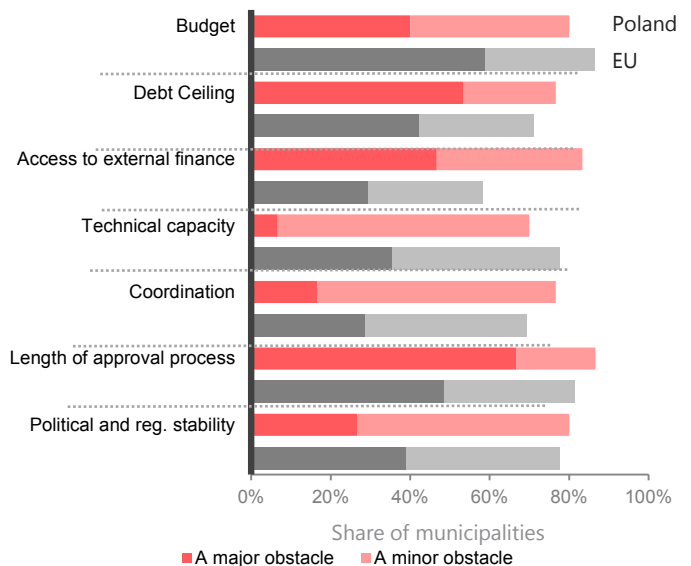
Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main barriers to the implementation of the infrastructure investment activities for Polish municipalities are the 'length of approval process', followed by 'debt ceiling' and 'access to external finance'.

Moreover, 'technical capacity' and 'coordination' appear to be minor obstacles for the implementation of infrastructure investment activities.

A comparison with the overall EU context reveals that Polish municipalities closely follow the EU pattern, except for 'access to external finance', which is considered much more of an obstacle in Poland.

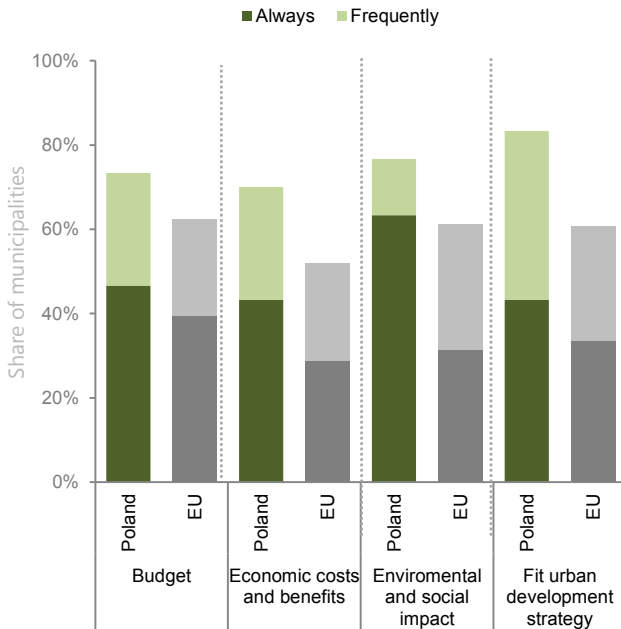


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

POLAND – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



More than 60% of municipalities in Poland always perform an 'environmental and social impact' analysis before going ahead with an infrastructure project.

More than 45% of municipalities always conduct a 'budgetary' analysis and 43% an 'economic costs and benefit analysis'.

A comparison with other EU Countries reveals that Polish municipalities perform better in terms of infrastructure planning.

Base: All municipalities; *All municipalities part of a larger metropolitan area

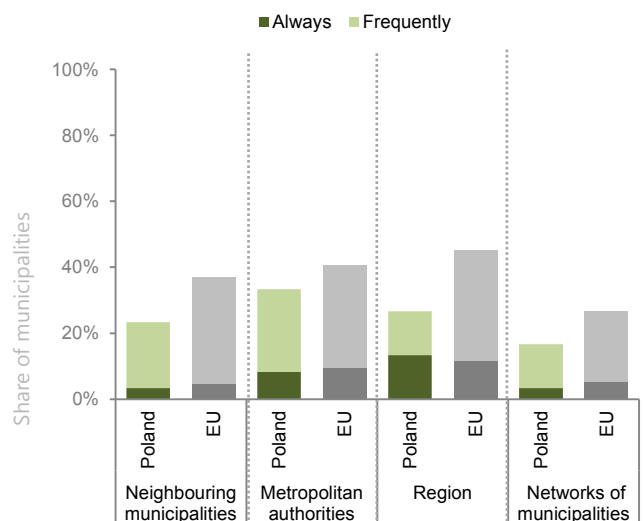
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Overall, the share of Polish municipalities willing to coordinate in planning and implementing investment projects is very low.

Only 13% of Polish municipalities always cooperate with 'Regions' and 8% with 'metropolitan authorities'.

A comparison with the other EU Countries shows that municipalities in Poland are less prone to collaborate with their neighbourhood.

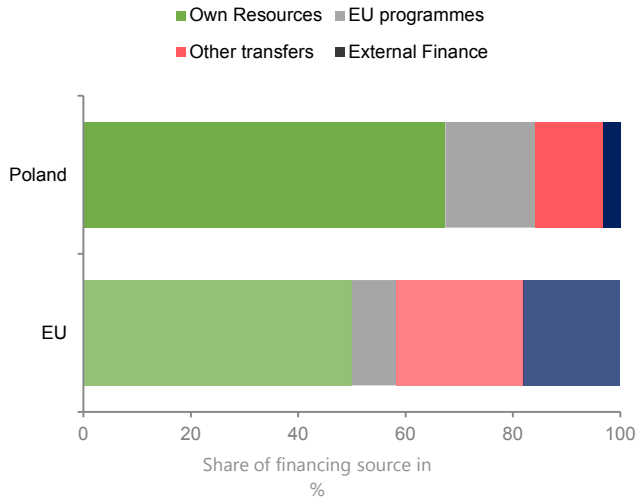


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

POLAND - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in Poland (more than 65%) followed by 'EU programmes' (16%) and 'other transfers' (12%).

A comparison with the other EU Countries reveals that for Polish municipalities, 'own resources' play a more important role as a source of investment finance.

External finance represents a very small share at around 4%.

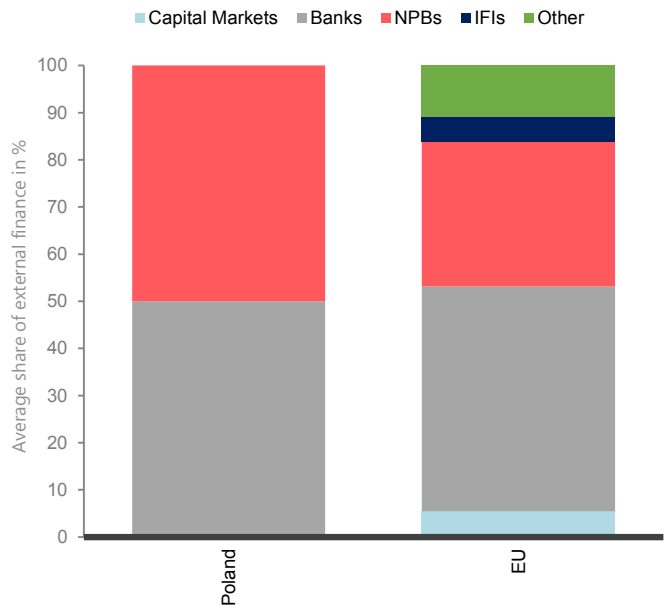
Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' and 'National Promotional Banks' are in equal parts the main sources of external finance among municipalities in Poland.

'Capital Markets', 'International Financial Institutions' and 'Other Sources' are not mentioned as source of external finance for Polish municipalities.

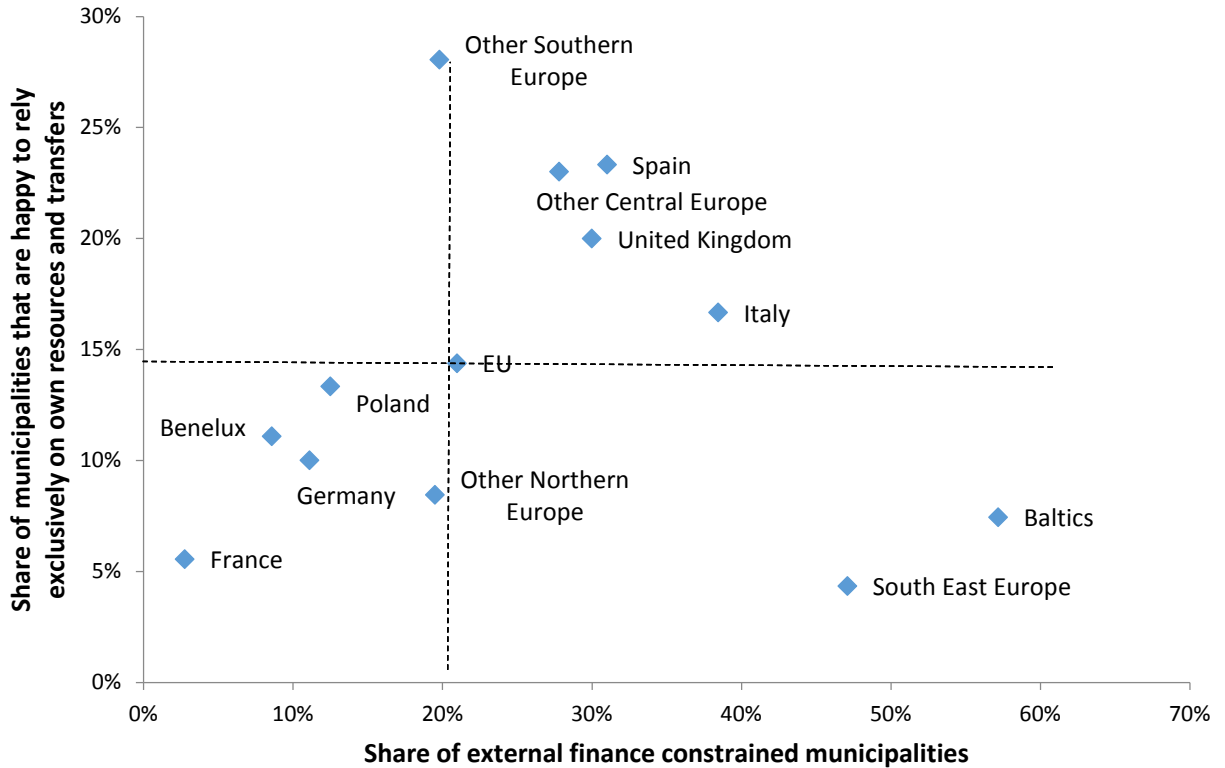


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

POLAND - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external financial constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. Polish municipalities rank close to the EU average with a share of external finance constrained municipalities of around 12%.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND



7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

UK OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

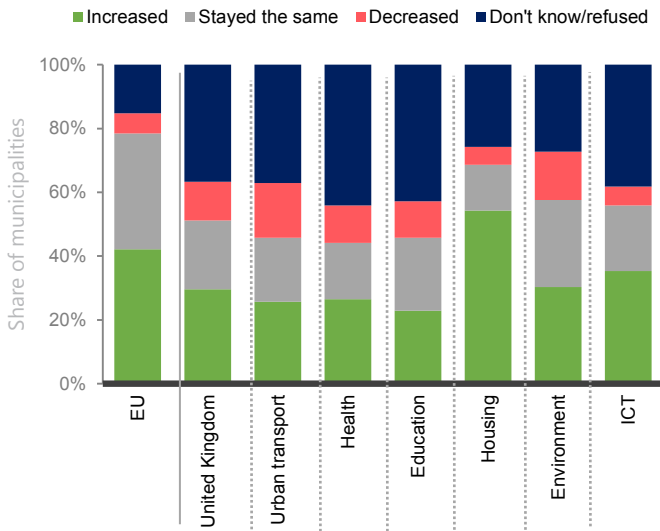
This overview presents selected findings for UK based on telephone interviews with 35 municipalities. Interviews were carried out between May and August 2017.

Key findings

Investment Activities:	Over the last five years, around 30% of municipalities in the UK report both an increase in investments activities in their jurisdictions and a rise in their own investment activities.
Investment Priorities:	UK municipalities plan to allocate 60% of their infrastructure investment to maintenance and 12% to repair. 14% will go to new infrastructure, with the share highest for housing and ICT. From a policy priority perspective, municipalities in the UK will focus on making their infrastructure more growth-enhancing and socially inclusive (especially in social housing) in the next five years.
Investment Gaps:	39% of UK municipalities believe investment has been below needs in the last 5 years, especially in social housing. The quality of their infrastructure is ranked at 3.0 (on a scale from 0 to 5) which is below the EU average, with social housing, health and urban transport rated the lowest. On balance, more municipalities in the UK are sceptical than optimistic about the possibility to close their gaps in the next five years. Scepticism is stronger when speaking about urban transport and environment.
Investment Efficiency:	UK municipalities seem to perform slightly better than the EU average in terms of infrastructure planning capacity. Overall, however, their ability to cooperate with other bodies at the national level is low.
Drivers and Barriers:	The main obstacles to infrastructure investments for municipalities in the UK are a narrow budget, political and regulatory stability and technical capacity. In addition, an aging population and inward migration are the most important drivers for the demographic situation in their jurisdictions.
Finance:	Municipalities in the UK mainly resort to their own resources and other transfers to finance infrastructure investment activities. The role of banks and NPB in municipalities' infrastructure financing is low.

UK - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Slightly less than 30% of municipalities in the UK report an 'increase' in infrastructure investment activities over the last five years. 21% saw infrastructure investment 'stay the same' and 12% report a 'decrease' in infrastructure investment over the last five years.

The share of municipalities reporting an 'increase' in infrastructure investment is lower than the EU average of 42% and in addition, is highest for the social 'housing' sector.

Base: All municipalities

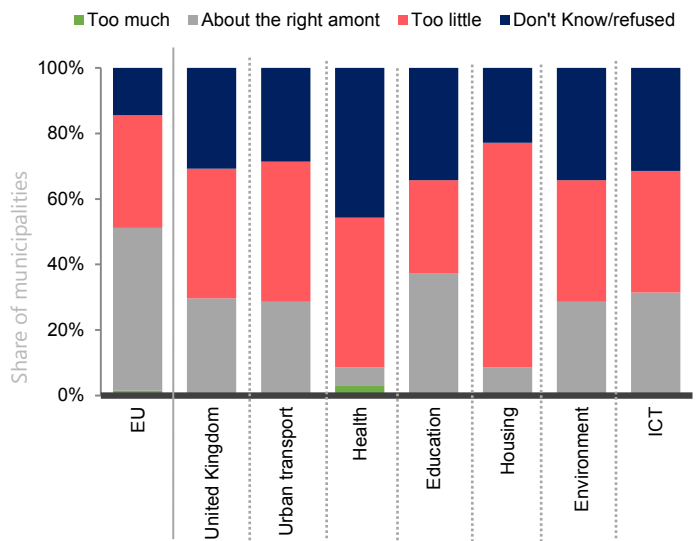
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

29% of municipalities in the UK consider past investment in infrastructure to have been 'about the right amount'. This percentage is below the EU average of 49%.

39% of municipalities say that their investment activities over the past five years has been below needs. No municipality reported over-investment in the considered period.

The share of municipalities reporting under-investment is largest the social 'housing' sector.

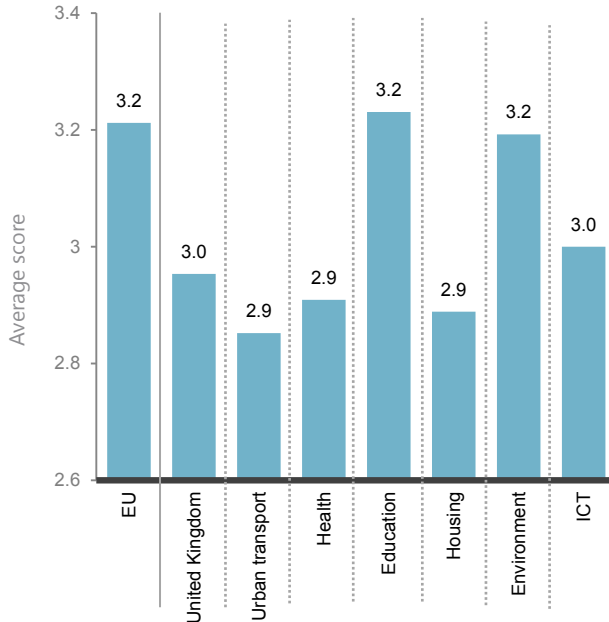


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

UK - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of the infrastructure in their municipalities on a scale of 0 to 5, municipalities in the UK report an infrastructure quality that is above the mid-point but lower than the EU average.

'Education' and 'environment' infrastructures ranks highest in term of quality.

In contrast, social 'housing', 'health' and 'urban transport' infrastructures place lowest in term of quality.

Base: All municipalities

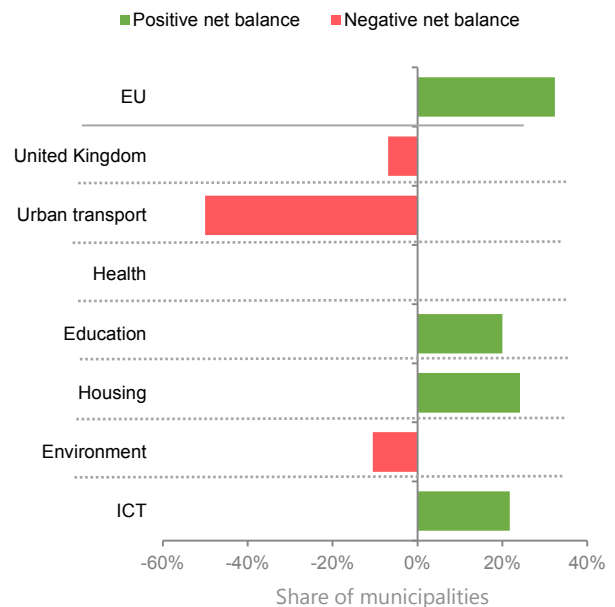
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in UK are sceptic than optimistic about the possibility to close the infrastructure gaps in the next five years.

This trend is in clear contrast to the EU average level.

Breakdown by investment categories reveals that jurisdictions in the UK are more pessimistic for the 'urban transport' and 'environmental' sectors.

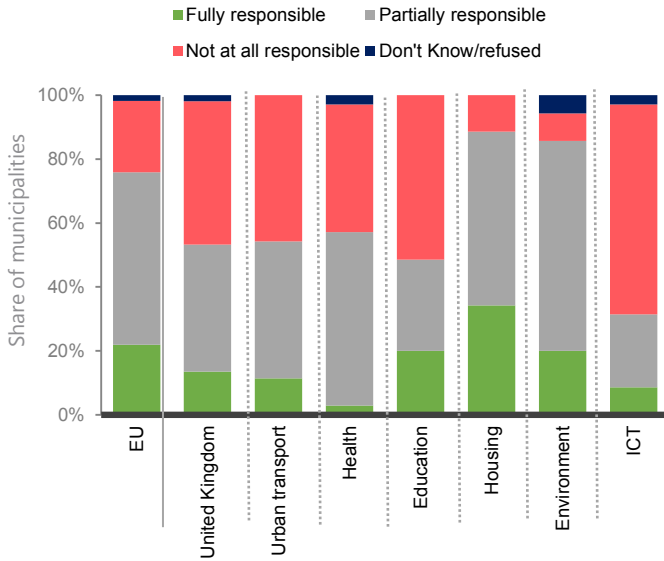


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

UK - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



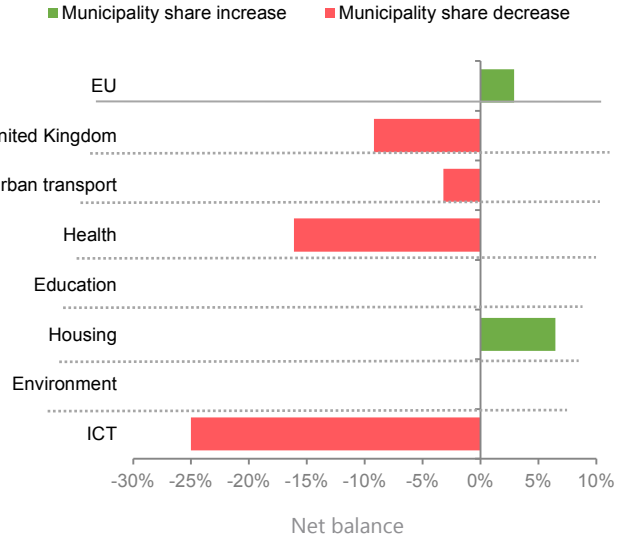
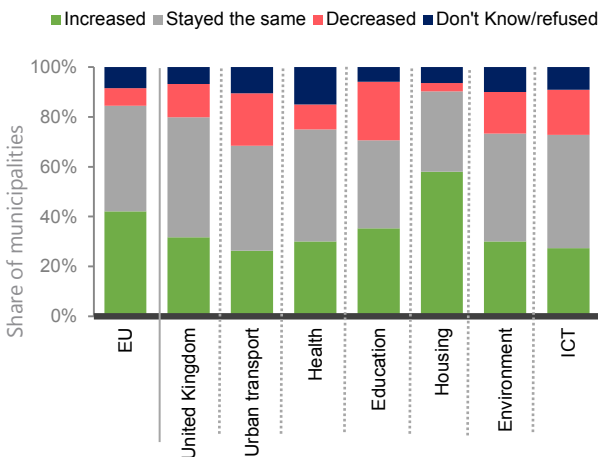
13% of municipalities in the UK are 'fully responsible' for infrastructure investment activities in their jurisdictions. More than 40% are 'not at all responsible'.

Asked about their own investment activities (as opposed to investment activities in their municipalities), 31% of municipalities state that they 'increased' their infrastructure investment activities over the last five years.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

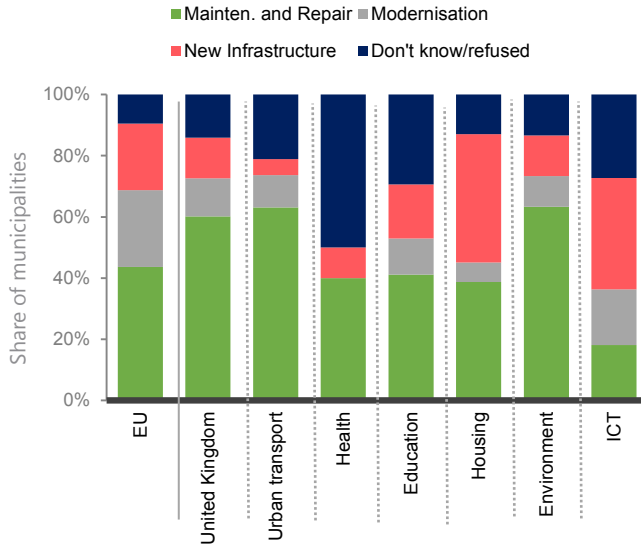
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

UK – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, 60% of municipalities in UK intend to focus their investment activities in 'maintenance and repair' of existing infrastructure.

Only 12% of municipalities wish to invest primarily in the 'modernisation' of existing infrastructure and 14% in creating 'new infrastructure'.

The need for 'new infrastructure' is most pronounced for the social 'housing' and 'ICT' sectors.

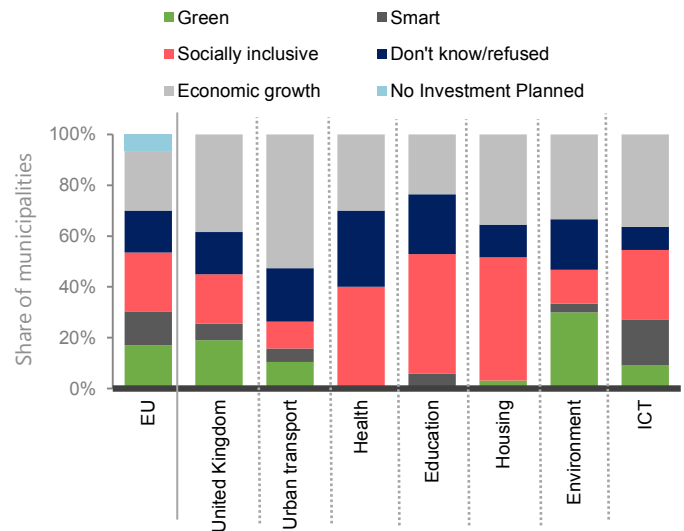
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

Overall the policy priorities of municipalities in the UK closely resemble those of the EU, except for 'economic growth' priority, which is highest for the UK.

From a policy perspective, the main priority for municipalities in the UK is to focus their investment activities on making their infrastructure more 'socially inclusive' in the social 'housing' and 'educational' sectors, to make it greener in the case of 'environmental' infrastructure and smarter in the case of 'ICT' sector.

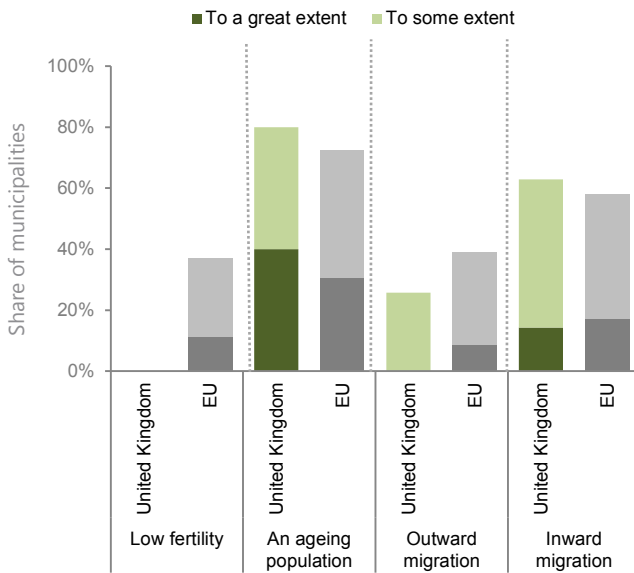


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

UK – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



No municipality in the UK considers 'low fertility' a possible driver for the demographic situation.

40% of municipalities in UK consider to a great extent 'an ageing population' the main key factor for the demographic situation in their jurisdictions, followed by 'inward migration' (14%).

A comparison between municipalities in the UK and the other EU Countries reveals that 'an ageing population' and 'inward migration' play the most prominent role in UK.

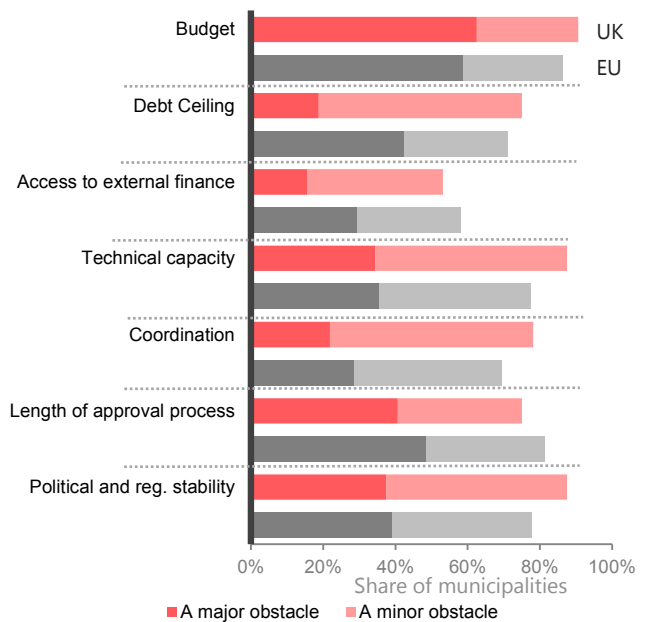
Base: All municipalities.

Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main obstacles to the implementation of the infrastructure investment activities for UK municipalities are budget, the 'length of approval process', 'political and regulatory stability' and technical capacity.

Moreover, 'access to external finance' is a minor barrier for the implementation of infrastructure investment activities.

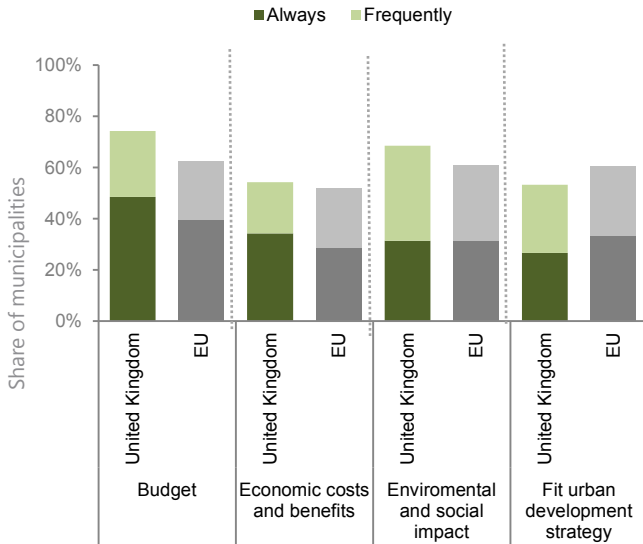


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

UK – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



Less than 50% of municipalities in the UK always perform a 'budgetary' analysis when deciding to go ahead with a project.

Around 30% of municipalities always conduct an 'economic costs and benefits analysis', 'environmental and social impact analysis' and 'fit urban development strategy'.

Compared to the EU average level, municipalities in the UK seem to perform slightly better regarding infrastructure planning except for the 'urban development strategy' category.

Base: All municipalities; *All municipalities part of a larger metropolitan area

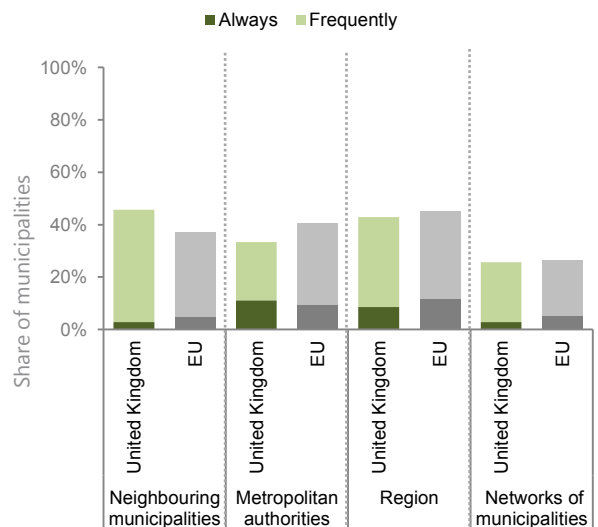
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Around one in four UK municipalities, frequently coordinate with their 'neighbouring municipalities' in planning and implementing infrastructure projects.

Overall, the ability of UK municipalities to cooperate with their neighbourhood is very low.

UK municipalities have a slightly higher propensity to collaborate neighbouring municipalities' compared to the EU average trend.

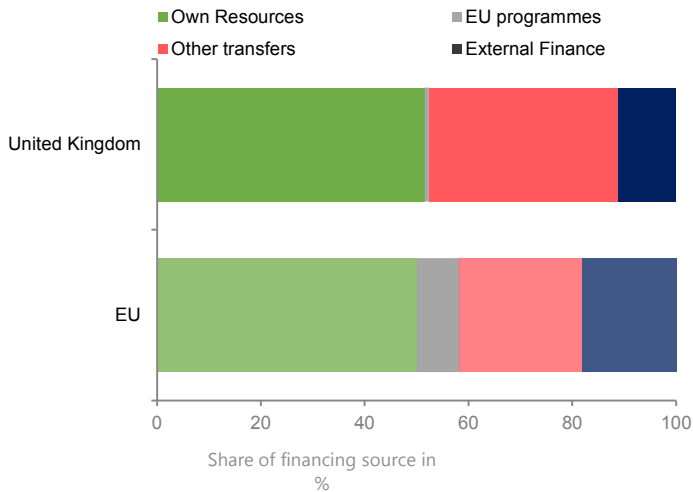


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

UK - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in the UK (51%), followed by 'other transfers' (more than 35%) and 'external finance' (11%).

A comparison with the other EU countries reveals that for UK municipalities, 'external finance' plays a less important role as a source of investment finance.

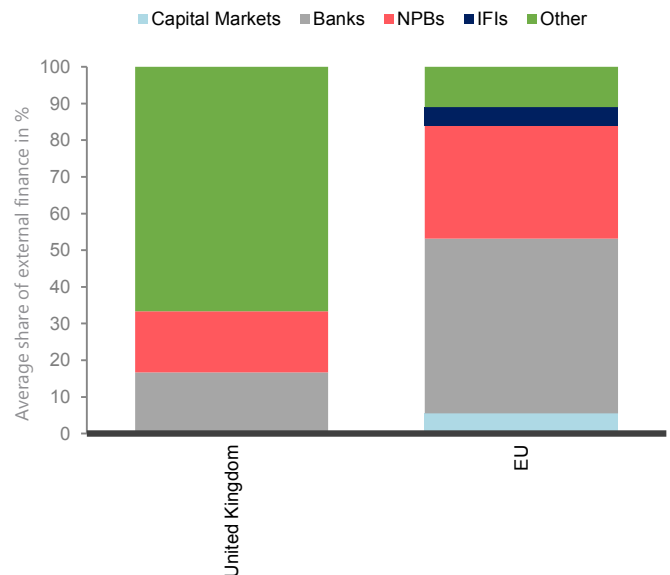
Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

The share of infrastructure investment supported by 'Banks' and 'NPBs' is low, at 16%. In the UK context, 'Other' is likely to refer public funding schemes that respondents see as external finance, yet not fitting under the other categories.

'Banks' play a very limited role as source of external finance. This trend is particularly striking if we compare municipalities in the UK with the other EU Countries.

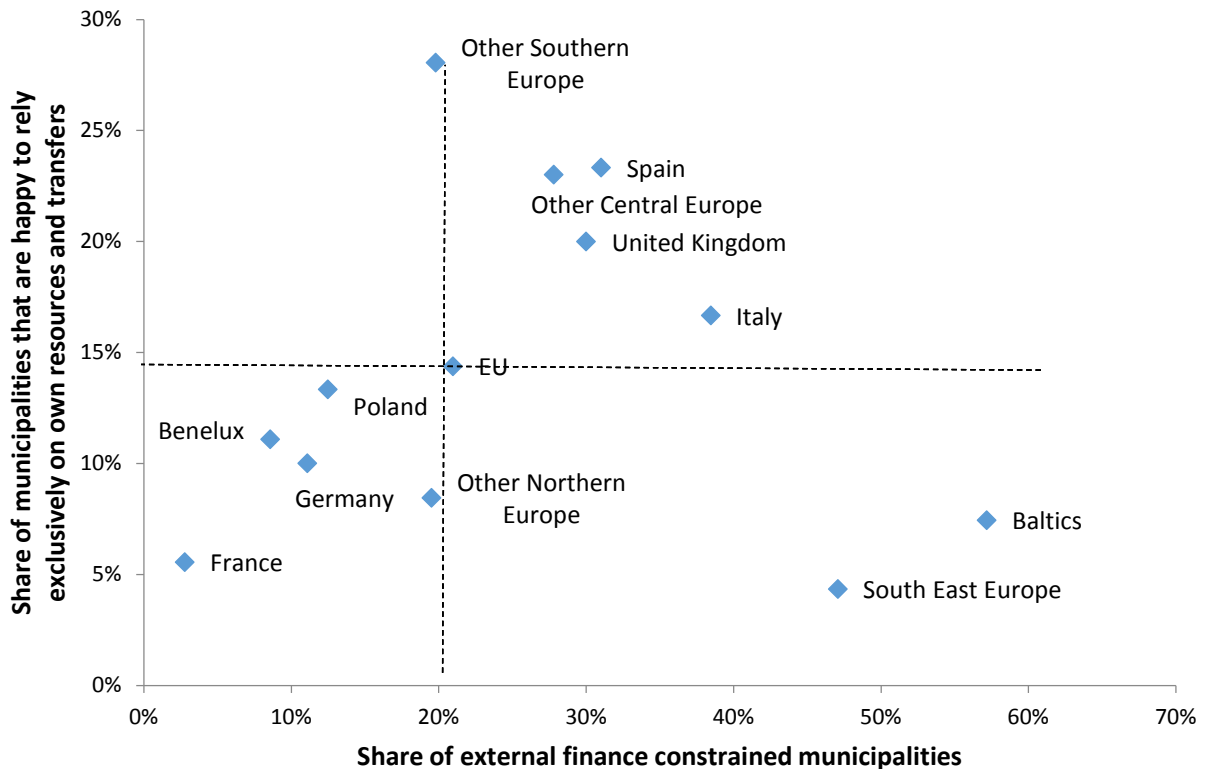


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

UK - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in Baltics and South East Europe appeared to have the highest share of external financial constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. 30% of UK municipalities are externally finance constrained and a large share (around 80%) are unhappy to rely exclusively on own resource to finance their investment.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK



8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

OTHER NORTHERN EUROPE OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

This overview presents selected findings for:

Denmark, Sweden, Finland, Ireland and Austria based on telephone interviews with 92 municipalities. Interviews were carried out between May and August 2017.

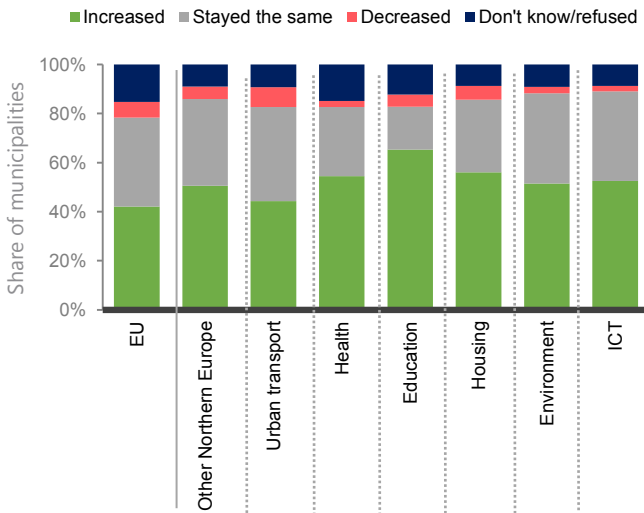
The Regional results are weighted by the urban population of each country.

Key findings

Investment Activities:	Over the last five years, 35% of the municipalities in Other Northern Countries report an increase in investment activities in their jurisdictions. Some 50% report a rise in their own investment.
Investment Priorities:	Municipalities expect maintenance to represent some 35% of future infrastructure investment, followed by modernisation (20%). The share of new infrastructure is expected to be higher than for the EU average, mostly in housing, health and education. From a policy priority perspective, municipalities in Other Northern Countries will focus on making their infrastructure more socially inclusive, especially in the health and education sectors.
Investment Gaps:	22% of municipalities perceive a gap, mostly in Housing. The quality of infrastructure is ranked at 3.4 (on a scale from 0 to 5) which is above the EU average, lowest in urban transport. On balance, more municipalities in Other Northern Countries are optimistic than sceptic about the possibility to close their gaps in the next five years.
Investment Efficiency:	More than 47% of municipalities in Other Northern Countries always asses fit with an urban development strategy before going ahead with a new project, with frequency of other planning being below 40%. Municipalities ability to cooperate with other bodies is very low.
Drivers and Barriers:	The main obstacle to infrastructure investments for Other Northern Countries municipalities is a narrow budget, technical capacity and length of approval processes. The aging population and inward migration are the most important drivers for the demographic situation.
Finance:	Municipalities mainly resort to their own resources. External finance is high at 25%. Banks are the main sources of external finance, with capital markets playing a stronger role than for the average of the EU.

OTHER NORTHERN - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Half of the municipalities in Other Northern Countries report an 'increase' in infrastructure investment activities over the last five years. 35% saw infrastructure investment 'stay the same' and only 8% states that their infrastructure investment has 'decreased' over time.

The share of municipalities reporting an increase in infrastructure investment is higher compared to the EU average level.

Base: All municipalities

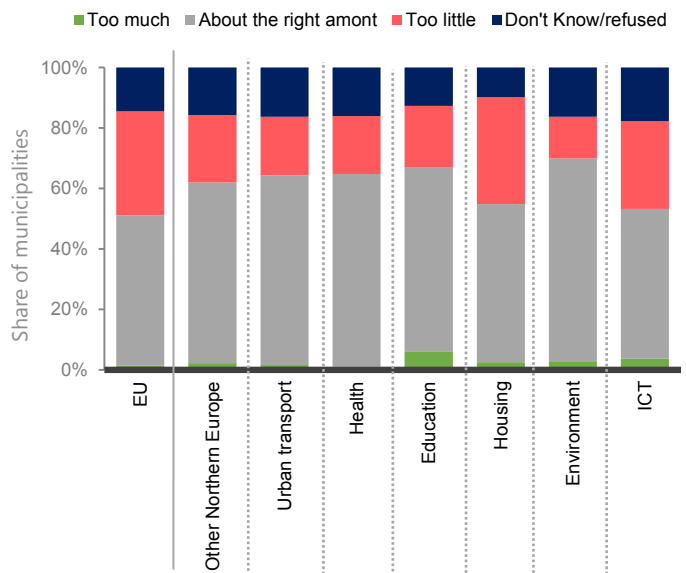
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Slightly less than 60% of municipalities in Other Northern Countries consider past investment in infrastructure to have been 'about the right amount'. This percentage is above the EU average of 49%.

22% of municipalities say that their investment activities over the past five years has been below needs.

The share of municipalities reporting under-investment is largest for social 'housing'.

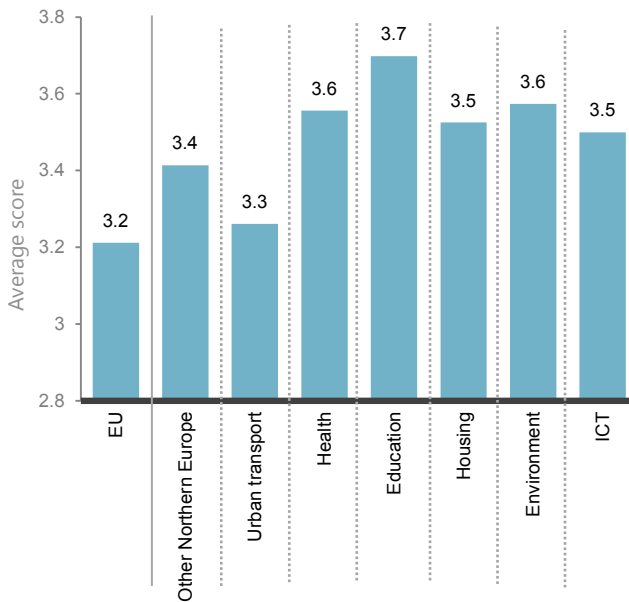


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

OTHER NORTHERN - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to measure the quality of their infrastructure on a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in Other Northern Countries report an infrastructure quality that is above the mid-point and slightly higher than the EU average.

'Education' places highest in term of quality followed by 'environment' and 'health'.

In contrast, 'urban transport' places lowest in terms of quality.

Base: All municipalities

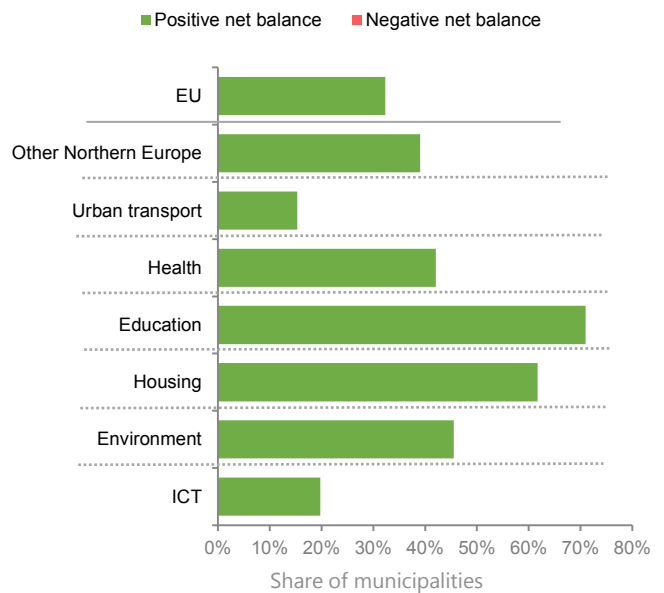
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in Other Northern Countries are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in Other Northern Countries are more optimistic than the EU average level.

Breakdown by investment categories reveals that jurisdictions in Other Northern Countries are most positive for the 'education' and social 'housing' sectors.

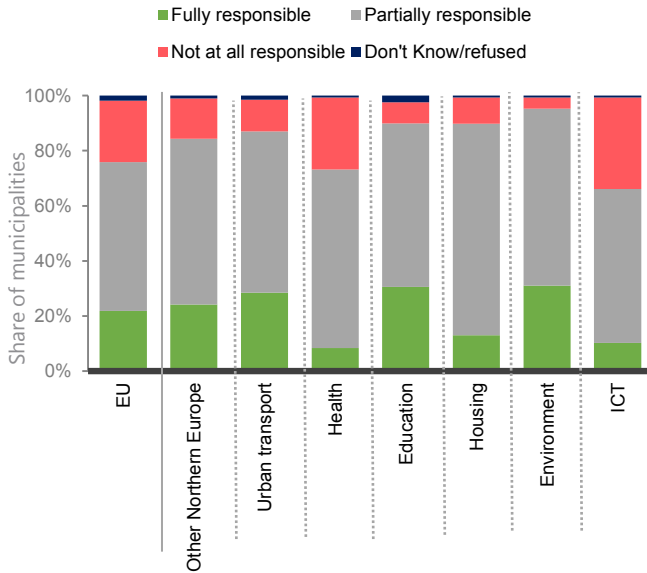


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

OTHER NORTHERN - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



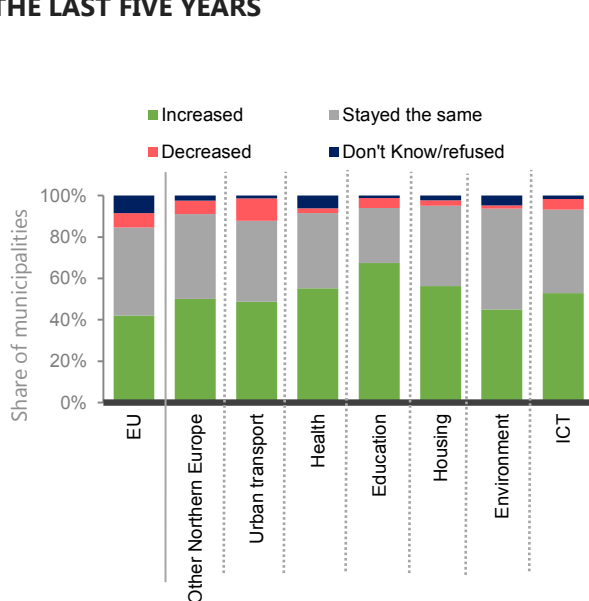
24% of municipalities in Other Northern Countries are 'fully responsible' for infrastructure investment activities in their jurisdictions. 60% are 'partially responsible' and only 14% not at all responsible.

Asked about their own investment activities, half of the municipalities state that they 'increased' their infrastructure investment activities.

Base: All municipalities

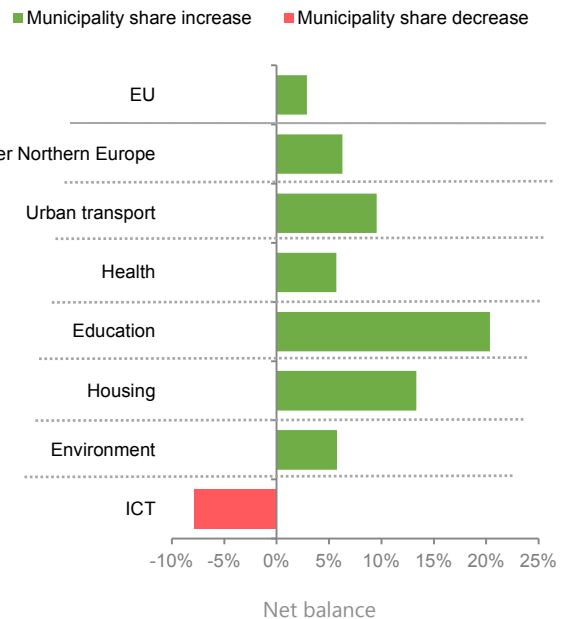
Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

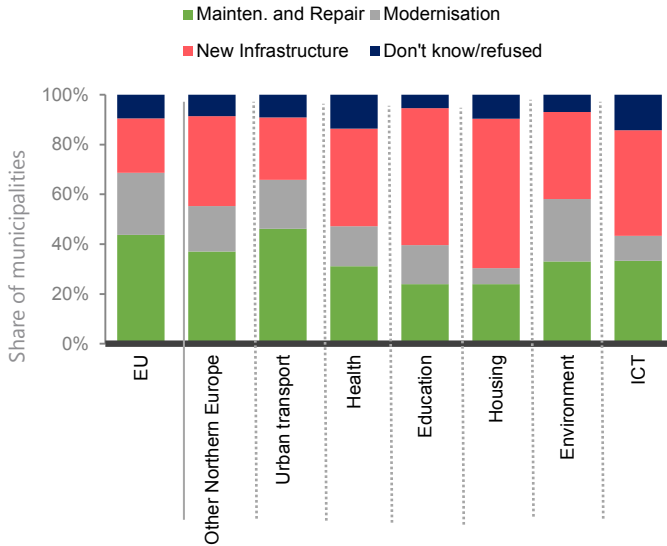


Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

OTHER NORTHERN – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, around 35% of municipalities in Other Northern Countries intend to focus their investment activities in 'maintenance and repair' of existing infrastructure and 36% invest in 'new infrastructure'.

Slightly less than 20% of municipalities wish to invest primarily in the 'modernisation' of existing infrastructure.

'Modernisation' is named most frequently as investment focus for the 'environmental' sector.

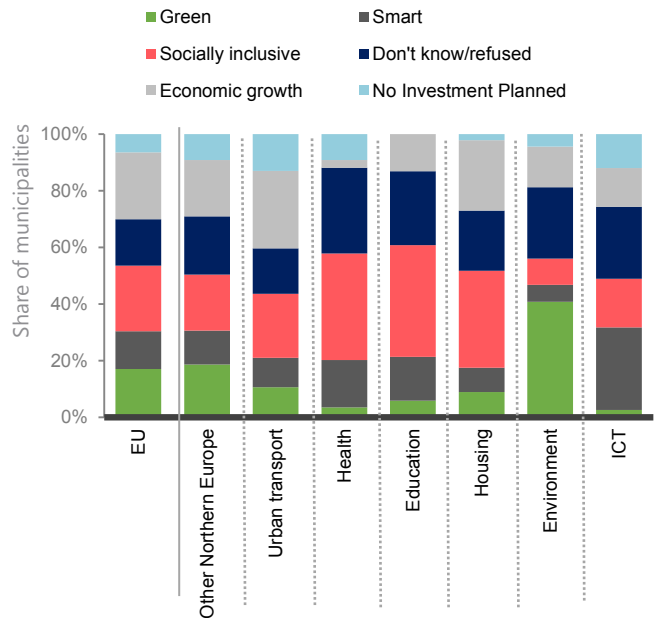
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

From a policy perspective, the main priority for Other Northern Countries municipalities is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health' and 'educational' sectors, to make it greener in the case of 'environmental' infrastructure and smarter in the case of the 'ICT' sector.

On balance, the policy priorities of Other Northern Countries municipalities closely resemble those of the EU as a whole.

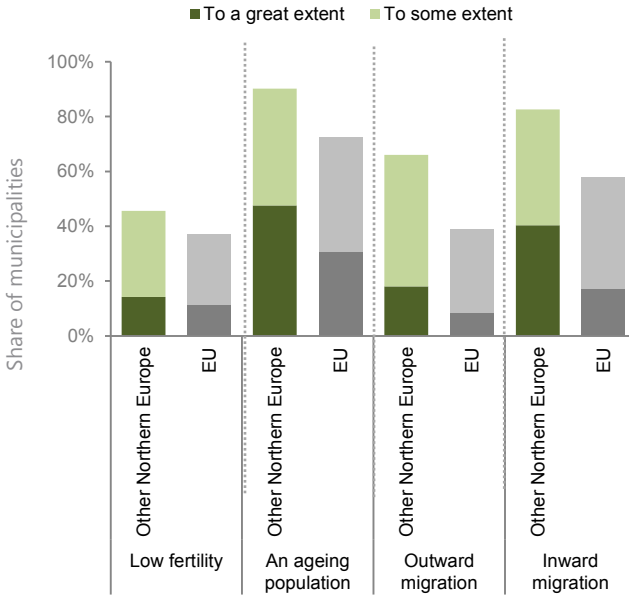


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

OTHER NORTHERN – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



More than 45% of municipalities in Other Northern Countries consider to a great extent 'an aging population' the main driver for the demographic situation in their jurisdictions.

This is followed by 'inward migration' (40%).

'Low fertility' and 'outward migration' generally play a less relevant role as demographic drivers for Other Northern Countries.

Base: All municipalities.

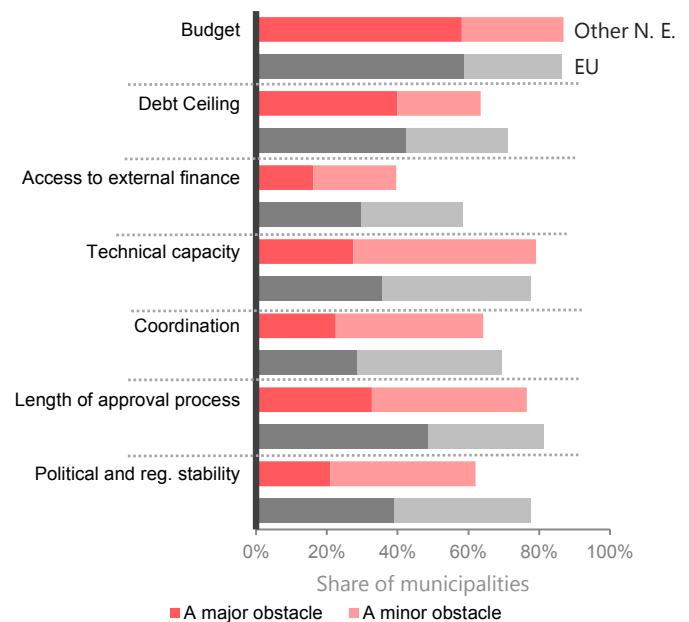
Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main long term barrier to the implementation of the infrastructure investment activities for Other Northern Countries municipalities is the 'budget'.

In addition, the 'technical capacity' and the 'length of approval process' are also considered a considerable obstacles.

A comparison with the overall EU context reveals that Other Northern Countries municipalities deal with less obstacles in implementing investment activities.

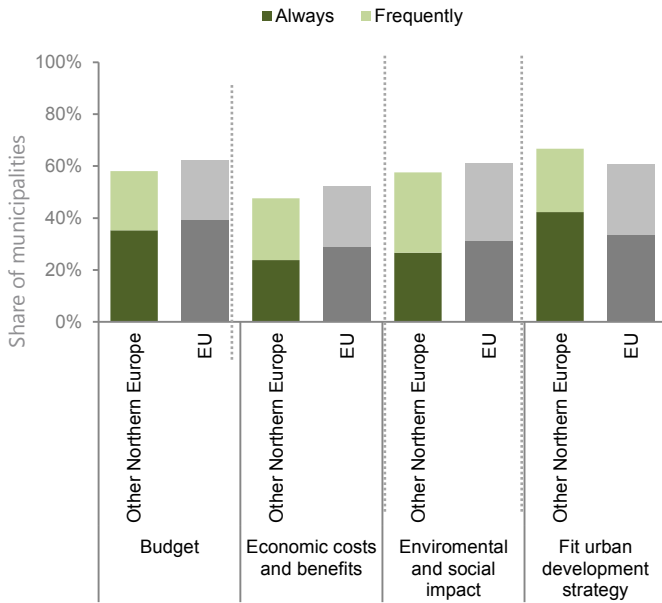


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities?
(Data not shown for not an obstacle at all/don't know/refused)

OTHER NORTHERN – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



47% of municipalities in Other Northern Countries always have an 'urban development strategy' before going ahead with a new project.

Around 25% of municipalities always conduct an 'economic costs and benefits' analysis, and 'environmental and social impact' analysis.

The share of municipalities in Other Northern Countries involved in infrastructure planning activities roughly resemble those of the EU average level.

Base: All municipalities; *All municipalities part of a larger metropolitan area

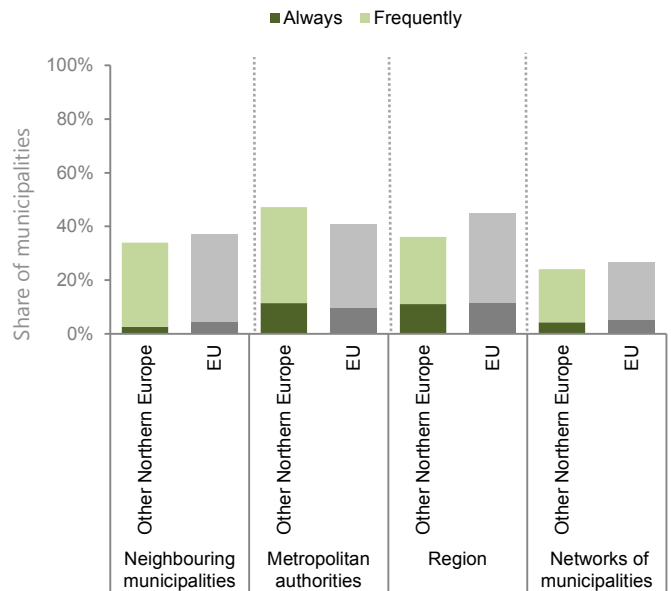
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

The share of Northern Countries municipalities willing to cooperate with their 'neighbouring municipalities' fluctuate between 25% and 45%.

Overall, the ability of Northern Countries municipalities to always coordinate in implementing investment projects, follow the EU average trend.

Northern Countries municipalities have a slightly higher propensity to collaborate with 'metropolitan authorities' compared to the Other EU Countries.

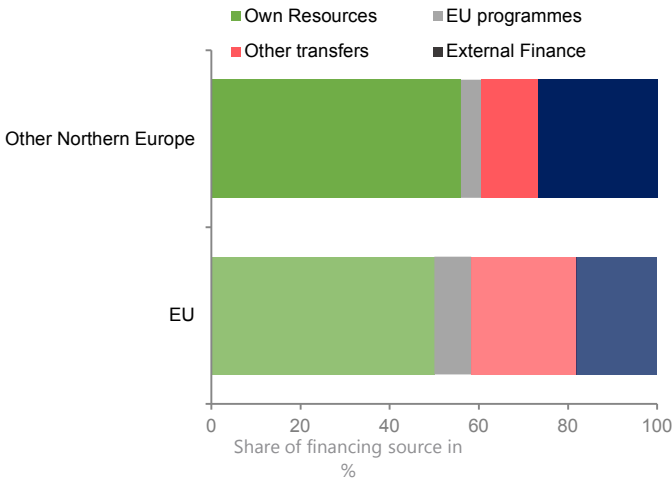


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

OTHER NORTHERN - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



‘Own resources’ represents the largest share of investment finance for municipalities in Other Northern Countries (55%), followed by ‘external finance’ (more than 25%).

‘EU programmes’ account for only 5%.

A comparison with the EU reveals that for Other Northern Countries municipalities, ‘external finance’ plays a more important role as a source of investment finance.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

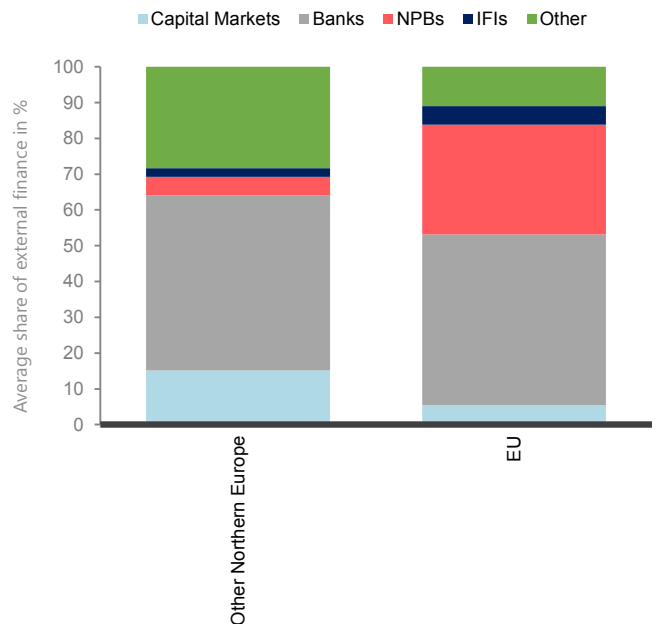
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

‘Banks’ are the main sources of external finance among municipalities in in Other Northern Countries.

Excluding ‘other’ source, the share of infrastructure investment supported by ‘Banks’ is 48% followed by ‘Capital markets’ (15%).

On the contrary, ‘National Promotional Banks’ and ‘International Financial Institutions’ play a very limited role as source of external finance.

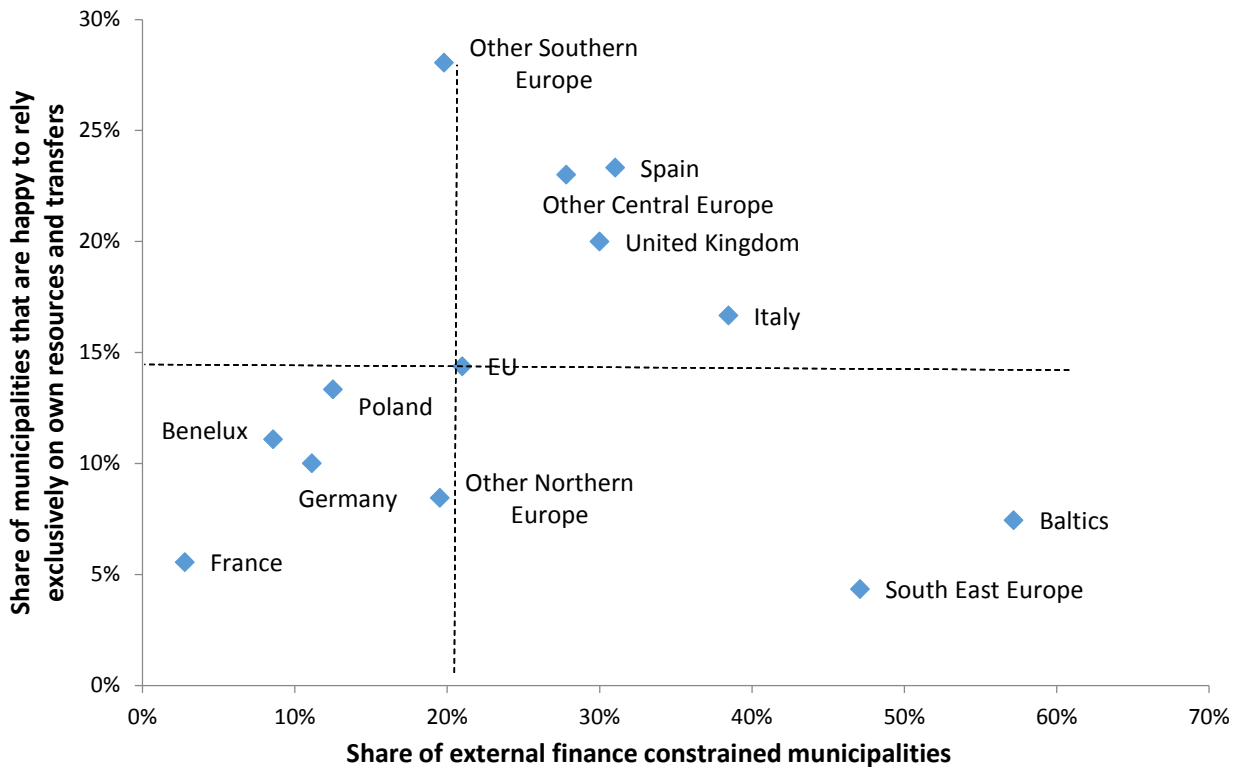


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

OTHER NORTHERN - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external financial constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. Other Northern Countries place in line with the EU average for the share of externally finance constrained municipalities (around 20%).

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE



9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

OTHER SOUTHERN EUROPE OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

This overview presents selected findings for:

Portugal, Greece, Cyprus and Malta based on telephone interviews with 58 municipalities. Interviews were carried out between May and August 2017.

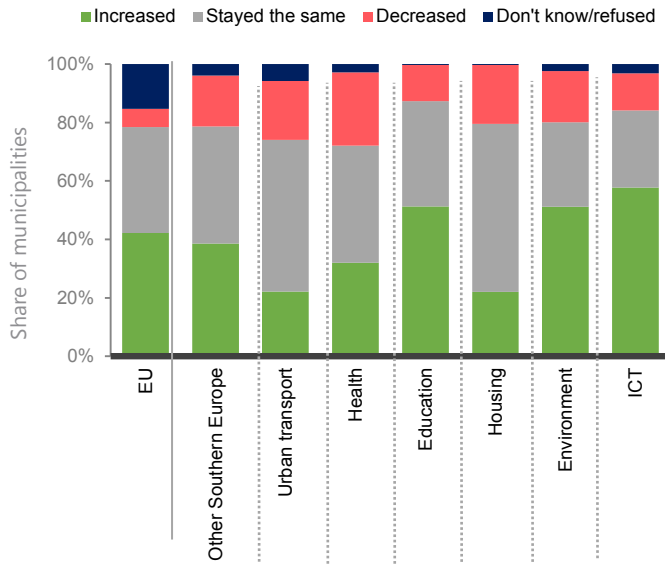
The Regional results are weighted by the urban population of each country.

Key findings

Investment Activities:	Over the last five years, slightly less than 40% in Other Southern Countries report both an increase in investments activities in their jurisdictions and a rise in their own investment activities.
Investment Priorities:	50% of municipality investment in the next 5 years will be directed towards maintenance, 20% towards modernisation and 20% towards expanding infrastructure. Focus on new capacity is particularly relevant in the ICT and environment sector. The main priority for municipalities in Other Southern Countries is to focus their investment activities on making their infrastructure more socially inclusive.
Investment Gaps:	36% of municipalities believe they invested too little in the last 5 years, with the share higher in the environmental sector. The quality of infrastructure is ranked at 3.2 (on a scale from 0 to 5), which is in line with the EU average, with the health sector scoring particularly low. On balance, municipalities are optimistic about the possibility to close the infrastructure gap in the next five years.
Investment Efficiency:	On average around 40% - 50% of municipalities in Other Southern Countries carry out an ex ante assessment of infrastructure projects. Their ability to cooperate with other bodies is particularly low for the case of regions and metropolitan authorities.
Drivers and Barriers:	The main obstacles to infrastructure investments for Other Southern Countries municipalities are the length of approval processes and political and regulatory stability. The aging population and low fertility are the most important drivers for the demographic situation.
Finance:	Municipalities in Other Southern Countries mainly resort to their own resources, transfers and EU funds to finance infrastructure investment activities. External finance accounts for only 3%, almost completely depending on National Promotional Banks are IFIs.

OTHER SOUTHERN - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



38% of municipalities in Other Southern Countries report an 'increase' in infrastructure investment activities over the last five years. 40% saw infrastructure investment 'stay the same' and only 17% states that their infrastructure investment has 'decreased' over time.

The share of municipalities reporting an 'increase' in infrastructure investment is particularly high for the 'ICT', 'education' and 'environmental' sectors.

Base: All municipalities

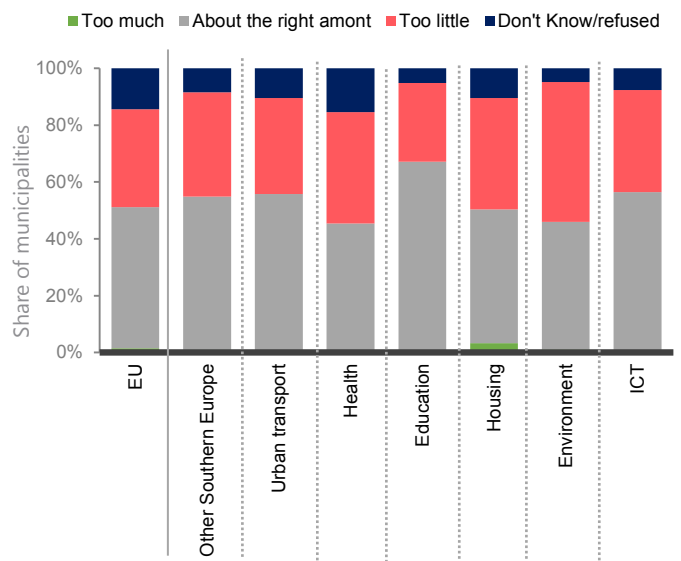
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Slightly more than 50% of municipalities in Other Southern Countries consider past investment in infrastructure to have been 'about the right amount'. No municipality reported an over-provision of infrastructure capacity.

36% of municipalities say that their investment activities over the past five years has been below needs.

The share of municipalities reporting under-investment is largest for the 'environmental' sector.

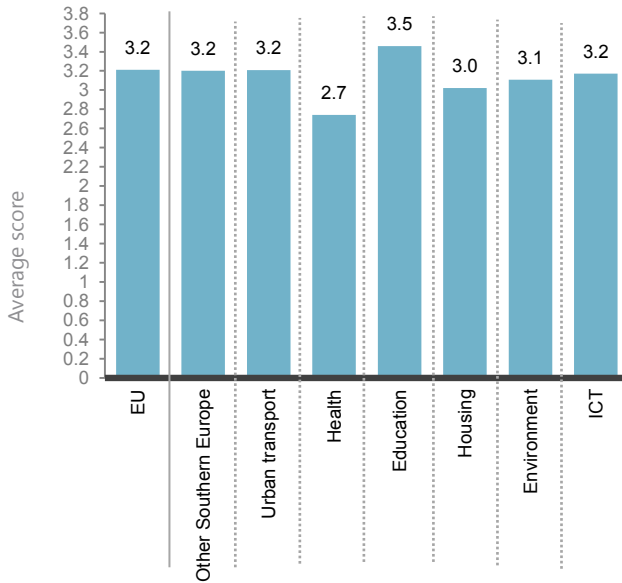


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

OTHER SOUTHERN - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of their infrastructure on a scale of 0 to 5, municipalities in Other Southern Countries report an infrastructure quality that is above the mid-point and perfectly in line with the EU average.

'Education' places highest in term of quality followed by 'urban transport' and 'ICT'.

In contrast, 'health' place lowest in term of quality.

Base: All municipalities

Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

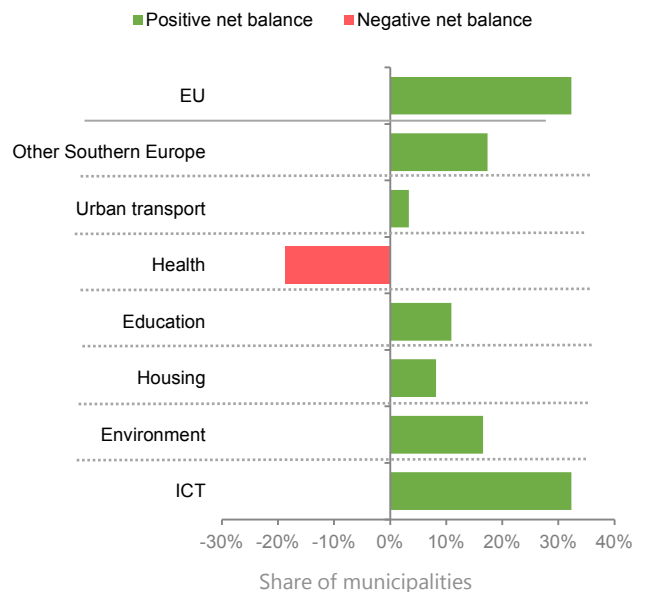
On balance, more municipalities in Other Southern Countries are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

However, the share of municipalities in Other Southern Countries that is confident to close their investment gap in the next years, is lower than the EU average level.

Breakdown by investment categories reveals that jurisdictions in Other Southern Countries are most pessimistic for the 'health' sector.

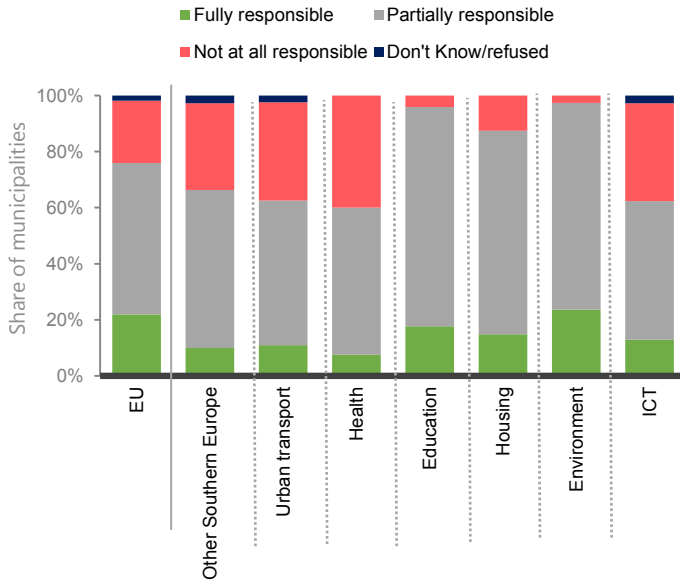
Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.



OTHER SOUTHERN - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



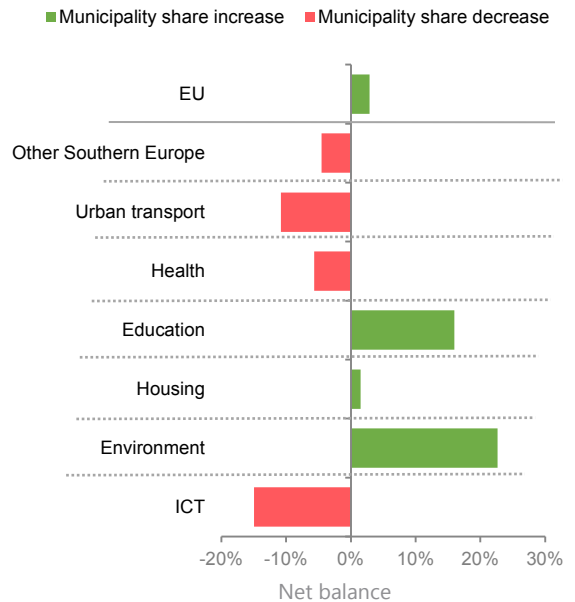
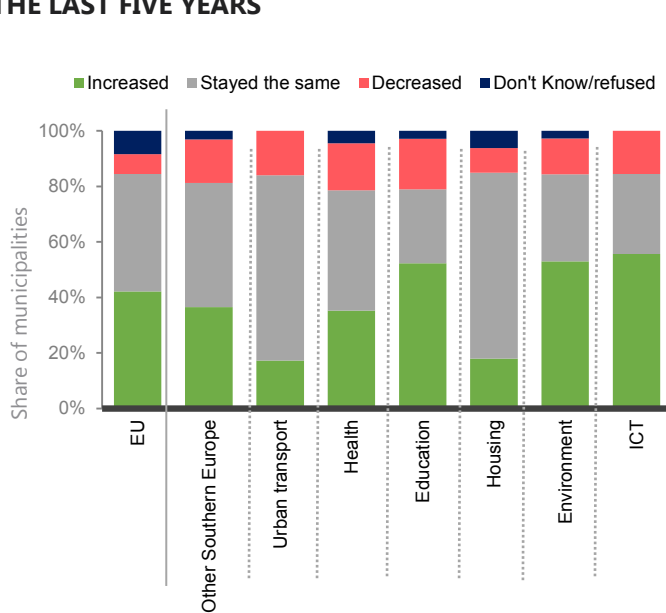
Only 9% of municipalities in Other Southern Countries are 'fully responsible' for infrastructure investment activities in their jurisdictions. 30% are 'not at all responsible'.

Asked about their own investment activities, 36% of municipalities state that they 'increased' their infrastructure investment activities over the last five years.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

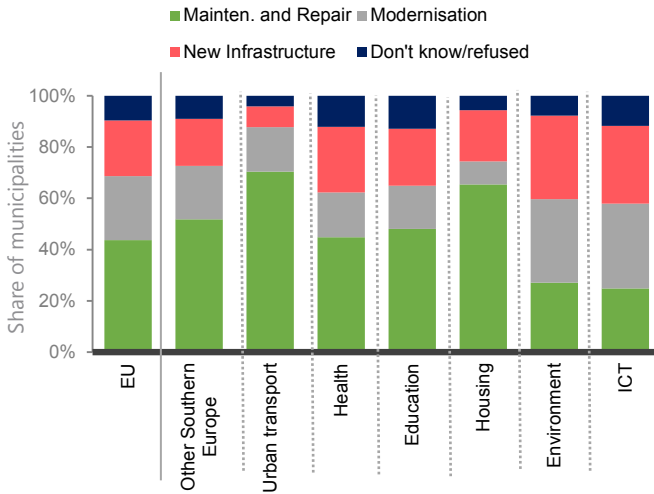
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

OTHER SOUTHERN – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



51% of municipalities in Other Southern Countries intend to focus their investment activities on the 'maintenance and repair' of existing infrastructure in the next five years.

Around 20% of municipalities wish to invest primarily in 'modernizing' existing infrastructure and creating 'new infrastructure'.

Create 'new infrastructure' is named most frequently as investment focus for the 'environmental' and 'ICT' sectors.

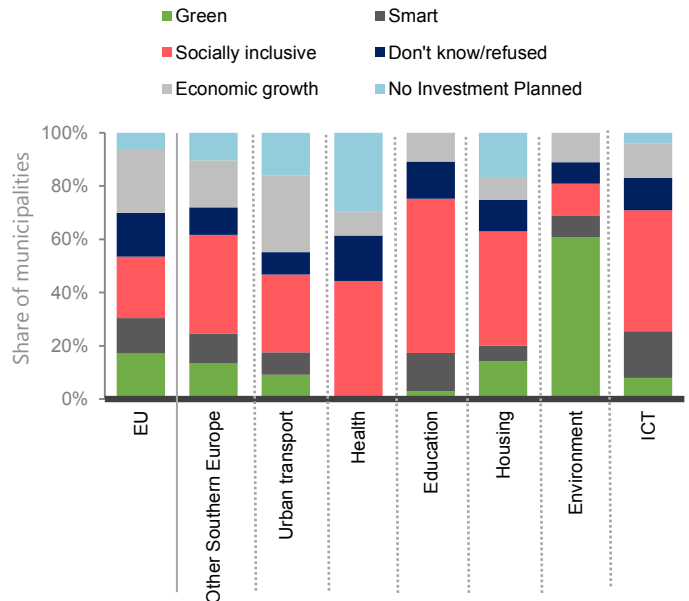
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

On balance, the policy priorities of Other Southern Countries municipalities do not closely resemble those of the EU. For example, the share of municipalities that have as policy priority to make their infrastructure more 'socially inclusive' is highest from Other Southern Countries municipalities.

From a policy perspective, the main priority for municipalities in Other Southern Countries is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health' sector (44%), and to make it 'greener' in the case of 'environmental' infrastructure (60%).

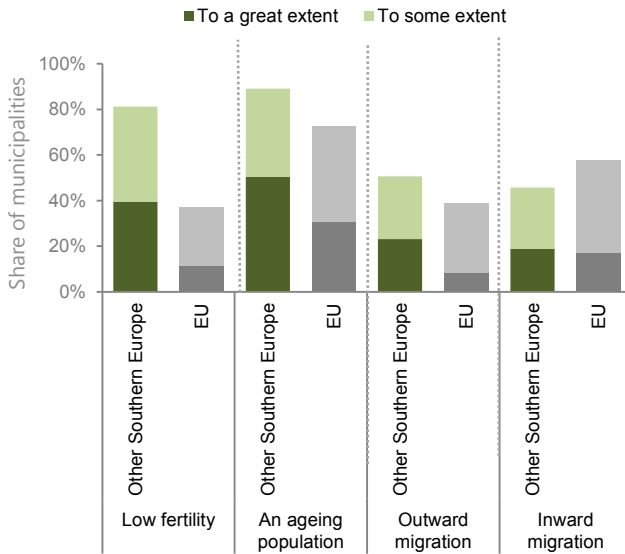


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

OTHER SOUTHERN – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



More than 80% of municipalities in Other Southern Countries consider ‘an aging population’ the main driver for the demographic situation in their jurisdictions.

This is followed by ‘low fertility’ (around 80%).

‘Low fertility’ and ‘an ageing population’ play a more important role in Other Southern Countries’ municipalities compared to the EU as a whole.

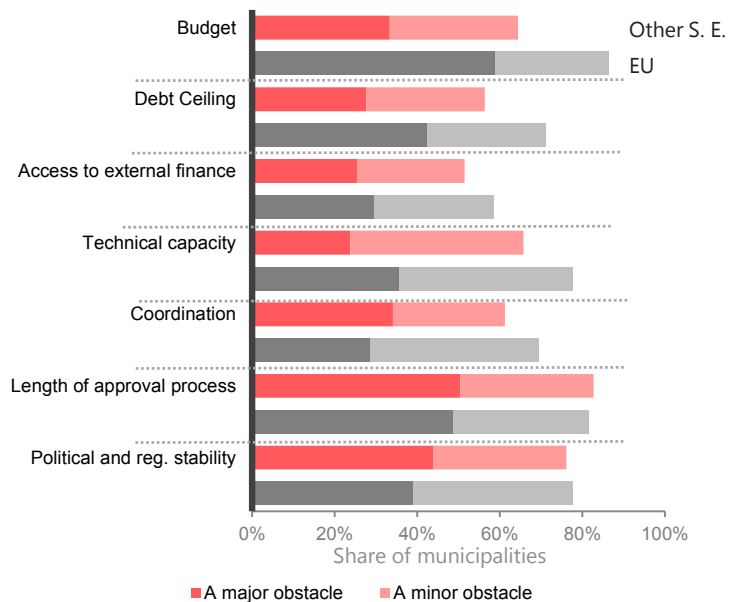
Base: All municipalities.

Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main barriers to the implementation of the infrastructure investment activities for Other Southern Countries municipalities are the length of approval processes’ followed by ‘political and regulatory stability’.

‘Technical capacity’ and budget follow, but both are slightly less severe obstacle than the average for the EU.

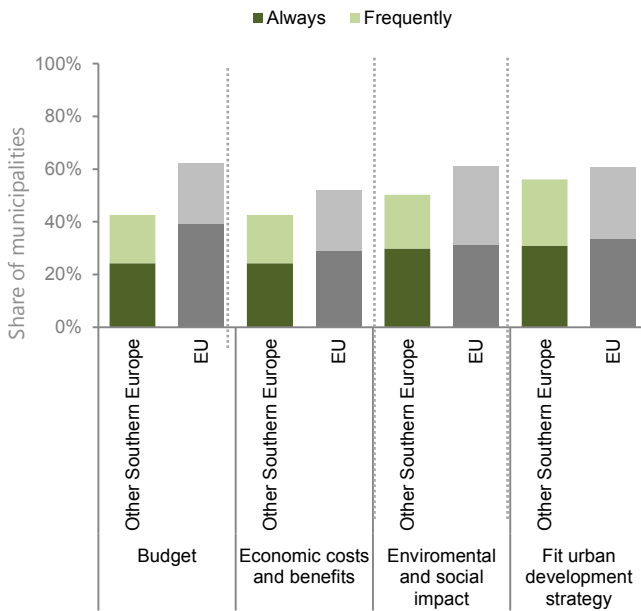


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

OTHER SOUTHERN – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



Around 30% of municipalities in Other Southern Countries always perform an ‘environmental and social impact’ analysis and have an ‘urban development strategy’ before going ahead with an infrastructure project.

Slightly less than 25% of municipalities always conduct a ‘budgetary’ analysis and an ‘economic costs and benefit analysis’.

A comparison with other EU Countries reveals that Other Southern Countries municipalities perform worse in terms of infrastructure planning.

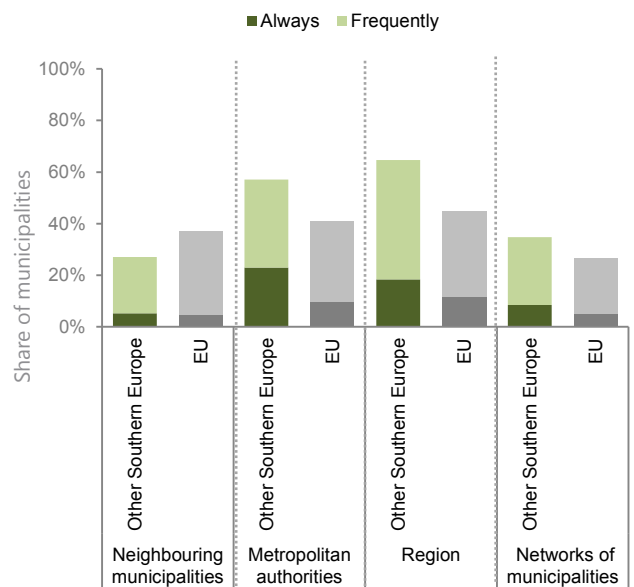
Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Overall, the share of Other Southern Countries municipalities willing to coordinate in planning and implementing investment project is not high.

Only around 20% of Other Southern Countries municipalities always cooperate with ‘metropolitan authorities’ and ‘regions’.

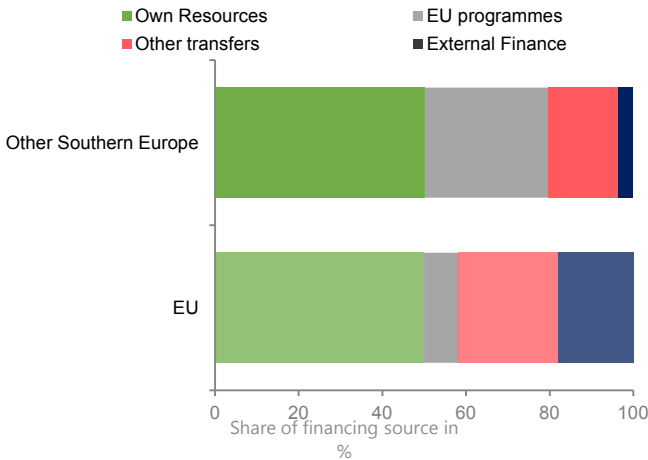


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

OTHER SOUTHERN - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represent the largest share of investment finance for municipalities in Other Southern Countries (50%).

'EU programmes' also play an important role. Only around 3% of investment activities are funded using 'external funds'.

A comparison with the other EU Countries reveals that for Other Southern Countries municipalities, 'EU funds' play a more important role as a source of investment finance.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

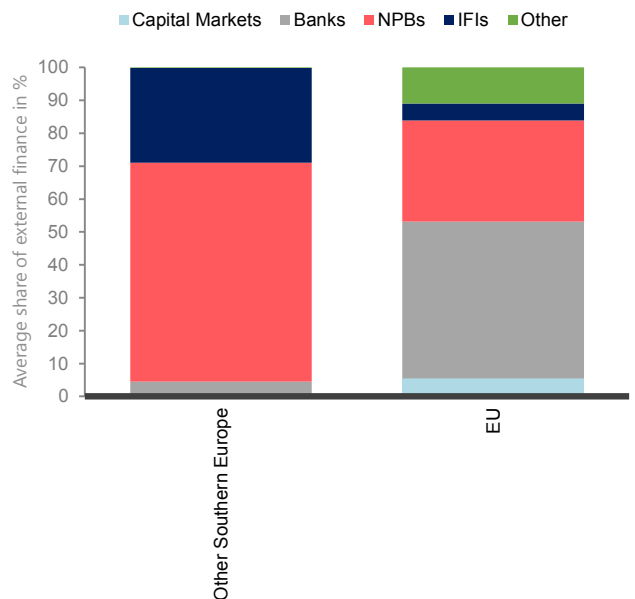
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'National Promotional Banks' are the main sources of external finance among municipalities in Other Southern Countries.

'NPBs' provide more than 60% of financing for Other Southern Countries municipalities followed by 'International Financial Institutions' (16%).

In contrast with the EU average level, 'Banks' for Other Southern Countries municipalities play a very limited (almost not existing) role as source of external finance.

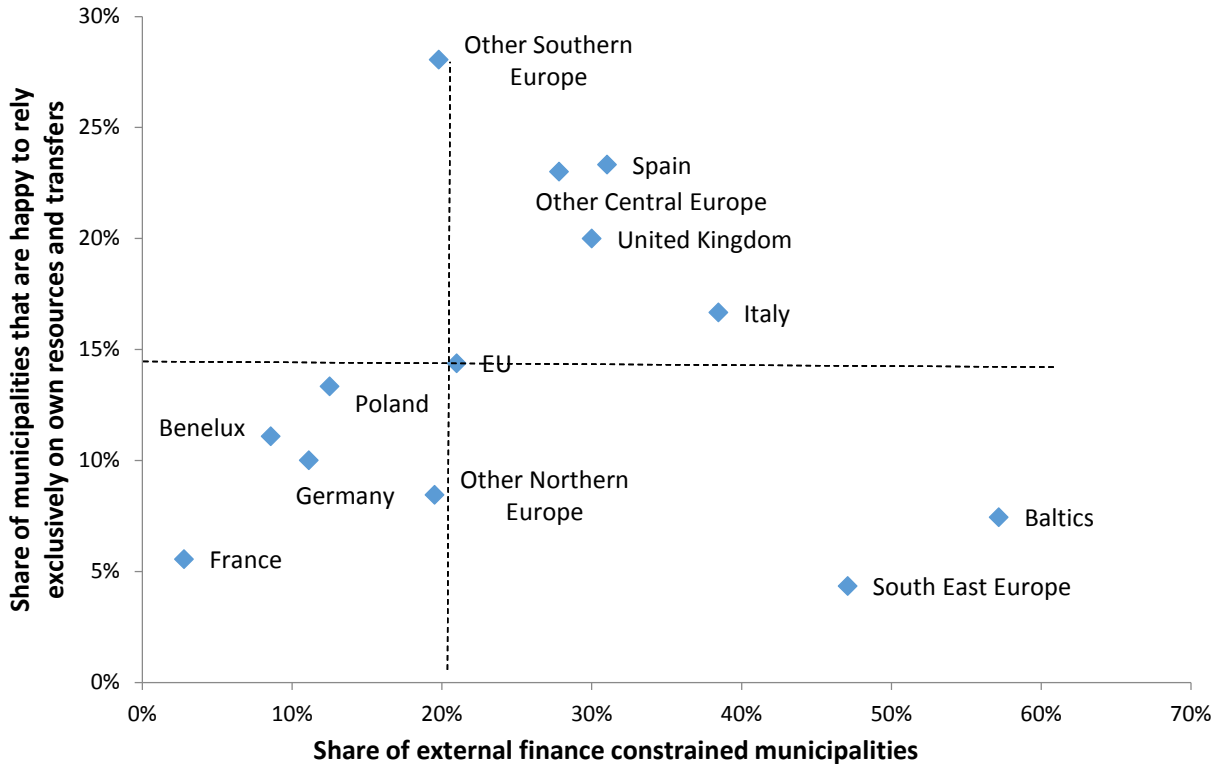


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

OTHER SOUTHERN - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external financial constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. Other Southern Countries place in line with the EU average for the share of externally finance constrained municipalities (around 20%). Moreover, the share of municipalities that are happy to rely on own resources are very high (around 30%) compared to the other EU Countries.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE



10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

OTHER CENTRAL EUROPE OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

This overview presents selected findings for:

Slovakia, Slovenia, Czech Republic, Hungary based on telephone interviews with 67 municipalities. Interviews were carried out between May and August 2017.

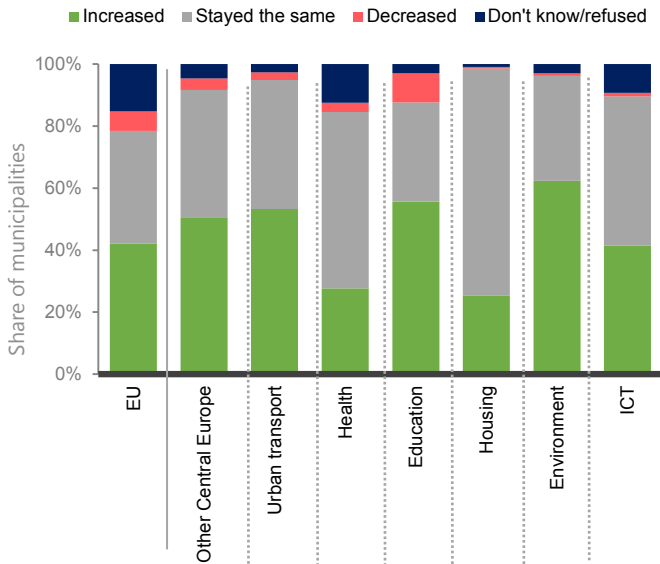
The Regional results are weighted by the urban population of each country.

Key findings

Investment Activities:	Over the last five years, around half of the municipalities in Other Central Europe report both an increase in investments activities in their jurisdictions and a rise in their own investment activities.
Investment Priorities:	45% of municipalities plan to invest in maintenance in the next five years, 30% in modernisation and only 17% in new capacity. New capacity is likely to play a bigger role in ICT and in the environmental sector. Municipalities in Other Central Countries focus their investment activities on making their infrastructure more socially inclusive in the health sector, in education and in social housing.
Investment Gaps:	Only 20% of municipalities believe they underinvested in the last 5 years, mostly in social housing and in the environmental sector. Consistently, the quality of their infrastructure is ranked at 3.4 (on a scale from 0 to 5) which is above the EU average. On balance, more municipalities in Other Central Europe are optimistic than sceptical about the possibility to close the infrastructure gaps in the next five years. Still, with regard to the health sector they remain sceptical.
Investment Efficiency:	Municipalities are slightly more often performing proper project assessment before going ahead with an infrastructure project and in the EU as a whole. Their ability to collaborate with other bodies is low and in most of the cases below the EU average level.
Drivers and Barriers:	The main barriers to infrastructure investments for Other Central Countries municipalities are the length of approval process, technical capacity and budget. In addition, an aging population as well as outward migrations appear to be the most important drivers for the demographic situation in their jurisdictions.
Finance:	Municipalities in Other Southern Countries mainly resort to their own resources, transfers and EU funds to finance infrastructure investment. External finance accounts for only 3%, mostly coming from banks.

OTHER CENTRAL - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Half of municipalities in Other Central Countries report an 'increase' in infrastructure investment activities over the last five years. 41% saw infrastructure investment 'stay the same'. Only around 4% report a 'decrease' in infrastructure investment over this period.

The share of municipalities reporting an 'increase' in infrastructure investment is higher than the EU average of 42% and in addition, is highest for the 'environment' sector.

Base: All municipalities

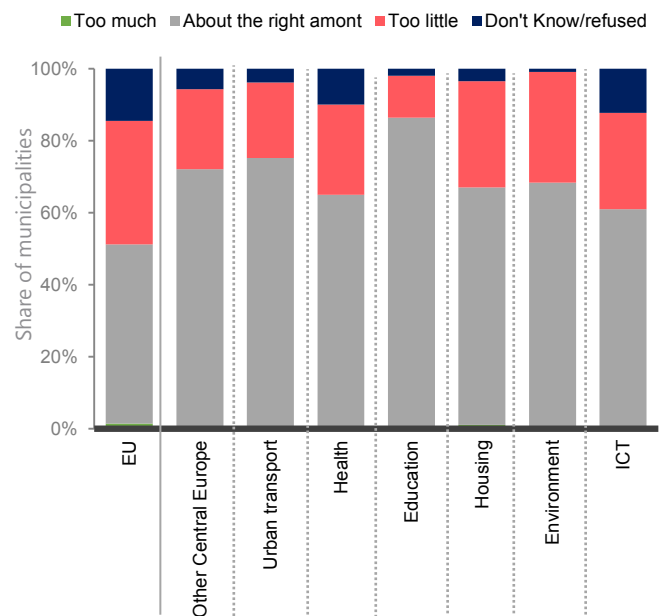
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Around 70% of municipalities in Other Central Countries consider past investment in infrastructure to have been 'about the right amount'. This percentage is above the EU average level of 49%.

More than one in five municipalities in Other Central Countries consider their investment activities over the past five years below needs. No municipality report over-investment in the considered period.

The share of municipalities reporting under-investment is largest for the social 'housing' and 'environmental' sectors.

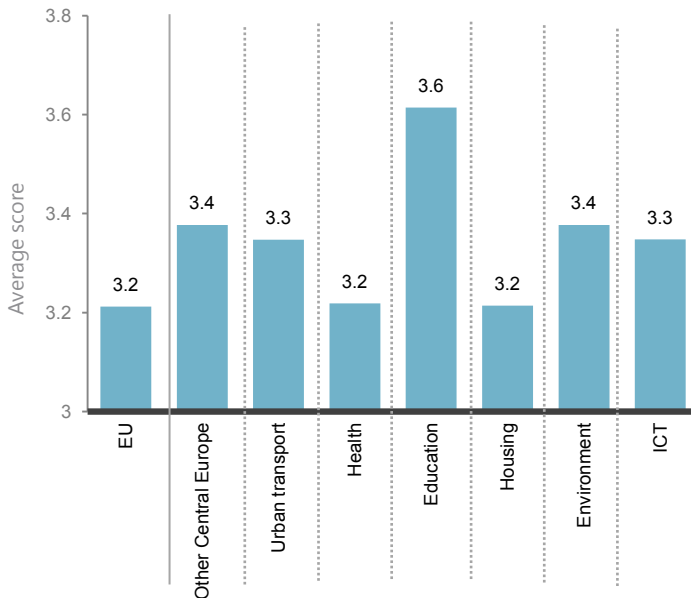


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

OTHER CENTRAL - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



Regarding the evaluation of the quality of their infrastructure, municipalities in Other Central Countries report an average score that is above the mid-point and higher than the EU average.

'Education' infrastructure ranks highest in term of quality.

In contrast, 'health' and social 'housing' infrastructures place lowest in terms of quality.

Base: All municipalities

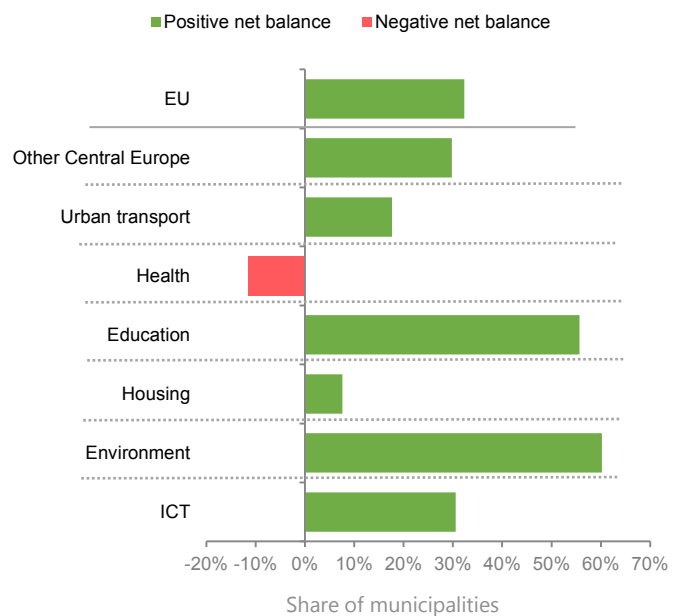
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in Other Central Countries are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in Other Central Countries are as optimistic as the EU average level.

On net terms, they are sceptical the gap can be closed in the health sector.

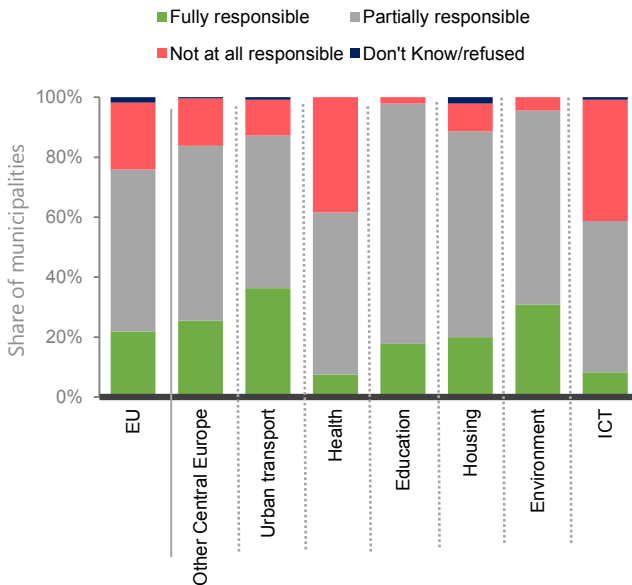


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

OTHER CENTRAL - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



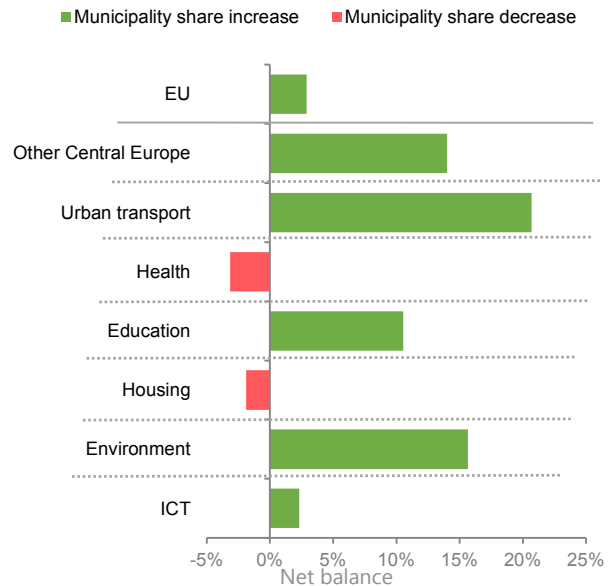
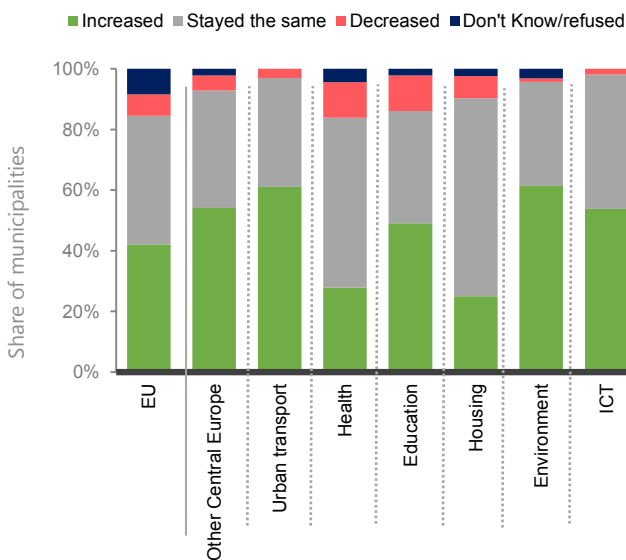
Around 25% of municipalities in Other Central Countries are fully responsible for infrastructure investment activities in their jurisdictions. Slightly less than 60% are 'partially responsible' and only 15% are 'not at all responsible'.

Asked about their own investment activities, more than half of the municipalities state that they 'increased' their infrastructure investment over the last five years.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

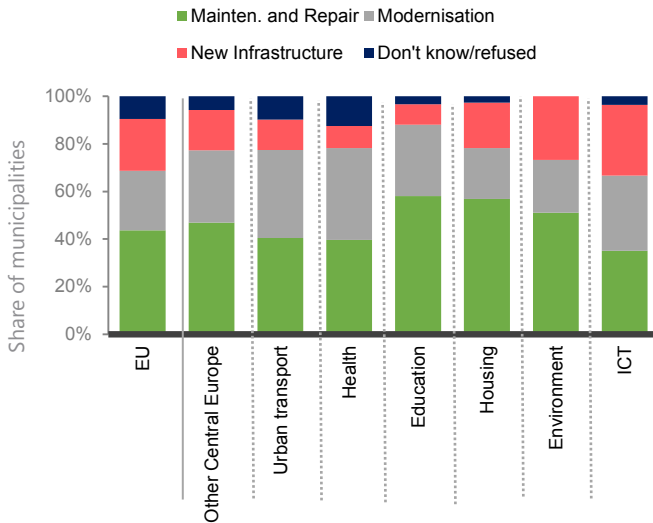
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

OTHER CENTRAL – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, around 45% of municipalities in Other Central Countries intend to focus their investment activities in the 'maintenance and repair' of existing infrastructure.

30% of municipalities wish to invest primarily in 'modernizing' the existing infrastructure and only 17% in expanding existing capacity.

'Modernisation' and 'capacity expansion' are named most frequently as investment focus for 'health' and 'urban transport'.

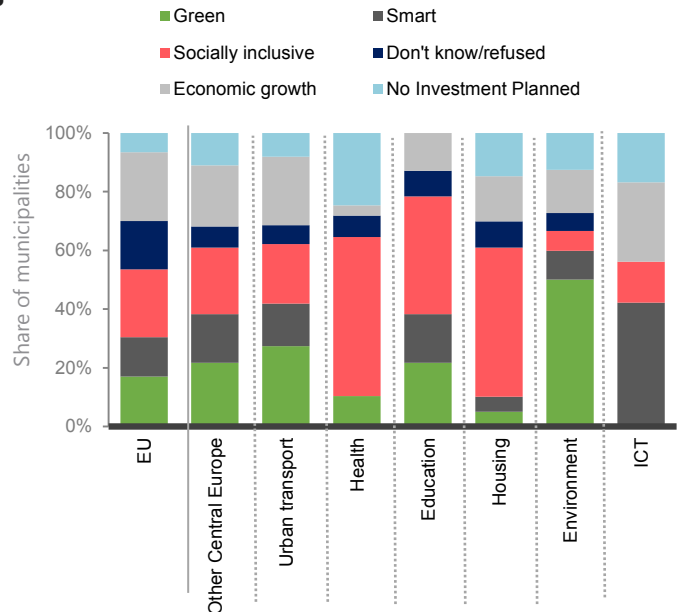
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

Overall, the policy priorities of municipalities in Other Central Europe follow those of the EU. The main exceptions are 'smart' and 'green', which are higher priorities in the Other Central Europe countries.

The main policy priority for municipalities in Other Central Countries is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health' sector, to make it 'greener' in the case of 'environmental' infrastructure and 'smarter' in case of 'ICT'.

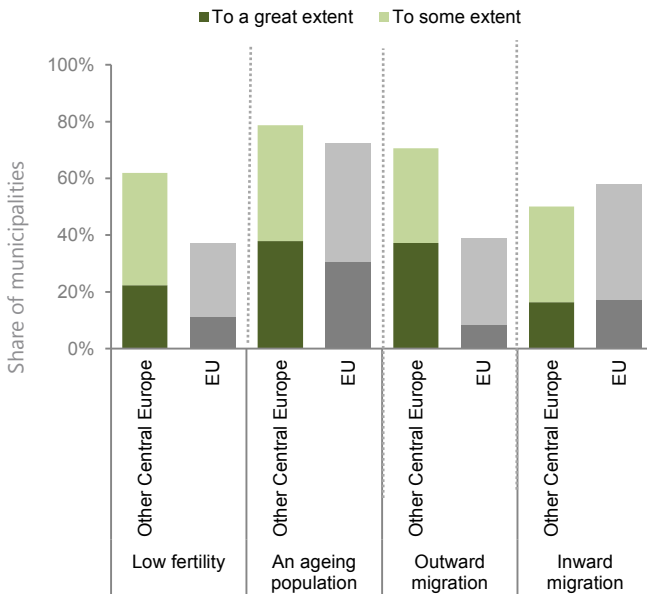


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

OTHER CENTRAL – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



Slightly more than 70% of municipalities in Other Central Countries, consider 'an aging population' and 'outward migration' the main drivers for the demographic situation in their jurisdictions.

This is followed by 'low fertility' and 'inward migration'.

Base: All municipalities.

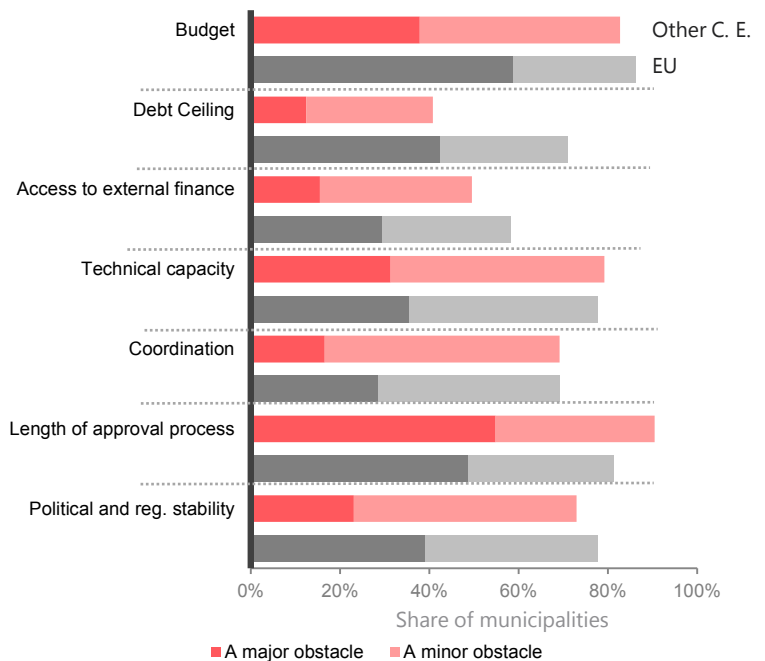
Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main obstacle to the implementation of the infrastructure investment activities for Other Central Countries municipalities is 'lengths of approval process'.

In addition, 'technical capacity' and 'budget' are considerable barriers.

Moreover, 'debt ceiling', 'access to external finance' and 'coordination' appear to be a minor obstacles for the implementation of infrastructure investment activities.

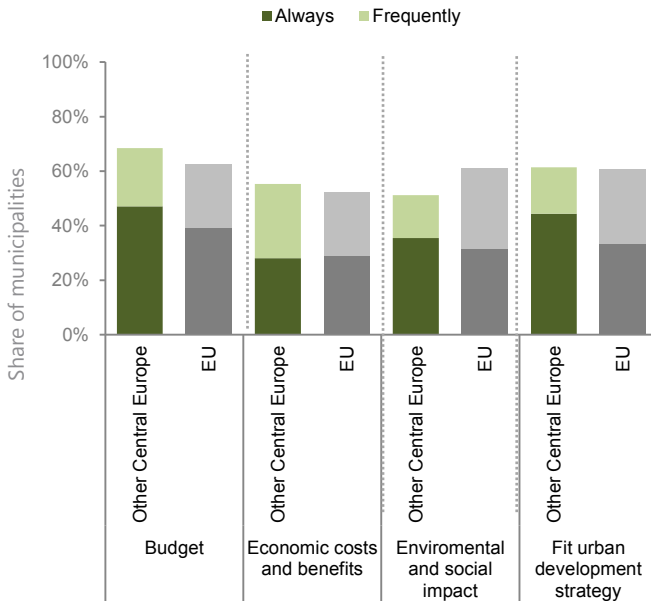


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

OTHER CENTRAL – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



47% of municipalities in Other Central Countries 'always' perform a 'budgetary' analysis and assess fit with an urban development strategy, and an additional 20% does this frequently.

35% of municipalities 'always' conduct an 'environmental and social impact analysis'.

In general, municipalities in Other Central Europe tend to perform project assessments slightly more frequently than the EU average.

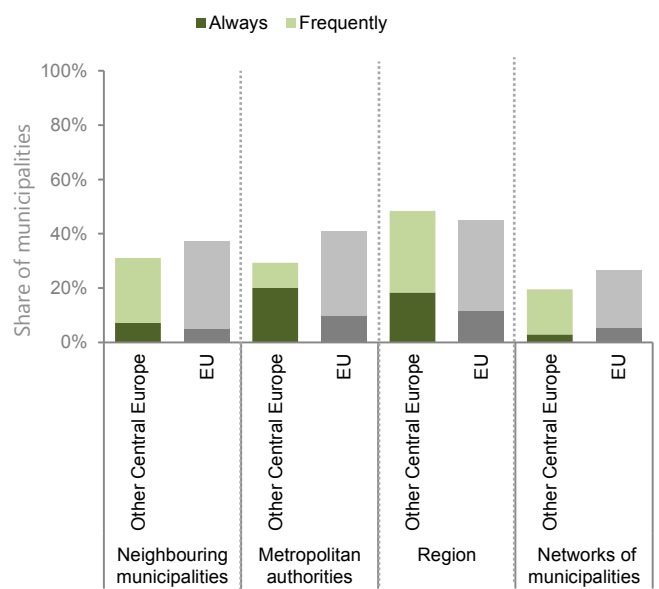
Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

Slightly less than half of municipalities in Other Central Countries coordinate with 'Regions' in planning and implementing infrastructure projects.

Overall, the ability of Other Central Countries municipalities to cooperate with their neighbourhoods is low and in most of the cases below the EU average level.

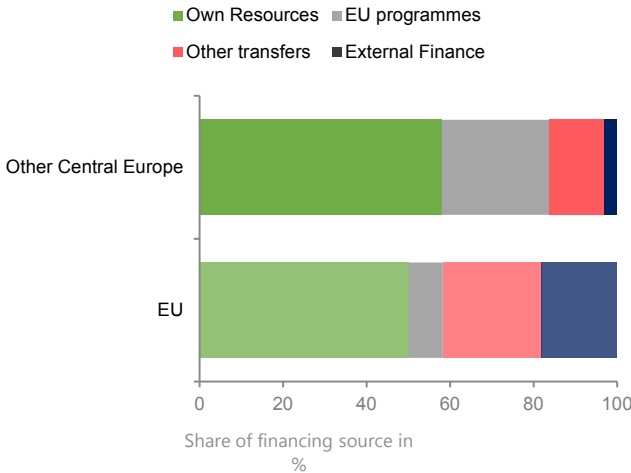


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

OTHER CENTRAL - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in Other Central Countries (58%), followed by 'EU programmes' (25%) and 'other transfers' (13%). Only 3% of investments activities are funded through 'external finance'.

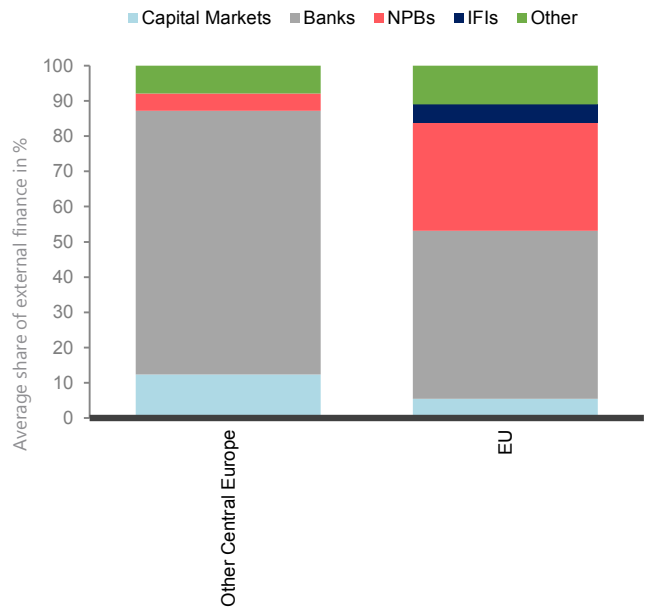
Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' are the main sources of external finance for Other Central Countries municipalities. The share of infrastructure investments supported by 'Banks' is more than 70%.

'Capital Markets' represents some 10% of external finance, above the EU average.

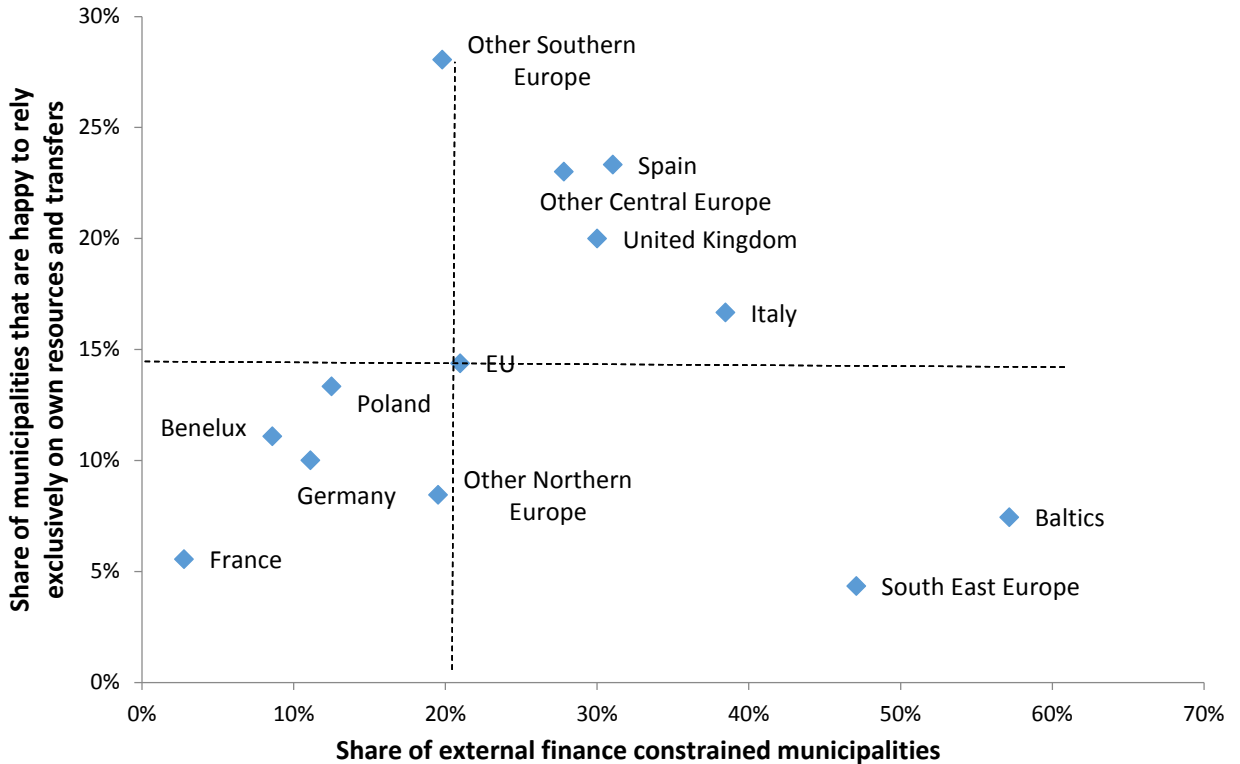


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

OTHER CENTRAL - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external financial constraints. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. Other Central European Countries have a share of externally finance constrained municipalities that is slightly less than 30%.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE



11. SOUTH EAST EUROPE

12. BALTICS

13. BENELUX

SOUTH EAST EUROPE OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

This overview presents selected findings for:

Bulgaria, Croatia and Romania based on telephone interviews with 56 municipalities. Interviews were carried out between May and August 2017.

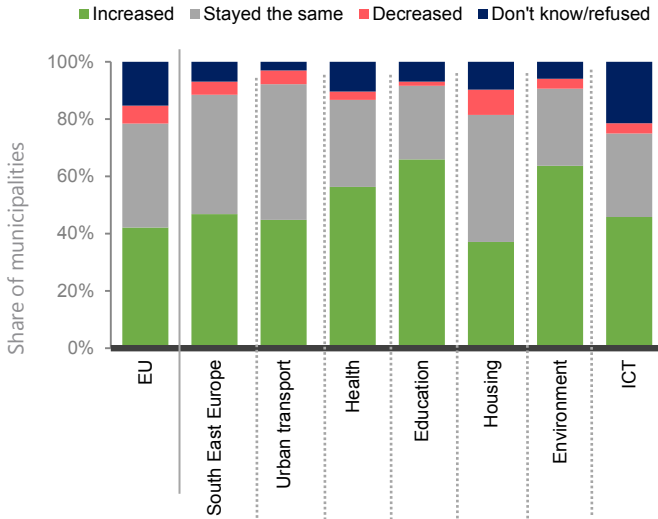
The Regional results are weighted by the urban population of each country.

Key findings

Investment Activities:	Over the last five years, 46% of municipalities in South East Europe report both an increase in investments activities in their jurisdictions and a rise in their own investment activities.
Investment Priorities:	Municipalities in South East Europe plan to focus some 70% of their investment activities in the next 5 years in maintenance and modernisation, and only 22% in new capacity. The share of new investment in capacity is likely to be particularly high in housing.
Investment Gaps:	36% of municipalities believe they underinvested in the last 5 years, mostly in social housing and in urban transport. Consistently, the quality of infrastructure is ranked at 3.0 (on a scale from 0 to 5), which is slightly below the EU average. It is lowest in social housing and urban transport. On balance, more municipalities in South East Europe are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.
Investment Efficiency:	The share of municipalities in South East Europe that carries out independent assessments of infrastructure projects fluctuates between 50% and 60%, relatively high by comparison with the EU as a whole. Moreover, they have a high propensity to cooperate with regions and metropolitan authorities in planning infrastructure projects.
Drivers and Barriers:	The main obstacles to infrastructure investments for South East European municipalities are the length of the approval process, budget and debt ceilings and stability. In addition, an aging population together with outward migrations appear to be the most important drivers of the demographic situation in their jurisdictions.
Finance:	Municipalities in South East Europe mainly resort to their own resources, transfers and EU funds to finance infrastructure. External finance is marginal, with Banks and International Financial Institutions playing the key role and MDBs playing a minor role.

SOUTH EAST - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



46% of municipalities in the South East Countries report an 'increase' in infrastructure investment activities over the last five years. 41% saw infrastructure investment 'stay the same'. Only around 6% report a 'decrease' in infrastructure investment over the last five years.

The share of municipalities reporting an 'increase' in infrastructure investment is slightly higher than the EU average.

Base: All municipalities

Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

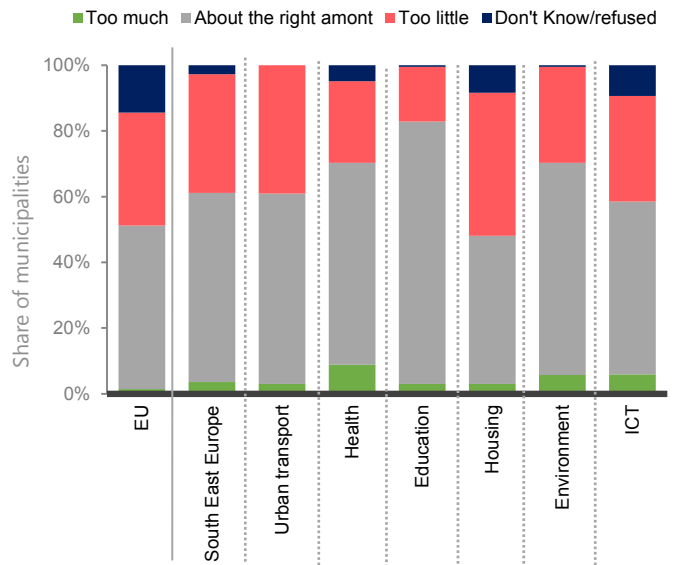
Around 57% of municipalities in South East Countries consider past investment in infrastructure to have been 'about the right amount'. This percentage is above the EU average of 49%.

36% of municipalities in South East Countries consider their investment activities over the past five years below needs. Only around 3% of municipalities report over-investments in the considered period.

The share of municipalities reporting under-investments is largest for social 'housing' and 'urban transport'.

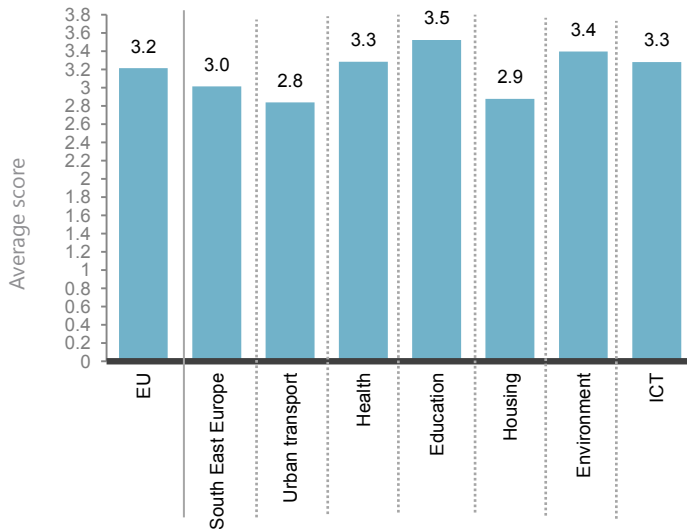
Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?



SOUTH EAST - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of the infrastructure in their jurisdictions on a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in South East Countries report an infrastructure quality that is above the mid-point and slightly lower than the EU average.

'Urban transport' and social 'housing' rank lowest in term of quality while 'education' places higher compared to other investment categories.

Base: All municipalities

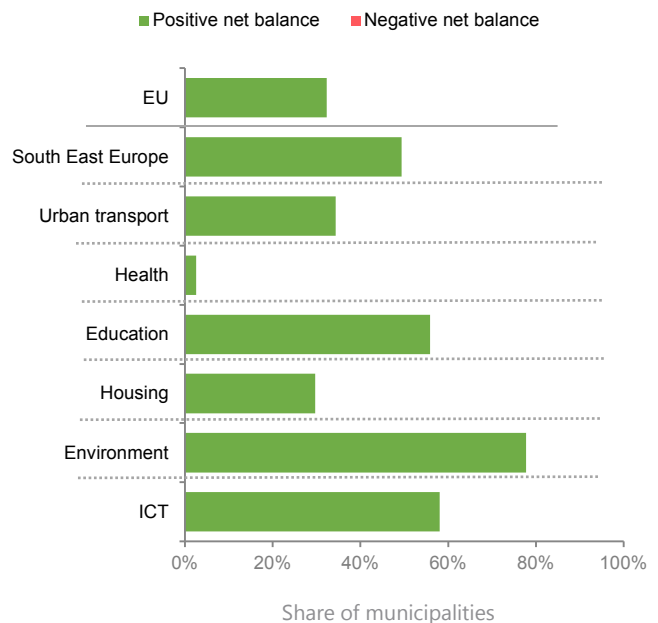
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in South East Countries are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in South East Countries are more optimistic than other EU Countries.

Breakdown by investment categories reveals that jurisdictions in South East Countries are most positive for the 'environmental' sector.

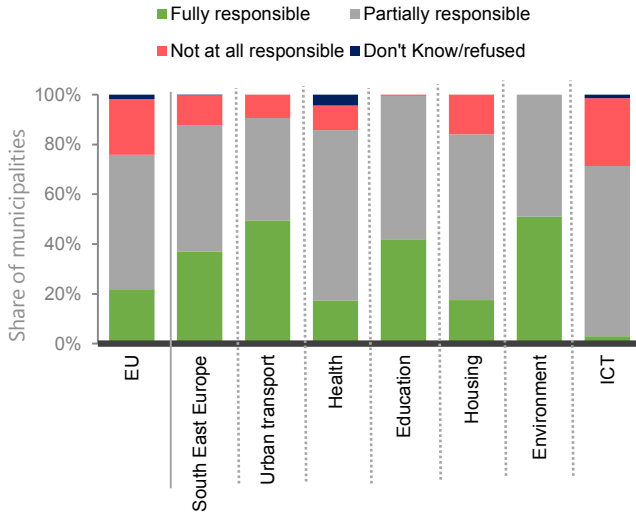


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

SOUTH EAST - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



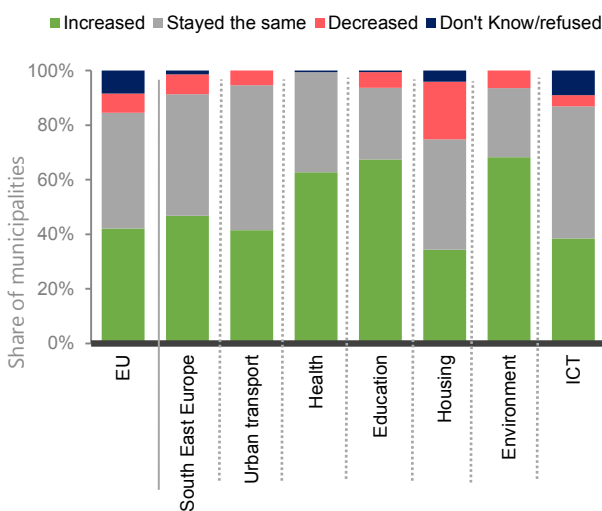
Half of the municipalities in South East Countries are 'partially responsible' for infrastructure investment activities in their jurisdictions. More than 35% of municipalities are 'fully responsible'.

Asked about their own investment activities, 46% of municipalities state that they 'increased' their infrastructure investment activities over the last five years.

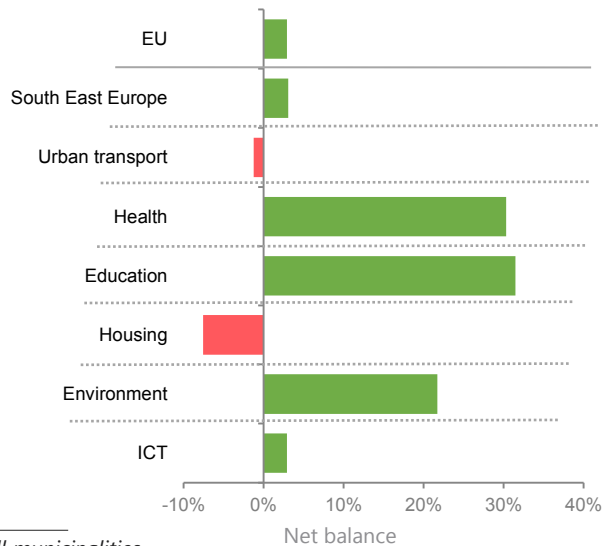
Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Legend: Municipality share increase (green), Municipality share decrease (red)



Base: All municipalities

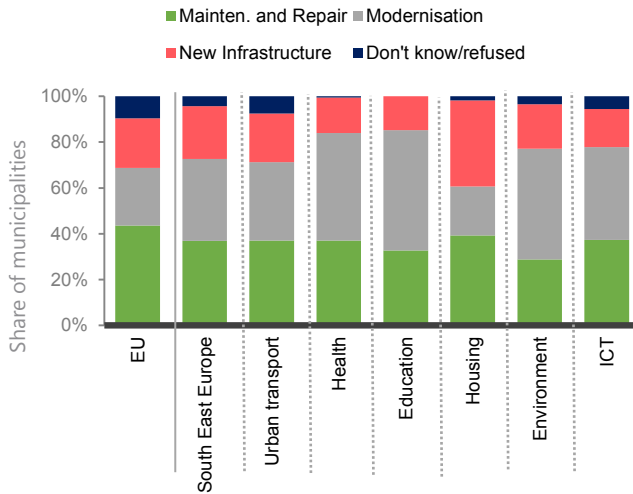
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

SOUTH EAST – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



Around 35% of municipalities in South East Countries intend to focus their investment activities in 'maintenance and repair' of existing infrastructure and 'modernisation'.

22% of municipalities wish to invest primarily in building 'new infrastructure' in the next five years

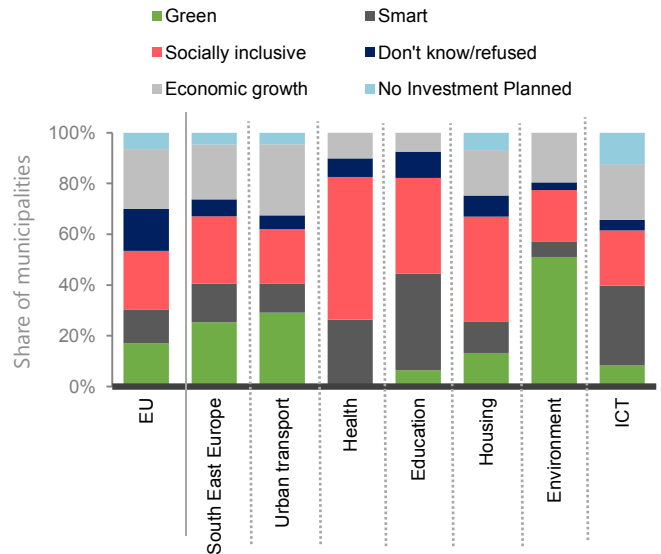
In particular, 'new infrastructure' is named most frequently as investment focus for the social 'housing' sector.

Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

The main policy priority for South East Countries municipalities is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health' sector, to make it 'greener' in the case of 'environmental' infrastructure and 'smarter' for the 'education' and 'ICT' sectors.

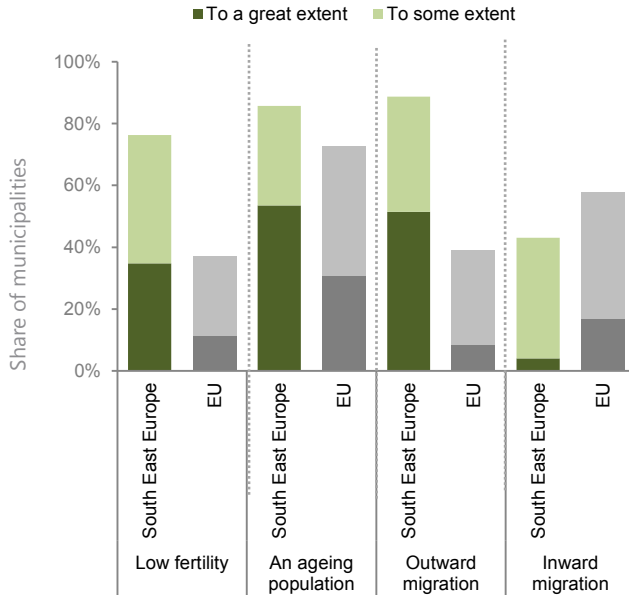


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

SOUTH EAST – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



80-90% of municipalities in South East Europe consider 'an ageing population' and 'outward migration' to be the main drivers of their demographic situation.

This is followed by 'low fertility' and 'inward migration'.

A comparison between South East Europe and the EU average reveals that 'outward migration' and 'low fertility' generally play a more relevant role in South East Countries than elsewhere.

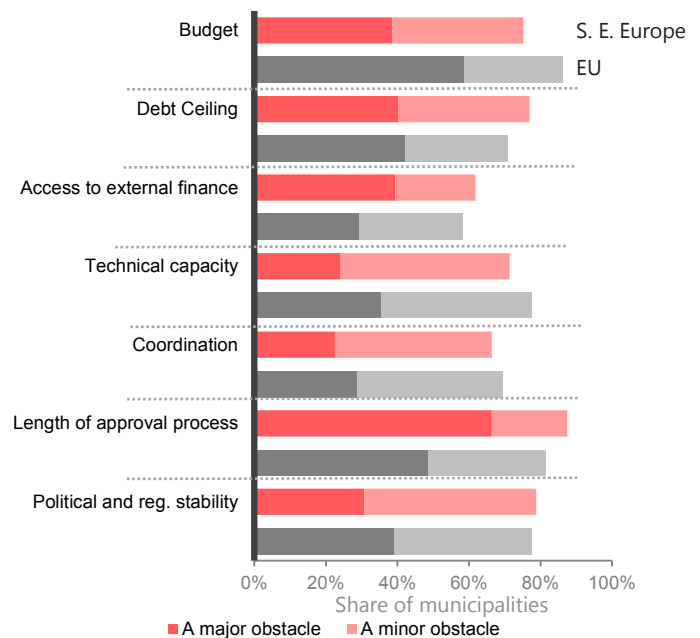
Base: All municipalities.

Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The share of South East Countries that perceives as a long term barrier the 'length of approval process' is around 90%.

Budget, debt ceiling and political and regulatory stability are considered barriers by some 80% of the municipalities.

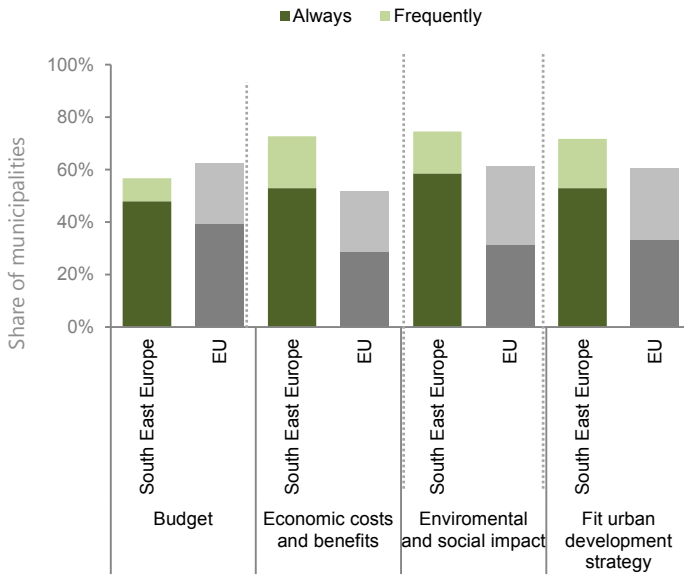


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities?
(Data not shown for not an obstacle at all/don't know/refused)

SOUTH EAST – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



The share of municipalities in South East Countries that carries out an independent ex ante assessment of infrastructure projects varies between 50% and 80%.

Slightly less than 60% always conduct an 'environmental and social impact' analysis and assess fit with an urban development strategy.

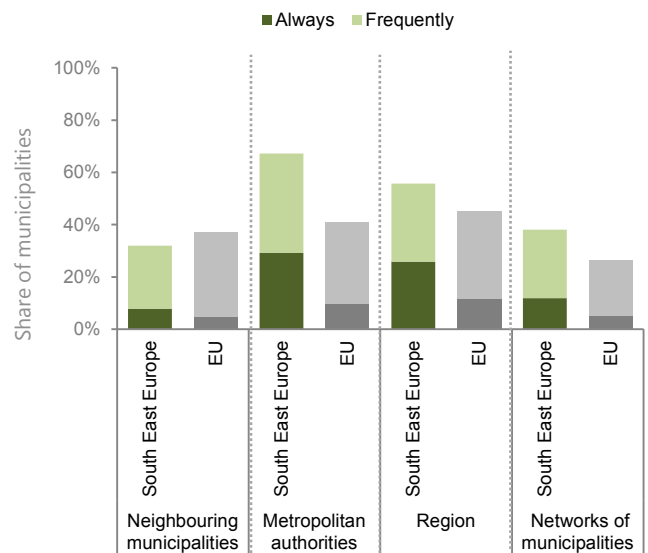
Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

South East Countries municipalities have a slightly highest propensity to collaborate with 'regions', 'networks of municipalities' and 'metropolitan authorities' compared to the EU average trend.

Around 60-70% of South East Countries municipalities coordinate with their 'metropolitan authorities' or regions in planning and implementing infrastructure projects.

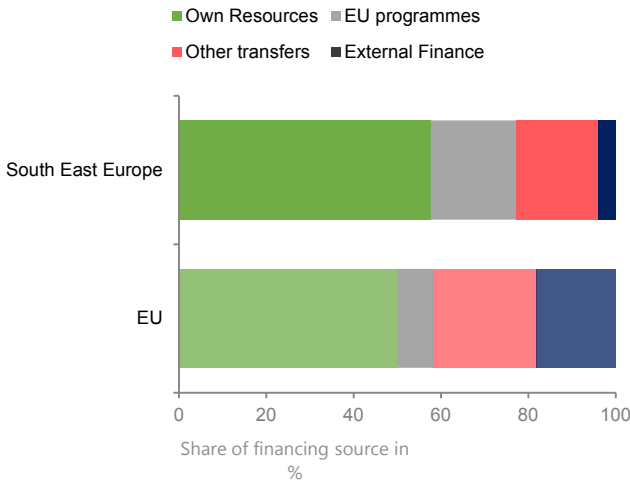


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

SOUTH EAST - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in South East municipalities (57%), followed by 'EU programmes' and 'other transfers' (19% and 18% respectively).

A comparison with the other EU countries reveals that for South East municipalities, 'external funds' play a less important role as a source of investment finance.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

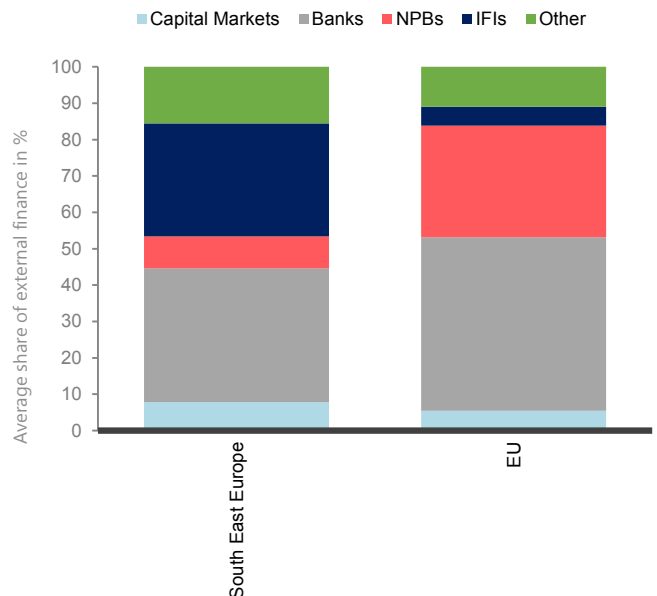
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' and International Financial Institutions' are the most important sources of external finance among South East municipalities.

The share of infrastructure investments supported by 'Banks' is more than 35%.

A comparison between South East Countries municipalities and EU reveals that 'IFIs' generally play a more important role for municipalities in South East than elsewhere, also due to the lower relevance of the NPBs.

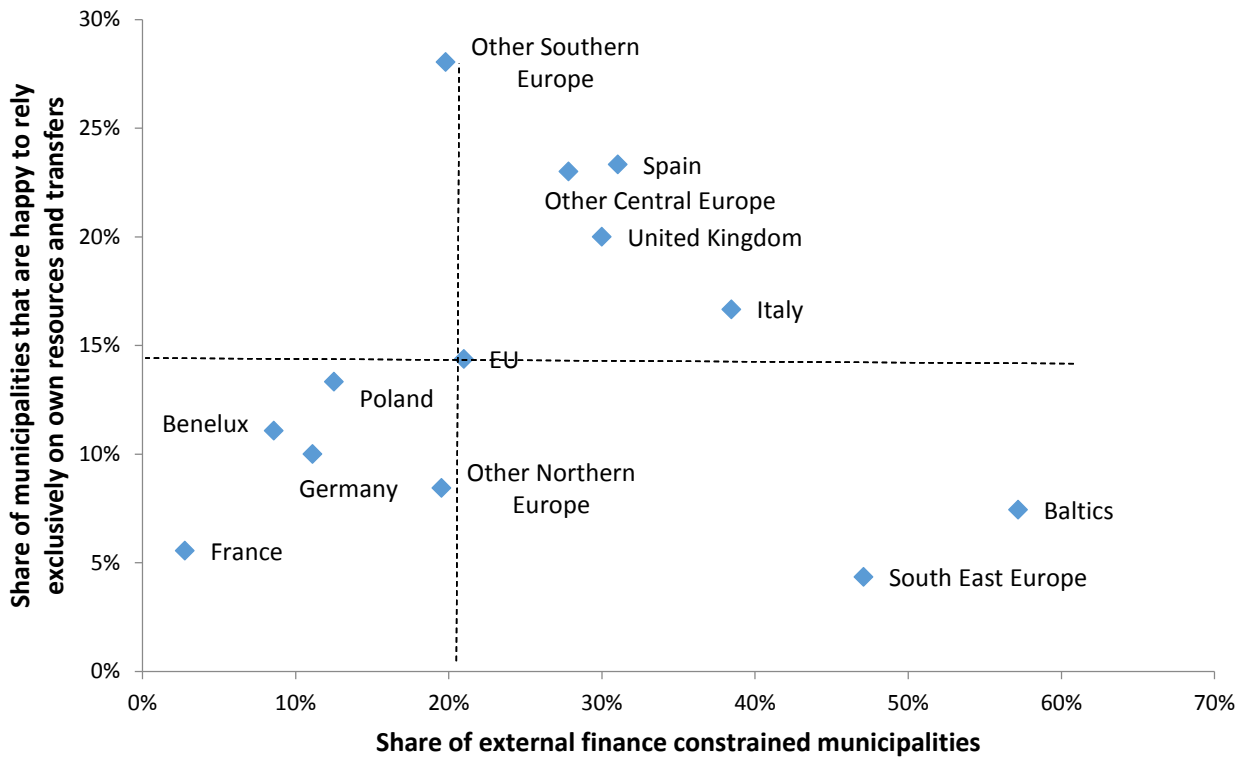


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

SOUTH EAST - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in South East Europe appeared to have the highest share of external financial constraints (47%), beside the Baltics. At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers, which is around 5%.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE



12. BALTICS

13. BENELUX

BALTICS OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs. This overview presents selected findings for:

Estonia, Latvia and Lithuania based on telephone interviews with 45 municipalities. Interviews were carried out between May and August 2017.

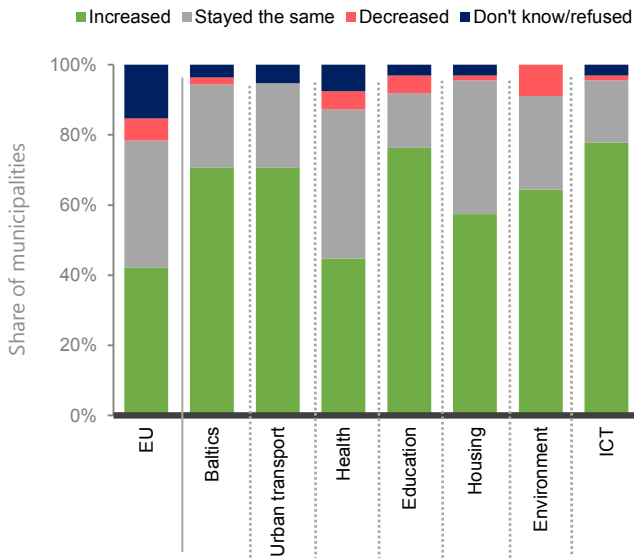
The Regional results are weighted by the urban population of each country.

Key findings

Investment Activities:	Over the last five years, 70% of municipalities in the Baltics report an increase in investments activities in their jurisdictions.
Investment Priorities:	Municipalities plan to focus 50% of their infrastructure investment activities on modernisation in the next 5 years, a relatively high share when compared to the rest of the EU. One third of investment is planned for maintenance and some 15% for new infrastructure. The main priority for municipalities in the Baltics is to focus their investment activities on making their infrastructure more socially inclusive, especially in the health sector, education and housing.
Investment Gaps:	46% of municipalities believe they invested below needs in the last 5 years, especially in housing, health and urban transport. Moreover, the quality of their infrastructure is ranked at 3.3 (on a scale from 0 to 5), slightly above the EU average, and lowest in housing. On balance, more municipalities in the Baltics are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.
Investment Efficiency:	Slightly more than 30% of municipalities in the Baltics always carry out a budgetary analysis before going ahead with an infrastructure project, similar to the average of the EU. Contrary to many other European regions, they have a very high propensity to cooperate with metropolitan authorities in planning and implementing infrastructure.
Drivers and Barriers:	The main obstacles to infrastructure investments for the Baltic municipalities are the length of approval process, a narrow budget, debt and political and regulatory stability. In addition, the aging population, low fertility and outward migration appear to be the most important drivers for the demographic situation, recognized as an issue by almost 100% of the municipalities.
Finance:	Municipalities in the Baltics mainly resort to their own resources, transfers and EU funds to finance infrastructure investment activities. External finance accounts for 4%. Banks are the main sources of external finance, with NPBs and IFIs.

BALTICS – INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



70% of municipalities in Baltics report an 'increase' in infrastructure investment activities over the last five years. 23% saw infrastructure investment 'stay the same'. Only around 3% report a 'decrease' in infrastructure investment over this period.

The share of municipalities reporting an 'increase' in infrastructure investment is 18% higher than the EU average.

Base: All municipalities

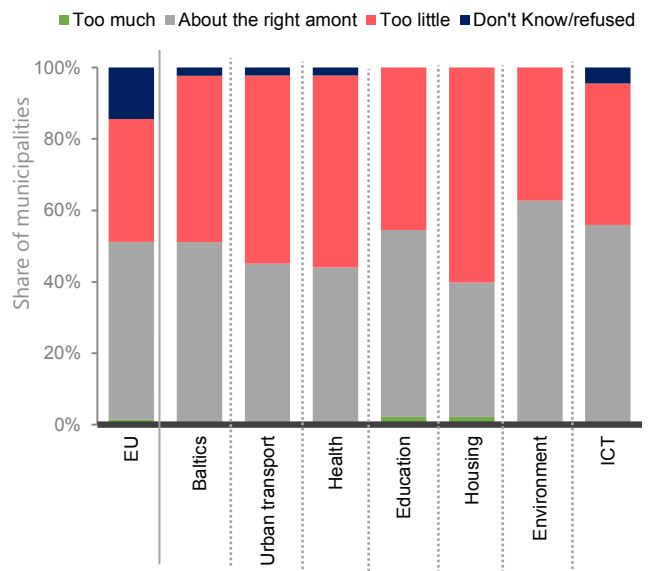
Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Around half of the municipalities in the Baltics consider past investment in infrastructure to have been 'about the right amount'.

46% of municipalities in Baltics consider their investment activities over the past five years below needs. No municipalities report over-investment in the considered period.

The share of municipalities reporting under-investment is largest for social 'housing', 'health' and 'urban transport'.

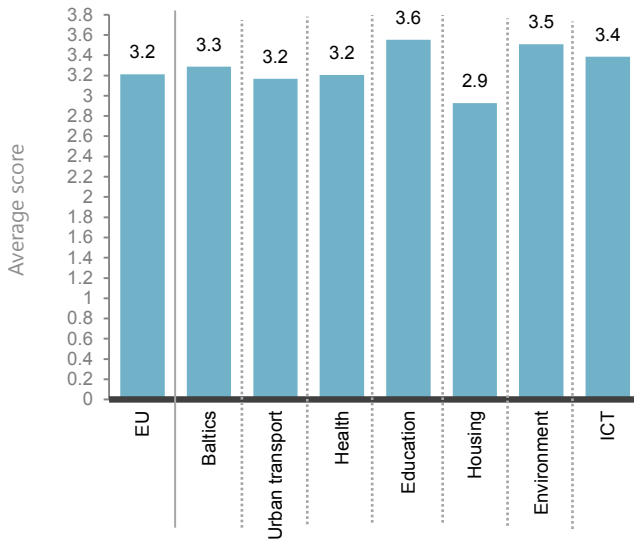


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

BALTICS - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to measure the quality of their infrastructure on a scale of 0 to 5, municipalities in Baltics report an infrastructure quality that is above the mid-point and slightly higher than the EU average.

Infrastructure related to 'education' ranks highest in terms of quality.

In contrast, social 'housing' infrastructure places lowest.

Base: All municipalities

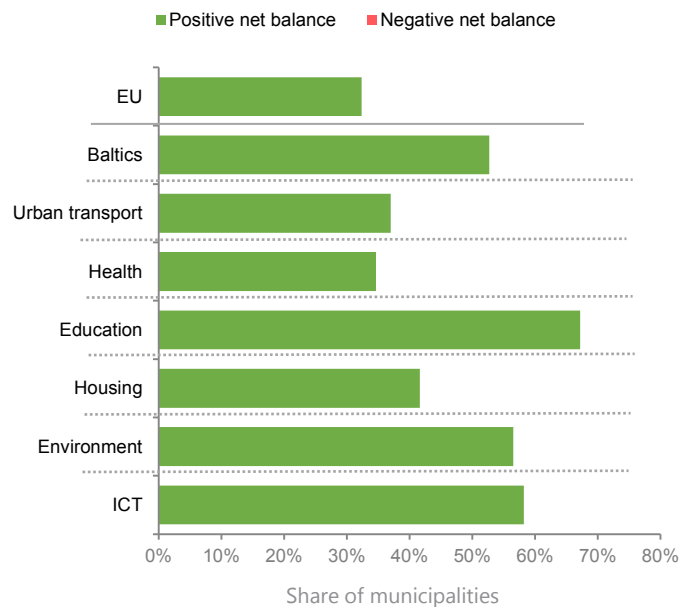
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in the Baltics are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in the Baltics are more optimistic than the other EU Countries.

Breakdown by investment categories shows that jurisdictions in the Baltics are most positive in the case of investments related to the 'education' sector.

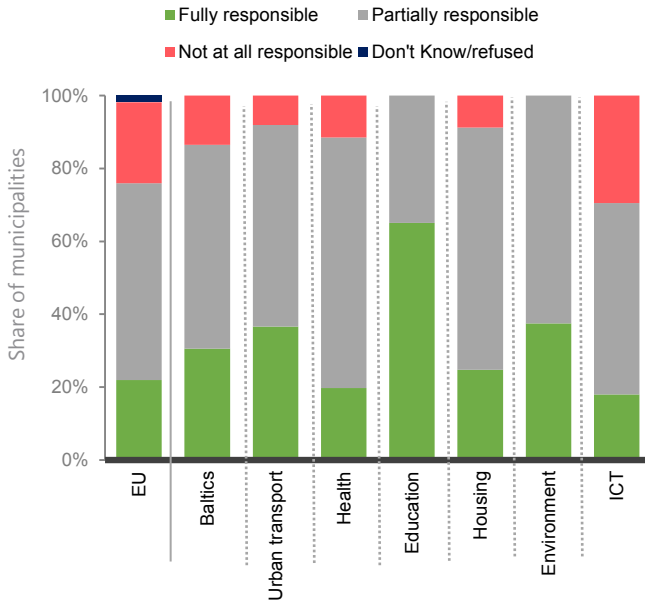


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

BALTICS - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



About two thirds of municipalities in the Baltics are either 'fully' or 'partially responsible' for infrastructure investment activities in their jurisdiction.

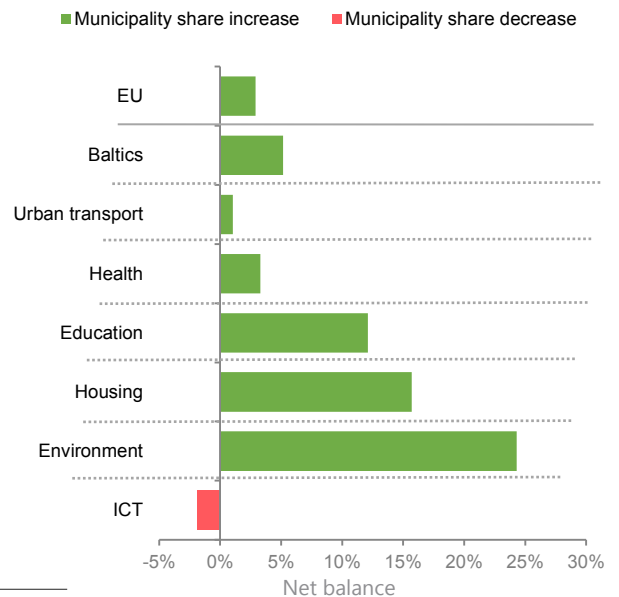
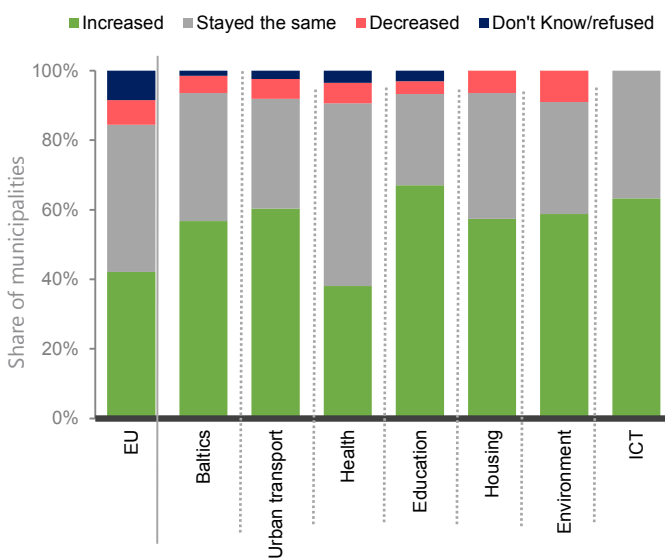
Asked about their own investment activities (as opposed to investment activities in their jurisdiction), more than one in two reported that they increased their infrastructure investment activities.

On net, municipalities in the Baltics saw their investment share increase in the past five years. This was most pronounced in the 'housing' and 'environmental' sectors.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

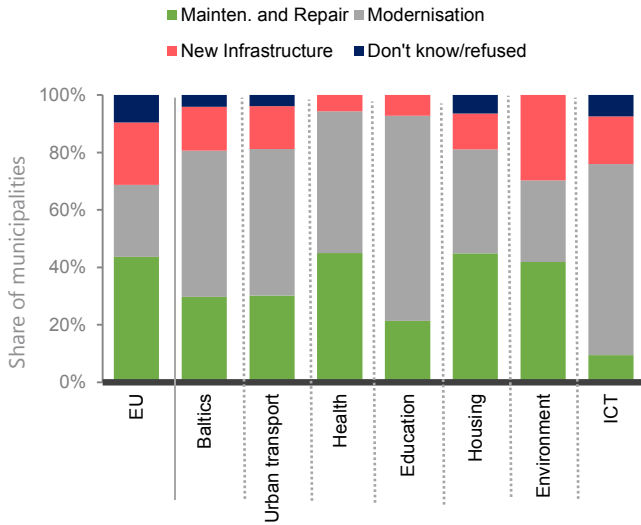
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

BALTICS – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



For the next five years, around one in three municipalities in the Baltics intend to focus their investment activities in 'maintenance and repair' of existing infrastructure.

Half of the municipalities wish to invest primarily in 'modernizing' existing infrastructure and 15% in expanding existing capacity.

The need for more 'new infrastructure' is particularly high in case of the 'environmental' sector.

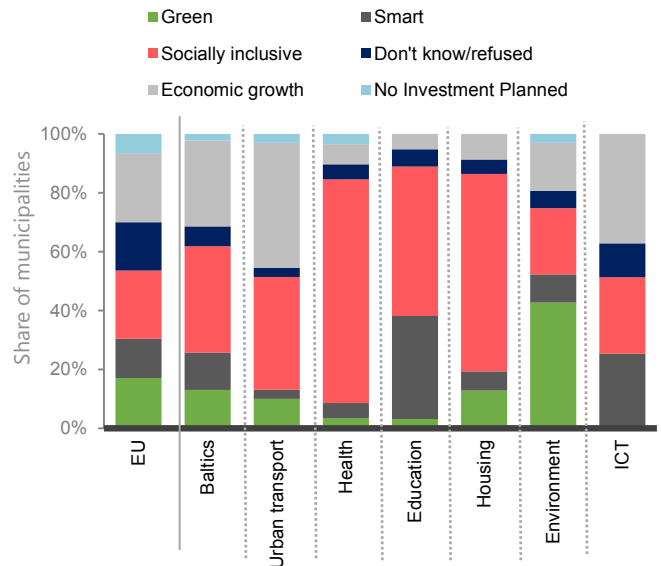
Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

Overall, investment in 'socially inclusive' infrastructure appears to be the main priority for Baltic municipalities compared to the other EU Countries.

From a policy perspective, the main priority for municipalities in the Baltics is to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health', 'education' and social 'housing' sectors and to make it 'greener' in the case of 'environmental' infrastructure.

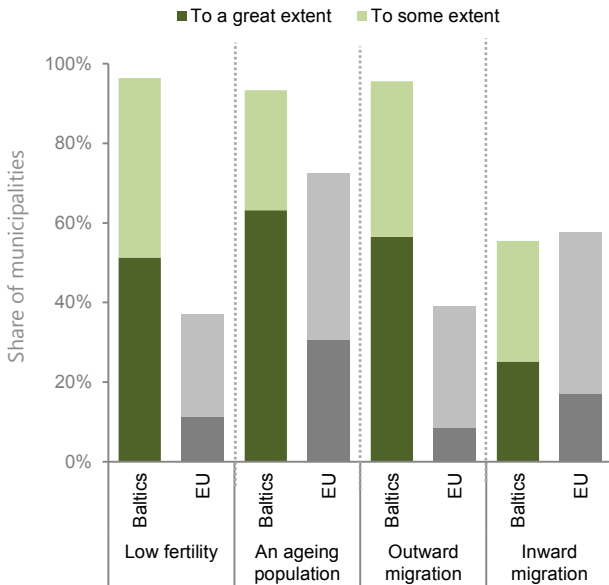


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

BALTICS – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



Almost 100% of municipalities in Baltics consider 'an ageing population' the main driver for the demographic situation in their jurisdictions.

This is followed by outward migration and low fertility.

A comparison between Baltic and EU municipalities reveals that 'low fertility' and 'outward migration' generally play a more relevant role in the Baltics than elsewhere.

Base: All municipalities.

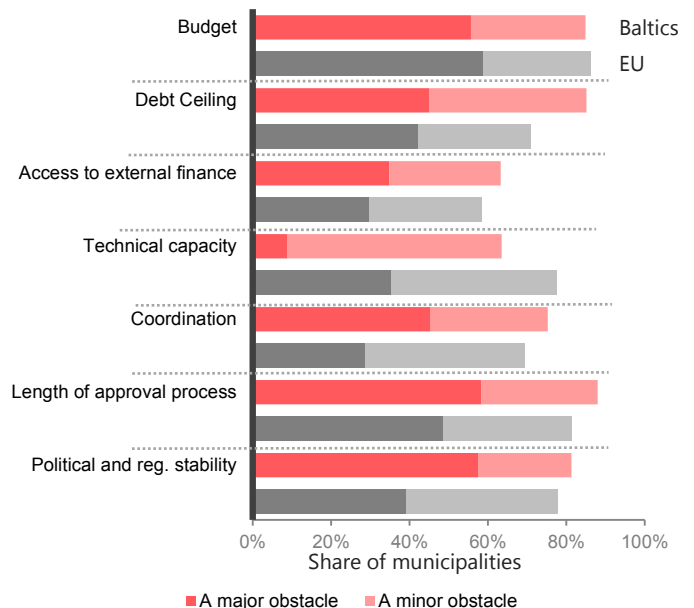
Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main long term obstacles perceived by Baltic municipalities are the 'length of approval process', and 'political and regional stability'.

Budget and debt limits are also considered impediments by more than 80% of the municipalities.

On the contrary, 'technical capacity' appears to be a less binding obstacles for the implementation of infrastructure investment activities, compared to the EU average.

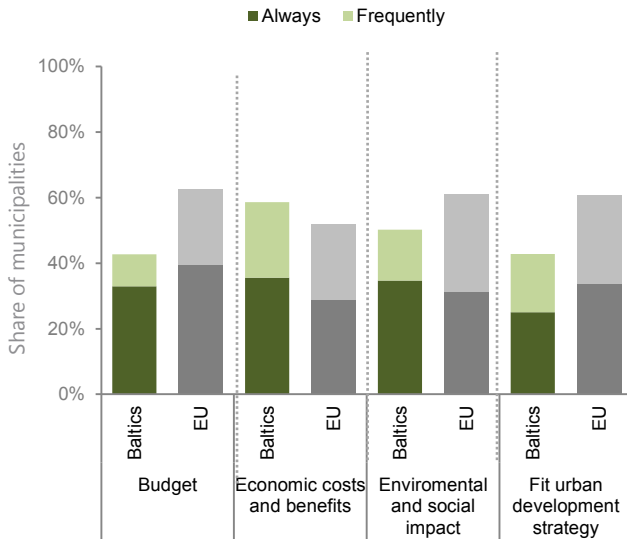


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

BALTICS – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



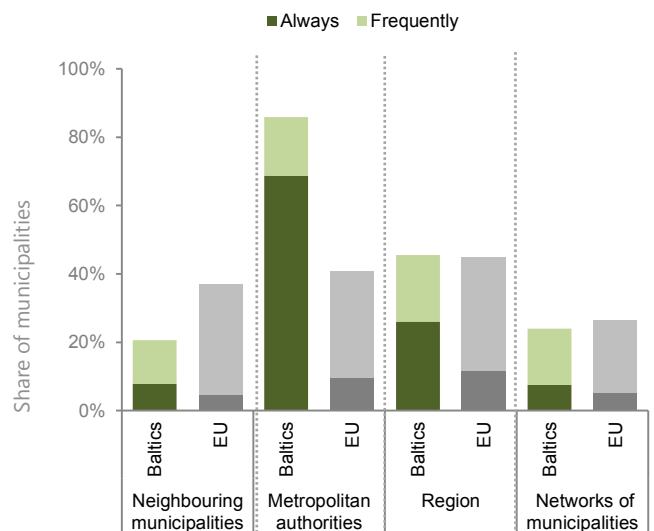
Slightly more than 30% of municipalities in the Baltics always carry out a 'budgetary' analysis, an 'economic costs and benefits analysis' and 'an environmental and social impact analysis' before going ahead with a project.

Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

The most striking trend is represented by the 68% of Baltic municipalities willing to always cooperate with 'metropolitan authorities'.

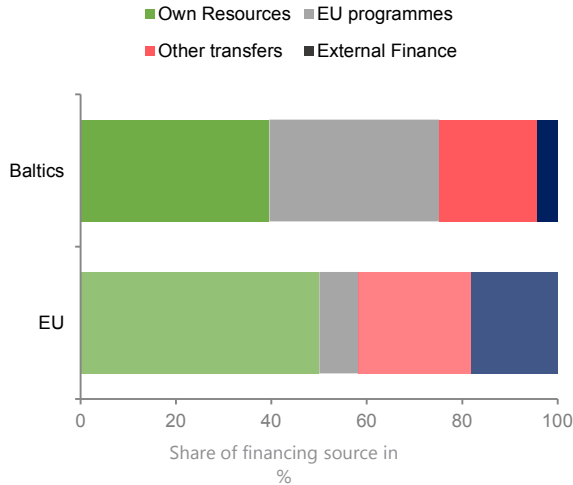


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

BALTICS - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'Own resources' represents the largest share of investment finance for municipalities in the Baltics (39%), followed by 'EU programmes' (35%) and 'other transfers' (20%).

The share of investment financing related to 'external finance' accounts for only 4%. This is in net contrast with the EU trend.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

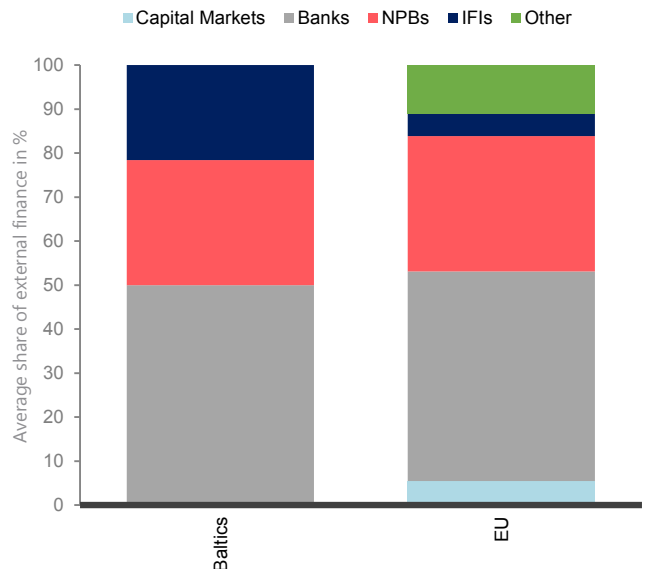
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITES

'Banks' are the main sources of external finance among municipalities in the Baltics. They provide 50% of financing for Baltic municipalities followed by National Promotional Banks' (slightly less than 30%) and International Financial Institutions' (around 20%).

None of the Baltic municipalities mentioned 'Capital markets' as a source of external finance.

A comparison between municipalities in the Baltics and EU reveals that 'IFIs' generally plays a more important role in Baltics than elsewhere.

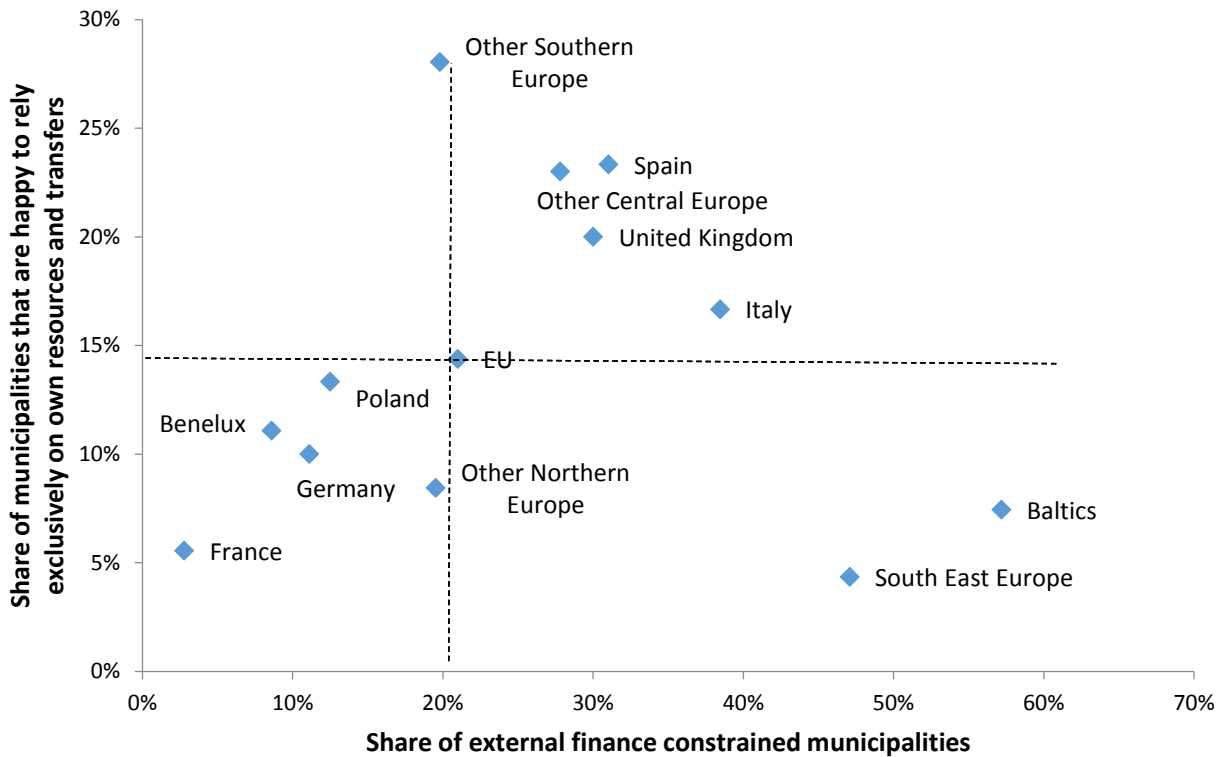


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

BALTICS - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

South East Europe and the Baltics appeared to have the highest share of external finance constrained municipalities (47% and 57% respectively). At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%.

1. EU OVERVIEW

2. FRANCE

3. GERMANY

4. ITALY

5. SPAIN

6. POLAND

7. UK

8. OTHER NORTHERN EUROPE

9. OTHER SOUTHERN EUROPE

10. OTHER CENTRAL EUROPE

11. SOUTH EAST EUROPE

12. BALTICS



13. BENELUX

BENELUX OVERVIEW

The Municipality Infrastructure Investment Module of the EIB Investment Survey gathered information from key decision makers at local municipalities on local infrastructure investment activities and needs.

This overview presents selected findings for:

Belgium, Netherland and Luxembourg based on telephone interviews with 46 municipalities. Interviews were carried out between May and August 2017.

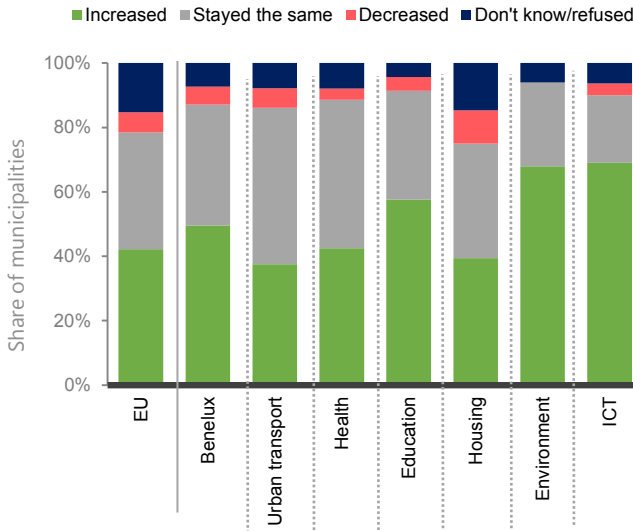
The Regional results are weighted by the urban population of each country.

Key findings

Investment Activities:	Over the last five years, slightly less than half of the municipalities in the Benelux countries report an increase in investments activities in their jurisdictions. And asked about their own investment activities, 44% say that they increased their infrastructure investments.
Investment Priorities:	Municipalities will concentrate 50% of their infrastructure investment in the next 5 years in modernisation and 28% in new capacity, mostly in housing, education, ICT and environmental sector. The main priority for municipalities in the Benelux is to focus their investment activities on making their infrastructure more socially inclusive, especially in the health sector.
Investment Gaps:	18% of municipalities believe they invested below needs in the last 5 years, particularly in housing, environment and ICT. The quality of their infrastructure is ranked at 3.3 (on a scale from 0 to 5), slightly above the EU average, and lowest in the environmental sector. On balance, more municipalities are optimistic than sceptical about the possibility to close the infrastructure gaps in the next five years, with the exception of the educational sector.
Investment Efficiency:	The share of municipalities in Benelux that always carries out an independent assessments of infrastructure projects fluctuates between 50% and 60%, generally less than in the average of the EU.
Drivers and Barriers:	The main obstacles to infrastructure investments are a narrow budget, stability and technical capacity, as well as coordination. In addition, an aging population and outward migration appear to be the most important drivers for the demographic situation in their jurisdictions.
Finance:	40% of municipalities resort to external resources to finance infrastructure investment, a much higher share than the EU average. Banks are the main sources of external finance and capital markets, at 23%, are much higher than for the average of the EU.

BENELUX - INFRASTRUCTURE ACTIVITY

INFRASTRUCTURE INVESTMENT SPEND OVER THE LAST FIVE YEARS



Slightly less than half of the municipalities in the Benelux report an 'increase' in infrastructure investment activities over the last five years. 37% saw infrastructure investment 'stay the same'. Only around 7% report a 'decrease' in infrastructure investment over this period.

The share of municipalities reporting an increase in infrastructure investment is highest in case of the 'environmental' and 'ICT' sectors.

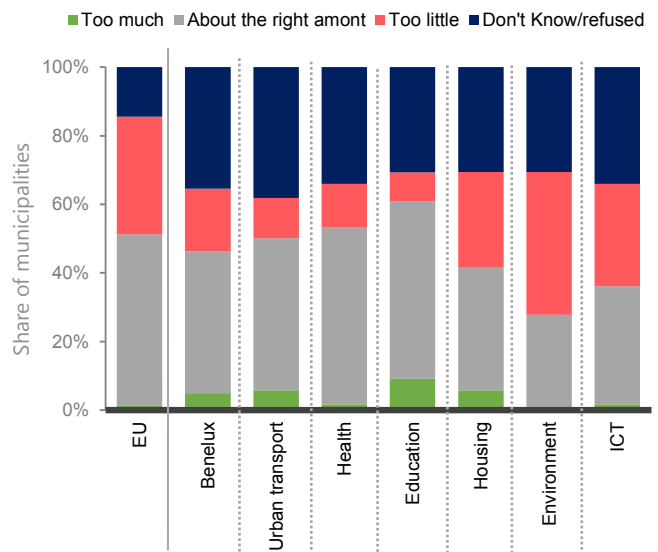
Base: All municipalities

Q. If exclusively responsible for investment in this area: Over the last five years has your investment spend in area increased, decreased or stayed around the same? If partially responsible: For each of the following areas, has the overall investment spend on infrastructure in your municipality increased, decreased or stayed around the same over the last five years?

PERCEIVED INVESTMENT GAP

Around 41% of Benelux municipalities consider past investment in infrastructure to have been 'about the right amount'. This percentage is slightly below the EU average.

18% of municipalities in Benelux consider their investment activities below needs while only 4% report over-investment in the considered period.

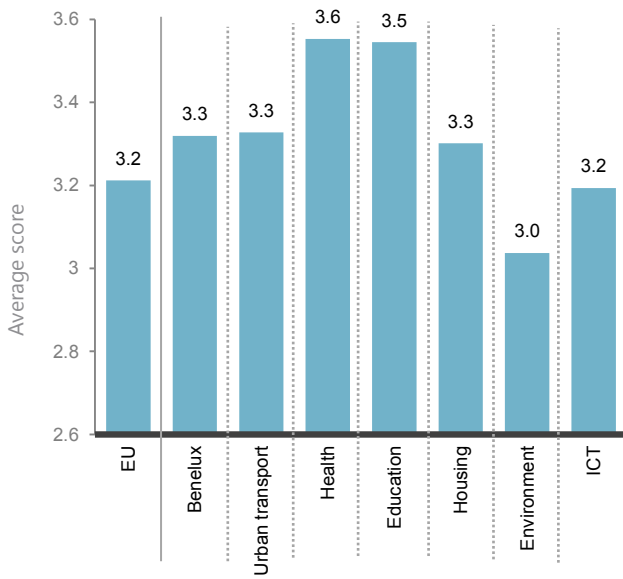


Base: All municipalities

Q. For each of the following, would you say that, overall, past investment in your municipality has ensured the right amount of infrastructure, or led to an under provision or over provision of infrastructure capacity?

BENELUX - INFRASTRUCTURE NEEDS

REPORTED INFRASTRUCTURE QUALITY



When asked to evaluate the quality of the infrastructure in their municipalities on a scale of 0 to 5, where 0 means completely outdated and 5 up to the latest international standards, municipalities in the Benelux report an infrastructure quality that is above the mid-point and slightly above the EU average.

Infrastructure related to the 'health' sector, ranks highest in term of quality.

In contrast, infrastructures connected to the 'environmental' sector place lowest.

Base: All municipalities

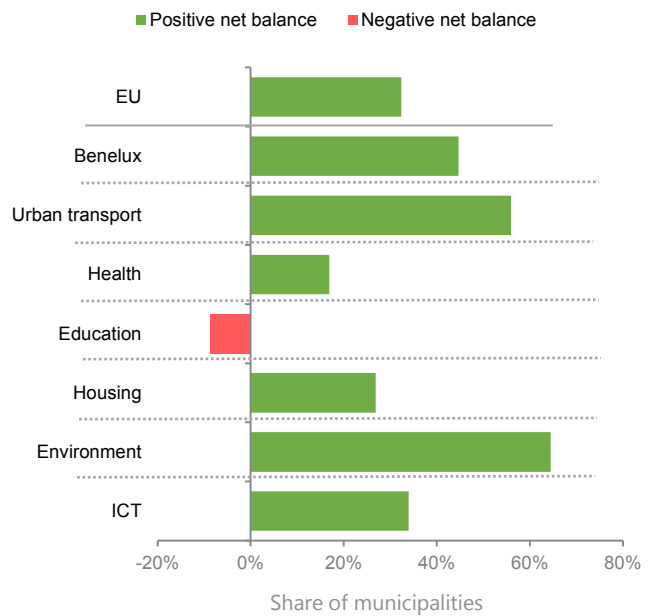
Q. How would you assess the quality of infrastructure each of these areas in your municipality on a scale of 1 to 5 where 1 means it is completely outdated and 5 means it is up to latest international standards?

INVESTMENT GAP IN THE NEXT FIVE YEARS

On balance, more municipalities in the Benelux are optimistic than sceptic about the possibility to close the infrastructure gaps in the next five years.

Overall, municipalities in Benelux are 12% more optimistic than the other EU Countries.

On net, municipalities in the Benelux are sceptical about closing the gap only in 'education'.

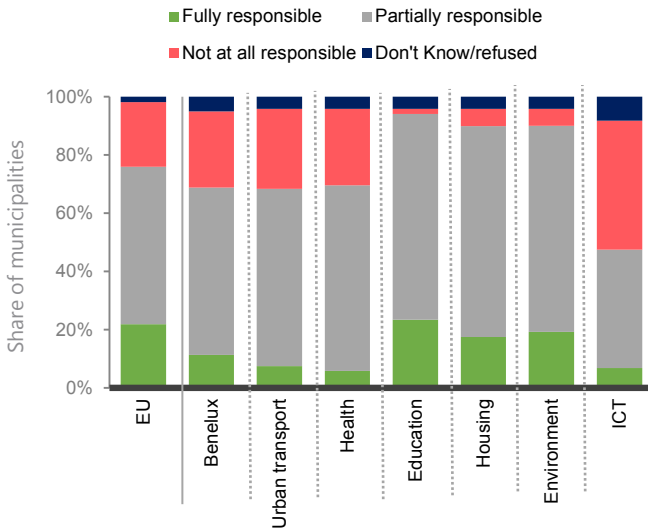


Base: All municipalities.

Q. How confident are you that the under provision / quality in area will be addressed in the next five years given your municipality's financing situation? * Net balance is the share of firms saying that gap can be closed minus gap cannot be closed.

BENELUX - MUNICIPALITY ACTIVITY

INVESTMENT RESPONSIBILITIES



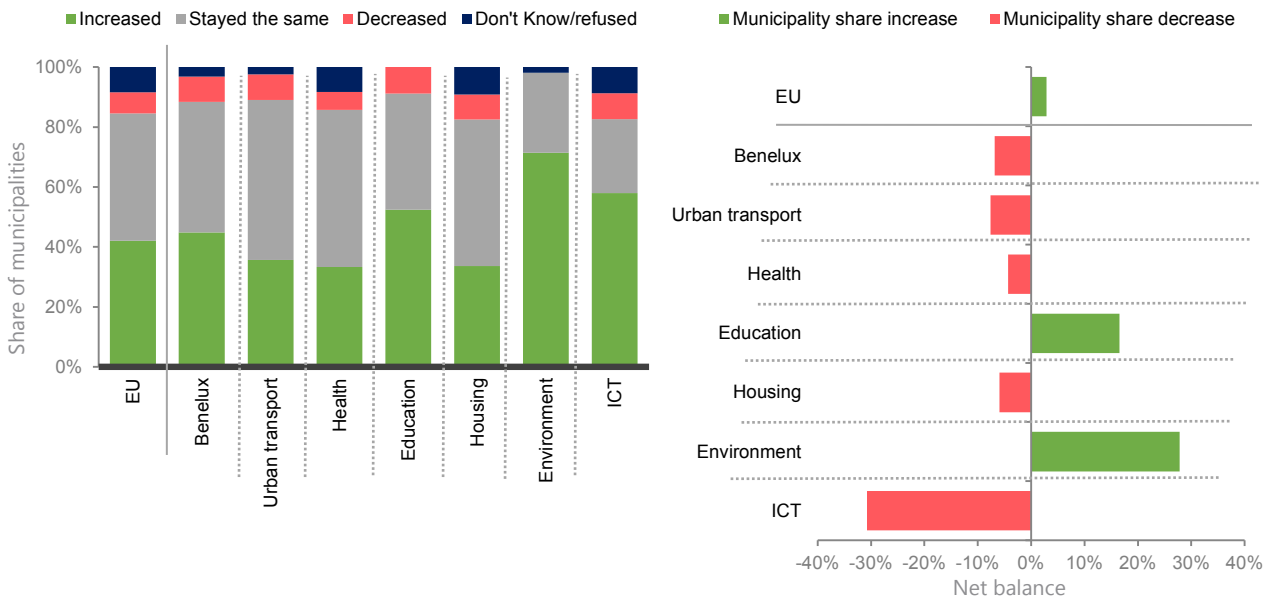
Only 11% of municipalities in the Benelux are 'fully responsible' for infrastructure investment activities in their jurisdictions, while 26% are 'not at all responsible'.

44% of Benelux municipalities state that their own investment activities have 'increased' over the last five years.

Base: All municipalities

Q. Can you tell me your municipality's legal responsibility when it comes to infrastructure investment activities. Is your municipality fully responsible, partially responsible or not at all responsible for each area?

INFRASTRUCTURE INVESTMENT ACTIVITY BY MUNICIPALITY OVER THE LAST FIVE YEARS



Base: All municipalities

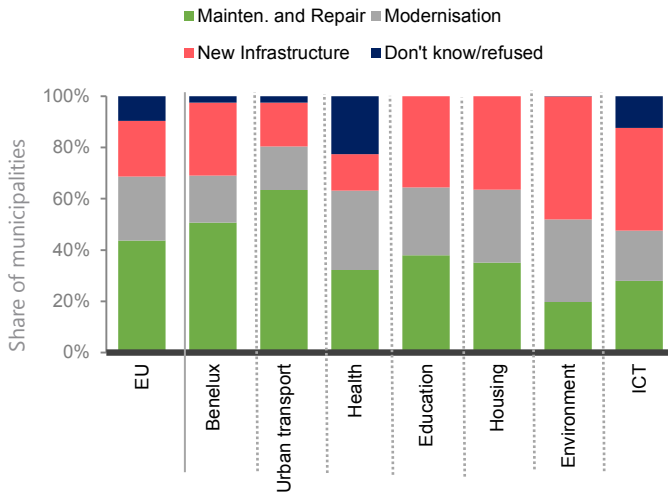
Q. Over the last five years has your investment spend in area increased, decreased or stayed around the same?

Base: All municipalities

Q. Over the last five years has the infrastructure investment share of your municipality increased, decreased or stayed around the same relative to total infrastructure spend in each area?

BENELUX – MUNICIPALITY FOCUS

INVESTMENT FOCUS FOR THE NEXT FIVE YEARS



Slightly less than half of the municipalities in the Benelux intend to focus their investment activities in 'maintenance and repair' of existing infrastructure in the next five years.

A bit less than 20% of municipalities wish to invest primarily in 'modernizing' existing infrastructure and 28% in creating 'new infrastructure'.

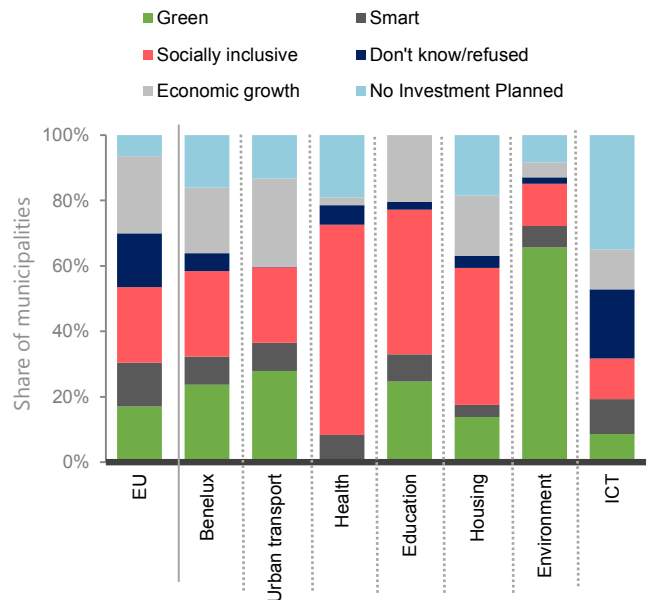
Investment in new infrastructure will be particularly high in education, housing, environment and ICT.

Base: All municipalities

Q. Looking ahead to the next five years, will the largest share of your spend on infrastructure in each of these areas be for maintenance and repair, modernisation or the construction of new infrastructure?

POLICY PRIORITIES OVER THE NEXT FIVE YEARS

From a policy point of view, the main priorities for municipalities in the Benelux area are to focus their investment activities on making their infrastructure more 'socially inclusive' in the 'health' sector and to make it 'greener' in the case of infrastructure related to the 'environmental' sector.

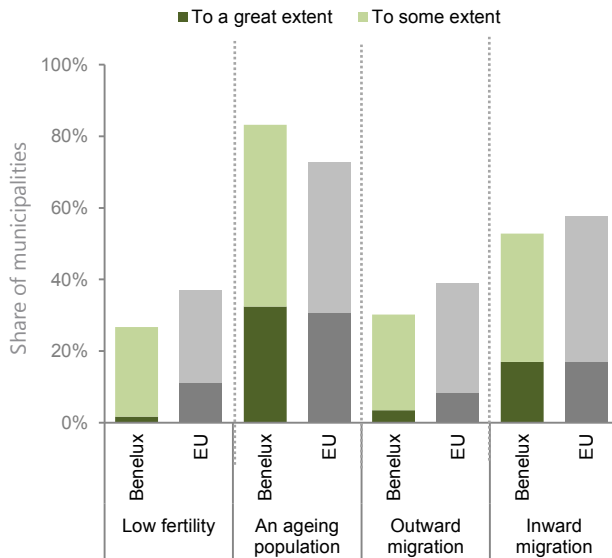


Base: All municipalities

Q. From the following, what would you say will be the main priority over the next five years?

BENELUX – DRIVERS AND BARRIERS

FACTORS IMPACTING DEMOGRAPHIC SITUATION



80% of municipalities in the Benelux countries, consider ‘an aging population’ a driver for the demographic situation in their jurisdictions.

This is followed by ‘inward migration’, for more than 50%.

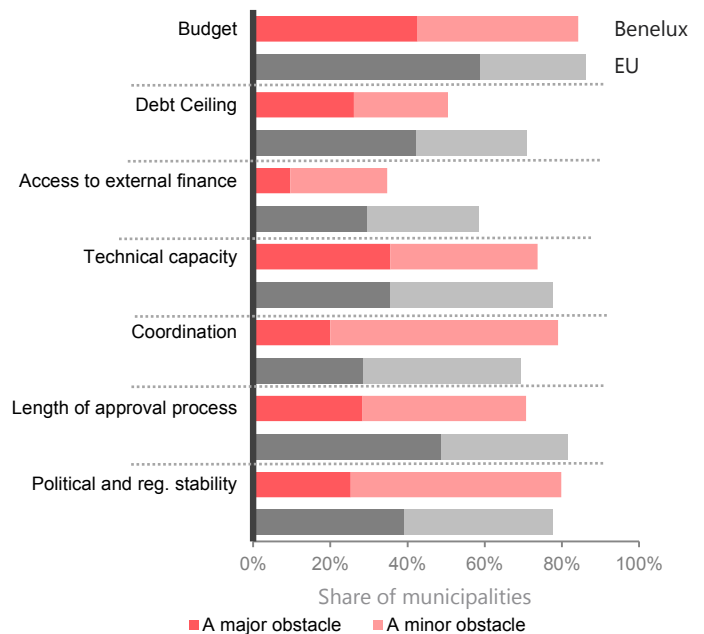
‘Low fertility’ and ‘outward migration’ are perceived as less important when compared to other EU Countries.

Base: All municipalities.

Q. To what extent do each of the following impact the demographic situation in your municipality?

OBSTACLES TO INFRASTRUCTURE INVESTMENT

The main impediment to municipalities’ investment is the budget, followed by coordination, political and regulatory stability and lack of coordination.

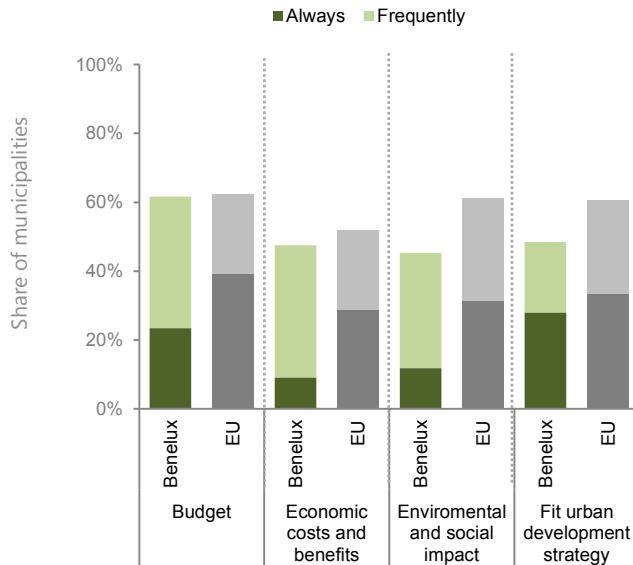


Base: All municipalities.

Q. To what extent is each of the following an obstacle to the implementation of your infrastructure investment activities? (Data not shown for not an obstacle at all/don't know/refused)

BENELUX – INVESTMENT EFFICIENCY

INDEPENDENT ASSESSMENTS OF INFRASTRUCTURE PROJECTS



31% of municipalities in Benelux always perform an 'urban development strategy' before proceeding with an investment project.

Slightly more than 20% of municipalities in the Benelux always conduct a 'budgetary' analysis and around 10% an 'environmental and economic costs and benefits' analysis and an 'environmental and social impact' analysis.

Those figures are generally less than the EU average.

Base: All municipalities; *All municipalities part of a larger metropolitan area

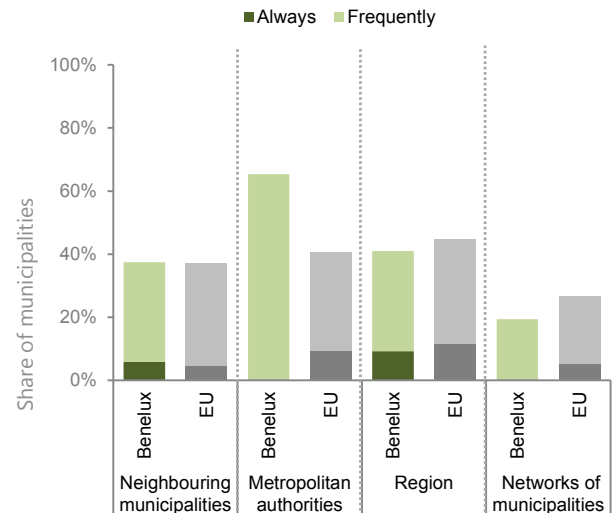
Q. Before going ahead with an infrastructure project, do you carry out an independent assessment of...?

CO-ORDINATING INVESTMENT PROJECTS

65% of municipalities in the Benelux area frequently coordinate with 'metropolitan authorities' when planning and implementing infrastructure projects.

Municipalities in Benelux are less willing to cooperate with their 'networks'.

On aggregate, cooperation is in line with the EU average.

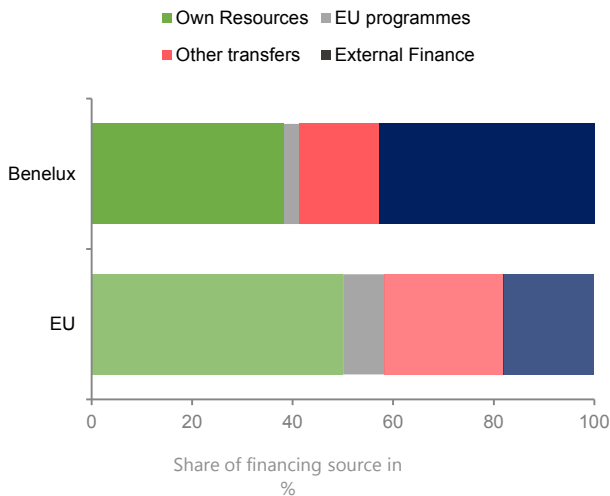


Base: All municipalities; *All municipalities part of a larger metropolitan area

Q. Thinking about planning and implementation of infrastructure projects, how often does your municipality coordinate its investment projects with ...?

BENELUX - INVESTMENT FINANCE

SOURCE OF MUNICIPALITY INFRASTRUCTURE INVESTMENT FINANCE



'External finance' represents the largest share of investment finance for municipalities in the Benelux (more than 40%) followed by 'own resources' (38%) and 'other transfers' (15%).

A comparison with the other EU Countries reveals that for Benelux municipalities, 'external finance' plays a more important role as a source of investment finance than elsewhere.

Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

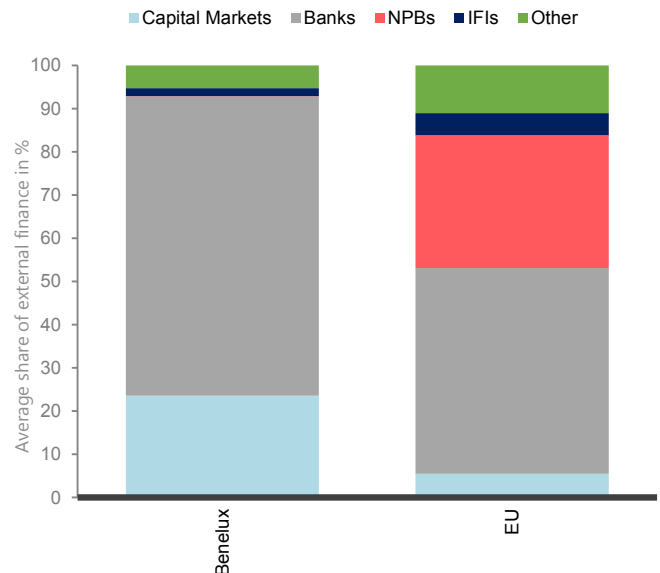
Q. Can you tell me approximately what proportion of your infrastructure investment activities were financed by each of the following in the last financial year?

TYPE OF EXTERNAL FINANCE USED FOR MUNICIPALITY INVESTMENT ACTIVITIES

'Banks' are the main sources of external finance among municipalities in the Benelux countries.

They provide 69% of financing for municipalities followed by 'capital markets' (23%).

A comparison between municipalities in EU Countries and Benelux countries shows that the external source of finance seems less varied for Benelux municipalities.

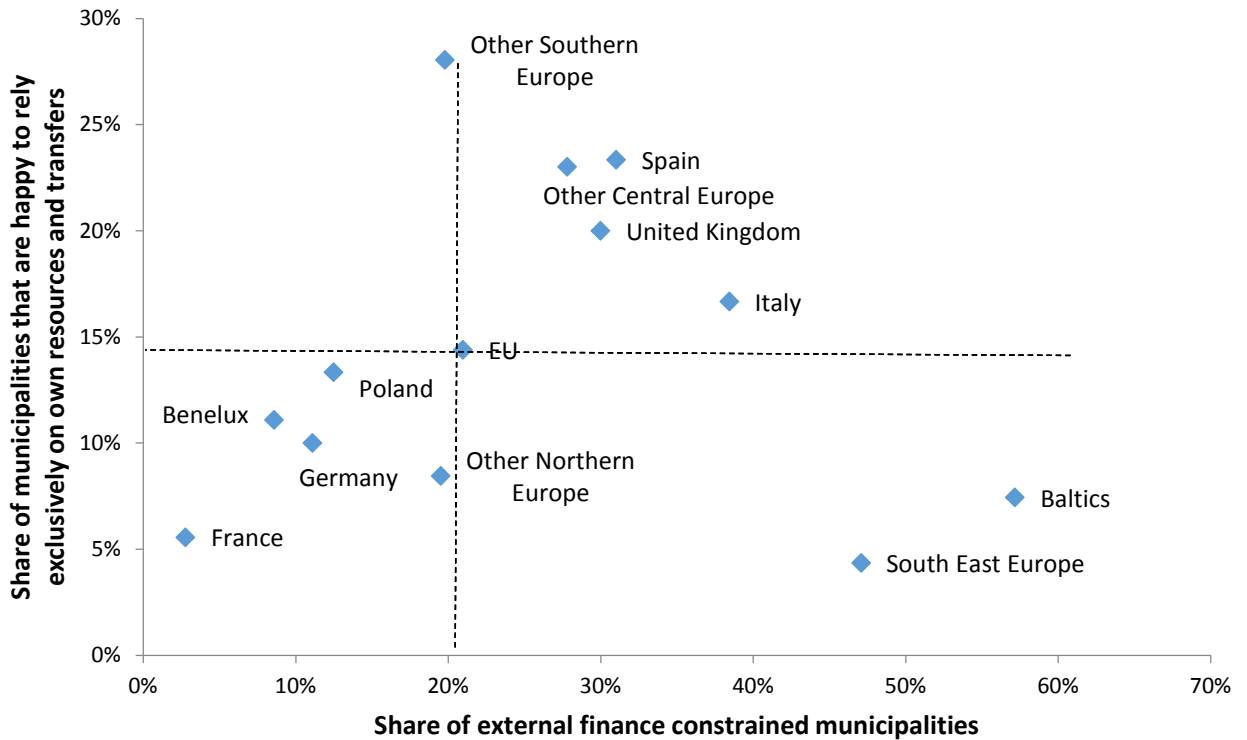


Base: All municipalities fully or partially responsible for at least one area (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

BENELUX - INVESTMENT FINANCE

MUNICIPALITY FINANCING CROSS



Base: All municipalities

This figure shows on the x axis, the share of external finance constrained municipalities which comprises municipalities that (1) did not use external funding because of fiscal constraints (debt ceilings and/ or fiscal rules that do not allow borrowing); (2) who did not use external funding because they thought it would be too expensive; (3) that applied for external funding but were rejected; or (4) applied for external funding but did not receive the full amount.

The y axis shows the share of municipalities that are happy to rely exclusively on own resources and transfers. It is derived from the question: What was your main reason for not applying for external finance for your investment activities? Was happy to use internal resources /didn't need the finance

Municipalities in the Baltics and South East Europe appeared to have the highest share of external financial constraints . At the same time, they reported a low share of municipalities that are happy to rely exclusively on own resources and transfers.

At the EU level, the share of externally constrained municipalities is around 20%. In particular, 8% of Benelux' municipalities are externally finance constrained and 11% are happy to rely exclusively on own resources and transfers.

EIB 2017 – COUNTRY TECHNICAL DETAILS

The final data are based on a sample, rather than the entire population of firms, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

Approximate sampling tolerances applicable to percentages at or near these levels

	EU	France	Germany	Italy	Spain	Poland	United Kingdom	Other Northern Europe	Other Southern Europe	Other Central Europe	South East Europe	Baltics	Benelux
Number of Interviews	555	36	30	30	30	30	35	92	58	67	56	45	46

Percentage rounding

Percentages with value of less than 0.5 but greater than zero have not been shown in the charts.

Glossary

Other Northern Europe	This comprises Denmark, Sweden, Finland, Austria and Ireland
Other Southern Europe	This comprises Portugal, Malta, Cyprus and Greece
Other Central Europe	This comprises the Czech Republic, Hungary, Slovakia and Slovenia
South East Europe	This comprises Bulgaria, Croatia and Romania
Baltics	This comprises Estonia, Latvia, and Lithuania
Benelux	This comprises Belgium, the Netherlands and Luxembourg
Green infrastructure	Infrastructure that is designed to improve biodiversity and mitigate against or adapt to climate change
Smart infrastructure	Infrastructure that makes use of information technology to increase the delivery of public services
Socially inclusive infrastructure	Infrastructure that is equally accessible for all individuals and groups in the municipality
DK/Ref	Don't know/Refused

THE EIB AND MUNICIPALITIES

Over 70% of Europeans live in urban areas, and 55% of public investment is made by regional or local governments. These investments allow building or modernisation of housing, schools, public transport networks, wastewater infrastructure, revitalisation of green areas and many other activities. The European Investment Bank (EIB) supports a broad range of municipal and regional projects by sharing knowledge with local and regional decision-makers to improve access to funds and help them use existing funds more effectively.

EIB Lending

Stimulating growth, liveability and innovation in the cities of Europe are important goals of our investment approach, informed by the EU Urban Agenda. EIB financing in the EU for the areas covered under the EU Urban Agenda is estimated at EUR 127.9 billion over the period 2011-2016. This figure comprises a holistic approach towards the urban financing and mirrors the Urban Agenda priorities by, for instance, including energy, water and public transport. This comprises EUR 108 billion of financing through investment loans, framework loans and equity funds, and EUR 19 billion of indirect financing through commercial and public sector banks.

The EIB lends across all of the priority themes of the EU Urban Agenda, and across all Member States. Our lending between 2011 and 2016 was strongest in the areas of water/sewerage (EUR 22.2 billion), urban transport (EUR 22.4 billion), education (EUR 19.9) and urban development (EUR 23.2 billion).

Within the EU-28 there are approximately 930 cities with a population above 75 000, which is typically the minimum size for a city to be able to absorb direct EIB lending. It is estimated that the EIB has lent to some 15-20% of these cities. Recognising the importance of smaller towns and cities, the EIB finances urban investments extensively via framework loans intermediated by regional administrations, public or private banks, and specialised enterprises such as housing companies or energy efficiency agencies. The EIB also provides extensive financing through commercial and public sector banks to public or private enterprises delivering urban services in areas such as services, energy and health.

EIB financing for urban infrastructure and services supports a wide range of public policy goals and initiatives. Our lending is highest in countries which have a large number of large secondary cities, including UK, France and Germany. Secondary cities are often lagging behind the capitals in terms of economic growth. To help them take advantage of their unique assets and unlock innovative potential the EIB provides technical and financial advice as well as financing for innovative smart city projects. EIB considers "smart" development as one important route towards sustainable urban development. Smart cities therefore not only use innovation and technology to tackle complex challenges, but also contribute to making the city climate change resilient, socially inclusive and green.

As the largest multilateral provider of climate finance worldwide, our direct investments in urban development have totaled some EUR 35 billion for climate action between 2011-2016. Our urban projects contribute to energy efficiency improvements in urban districts, housing and public buildings and decarbonisation of the urban economy. Our investments in sustainable urban mobility are a key contributor to reducing congestion, improving air quality and achieving CO2 reductions. Water and waste investments bring significant environmental, health and climate action benefits, and contribute to the circular economy and to improve resource efficiency.

THE EIB AND MUNICIPALITIES

Furthermore, the EIB is one of the largest international investors in social and affordable housing across Europe. European cities face major social challenges including social exclusion of marginalised groups and their integration in the urban society. By supporting investments in urban regeneration, social housing, health, education, recreation and other community facilities we contribute to local economic development and social inclusion.

The role of Investment Plan for Europe in financing urban and regional projects

The European Fund for Strategic Investments (EFSI), one of the core pillars of the Investment Plan for Europe, aims to mobilise private investment in strategically important projects. The EFSI guarantee enables the EIB to fund urban projects involving greater levels of risk. For example through risk sharing with promotional banks, lending to lower rated municipalities or municipal companies, supporting public–private partnerships or investing in funds targeting urban upgrades, the EIB helps overcome the current investment gaps in the EU.

Advisory support and knowledge development

Besides financing, the EIB contributes to the Urban Agenda through its advisory services, in particular:

- JASPERS, providing support to the preparation of European Structural and Investment Funds (ESIF) grant-funded projects in a number of urban areas
- ELENA, providing support to local and regional authorities in accelerating their investment programmes in the fields of energy efficiency and renewable energy sources
- Financial Instruments Advisory, including “fi-compass” and bilateral advisory support for the design and feasibility of financial instruments such as Urban Development Funds.

A new urban investment support facility provided through the European Investment Advisory Hub and linked to the European Commission’s “One Stop Shop for Cities” is also starting operation.



Economics Department

✉ economics@eib.org
www.eib.org/economics

Information Desk

☎ +352 4379-22000
☎ +352 4379-62000
✉ info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
☎ +352 4379-1
☎ +352 437704
www.eib.org

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Municipal Infrastructure

EIB INVESTMENT SURVEY

