

Special Report

The European Investment Advisory Hub — Launched to boost investment in the EU, the Hub’s impact remains limited



EUROPEAN
COURT
OF AUDITORS

Contents

	Paragraph
Executive summary	I-IX
Introduction	01-08
Audit scope and approach	09-12
Observations	13-59
The Hub was set up as a “demand driven” tool with limited prior assessment	13-23
Limited prior assessment before setting up the Hub	14-18
The Hub had received few requests that could have led to assignments by the end 2018 compared to the resources available	19-23
The Hub provided advisory services to the high satisfaction of beneficiaries but not in a targeted way	24-50
Beneficiaries were highly satisfied with the tailored advice they received	25-27
The Hub lacked a clear strategy and procedures for targeting support	28-32
Assignments covered priority sectors and Member States but a more proactive approach would have been required to better target unmet advisory needs	33-40
Despite the Hub’s efforts, cooperation with NPBIs to improve geographical coverage developed slowly	41-50
Limited evidence of the Hub having made a significant contribution to increasing the supply of projects suitable for investment	51-59
Insufficient follow-up of investments resulting from Hub assignments	52-55
Few Hub assignments had been completed by the end of 2018	56-59
Conclusions and recommendations	60-64
Annexes	
Annex I – EU Technical Assistance initiatives centrally-managed under the current MFF	
Annex II – Audit methodology	

Annex III – Memoranda of Understanding signed between the EIB and NPBIs (2015 to 2018)

Annex IV – Hub performance framework

Annex V – ECA Analysis of the Hub output and result monitoring indicators

Annex VI Hub requests related to EIB/EFSl approved or signed operations

Acronyms and abbreviations

Glossary

Replies of the Commission and EIB

Audit team

Timeline

Executive summary

I The European Investment Advisory Hub was set up in 2015, alongside the European Fund for Strategic Investments, as part of the Investment Plan for Europe designed to boost investment following the economic crisis. The Hub's role is to support investment in the real economy by providing advisory services to project promoters in addition to those already available under other EU programmes. The Hub operates as a partnership between the Commission and the European Investment Bank and works in cooperation with national promotional banks or institutions and the European Bank for Reconstruction and Development.

II The objective of our audit was to assess whether the Hub has proven to be an effective tool for boosting investment. In particular, we examined whether the Hub:

- (1) was set up appropriately to meet the need for advisory services additional to those already available from other EU sources;
- (2) operated as intended to achieve its goals, including cooperation with partners; and
- (3) has contributed to improving the supply of projects that are suitable for investment.

III Our audit covered the Hub's activity from its launch in 2015 up until December 2018. We reviewed Hub documents, interviewed the relevant EIB and Commission services, analysed the Hub's management data, reviewed a sample of the Hub's assignments of advisory support, and carried out surveys of the National Promotional Banks and Institutions cooperating with the Hub and of final beneficiaries of advisory services supported by the Hub.

IV In June 2018, the Commission proposed an InvestEU programme for the 2021-2027 programming period, including an InvestEU advisory hub to replace the existing Hub and a number of other EU centrally managed advisory initiatives. Our report provides analysis and recommendations of relevance for the planned new hub.

V We conclude that, by the end of 2018, the Hub had not yet proven to be an effective tool for boosting investment. We found that the Hub was set up as a "demand-driven" tool with limited prior assessment of the advisory needs it would address, the level of demand it was likely to receive, or the amount of resources it

would need. In the event, the Hub received few requests that could have led to assignments compared to the resources at its disposal.

VI We also found that the Hub largely met the goal of providing tailored advisory services to the high satisfaction of beneficiaries. However, it did not have a sufficiently clear strategy or establish the criteria and procedures for targeting support where it could potentially add most value to the supply of investment projects, despite recording most of the information necessary to do so. We found that some beneficiaries questioned the additionality of Hub support with respect to other advisory sources and just over 1 % of financial operations supported by the European Fund for Strategic Investments during the period benefited from a Hub assignment. While most assignments were in high priority sectors and Member States, few assignments related to the priority sectors for the Member States with the highest advisory needs. Hence, a more proactive approach would have been required to better target the overall unmet advisory needs. In addition, despite the Hub's efforts, cooperation with partners to improve geographical coverage developed slowly due to legal complexity and the national promotional banks' varying willingness and capacity to cooperate.

VII Finally, we found limited evidence of the Hub having made a significant contribution to the supply of projects suitable for investment by the end of 2018. The Hub had insufficient procedures for following up the investments resulting from the Hub's assignments during the period, which made it difficult to monitor and evaluate the Hub's performance in this regard. The Hub had also completed too few assignments, by the end of 2018, to have made a significant contribution to boosting investment. In addition, as Hub support was mostly related to projects at an early stage, it may only have effects in the longer term.

VIII Based on our observations, we make recommendations for:

- promoting the outreach of the Hub's activities;
- better targeting Hub support towards priorities;
- improving the measurement of performance.

IX Finally, we recommend incorporating the lessons learned from the Hub in the InvestEU advisory hub under the InvestEU programme for the period 2021-27.

Introduction

01 In November 2014, the European Commission (Commission) and the European Investment Bank (EIB) launched the **Investment Plan for Europe (IPE)**¹ in response to the decline in investment in Europe since the start of the financial and economic crisis in 2008. The IPE was made up of three “pillars”:

- the European Fund for Strategic Investments (EFSI)², providing finance for investment supported by an EU budgetary guarantee;
- the **European Investment Advisory Hub (Hub)**, providing technical assistance to both private and public project promoters, and the European Investment Project Portal (EIPP) - an online platform to help EU-based project promoters find investors;
- measures to remove barriers to investment across Europe and improve investment conditions in Europe.

02 The second pillar of the IPE was intended to ensure that investment finance reaches the real economy by promoting and developing the supply of projects suitable for investment. The EU published a regulation establishing the EFSI, the Hub and the EIPP in 2015³. This regulation described the Hub’s objective as building upon existing EIB and Commission advisory services in order “to provide advisory support for the identification, preparation and development of investment projects and act as a single technical advisory hub for project financing within the EU”. The Hub was intended to provide support for the EFSI’s policy priorities, including energy, transport infrastructure, environment and resource efficiency, and for SMEs, and to assist project promoters, where appropriate, in meeting the eligibility criteria for the use of the EU guarantee under EFSI⁴. The EFSI regulation also provided for the Hub to

¹ COM(2014) 903 FINAL, Brussels 26 November 2014.

² In 2019, the ECA published a Special Report “European Fund for Strategic Investments: Action needed to make EFSI a full success”.

³ Regulation (EU) 2015/1017 of the European Parliament and of the Council amended by Regulation (EU) 2017/2396 of the European Parliament and of the Council (OJ L 345, 27.12.2017, p. 34).

⁴ Article 6 of the EFSI regulation.

cooperate with similar services at EU, national, regional and local level to ensure broad coverage, knowledge sharing and preparation of projects.

03 Under the 2014-2020 multi-annual financial framework (MFF), the EU was already providing advisory support under a wide range of initiatives. The existing investment advisory initiatives differed from one another in terms of policy sector, amount, provider of the assistance, and the fees for the beneficiaries. Overall these initiatives were budgeted to provide around €100 million of advisory support per year (see [Annex I](#) for details) i.e. €700 million over the seven years of the 2014-2020 MFF. The Hub was set up in mid-2015 to provide advisory services in addition to those already available⁵.

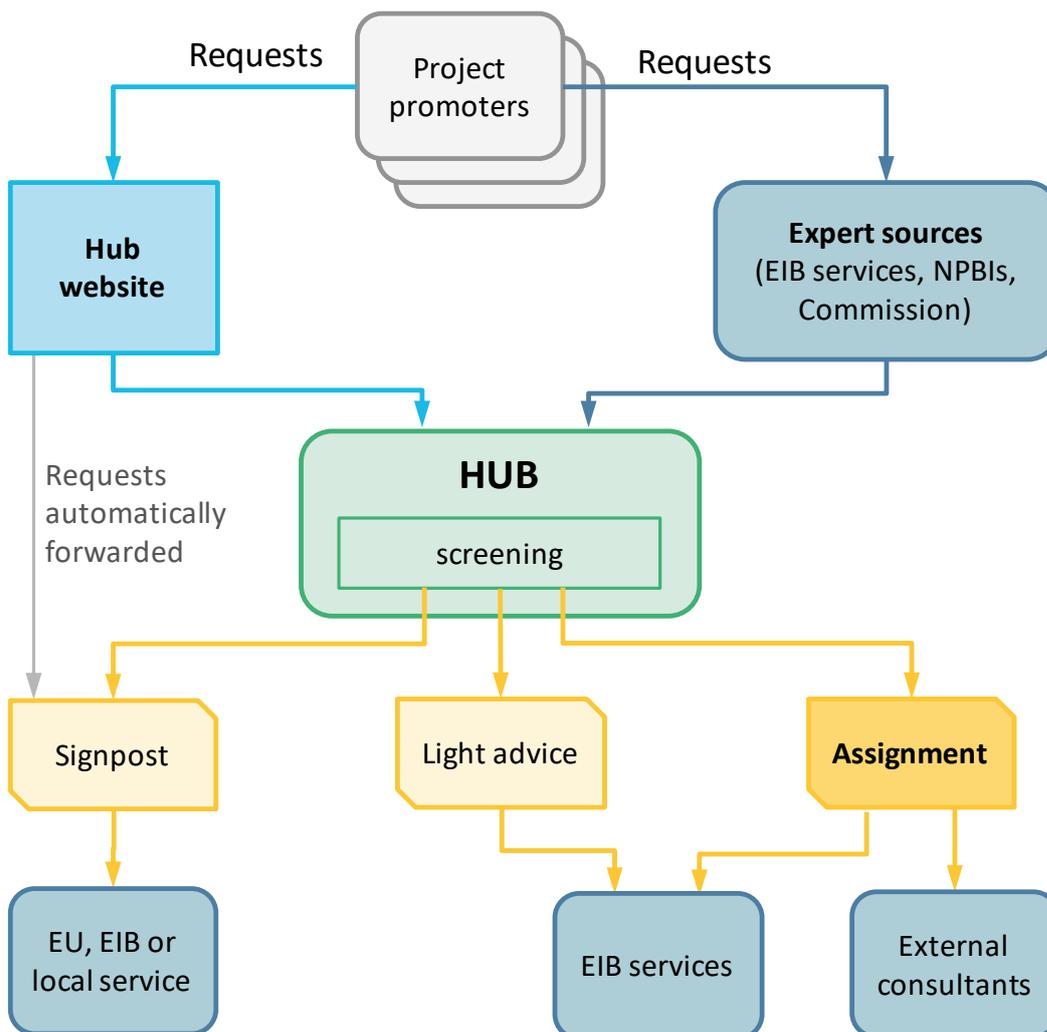
04 The Hub operates as a **partnership between the Commission and the EIB**. The Hub arrangements are set out in a Framework Partnership Agreement (FPA) signed under the existing 2014 Financial and Administrative Framework Agreement between the EU and the EIB (FAFA). The Hub is the third largest source of EU technical assistance providing advisory services after Joint Assistance to Support Projects in European Regions (JASPERS) and European Local Energy Assistance (ELENA). The EU budget covers 75 % of the Hub's annual budget up to €20 million with the EIB covering the remaining 25 % up to €6.6 million. The Hub's budget and work programmes (AWP) are set in annual Specific Grant Agreements (SGA), which are usually implemented over a period of three to four years. The Hub is steered by a four person Coordination Committee made up of two representatives of the Commission and two representatives of the EIB. The Coordination Committee is responsible for reviewing strategy and policy, overseeing Hub activities, reporting to stakeholders, determining services, and approving pricing policy. A team of EIB staff carry out the day-to-day operations of the Hub. The EIB submits a report each year to the European Parliament, the Council and the Commission on the Hub's activities and budget.

05 The Hub manages **requests for advisory services** ([Figure 1](#)). The Hub receives requests for advice either directly via the Hub's own website or from "expert sources", namely the EIB services, national promotional banks or institutions (NPBIs) or the Commission. The Hub support team records requests and determines the response to give ("screening"). The Hub may request additional information, refer general queries to the most relevant EU, EIB or local service provider ("signposting"), arrange for a more elaborated response to queries involving some input from EIB services ("light advice"), or allocate Hub resources and arrange for EIB services or external consultants to provide advice ("assignment"). Assignments may relate to a specific investment

⁵ Article 14(2) of the EFSI regulation.

project or group of projects (“project specific”) or contribute more generally to the supply of projects suitable for investment (“non-project specific”). The Hub also seeks to cooperate with NPBIs to attract requests for support and deliver advisory services locally. In addition, the Hub provides support to the Advice for Small Businesses Programme in four Member States (Bulgaria, Croatia, Greece and Romania) managed by the European Bank for Reconstruction and Development (EBRD).

Figure 1 – Hub’s handling of requests for advisory services



Source: ECA, own elaboration.

06 Hub support is **available for public and private project promoters**, including NPBIs, investment platforms or funds, and regional and local public entities. The Hub provides services to public project promoters free of charge and fees charged to Small and Medium-sized Enterprises (SMEs) are capped at one third of the cost. **Box 1** provides an example of a project specific assignment.

Box 1

Example of a Hub assignment

The Hub received a request for technical advice from the state authorities to redesign and replace road lighting. The project was to be implemented under a public-private partnership in which potential contractors were asked to bid for the work. The request was for technical advice on the condition of the existing lighting network, mainly the lamps, transformers and underground infrastructure, to help all bidders estimate work required and likely costs involved. In this way, the assignment was designed to contribute to the success of the tender process and securing value for money.

07 Following a review of the first two years of the implementation of the EFSI regulation, the EU decided to extend and expand the EFSI and amended the EFSI regulation in December 2017 (EFSI 2.0)⁶. The **EFSI 2.0 regulation** introduced a number of provisions related to the Hub. The new Hub provisions emphasised the need for targeted support for project structuring, innovative financial instruments and public-private partnerships as well as investment platforms covering multiple Member States or regions. They also called for the Hub to take a more proactive approach towards encouraging the supply of EFSI projects in Member States facing difficulties and for policy priorities such as climate action, circular economy, the digital sector, and cross-border investments.

08 In June 2018, the Commission proposed an **InvestEU programme** as part of the package of proposals for the next MFF⁷. The draft regulation provides for an InvestEU advisory hub managed and hosted by the Commission, with the EIB as the main partner, to replace the Hub and 12 other advisory initiatives under the 2014-2020 MFF. The proposal aims to simplify and streamline the existing EU centrally-managed advisory initiatives supporting investment. The new hub would have a budget of around €72 million per year.

⁶ Regulation EU 2017/2356.

⁷ Proposal for a regulation of the European Parliament and the Council establishing the InvestEU Programme (COM(2018) 439 final).

Audit scope and approach

09 The objective of our audit was to assess whether the Hub has proven to be an effective tool for boosting investment. In particular, we examined whether the Hub:

- (1) was set up appropriately to meet the need for advisory services additional to those already available from other EU sources;
- (2) operated as intended to achieve its goals, including cooperation with partners; and
- (3) has contributed to increasing the supply of projects that are suitable for investment.

10 The audit focused on the Hub's set-up and its operation to the end of 2018. The support available to the Hub from the EU budget during the period 2015-2018 was nearly €70 million. The audit only covered one part of the second pillar of the IPE. We did not cover the EIPP in our audit. The Hub is only one of the different EU sources of technical assistance ([Annex I](#)).

11 Our report provides analysis, conclusions and recommendations of relevance for the InvestEU advisory hub planned for the period 2021-27. This hub will have a wider remit and greater resources than the existing one.

12 We based our findings on documentary review of key documents related to the Hub and of the pre-existing advisory initiatives, interviews with EIB staff and Commission's officials, analysis of Hub management data, a review of a sample of requests handled by the Hub, and surveys targeted at NPBIs cooperating with the Hub and at beneficiaries of Hub support that have received a substantial advisory support (see more on the methodology, [Annex II](#)).

Observations

The Hub was set up as a “demand driven” tool with limited prior assessment

13 To examine whether the Hub was set up appropriately to meet the need for additional advisory services, we reviewed the preparatory assessments carried out and analysed the Hub’s subsequent activity and use of resources. We consider that to focus the Hub’s activities and determine an appropriate budget, the Commission should have carried out a prior assessment of:

- (1) the unmet advisory needs the Hub was supposed to address, including those not being met by other pre-existing EU advisory initiatives (i.e. to make sure that Hub support would be additional to other advisory services available⁸); and
- (2) the likely demand i.e. number of requests that the EIAH was likely to receive which would be eligible for EIAH support.

Limited prior assessment before setting up the Hub

14 In principle, all proposals for activities occasioning EU budgetary expenditure should be subject to a specific ex ante evaluation⁹. In January 2015, the Commission’s legislative proposal on EFSI was accompanied by a report of the Special Task Force (Member states, Commission, EIB) on Investments in the EU that highlighted a general need for additional advisory services at EU level. We found that no formal ex ante evaluation specific to the Hub took place before it began operating to determine the financial needs of the new initiative.

15 This lack of prior assessment was reflected in the provisions of the EFSI regulation related to the Hub. While the regulation set a budget for the Hub, it did not provide any targets or expectations regarding the desirable level of advisory services by

⁸ Article 14(2) of EFSI Regulation.

⁹ Article 18(1) of the Commission Delegated Regulation (EU) No 1268/2012 on the rules of application of the financial rules applicable to the EU general budget (OJ L 362, 20.12.2012, p. 1).

geographical area, policy sector or Hub activity or on the approach to take to address advisory needs.

16 Shortly after the Hub was set up, the Hub Coordination Committee took prompt action to identify **unmet advisory needs** in the EU by launching a study¹⁰. The study aimed to support the EIB and the Commission in setting out a medium to long-term strategy specifically to help the Hub set priorities including “where, how, and on what to focus its resources”. The study highlighted the EU Member States with the greatest identified advisory needs in terms of sectors (**Table 1**). A key conclusion of the study was that the disconnection between needs and supply in advisory services was mainly due to project promoters’ difficulties in accessing advisory services, paying for the services, and finding a service provider. This conclusion signalled the need for the Hub to take active measures to address issues of access. Most of the top priority countries were cohesion countries with low EFSI uptake¹¹.

Table 1 – Member State and sector advisory needs

Category	Member State	Priority sectors
Top priority	Bulgaria, Croatia, Hungary, Lithuania, Latvia, Poland, Romania, Slovenia, and Slovakia	Transport and energy infrastructure, environment and resource efficiency
High priority	Cyprus, Czech Republic, Estonia, Greece, Malta, Portugal, and Spain	Environment and resource efficiency
Medium priority	Belgium, Finland, France, Germany, Italy and Ireland	SMEs and mid-caps
Low priority	Austria, Denmark, Luxembourg, the Netherlands, Sweden, and the United Kingdom	SMEs and mid-caps, RDI

Source: PwC study on Market Gap Analysis (2016).

17 As regards making sure Hub support would be additional to advisory services available under other EU programmes, our review of the Hub’s legal and contractual framework showed that the Hub’s complementarity with these advisory services was not clearly defined when it began operating. The EFSI regulation did not describe the advisory gaps with respect to pre-existing advisory services under other EU programmes to be covered by the Hub. In the Hub’s contractual framework, we only found two clearly identified circumstances where Hub support was considered to be

¹⁰ Study on “Market gap analysis for advisory services under the Hub”, PwC, October 2016.

¹¹ ECA special report 03/2019, page 37.

additional to other existing advisory initiatives. These related to the European Local Energy Assistance (ELENA) Facility for investments related to energy efficiency, renewable energy and transport and the Research and Innovation Advisory mandate (InnovFin) for research related investment.

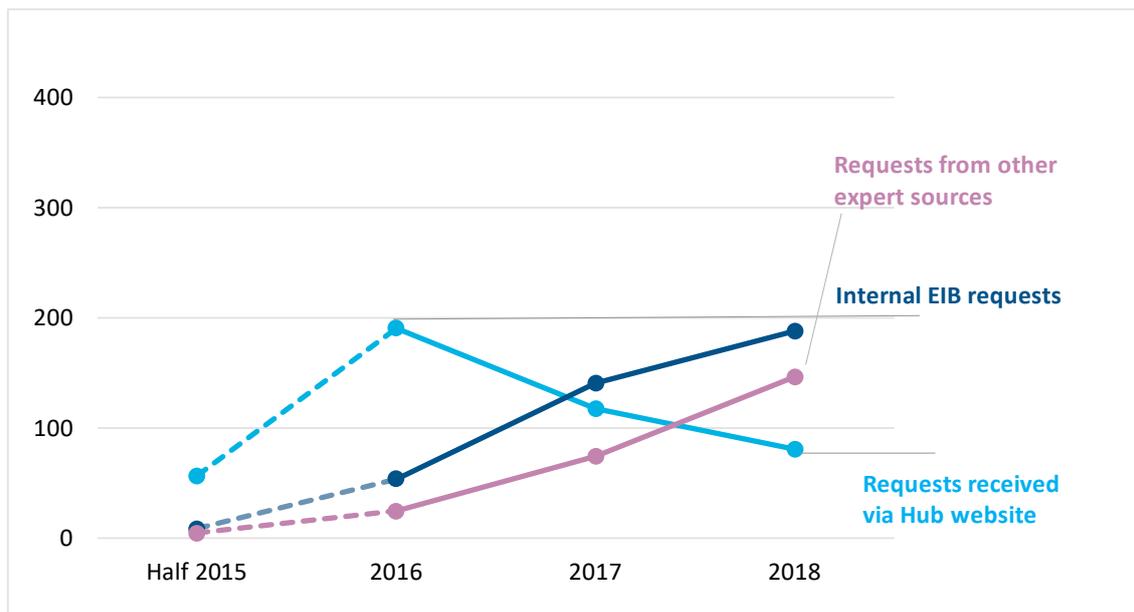
18 In our view, the Commission and the EIB set up the Hub as a “demand-driven tool” with limited prior assessment of the advisory needs it would address, the level of demand it was likely to receive, or the amount of resources it would need. In other words, the Hub began operating on the assumption that the requests for Hub support would largely reflect unmet advisory needs.

The Hub had received few requests that could have led to assignments by the end 2018 compared to the resources available

19 The Hub’s contribution to boosting investment largely depends on the number of requests it received and the proportion of those requests that were eligible for support and thus became assignments.

20 The Hub received 1091 **requests**, less than one request per day on average over the period mid 2015-2018. The biggest single source of requests was directly from project promoters via the Hub’s website (41 %), with the remainder coming from EIB services, the EBRD, NPBIs and the Commission (“expert sources”). Although the total number of requests received rose each year, the requests received via the Hub’s website decreased (*Figure 2*). Part of that decrease resulted from automatically forwarding queries to other services after a redesign of the website in 2017. At the same time there was a rise in requests received from expert sources, in particular EIB services.

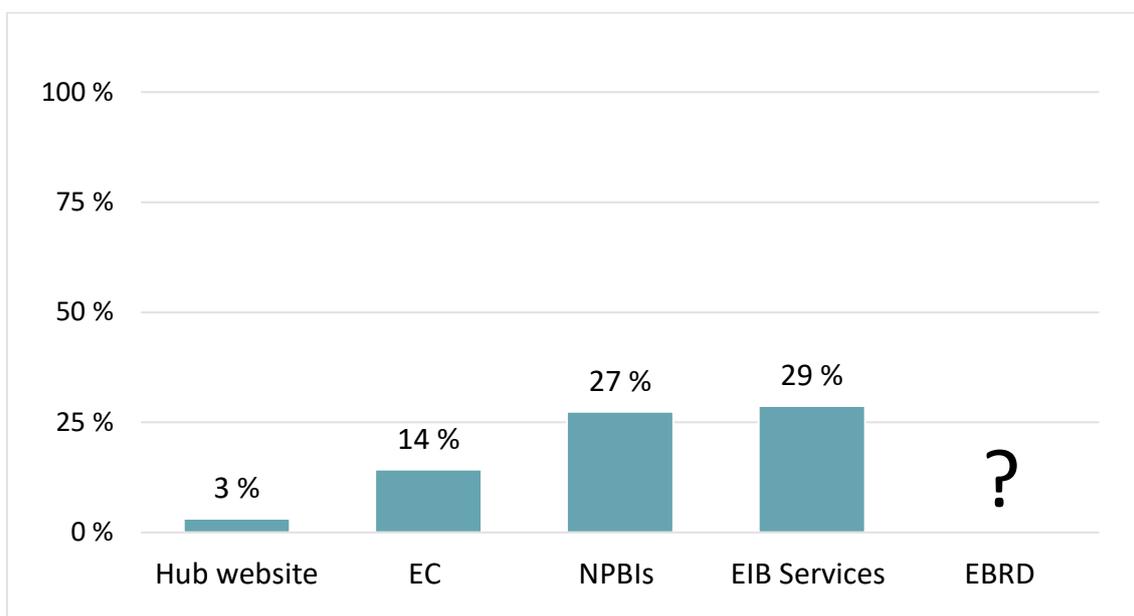
Figure 2 – The sources of requests evolved in the period 2015-18



Source: ECA, based on EIB data as of 31 December 2018. The Hub received requests after its set up in mid-2015.

21 Most requests received during the period did not lead to an assignment of Hub support. Of the 1091 requests received, around 22 % were at the screening stage at 31 December 2018, either under assessment or awaiting further information, and around 52 % were assessed as queries to be “signposted” or provide with “light advice”. The Hub made assignments for 26 % of the requests received (285 out of 1 091 – [Figure 3](#)). The proportion of requests that led to **assignments** depended on the source. Requests received from the website were significantly less likely to become assignments than those received from expert sources. Less than 3 % of the requests received via the Hub’s website led to assignments (14 out of 447). Even after introducing automatic signposting from 2017 of some website requests, few website requests led to assignments (4.1 % in 2018). By contrast, around 27 % of requests received from expert sources led to assignment. To some extent, this reflected the fact that the expert sources carried out a certain amount of pre-screening before forwarding requests to the Hub for support. The EBRD screened all requests for support it received before reporting the assignments to the Hub. The Hub did not have information on the number of requests received by the EBRD and hence the proportion of % requests which became assignments.

Figure 3 – Low percentage of requests via the Hub website led to assignments compared to other sources



Source: ECA, based on EIB data as of 31 December 2018.

22 The low level of assignments carried out is reflected in the use of the **Hub's budget** as the Hub did not spend much of the available funding during the first three and a half years ([Table 2](#)). In total, €68.1 million of commitment appropriations were made available from the EU budget to the Hub during the period 2015 to 2018. We found that budgetary implementation in the first years of Hub activity was lower than expected (only 36 % in 2015 and 42 % in 2016). As a result, in 2015 and 2016, the Commission transferred €18 million in payment appropriations from the Hub budget line to other EU budget lines. The €43.3 million the Commission paid to the EIB in respect the Hub's activities during the period included significant amounts of pre-financing in line with the contractual framework. As at 31 December 2018, the actual eligible costs of Hub attributable to the EU budget for the period 2015-2018 were €26.2 million, i.e. only 26 % of the amounts available from the EU budget.

Table 2 – The Hub’s budget implementation was low

Year	2015	2016	2017	2018	Totals
Commitments from the EU budget (in euros)	10 000 000	19 400 000	19 400 000	19 300 000	68 100 000
Payments by Commission to 31 December 2018 (including pre-financing)	9 978 768	15 520 000	10 093 500	7 720 000	43 312 268
Utilisation %	99.8 %	80.0 %	52.0 %	40.0 %	63.6 %
Total eligible costs attributable to the EU budget in the period 2015-2018					26 153 039

Source: ECA, based on data provided by DG ECFIN and EIB.

23 In our view, the Hub was set up on the assumption that it would have received a higher number of requests for support that could have led to assignments than turned out to be the case. As a result, the Hub did not spend much of the available funding during the first three and a half years of its operation.

The Hub provided advisory services to the high satisfaction of beneficiaries but not in a targeted way

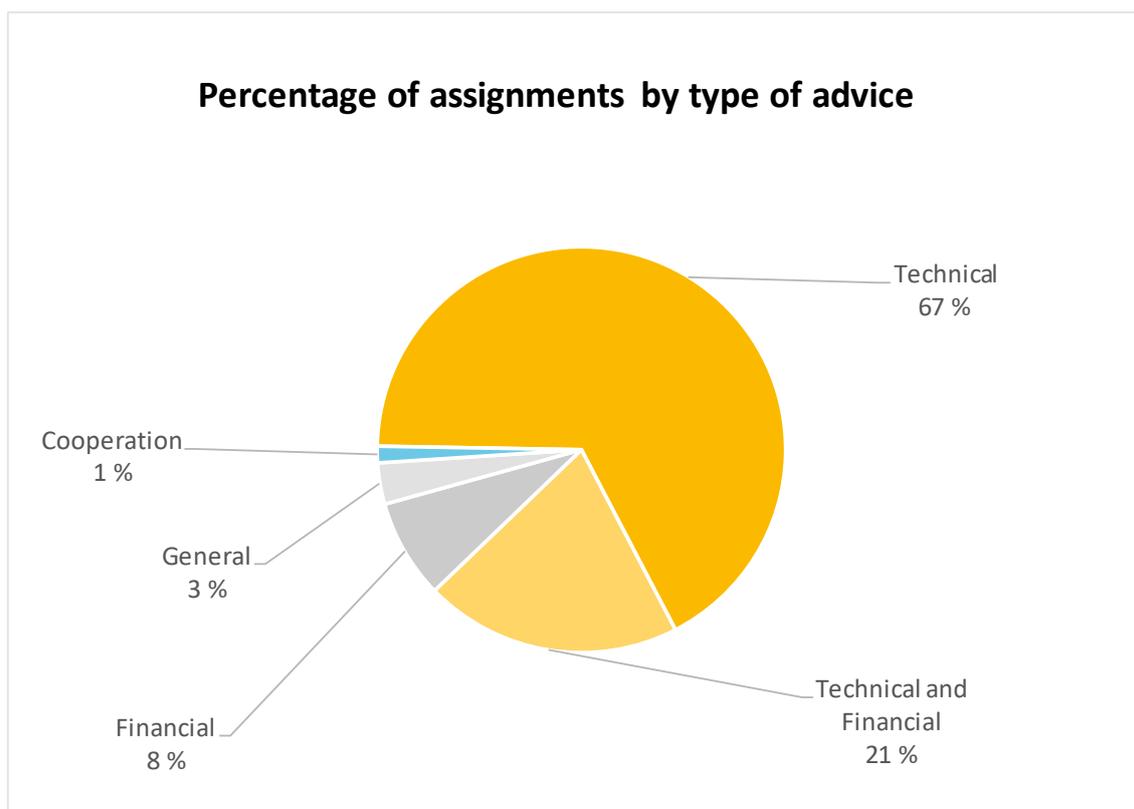
24 The key operational goal of the Hub was to provide high quality advisory support tailored to the individual needs of beneficiaries reflecting the priorities for advisory support. We examined whether:

- individual beneficiaries were satisfied with the support they received based on a survey;
- assignments reflected the priorities for advisory support by analysing the Hub’s strategy, procedures and available management information;
- developments in cooperation with NPBI contributed to ensuring sufficient geographical coverage of advisory needs.

Beneficiaries were highly satisfied with the tailored advice they received

25 The Hub made 285 assignments in the period 2015-2018 to public and private sector beneficiaries. A high proportion of assignments were for the provision of technical or financial advice on specific projects (88 %). The remaining assignments related to non-project specific financial advice, cooperation with NPBIs and general issues (12 %) (*Figure 4*).

Figure 4 – The vast majority of beneficiaries received technical or financial advice

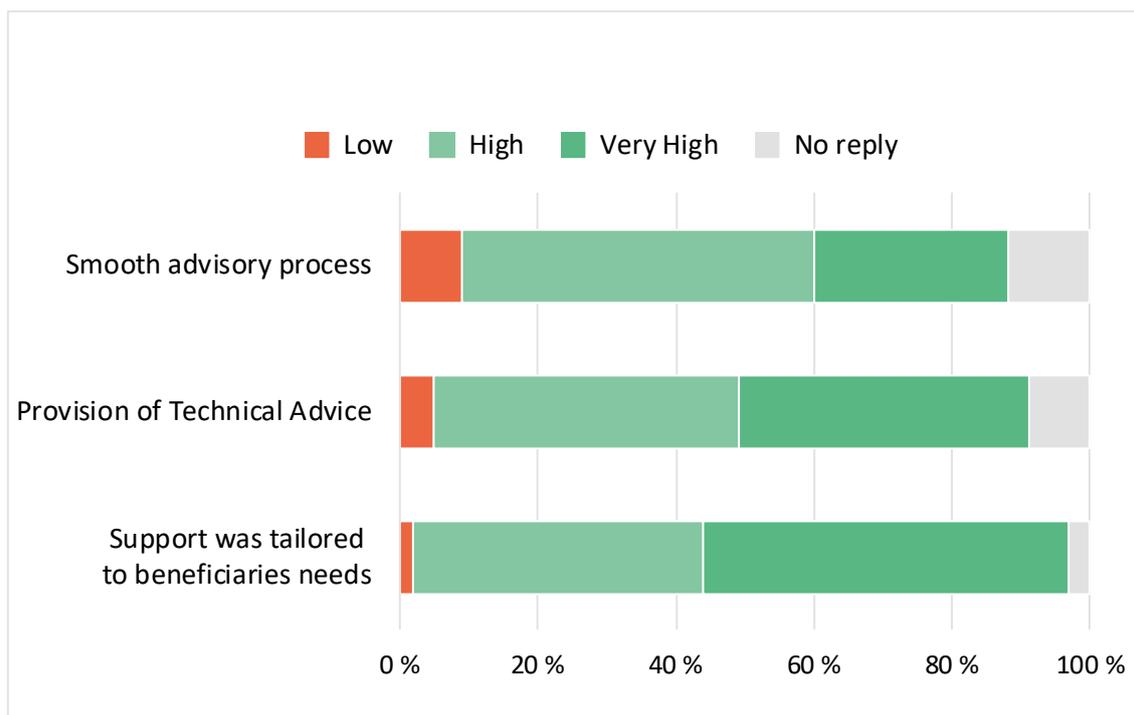


Source: ECA, based on EIB data as of 31 December 2018.

26 In our survey¹², beneficiaries generally rated their satisfaction as “high” for key aspects of the advisory services they received. Nearly 80 % of respondents rated the Hub contribution with regard to ensuring a smooth advisory process as “high” or “very high”, and over 90 % of them agreed that support was tailored to their needs (*Figure 5*).

¹² The response rate to the survey was 43 replies received out of 88 beneficiaries targeted i.e. 48.86 %”.

Figure 5 – Beneficiaries were highly satisfied with the Hub’s support



Source: ECA, based on survey of beneficiaries of Hub advisory support.

27 In our view, for the assignments made, the Hub largely met the goal of providing tailored advisory services to the satisfaction of beneficiaries.

The Hub lacked a clear strategy and procedures for targeting support

28 We found that no formal strategy for targeting Hub support had been adopted by the 31 December 2018 even though the Hub’s contractual framework provided for the Coordination Committee “to review and agree strategy”¹³ and the external consultant engaged by the Coordination Committee concluded that Hub should target its activities¹⁴.

29 In February 2018, the Coordination Committee decided that the Hub’s *de facto* strategy was duly reflected in its annual work programmes¹⁵. However, we found that these programmes neither sufficiently explained how the Hub's activities were designed to contribute to boosting investment nor included any targets or expected

¹³ Article 4(3) of the Framework Partnership Agreement (FPA) on the Hub between the EU and the EIB.

¹⁴ Study on “Market gap analysis for advisory services under the Hub”, PWC, October 2016.

¹⁵ Minutes of the Coordination Committee meeting in February 2018.

results up to the end of the funding period (i.e. 2020) regarding priorities for advisory support.

30 The Hub developed criteria for screening the eligibility of requests. However, we found that the Hub did not establish criteria and procedures for determining whether a potential assignment represented high, medium or low value in terms of its likely contribution to the supply of investment projects. We expected the Hub to have developed clear criteria for judging the value of an assignment, based on the priorities in the EFSI regulation, such as:

- **additionality** – the EFSI regulation provided for Hub support to be in addition to existing EU advisory support initiatives;
- **type of support** - the Hub’s established policy was that priority should be given to project specific requests first, then to non-project specific requests that might indirectly contribute to increasing the supply of investment projects¹⁶;
- **potential impact** based on key project features (e.g. project stage and investment size) – bigger, more mature projects will be more likely to go ahead and generate a greater contribution to boosting investment than smaller projects at an earlier stage of development;
- **sector or geographical area** – assignments corresponding to the priorities for Member States and sectors identified by the needs assessment would be considered as “higher value” (paragraph 16).

31 Despite not developing criteria for rating the value of potential assignments, the Hub recorded most – but not all – of the information necessary in particular:

- **additionality** – the assignment descriptions included a reference to the relevant articles of the EFSI regulation. However, they did not explain why the Hub was best placed to carry out the assignments and not other existing EU advisory services. **Box 2** shows one example where justification was insufficiently documented;

¹⁶ Hub's Principles and Process for working with/for DGs within the Commission.

Box 2

Assignment where additionality was insufficiently documented

In the review of the case, we found that the assignment was linked to the EU legislative objective of deploying smart meters to at least 80 % of the population by 2020. We consider that the Commission could have been expected to contract for the study as part of its normal efforts to develop policy in this area. The Commission confirmed that it is complementary to those it undertakes and, in fact, the output of the study could provide feedback to policy makers/ regulators to refine the strategy and framework for the future.

- **type of support** – the Hub did record information on priorities for advisory support introduced into the EFSI 2.0 regulation¹⁷ from 2018 onwards;
- **potential impact** – the maturity of the projects was only recorded in the management systems from the second semester of 2018 and information on the volume of investment was not systematically recorded during the period audited;
- **sector and geographical area** – the Hub adequately categorised assignments in line with the EFSI sectors of activity and by Member State;

32 In our view, the Hub did not have a sufficiently clear strategy, or establish the criteria and procedures for targeting support to where it could add most value, despite recording most of the necessary information to do so.

Assignments covered priority sectors and Member States but a more proactive approach would have been required to better target unmet advisory needs

33 Based on the Hub's available management information and other audit evidence, we analysed the extent to which the Hub's assignments reflected key priorities for advisory support (paragraphs **30** and **31**), in particular:

- additionality with respect to other public or private advisory sources;

¹⁷ Under the EFSI 2.0 regulation, new priorities for advisory support included projects eligible for EFSI support and climate action, digital and cross-border projects as well as projects involving innovative financial instruments, investment platforms or public-private partnerships.

- o contributing to the supply of projects suitable for investment, including:
 - (a) projects eligible for EFSI support as well as climate action, circular economy, digital sector and cross-border projects; and
 - (b) financial instruments, investment platforms, and public-private partnerships;
- o covering sectors and areas with the highest advisory needs.

34 We surveyed a sample of beneficiaries to see whether beneficiaries could have obtained the advisory support that they received from other public or private advisory entities. We found that close to 50 % of respondents reported that they could have obtained the same advisory support from other public or private advisory entities.

35 As regards the **supply of projects suitable for investment**, we found that nearly all assignments were project specific (265 out of 285 or 92 %). The Hub recorded 55 assignments related to EIB financial operations. 28 assignments were **EFSI-related**, of which 12 related to projects that had already received EFSI support i.e. the EIB financial operation had been approved, signed or disbursed, three to cancelled projects and 13 to projects undergoing the appraisal process. Overall, by the end of 2018 just over 1 % of the total approved EFSI supported financial operations benefited from a Hub assignment (12 out of 1 031¹⁸).

36 We also found that 45 of the 285 assignments were for climate action (16 %), 9 for circular economy (3 %), 16 for the digital sector (6 %) and 12 for cross-border projects (4 %). In addition, the Hub made 30 assignments for potential innovative financial instruments (17 in 2018), 12 for potential investment platforms¹⁹ (7 in 2018), and 16 for potential public-private partnerships (4 in 2018)²⁰. In these cases, Hub support may be provided at a very early stage with no guarantee that the related instruments, platforms or partnerships would be established (**Box 3**).

¹⁸ Source: EIB figures on EFSI – January 2019.

¹⁹ Defined in Article 2(4) of the EFSI Regulation (EU) 2015/1017.

²⁰ These three categories may overlap, so a calculation of percentage is not valid.

Box 3

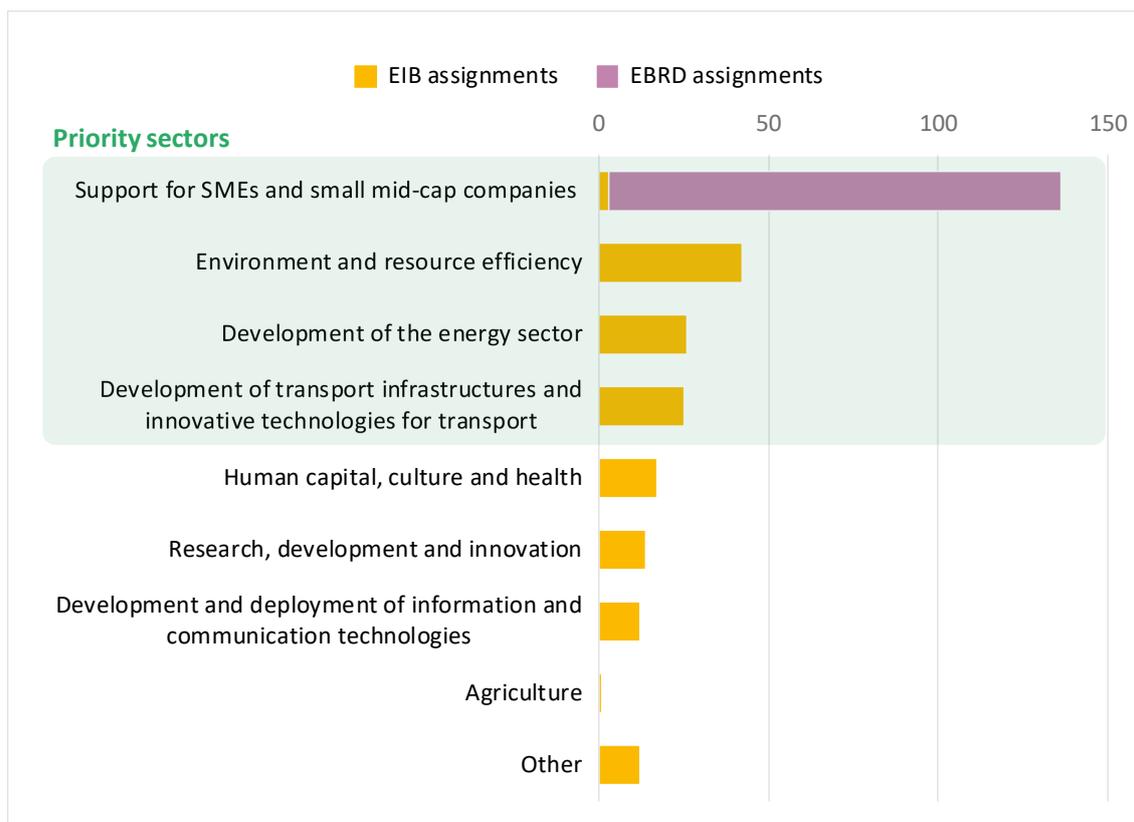
Examples of Hub assignments for financial instruments and investment platforms

For one assignment in our sample, the Hub supported the evaluation of new funding models, including the identification of new sources of finance, for a government investment in research and development across a number of universities. The added value of the Hub's intervention was justified with reference to the Hub's policy of supporting local initiatives to create projects suitable for investment with **innovative financial instruments** for regional and local public entities. One output of the assignment was a report by an external consultancy in December 2018. As at the end of December 2018, it was too early to conclude whether the Hub support would result in the use of a new financial instrument.

Another assignment in our sample related to the development of a web tool for facilitating the access to an **investment platform** for the agriculture sector. The assignment will not result in the establishment of a new investment platform, but it will help the end-users access the investment platform's finance, which will be capable of deploying EFSI and European Structural and Investment Funds (ESIF) resources.

37 As regards **sectors**, the Hub categorised assignments in line with the EFSI sectors of activity ([Figure 6](#)). Most assignments (215 of 285 or 83 %) related to the higher priority sectors identified in the needs assessment, i.e. transport, energy, environment and resource efficiency, and Small and Medium Enterprises (SMEs) and mid-caps, the other assignments related to sectors identified as lower priority. A large proportion of the assignments were carried out by the EBRD for SMEs in four countries (133 of 285 or 47 %).

Figure 6 – Most assignments were in the high priority sectors

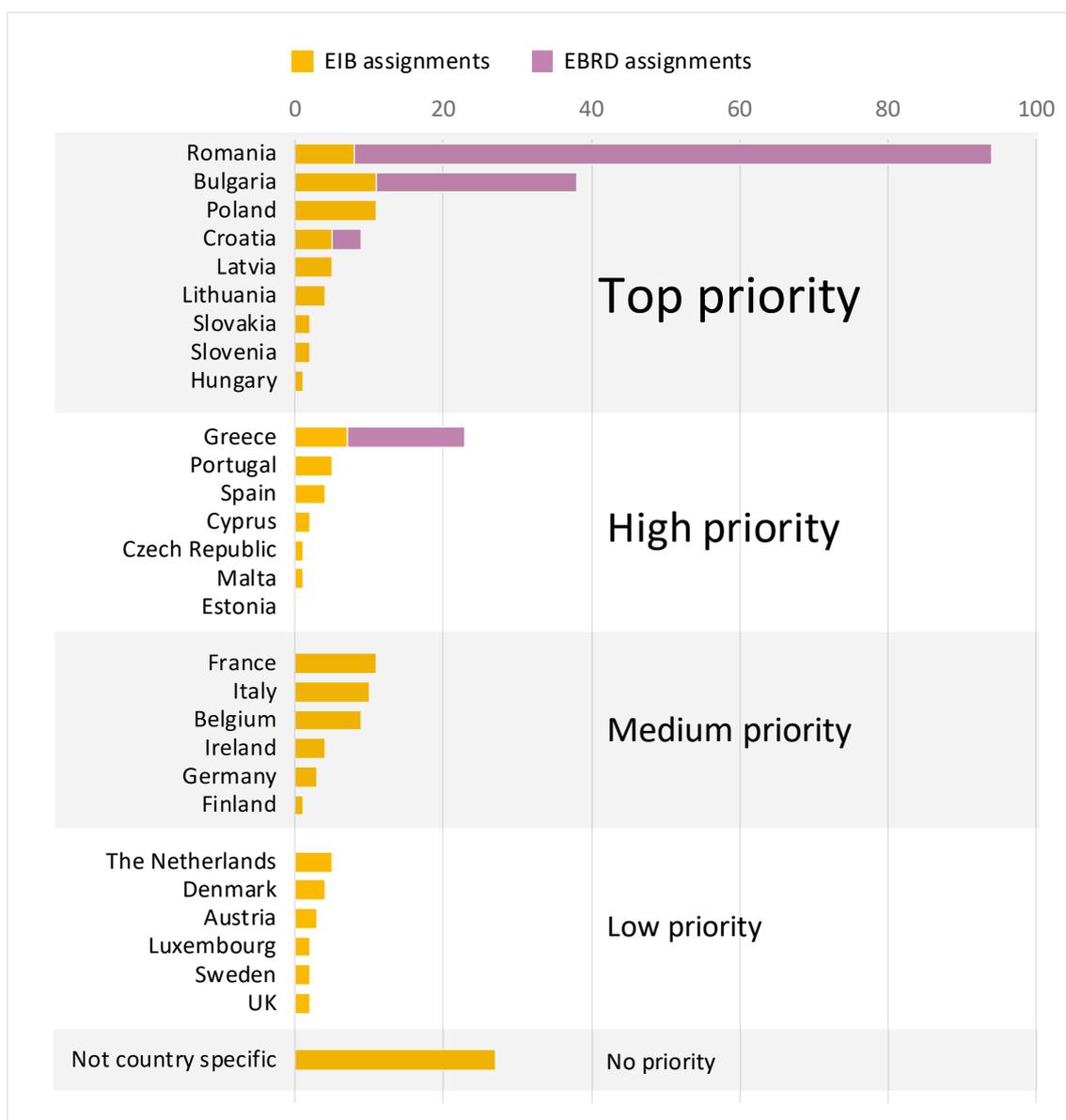


Source: ECA, based on EIB data as of 31 December 2018.

38 As regards **geographical origin**, we found that 58 % of assignments related to the Member States identified²¹ as having the highest advisory needs (Bulgaria, Croatia, Greece, Hungary, Lithuania, Poland, Romania, Slovenia, and Slovakia). We also found that this was largely due to the large number of assignments carried out by the EBRD in Romania, Bulgaria and Croatia (113). Our analysis showed that 32 % (49 of 152) of assignments directly managed by the EIB related to the Member with the highest advisory needs ([Figure 7](#)). Eight assignments related to EFSI operations in five cohesion countries.

²¹ Need assessment study made by PWC for the Hub.

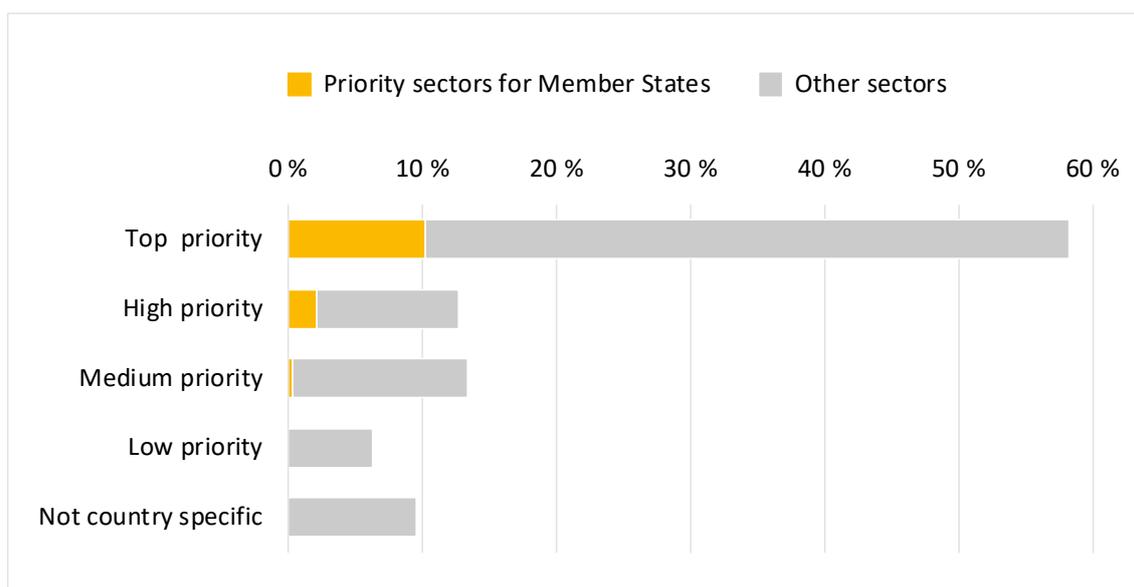
Figure 7 – Assignments in top priority Member States were concentrated in Romania and Bulgaria



Source: ECA, based on EIB data as of 31 December 2018.

39 While 83 % of assignments related to higher priority sectors and 58 % related to top priority Member States identified by the study on advisory needs ([Table 1](#)), we found that 10 % of assignments related to the priority sectors for the “top priority” Member States (i.e. energy, transport, and environment and resource efficiency, see [Figure 8](#)).

Figure 8 – Few assignments were in the priority sectors for higher priority Member States



Source: ECA, based on EIB data as of 31 December 2018.

40 In our view, while most assignments were in priority sectors and Member States, a more proactive approach would have been required to better target overall unmet advisory needs.

Despite the Hub's efforts, cooperation with NPBIs to improve geographical coverage developed slowly

41 A key means for the Hub to achieve the goal of addressing gaps in responding to advisory needs in Member States was to work in cooperation with partners at local level. To this end, the Hub sought to develop a network of agreements with local partner institutions, in particular Member States' NPBIs and the EBRD. Such cooperation sought to encourage knowledge sharing, improve the supply of requests to the Hub and strengthen the local delivery of advisory services. We examined how cooperation with the NPBIs and the EBRD progressed over the period.

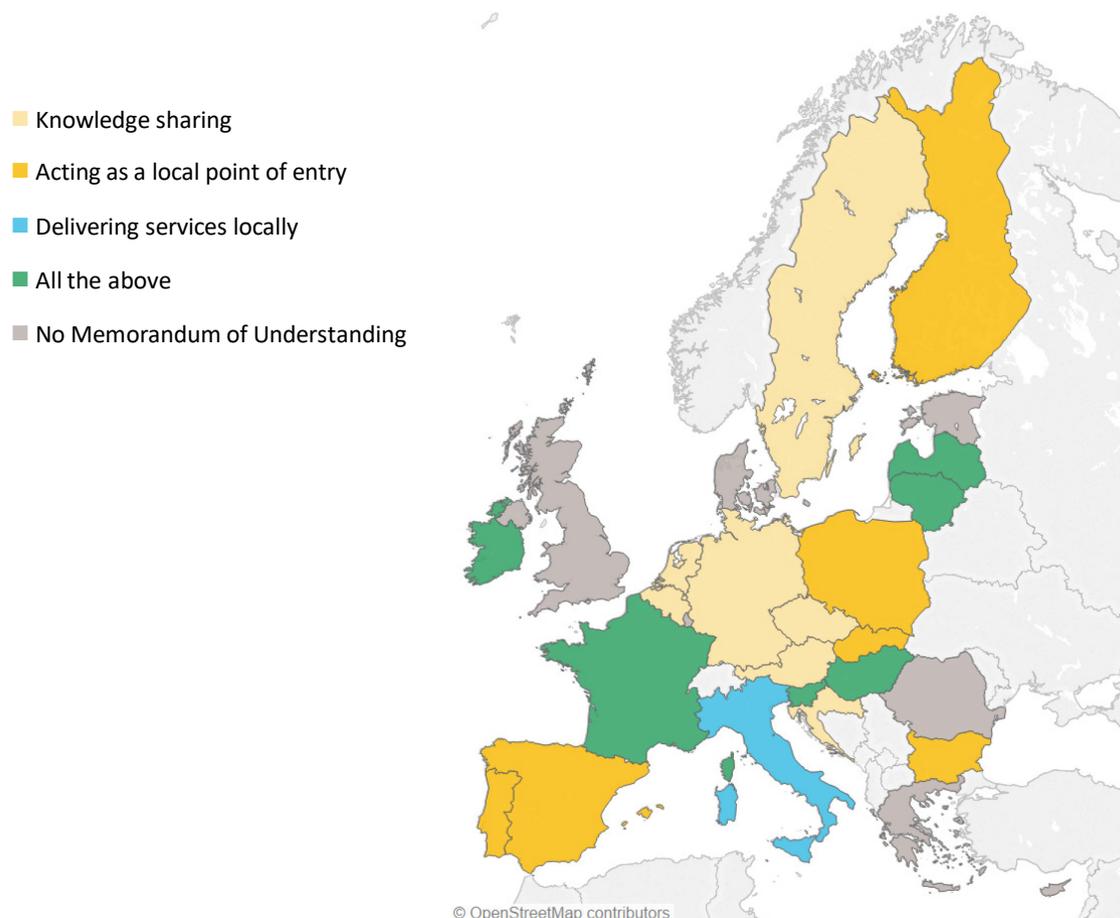
42 The EFSI regulation²² provided for the Hub endeavour to conclude a cooperation agreement with a NPBI from each Member State or to provide proactive advisory support to those Member States without a NPBI. The FPA between the Commission and the EIB provided for **cooperation with NPBIs** with respect to:

²² Article 14(6) of the EFSI Regulation.

- (a) Sharing and disseminating knowledge and best practices;
- (b) Acting as a local point of entry for Hub's potential beneficiaries; and
- (c) Delivering advisory services on behalf of the Hub.

43 As at 31 December 2018, we found that the Hub had signed 25 cooperation agreements, in the form of Memoranda of Understanding (MoU), with NPBI from 20 Member States (*Annex III*), setting out the level of cooperation with the Hub. *Figure 9* depicts the nature of the cooperation covered by the MoU. In five Member States, the Hub had signed MoU with two NPBI (Bulgaria, France, Germany, Lithuania and Poland). The eight Member States not covered by a MoU were Cyprus, Denmark, Estonia, Greece, Luxembourg, Malta, Romania, and The United Kingdom. The signature of a MoU has helped to formalise knowledge sharing with the Hub activities. In our survey, the main reason most frequently given by the NPBI to establish a MoU was **sharing knowledge and best practice**. In this respect, the main action implemented under such cooperation was the organisation of communication events to raise awareness for Hub activities. Seven out of 20 NPBI indicated that no cooperation activities had taken place by 31 December 2018.

Figure 9 – Level of cooperation with NPBI varies



Source: Map background ©OpenStreetMap contributors licensed under the Creative Commons Attribution-ShareAlike 2.0 license (CC BY-SA).

44 Although NPBI made a relatively small contribution to the **supply of requests** the Hub received in the period 2015-18 (62 out of 1 091 or 6 %), there was an increasing trend over the period 2015-2018, from three requests in 2015 to 28 in 2018. While the requests came from 18 Member States, nearly 80 % came from the NPBI of nine Member States (Croatia, Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia). In total, the Hub considered 17 of these requests as eligible assignments for further Hub support (11 % of EIB directly managed assignments) by 31 December 2018.

45 One reason for the slow progress in developing cooperation was the difficulties in putting in place an appropriate contractual framework. We found that the establishment of agreements between the EIB and the NPBI for the **delivery of Hub advisory services** financed by the EU budget required amendments to the contractual agreements between the EU and the EIB. This was especially the case when the FPA was amended in May 2017. In addition, the 2016 SGA was modified in December 2017 to define the terms and conditions for the provision of Hub financial support to NPBI,

including requirements for NPBIs to keep sufficient records for the EIB to be able to check the use of Hub support.

46 Another reason for the slow progress in developing cooperation was the need for NPBIs to build capacity to process requests and deliver Hub services locally. The Hub took action to address this issue. The Hub's 2016 budget included €7 million to support and **address NPBIs capacity building needs** and the local delivery of advisory services²³. The Hub invited the NPBIs to propose initiative through a "Call for Proposals". The Hub offered to fund up to 75 % of the eligible consultancy and personnel costs of accepted proposals. The proposals could include:

- delivery of investment advisory services on behalf of the Hub;
- establishment or development of organisational capacity; and
- knowledge transfer for the development of a local advisory capacity.

47 The **Call for Proposals** for capacity building was launched in December 2017. The Hub invited the NPBI to make proposals for initiatives of between €100 000 and €500 000 each. The Hub intended to keep the Call for Proposals open until June 2020 subject to the continued availability of funding. Proposals were to be accepted every three months. The first round of proposals were received in February 2018. Nine NPBIs submitted proposals, of which six proposals were given a positive assessment and the successful applicants were invited to negotiate a funding agreement. Only one funding agreement had been signed by 31 December 2018, due to the lengthy negotiations involved. No costs had been incurred by the end of 2018.

48 In our review of the **evaluation procedures** for the Call for proposals, we found that certain key evaluation criteria did not play a decisive role in the assessment of the proposals. For example, in the case of the only funding agreement signed by the end of 2018, the successful applicant gained less than half the available points under the criterion "proposal maturity and expected results", which together accounted for less than 20 % of the total points awarded. The risk is that the support granted may have little impact on the local delivery of advisory services.

49 As regards the **EBRD**, the EIB signed an Agreement in March 2017 for the Hub to provide support to the EBRD's Advice for Small Businesses Programme. The Hub support for the programme aimed initially to foster economic development and

²³ Under the SGA year 2016.

competitiveness in the SME sector in Bulgaria, Greece and Romania. Croatia was later included through a new modification of the SGA 2016²⁴. In order for the EBRD to play this role, the Commission and the EIB had to amend the FPA and the 2016 SGA covering the operation of the Hub. These amendments increased the overall complexity of the Hub's legal and contractual framework. The Hub budgeted €5.0 million for cooperation with the EBRD, out of which the EBRD had committed €2.4 million by the end of 2018.

50 In our view, legal complexity as well as the NPBI's varying willingness and capacity to cooperate contributed to slowing progress towards improving the geographical coverage of demand for and delivery of Hub supported advisory services. Once established, cooperation with the EBRD generated significant numbers of assignments in the sector and four countries concerned (*Figure 6* and *Figure 7*).

Limited evidence of the Hub having made a significant contribution to increasing the supply of projects suitable for investment

51 To have impact, the Hub needed to increase the supply of projects suitable for investment. The main means to achieve this goal was through the completion of assignments. We examined the evidence available regarding the impact of Hub support on the supply of projects suitable for investment, in particular with respect to the EFSI²⁵.

Insufficient follow-up of investments resulting from Hub assignments

52 The Hub's procedures only provided for **monitoring** the completion of assignments ("output") rather than following up whether assignments led to projects suitable for investment ("results") (*Box 4*). Once agreed, the Hub advisor liaised with the relevant EIB service to ensure of the proper delivery of the assignment. The Hub advisor was responsible for checking that assignments were delivered on time and budget, whilst the expert EIB service was responsible for providing the support and communicating with the beneficiary. The Hub did not systematically follow-up with EIB

²⁴ New Annex for the conditions for provision of financial support provided by the EIB to the EBRD, SGA 2016.

²⁵ Article 6 of EFSI regulation defines the EFSI eligibility criteria for the use of the EU guarantee.

services or beneficiaries whether the project received finance through the EIB, EFSI or other sources or whether the investment ultimately took place. In particular, the Hub had no way to determine the number of completed assignments that attracted investors other than the EIB.

Box 4

Example of insufficient follow-up arrangements

In one of our sample of assignments, the request received was for supporting an assessment of the financing options for a project in the high-tech sector. The public authority was developing a plan for investments (in building facilities, equipment and R&D), which would involve several parties, including private entities, banks and the EIB. The output of the Hub support was the delivery, in January 2018, of financial advice from the EIB's InnovFin Advisory Division. The Hub did not follow-up whether the project had obtained finance (from EIB, EFSI or other sources) or resulted in an investment.

53 In October 2018, the Hub began sending a **feedback** form to beneficiaries that had used the Hub. This form covered a number of aspects of beneficiary's satisfaction with the advisory service, such as the extent to which their needs were met, the quality of the expertise provided, and what happened to their project afterwards. At the time of the audit, the Hub had not analysed the feedback received from beneficiaries.

54 The Hub drew up key performance and monitoring **indicators** in July 2017, which it reviewed and updated in February 2018 to include the new priorities of the EFSI 2.0 regulation adopted in December 2017. We found limitations in the Hub's in five out of eight key output indicators and all six results indicators (see [Annex V](#) for further details). We also found that the framework did not include indicators on the use of innovative financial instruments and public-private partnerships, which were priorities added in the EFSI 2.0 regulation.

55 In our view, the Hub had insufficient procedures for following up the investment resulting from project specific assignments during the period. The lack of information on the results of assignments and the limitations affecting some of the indicators made it difficult to monitor and evaluate the Hub's performance in this regard.

Few Hub assignments had been completed by the end of 2018

56 We found that the Hub had completed only 89 advisory assignments by the end of 2018, 27 managed directly by the EIB services, mostly for public sector beneficiaries, and 62 carried out in cooperation with the EBRD related to SMEs in the private sector. On average the EIB managed assignments cost around €85 000 and took just over 14 months to complete and EBRD managed assignments cost around €18 000 and took less than 6 months to complete. For 32 of the 89 completed assignments where information was available, the average estimate for the investment related to a completed EIB managed assignment was €301 million, compared to €1.3 million for the SME related assignments completed in cooperation with the EBRD. Three completed assignments related to approved or signed EFSI operations by 31 December 2018.

57 Most completed assignments related to SMEs in Romania (51 of 89 or 57 %), due to the large number carried out there in cooperation with the EBRD. For the 27 completed assignments directly managed by the EIB services, the most assignments in any given Member State was four (Poland) and no assignments had been completed in 13 Member States by 31 December 2018.

58 The vast majority of completed assignments were project specific (85 of 89 or 96 %) and most of those involved technical advice on projects at an early stage (77 of 85). As a result, it is not certain whether these projects will ultimately attract investment.

59 In our view, the Hub had completed too few assignments to have had a significant impact on the supply of projects suitable for investment by the end of 2018, with three related to approved or signed EFSI operations. Completed assignments were heavily concentrated in the SME sector in Romania and Bulgaria. As Hub support was mostly related to projects at an early stage, it may only have effects in the longer term. However, individual assignments may contribute to large investments many times greater than the cost of providing the advisory service.

Conclusions and recommendations

60 Our conclusions relate to the set-up and operation of the Hub to the end of 2018. We conclude that at that time the Hub had not yet proven to be an effective tool for boosting investment in the EU.

61 We found that the Hub was set up as a “demand-driven” tool with limited prior assessment of the advisory needs it would address, the level of demand it was likely to receive, or the amount of resources it would need. In the event, the Hub received few requests that could have led to assignments compared to the resources at its disposal. In particular, the number of requests received directly through the Hub website or from NPBIs generated few assignments requiring Hub support (paragraphs [13-23](#)).

Recommendation 1 - Promoting the outreach of the Hub’s activities

The Hub Coordination Committee should further develop cooperation with NPBIs in order to improve the local access to Hub support.

Timeframe: during the remaining implementation period of Hub (by end 2020)

62 We found that the Hub largely met the goal of providing tailored advisory services to the high satisfaction of beneficiaries of Hub support. However, it did not have a sufficiently clear strategy or establish the criteria and procedures to target support to where it could add most value, despite recording most of the necessary information to do so. We found that some beneficiaries questioned the additionality of Hub support with respect to other advisory sources and just over 1 % of EFSI supported financial operations during the period benefited from a Hub assignment. While most assignments were in high priority sectors and Member States, few assignments related to the priority sectors for the Member States with the highest advisory needs. Hence, a more proactive approach would have been required to better target the overall unmet advisory needs. In addition, despite the Hub’s efforts, cooperation with partners to improve geographical coverage developed slowly due to legal complexity and the NPBIs varying willingness and capacity to cooperate. Once established, cooperation with the EBRD generated significant numbers of assignments in the SME sector in the four countries concerned (paragraphs [25-50](#)).

Recommendation 2 – Better targeting support towards priorities

The Hub Coordination Committee should endeavour to target its support and resources better by:

- (i) defining the specific criteria for assessing the value for advisory support, including additionality with regard to other EU programmes, type of support, potential impact on investment, and sectors and geographical areas;
- (ii) enhancing screening procedures for assessing the value of potential assignments in order to maximise the Hub's contribution to identified priorities for advisory support;
- (iii) further developing cooperation with NPBI to improve the geographical coverage of demand for and delivery of Hub supported advisory services.

Timeframe: during the remaining implementation period of Hub (by end 2020)

63 In addition, we found that the Hub had insufficient procedures for following up the investments resulting from Hub assignments during the period. The lack of information on the results of assignments and the limitations affecting some of the Hub's performance indicators made it difficult to monitor and evaluate the Hub's performance in this regard. In any case, the Hub had completed too few assignments by the end of 2018 to have had a significant impact on the supply of projects suitable for investment. In all, the Hub had only completed 89 assignments by the end of 2018 %, with three related to approved or signed EFSI operations. Completed assignments were heavily concentrated in the SME sector in Romania and Bulgaria. Most assignments related to the early stages of the project investment cycle, so they may only have effects in the longer term. Individual assignments may also contribute to large investments many times greater than the cost of providing the advisory service. Overall, we had found limited evidence of the Hub having made a significant contribution to the supply of projects suitable for investment by the end of 2018 (paragraphs [53-59](#)).

Recommendation 3 – Improving the measurement of performance

To monitor and improve its performance, the Hub Coordination Committee should:

- (i) follow up the results of providing advisory support (i.e. whether assignments lead to projects suitable for investment);
- (ii) develop results-related indicators and, where appropriate, targets;
- (iii) compare the actual costs of each completed project-specific Hub assignment to its results in terms of expected investment for the purpose of contributing to the assessment of the Hub performance.

Timeframe: during the remaining implementation period of the Hub (by end 2020, and for the recommendation 3(iii) by end 2021)

64 Finally, our audit has shown that shortcomings in the way the Hub was set-up proved challenging to address during the implementation phase, and that they affected performance. Under the 2021-2027 InvestEU programme, it is proposed that the InvestEU Advisory Hub managed and hosted by the Commission will cover 13 EU centrally-managed advisory initiatives currently available including the current Hub. The proposal aims to simplify and improve the existing arrangements for coordinating and providing advisory services to support investment.

Recommendation 4 – Incorporating lessons learned from the Hub in the InvestEU advisory hub

To ensure a smooth transition between the two initiatives and to incorporate the main lessons learned from the operation of the Hub in the future InvestEU advisory hub, the Commission should:

- (i) assess advisory needs and the likely demand for targeted advisory initiatives based on the experience acquired over the period 2015-2020
- (ii) target advisory assistance to unmet needs and to developing projects which potentially could be supported under the InvestEU guarantee;
- (iii) build on direct cooperation with NPBIs to improve geographical coverage of advisory services;

- (iv) develop a more proactive approach by means of local presence towards generating requests for advisory services;
- (v) reinforce access to advisory services through the design of the new InvestEU advisory hub website and promotion of its use; and
- (vi) develop an appropriate monitoring performance framework covering the costs and benefits of providing advisory services.

Timeframe: By end 2021

This Report was adopted by Chamber V, headed by Mr Tony Murphy, Member of the Court of Auditors, in Luxembourg at its meeting of 31 March 2020.

For the Court of Auditors

Klaus-Heiner Lehne
President

Annexes

Annex I – EU Technical Assistance initiatives centrally-managed under the current MFF

TA Initiative	TA manager	TA provider(s)	Fee basis	Cost sharing EU / EIB		Cost covered by beneficiary	Amount (EU budget)	Period of implementation
				EU	EIB		(EUR)	
EIAH (Hub)	EIB	EIB/other financial institutions (EBRD/NPBs)/ External consultants	cost coverage (FAFA rates)	75 %	25 %	only private; of which SMEs up to 33 %	110 000 000	2015-2020
ELENA	EIB	External consultants	6 % of the TA provided	100 %	0	Minimum 10 % of the TA provided	279 000 000	2014-2020
H2020-Energy Efficiency Call-Project Development Assistance)	EASME	External consultants	n/a				50 000 000	2014-2020
InnovFin Advisory	EIB	EIB	cost coverage (FAFA rates)	100 %	0	0	28 000 000	2014-2020
EEEF European Commission Technical Assistance	EIB sub-delegation agreement with EEEF Fund manager (DB)	External consultants	6.5 % of the TA provided	100 %	0	10 % of the allocated TA	20 000 000	2012-2017
CEF	EIB	EIB / External consultants	cost coverage (FAFA rates)	90 %	10 %	0	1 262 170 to Jaspers in 2015 3 000 000 to Jaspers in 2018	2015-2018

TA Initiative	TA manager	TA provider(s)	Fee basis	Cost sharing EU / EIB		Cost covered by beneficiary	Amount (EU budget)	Period of implementation
				EU	EIB		(EUR)	
)	
NCCF	EIB	External consultants	5 % of the EU contribution committed	100 %	0	0 (Beneficiary may be asked for a financial contribution on case by case basis)	10 000 000	2015-2019 + (extension under consideration)
PF4EE	EIB	EIB/ Financial intermediaries	6 % of the EU contribution committed	100 %	0	0	3 200 000	2014-2019
EEEE Technical Assistance Facility	EEEE Fund manager	External consultants hired by EEEF	20 % of the TA disbursed	–	–	0	subject on availability of funds (EEEE income waterfall)	2017+
CEF_ MSs	Rail infra manager/Ministries	External consultants	real costs	100 %	0	0	17 021 785	2014-2020
Smart Specialisation Platform for industrial modernisation	GROW	External consultants		100 %	n/a		1 500 000	2018-2020
City Facility	ENER/EASME	Executy Agency		n/a			16 000 000	2019-2023
Islands Facility	ENER	External		n/a			10 000 000	2018-2020
EaSI	EMPL	External consultants					13 000 000	

TA Initiative	TA manager	TA provider(s)	Fee basis	Cost sharing EU / EIB		Cost covered by beneficiary	Amount (EU budget)	Period of implementation
				EU	EIB		(EUR)	
JASPERS	EIB	EIB	cost coverage (FAFA rates)	80 %	20 %	0	233 650 000	2014-2020
TOTAL							795 633 955	

Annex II – Audit methodology

- We based our findings on:
 - Documentary review of key documents related to the Hub and pre-existing advisory initiatives, including:
 - Legal base and policy documents;
 - Financial and contractual framework;
 - Governance documentation (e.g. Hub Coordination Committee documents);
 - Management procedures;
 - Annual Work Programmes (AWPs);
 - Activity reporting;
 - Interviews with EIB/Hub staff and officials from the relevant Commission services (DG ECFIN, DG RTD, DG GROW, DG MOVE, DG ENER, DG REGIO);
 - Analysis of data held in the Hub management system as at 31 December 2018 relating to the requests for advisory services;
 - A review of the treatment of 18 Hub requests for the provision of advisory services, including 15 for which specific Hub resources were allocated (Hub assignments)

Sample item #	Request ID	Year of the request	Country	Key sector for the advisory	Status of the request
1	0021	2015	Slovenia	Development of transport infrastructures, and equipment and innovative technologies for transport	Allocated
2	0263	2016	Portugal	Development of transport infrastructures, and equipment and innovative technologies for transport	Closed
3	0228	2016	Cyprus	Environment and resource efficiency	Closed
4	0187	2016	Romania	Human capital, culture and health	Allocated

Sample item #	Request ID	Year of the request	Country	Key sector for the advisory	Status of the request
5	0196	2016	Luxembourg	Development and deployment of information and communication technologies	Allocated
6	0608	2017	Ireland	Research, development and innovation	Allocated
7	0414	2017	Bulgaria	Other	Allocated
8	0440	2017	No Country Specific	Research, development and innovation	Allocated
9	0405	2017	No Country Specific	Development of the energy sector	Allocated
10	0521	2017	France	Development of transport infrastructures, and equipment and innovative technologies for transport	Closed
11	0002ELENA	2017	Denmark	Environment and resource efficiency	Allocated
12	0594	2017	France	Research, development and innovation	Allocated
13	0370	2017	Poland	Environment and resource efficiency	Closed
14	0437	2017	Poland	Human capital, culture and health	Allocated
15	0843	2018	France	Agriculture	Allocated
16	0711	2018	Croatia	Other	Allocated
17	0777	2018	No Country Specific	Environment and resource efficiency	Allocated
18	0016EBRD	2018	Romania	Development and deployment of information and communication technologies	Closed

- A survey of the NPBIs cooperating with the Hub as of 31 December 2018. It was sent on 28 February 2019 to 25 national promotional banks and institutions cooperating with the Hub. The final deadline for replies was 9 April 2019. 20 institutions from 18 Member States replied to the questionnaire;
- An electronic survey of final beneficiaries of Hub's support during the period. We sent the survey, on 4 March 2019, to 88 final beneficiaries of Hub support with a deadline for reply of 12 April 2019. We received replies from 43 Hub beneficiaries from 24 EU Member States.

Annex III – Memoranda of Understanding signed between the EIB and NPBs (2015 to 2018)

Country	NPI name	MoU signed	Level of Cooperation ²⁶
Austria	Austria Wirtschaftsservice Gesellschaft mbH (AWS)	2016	1
Belgium	Participatiemaatschappij Vlaanderen (PMV)	2018	1
Bulgaria	Fund Manager of Financial Instruments in Bulgaria (FMFIB)	2016	1,2
Bulgaria	Bulgarian Development Bank (BDB)	2015	1
Croatia	Hrvatska Banka za Obnovu i Razvitak (HBOR)	2015	1
Czech Republic	Ceskomoravska Zrucni a Rozvojova Banka (CMZRB)	2016	1
Finland	Finnvera	2017	1,2
France	Bpifrance	2016	1,3
France	Caisse des Dépôts et Consignations (CDC)	2016	1,2,3
Germany	NRW.Bank	2017	1
Germany	Kreditanstalt für Wiederaufbau (KfW)	2016	1

²⁶ Level 1 : Sharing and disseminating knowledge and best practices;

Level 2: Acting as a local point of entry for Hub's potential beneficiaries; and

Level 3: Delivering advisory services on behalf of the Hub.

Country	NPI name	MoU signed	Level of Cooperation ⁷⁶
Hungary	Hungarian Development Bank (MFB)	2015	1,2,3
Ireland	Strategic Banking Corporation of Ireland (SBCI)	2016	1,2,3
Italy	Cassa Depositi e Prestiti (CDP)	2016	1,3
Latvia	Attistības finansu institūcija Altum (ALTUM)	2015	1,2,3
Lithuania	Investiciju ir versio garantijos (INVEGA)	2016	1,2
Lithuania	Public Investment Development Agency (VIPA)	2016	1,2,3
The Netherlands	Netherlands Investment Agency (NIA)	2016	1
Poland	Bank Gospodarstwa Krajowego (BGK)	2016	1,2
Poland	Polish Bank Association, National Contact Point (ZBP)	2016	1,2
Portugal	Instituição Financeira de Desenvolvimento (IFD)	2018	1,2
Slovakia	Slovak Investment Holding (SIH)	2016	1,2
Slovenia	SID Banka (SID)	2015	1,2,3
Spain	Instituto de Credito Oficial (ICO)	2016	2
Sweden	Almi Företagspartner (ALMI)	2016	1

Annex IV – Hub performance framework

- (a) Input/Activity indicators (IA) related to Hub activities (i.e. “deliverables”);
- (b) Output indicators (OI) related to the direct effects of these activities; and
- (c) Outcome/Results indicators (OR) related to what the advisory services provided to beneficiaries achieved.

KPI N° - Output indicator	9 Key Performance Indicators (KPIs)	Definition	12 Key Monitoring Indicators (KMIs)	Definition	KMI N°
OI.1	Number and distribution of requests treated and allocated (incl. Investment Platforms) (OI.1)	Measure the number of requests allocated and treated by the Hub (Distribution by sector, by country, by public/private promoter, by type of assistance required)	Origin of the requests: Hub website/ EIB services / external partners / EC / others (IA.1)	Measure the origin of the request received by the Hub (Web portal, EIB, NPBs, EC others)	IA.1
OI.2	Proportion and distribution of requests having triggered technical assistance (incl. estimated proportion of additional requests) (OI.2)	Measure the % of allocated requests that has triggered TA	Estimated proportion of projects reaching investment-readiness and number of investments generated (OR.1)	Measure the % of received requests that has reached investment-readiness and measure the % of received requests having materialised in real economy	OR.1
			Number and volume of investments generated (Via EFSI and outside EFSI)	Measure the number and volume of investments generated from the requests received by the Hub	OR.2

KPI N° - Output indicator	9 Key Performance Indicators (KPIs)	Definition	12 Key Monitoring Indicators (KMIs)	Definition	KMI N°
			Number of support provided on the establishment of investment platforms (OR.3)	Measure the number of potential Investment Platforms advised	OR.3
			Number of investment platforms generated (OR.4)	Measure the number of Investment Platforms generated	OR.4
			Additionality Indicator using metrics around added value (OR.5)	Measure number of TA projects delivered by the Hub in each category such as skills, eligibility, volume, scale/multi-dimensional aspect of the request	OR.5
OI.3	Average first reaction time (OI.3)	Measure the timespan of received requests between date of reception and date of first response to requester. This should be regarded as an activity indicator	Satisfaction survey (OI.7)	Measure the satisfaction expressed by the Hub users and beneficiaries by a formal feedback procedure.	OI.7
OI.4	Number of external partnerships (OI.4)	Measure the number of MoU signed or agreements with NPIs/IFIs/MSs/Mas/National Authorities/Other (e.g. associations)	Number of external partnerships becoming service providers (MoU level 3 of cooperation) (OR.6)	Measure the number of external partnerships that have reached the level 3 of cooperation as a service provider under the Hub umbrella	OR.6
OI.5	Number of multi-partners events, meetings and workshops organised and attended (OI.5)	Measure the number of events organised by the Hub and measure the number of times that the Hub/ASD representatives have participated in external events	Level of attendance to multi-partners events, meetings and workshops organised (OI.8)	Measure the number and type of participants to events, meetings and workshops organised	OI.8
OI.6	Percentage of annual budget committed and used (OI.6)	Measures the % of the annual budget allocation which is committed and used	Estimated amount of time allocated by Hub partners as service providers to Hub-related advisory services (MoU level 3 of cooperation) (OI.9)		OI.9
OI.10	Level of incoming and outgoing projects maturity to allocated projects		Number of projects supported involving combinations with other EU sources of funding (ESIF, CEF, H2020) (OI.12)	Measures the amount of projects supported by the Hub combined with other EU sources of funding	

KPI N° - Output indicator	9 Key Performance Indicators (KPIs)	Definition	12 Key Monitoring Indicators (KMIs)	Definition	KMI N°
OI.11	Number of projects supported by the Hub (i.e. Climate action, Circular Economy, Digital, Cross-Border)		Geographical rebalancing ratio Cohesion/Non-Cohesion Member States for the allocated projects (OI.13)	Measures the distribution of Hub allocated projects in Cohesion and Non-Cohesion countries	
IA.3	Number of requests received from NPBI	Measures the number of requests from NPBI received by the Hub			

Annex V – ECA Analysis of the Hub output and result monitoring indicators

Hub output Indicator	Description	Limitation
IA.3	“Number of request received from the NPBIs”	This new indicator is not related to the amended EFSI Regulation and it could have been defined before as it measures a sub-category of origin of the requests received by the Hub already covered by another KMI (IA.1: “Origin of the requests”)
OI.2	“Proportion and distribution of requests having triggered technical assistance”	This indicator is based on calculating the percentage of “allocated requests” that having triggered technical assistance. However other types of request may mobilise expertise (e.g. general information, proposed cooperation, request for funding or financial advisory)
OI.3	“Average reaction time”	This indicator does not measure an output of the Hub activity. The time to taken to make an initial response to a request is a measure of an element of the process of providing advice
OI.5	“Percentage of annual budget committed and used”	This indicator measure an input (use of the Hub grant) rather than an output (services delivered)
OI.10	“Level of incoming and outgoing maturity to allocated projects”	There were no figures available for the new indicator at the time of the audit (i.e. in the 2018 technical report). The Hub only began recording the information on incoming maturity in the management systems in the second half of 2018 (no information had been recorded yet on outgoing maturity)
OI.11	“Number of projects supported by Hub i.e. Climate action, Circular Economy, Digital, Cross-Border”	There were no figures available for the new indicator at the time of the audit (i.e. in the 2018 technical report), however we noted that usefulness of the information recorded is limited by the fact that separate codes are not used for each priority

Hub result indicator	Definition	Limitation
OR.1	“Estimated proportion of projects reaching investment-readiness and number of investments generated”	This indicator aims to measure the percentage of received requests that has reached investment-readiness and the percentage of received requests having materialised in a real investment. The Hub management reported that 47 out of 104 allocated projects had materialised a real investment as of 31 December 2018. The figure reported does not correspond to the definition of the indicator and is not supported by records in the management database
OR.2	“Number and volume of investment generated (via EFSI and outside EFSI)”	The Hub management reported 16 projects having generated investment outside EFSI and 28 projects having generated investment via EFSI as of 31 December 2018. The reporting does not correspond to the definition of the indicator (it is not clear what the “number of investments generated” refers to). The volume of investment generated in euros is not systematically recorded in the management database or included in the technical report.
OR.3 and OR.4	“Number of support provided on the establishment of investment platforms” and “Number of investment platforms generated”	These indicators measure the number of investment platforms advised and generated. The Hub management reports that 33 potential investment platforms were advised as of 31/12/2018, out of which 16 were generated. the Hub management reported in an explanatory note to the auditors that only 12 requests allocated related to the potential establishment of Investment Platforms. The Hub does not keep records on the actual IPs generated.
OR.5	“Additionality Indicator using metrics around added value”	This indicator is defined based on the number of assignments delivered by the Hub in “each category” (e.g. skills, eligibility, volume and scale/multi-dimensional aspects of request). It is unclear what “results” are to be reported under this indicator as the sections 2.5.2 and 2.5.3 of the technical report provide statistical analysis of the treatment of the requests received
OR.6	“Number of external partnerships becoming service providers”	The indicator measures the number of external partnerships that have reached “level 3” cooperation with the Hub. This indicator would be more accurately described as measuring an Hub activity

Annex VI Hub requests related to EIB/EFSI approved or signed operations

Hub request ID	Country	Sector	Hub date request received	Hub Status as of 31.12.2018	EIB/EFSI signed date	EIB/EFSI approved date
858	Poland	Environment and resource efficiency	25/10/2018	Under assessment	05/09/2018	
843	France	Agriculture	01/10/2018	Allocated	23/11/2018	
815	Romania	Environment and resource efficiency	13/08/2018	Allocated	17/12/2018	
766	Poland	Development of the energy sector	22/05/2018	Allocated	02/01/2019	
706	Lithuania	Environment and resource efficiency	13/03/2018	Allocated		09/10/2018
622	Italy	Environment and resource efficiency	08/12/2017	Allocated	22/05/2019	
621	Bulgaria	Development of transport infrastructures, and equipment and innovative technologies for transport	06/12/2017	Closed (no assignment opened, request signposted)	20/12/2018	
590	Poland	Human capital, culture and health	07/11/2017	Allocated	15/05/2018	

565	France, Spain, Portugal	Other	20/09/2017	Allocated	12/11/2018	
461	Belgium	Development of the energy sector	03/05/2017	Allocated		15/05/2018
437	Poland	Human capital, culture and health	25/04/2017	Allocated	18/10/2017	
003	Latvia	Development of transport infrastructures, and equipment and innovative technologies for transport	22/07/2015	Allocated		18/07/2017

Acronyms and abbreviations

AWP: Annual Work Programme

CC: Coordination Committee

CEF: Connecting Europe Facility

COP21: 21st Conference of Parties under the United Nations Framework Convention on Climate Change

EaSI: EU programme for Employment and Social Innovation

EBRD: European Bank for Reconstruction and Development

EC: European Commission

ECA: European Court of Auditors

EFSI: European Fund for Strategic Investments

EFSI Regulation: Regulation EU 2015/2017 amended by Regulation 2017/2356

EIAH: European Investment Advisory Hub

Hub: European Investment Advisory Hub

EEEF: European Energy Efficiency Fund

EIB: European Investment Bank

EIPP: European Investment Project Portal

ELENA: European Local Energy Assistance

EPEC: European PPP Expertise Centre

ESIF: European Structural and Investment Funds

EU: European Union

FAFA: Financial and Administrative Framework Agreement between the EU and the EIB

FI: Financial Instruments

FPA: Framework Partnership Agreement on the Hub between the EU and the EIB

H2020: Horizon 2020

IFA: Innovation Finance Advisory

InnovFin: EIB - research and innovation projects advisory

IP: Investment Platform

IPE: Investment Plant for Europe

JASPERS: Joint Assistance to support Projects in European Regions

KPI/KMI: Key Performance Indicators/ Key Monitoring Indicators

MFF: Multiannual Financial Framework

NPBI: National Promotional Banks or Institutions

PF4EE: Private Finance for Energy Efficiency

PPP: Public-Private Partnerships

RDI: Research, Development and Innovation

SGA: Specific Grant Agreement

SME: Small and Medium Enterprise

TA: Technical Assistance

Glossary

Coordination Committee: The Hub is steered by a four person Coordination Committee made up of two representatives of the Commission and two representatives of the EIB. The Coordination Committee is responsible for reviewing strategy and policy, overseeing Hub activities, reporting to stakeholders, determining services, and approving pricing policy.

ELENA Facility: An EIB / European Commission joint initiative under the Horizon 2020 programme to provide grants for **technical assistance** with the implementation of energy efficiency, distributed renewable **energy** and urban **transport** programmes.

European Fund for Strategic Investments (EFSI): An investment support mechanism launched by the European Investment Bank (EIB) and the Commission to mobilise private investment in projects of strategic importance for the EU. Also known as the 'Juncker Plan'. Now integrated into the EIB Group.

European Investment Project Portal (EIPP): A web portal hosted by the Commission through which EU-based project promoters – public or private – can get in touch with potential investors worldwide.

European Structural and Investment Funds (ESIF or ESI Funds): The five main EU funds which together support economic development across the EU: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund. They are covered by a common set of rules.

Financial instrument: Financial support from the EU budget in the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments.

Hub budget: The resources available to cover the eligible costs of the Hub.

Hub fees: The fees charged by the EIB for Hub services.

InnovFin Advisory: EIB advisory service on how to structure Research & Innovation projects in order to improve their access to finance. In the long run, this increases their chances of being implemented. It also provides advice to improve investment conditions through activities, which are not project-specific.

InvestEU Advisory: The successor mechanism to the Hub from 2021, building also on other technical assistance initiatives (e.g. ELENA and InnovFin Advisory) to provide support in line with the InvestEU Fund objectives.

InvestEU Fund: The InvestEU Fund would be the successor programme to the EFSI and the current centrally managed financial instruments (excluding external action financial instruments).

Investment platform: A special arrangement set up to channel finance to multiple investment projects within a single Member State, across a wider designated geographical area or in a specific sector.

JASPERS: A technical assistance partnership between the European Commission, EIB and EBRD which provides independent advice to beneficiary countries on the preparation of high quality major projects to be co-financed by the European Regional Development Fund and the Cohesion Fund.

National Promotional Banks or Institutions: Legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities.

Operational Programme 'Technical Assistance': They aim at reinforcing the country's administrative capacity in managing and implementing the European Structural and Investment (ESI) Funds.

Public-private partnerships: A long-term contractual arrangement between government and a private partner in which the latter delivers and funds a public service and shares the associated risks.

Technical Assistance: Advisory support to enhance the capacity of promoters and financial intermediaries with financing and investment operations at all stages of an investment project.

REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS

“THE EUROPEAN INVESTMENT ADVISORY HUB: LAUNCHED TO BOOST INVESTMENT IN THE EU, THE HUB’S IMPACT REMAINS LIMITED”

EXECUTIVE SUMMARY

I. The European Investment Advisory Hub (EIAH) is part of the Investment Plan for Europe and it was created through the European Fund for Strategic Investments (EFSI) Regulation. The EFSI was envisaged to be a demand-driven initiative to foster investment and address market failure in Europe, without any sectoral or geographical pre-allocation, while aiming for diversification. This applies to the EIAH, which is as well a demand driven initiative created with the objective of improving the quality of investment projects by offering tailored advisory support to project promoters as well as more upstream capacity building advice.

V. According to the EFSI Regulation, the EIAH was set to undertake several tasks, including acting as a “*single point of entry for questions relating to technical assistance*”. It was demand driven and had to consider all requests in line with the EFSI Regulation, including requests for upstream support. All advisory requests handled did in fact comply with the EFSI Regulation priorities set for the EIAH.

The Commission and the European Investment Bank (EIB) consider that the EIAH is providing valuable support to boost investment in projects throughout the Union. The EIAH made significant efforts to achieve better diversification in particular, with the objective of prioritising the support to cohesion countries, and increased cooperation with national promotional banks and institutions (NPBIs).

In addition, the EIAH support must be understood in a broader context as the life cycle of an investment project is measured in years, particularly in the more complex decision-making framework of the public sector, with different stages needing to be consolidated before the project reaches implementation (requiring finance) and deployment as a real investment.

The Commission and the EIB consider that it is too early to see the real impact on investment by end-2018, and 2019 performance already shows a different picture.

VI. The EIAH strategy is set in the EFSI Regulation and in the EIAH Framework Partnership Agreement (FPA), refined annually in the Work Programmes (AWP) underlying the Specific Grant Agreements. Moreover, the EIAH Coordination Committee agreed early in the process to specifically target cohesion countries and priority sectors. In terms of geographical coverage, two thirds of the assignments targeted cohesion countries. The EFSI 2.0 Regulation has reinforced the proactive support of the EIAH in priority sectors or regions and in supporting the EFSI. The EIAH FPA amended in April 2018 is mirroring the proactivity needs in specific sectors/ regions.

Additionality is defined in Article 14(2) of the EFSI Regulation in which the EIAH is requested to “*provide services in addition to those already available under other Union programmes*”. Moreover, having such expertise available in the market and provided by other

public and private advisory sources does not mean that the requestors of such advice always have due access to such expertise, due to cost, remoteness, understanding or other such obstacles.

The cooperation with NPBIs is one of the EIAH's main tools to ensure local outreach, and the EIB made significant efforts in this regard. The EIAH established a cooperation framework with 40 partner institutions, in order to stimulate local demand for advice, and concluded Memoranda of Understanding (MoUs) with 25 NPBIs by the end of 2018. During the period of the audit, EIAH also organised roadshows and several awareness raising, capacity building and knowledge sharing events with NPBIs.

VII. As per Article 14(1) of the EFSI Regulation, the EIAH was set up to provide advisory support for the identification, preparation and development of investment projects. The EIAH therefore, also supported investment projects at an early stage as this upstream advisory service is often critical to help develop robust projects. It has proven to be a successful initiative for speeding up the identification and development of bankable projects. However, the time an investment project usually needs, before the project reaches a sufficient maturity to even be considered for financing, is measured in years.

By end-2018, 55 larger EIAH assignments (i.e. excluding umbrella assignments) supporting projects with an expected investment cost of EUR 14 billion were in the EIB lending pipeline. 28 of these were supporting projects considered potentially eligible for the EFSI guarantee. The situation in 2019, after the ECA's audit, already shows marked improvements, which supports the position that a sufficiently long period will be needed to assess accurately the impact of the EIAH's activity towards generating a robust project pipeline, and particularly under the EFSI.

VIII. The Commission and the EIB, in its role as the implementing agent of the EIAH, accept all recommendations.

INTRODUCTION

02. The Commission and the EIB point out that the EFSI Regulation requires the EIAH to support projects to become economically and technically viable, be consistent with Union policies and maximise, where possible, the mobilisation of private capital. Such projects do not necessarily require EFSI support.

05. The main activity of the EIAH is to provide advisory support for the identification, preparation and development of investment projects. Handling requests is part of the tasks of the EIAH division in the EIB together with other tasks including assessing, managing, monitoring and reporting on advisory services to be deployed under the EIAH. Activities also include communication as well as maintaining relationships with local partners.

OBSERVATIONS

14. The prior assessment of the advisory needs has been performed by the Special Task Force on investments in the EU. A number of key actions were identified by the Special Task Force in their Final Report (December 2014), including Technical Assistance. The Task Force clearly identified in the report the need for the following:

a. Support for project/programme preparation and implementation should be further increased to also assist in project/programme pipeline selection and design to the extent possible. An EU investment advisory hub should be promoted to ensure a continuous and effective advisory service.

b. Focused project structuring advice, including capacity building and procedural standardisation, such as for public private partnerships (PPPs), with a view to attract additional private investment to projects/programmes of EU significance should be fostered.

15. The Commission notes that the EIAH has been set up as a demand-driven tool to cover unmet advisory needs. Hence, the absence of specific EIAH targets in the EFSI Regulation. Moreover, the EFSI 2.0 Regulation includes expectations as regards the EIAH role in supporting specific EU priorities and the EFSI sectoral and geographical diversification without however specifying any targets.

Notwithstanding, the EIAH continued (and continues) its efforts to achieve sectoral diversification of awareness raising, capacity building and project and financial instruments advisory services. In particular, with the objective of prioritising the support to cohesion countries, the deployment of new advisory services (as per the EFSI 2.0 Regulation) and increased cooperation with NPBs. Early in the establishment of the EIAH, the EIAH Coordination Committee agreed to specifically target cohesion countries and priority sectors, as set out in the EIAH Work Programmes, and in accordance with Article 4(3) (a) of the FPA.

16. The EFSI 2.0 Regulation has reinforced the proactive support of the EIAH in priority sectors or regions. The FPA, signed with the EIB on the EIAH in April 2018, is mirroring the proactivity needs in specific sectors/ regions in particular in cohesion countries with low EFSI uptake.

17. The complementarity of EIAH is fully enshrined in the current EIAH procedures. EIAH advisers have a critical role when screening the requests that come through. Each assignment has its specificity and circumstances that make it eligible or not under an EU initiative. As described in the Annex I, most of the advisory support offer under the 2014-2020 MFF is performed by the EIB, which simplifies the complementarity check during the screening/ allocation exercise hosted by the EIAH when reviewing the incoming advisory requests. Therefore, the complementarity check could be easily conducted by the EIAH team and formally addressed through the screening process (as described in the EIAH Procedures Manual). These aspects are the ones to be screened and assessed by the EIAH adviser in order to decide whether the proposed EIAH action can be complementary or not.

19. The objectives of the EIAH are wider than just dealing with the requests received and delivering advisory support to these requests. As per Article 14 of the EFSI Regulation, the EIAH mandate includes also the provision of a single point of entry for technical assistance, cooperation with NPBI, support to EFSI objectives and providing a platform for peer-to-peer exchange and sharing of know-how regarding project development.

Moreover, support to project promoters is also achieved by the work done by the EIAH team on those requests that were formally not classified as “assignments”, such as CEF blending requests, light advisory provision, support through tailored signposting support, etc.

20. The Commission and the EIB consider that the number of requests received by the EIAH is not low and has been rising every year since its launch. The use of the Wizard and the recourse to expert sources has also increased the number of projects admissible to receive advisory support.

Following the upgrade to the EIAH website in late 2017, the website effectively re-directed or “signposted” requestors to a tailored suite of alternative advisory support offers in their country of origin. Advisory support was also provided through the use of “umbrella” assignments, which more efficiently allowed for EIB experts to provide time limited, strategic advice to project promoters without these being registered as individual assignments in the EIAH management system. These other types of requests i.e. “signposted through the wizard” and “umbrella” type assignments should also therefore, be taken into account.

21. All requests reported received technical and financial advice via EIB experts, programmes with partner institutions and external consultancy, and all requests were supported with the funds provided by the EIAH budget.

22. The concept of the EIAH was a novelty in the environment of EU supported advisory activities that have been developed from mid-2015. Its demand driven nature (not linked to a specific financing scheme) rendered its ramp up phase longer than initially expected. The EIAH had first to be set up within the EIB and it also had to establish a network with NPBs. All those tasks took quite some time and did not require massive budgetary resources.

Additionally, as other EU grant instruments, the EIAH Specific Grant Agreements have an N+2/N+3 implementation period, which has a direct impact on the overall budget consumption. Part of the EUR 68.1 million available in EU budgetary commitments have an implementation period until end-2020 hence, the EIAH could not have fully consumed already the amounts made available to it by end-2018.

The annual EIAH budgetary consumption has already picked up with the increase of advisory assignments performed by the EIAH.

24. Third indent: The cooperation with NPBI aims to “ensure broad coverage of services” through local advice. It is also meant to build NPBI’s capacity to develop and deliver advisory support and this is currently the main usage of the NPBI Call for Proposals.

28. Common Commission reply to paragraphs 28 and 29.

The EIAH strategy is set in the EFSI Regulation and in the EIAH Framework Partnership Agreement, refined annually in the Work Programmes (AWPs) underlying the Specific Grant Agreements. According to the decision of the EIAH Coordination Committee, the EIAH AWP should be regarded as the EIAH strategy.

Although the EFSI Regulation does not request any target or milestones to the EIAH conceived as a demand-driven initiative, the EIAH AWP have gone beyond the requirements of the EFSI Regulation and set up deliverables and target dates in each of them, which are monitored closely through a range of indicators. Specifically, the EIAH Coordination Committee agreed early in the process to target cohesion countries and EFSI priority sectors. In terms of geographical coverage, 65% of the assignments targeted cohesion countries.

Moreover, where relevant, the findings of the market gap analysis study were taken on-board by the Coordination Committee in a number of core areas. This included a targeted approach for activities such as the cooperation with NPBIs and the localisation of the EIAH's outreach and awareness raising activities, and in the provision of on-the-ground coverage through the deployment of EIB staff as relevant.

However, as per the EFSI Regulation, not all EIAH activities can have a direct, measurable impact on investment generation. In particular, the EIAH should also act as a single point of entry for technical assistance to assist project promoters, where appropriate, in developing their projects, leveraging local knowledge, providing a platform for peer-to-peer exchange and sharing of know-how and providing advice on investment platforms.

30. It is important to point out the critical role of the EIAH advisers and other EIB experts when screening the requests received. The criteria established in the EFSI Regulation are sufficiently clear and applied consistently when assessing these requests without the need for a formal eligibility checklist or policy.

Each assignment has its specificity and circumstances that require a holistic assessment to evaluate their suitability for EIAH support. This also includes an analysis of complementarity and its possible eligibility under other EU advisory programmes.

Third indent: Article 14(1) of the EFSI Regulation states that the EIAH shall have as its objective to provide advisory support for the identification, preparation and development of investment projects. Therefore, it is important to take into account that the project life cycle of an investment project is measured in years, particularly in the more complex decision-making framework of the public sector, with different stages needing to be consolidated before the project reaches implementation (requiring finance) and deployment as a real investment.

Having a strict eligibility criterion based on the project stage would potentially result in the EIAH performing only last mile advisory assignments. This may significantly limit the ability of the EIAH to have any meaningful intervention, often considered important, at upstream level. In this case, projects under the identification and preparation stages, or assignments for long-term results such as PPPs or Investment Platforms could not be eligible and therefore, not all the objectives of the EFSI Regulation would be met. The EIAH has been active in these areas, and it is actually in these circumstances that "impact" in terms of the supply of investment projects will be recognised in a longer time frame than the one covered by the audit.

Likewise, having an eligibility criterion based on the investment size will limit the intervention of the EIAH to certain priority project promoter segments and areas/sectors (e.g. SMEs).

Fourth indent: The EIAH is bound by the requirements laid down in the EFSI Regulation and by the EU priorities identified by the co-legislators. The geographical and sectoral priorities identified in a market study conducted by an external service provider are of an indicative nature and do not have the same value as the EFSI Regulation.

Following the rationale of the EFSI, the EIAH was set up as demand-driven initiative to cover unmet advisory needs and had to consider all requests in line with the EFSI Regulation.

All advisory requests handled did in fact comply with the EFSI Regulation priorities set for the EIAH, as assured by the EIAH screening procedures.

Nevertheless, the EIAH continues its efforts to achieve sectoral and geographical diversification through awareness raising, capacity building and project and financial instruments advisory services. In particular, the EIAH prioritised the support to cohesion countries, progressed in the deployment of new advisory services (as per the EFSI 2.0) and increased cooperation with NPBs.

The EIAH has always taken into account the specificities and needs of Member States with less developed financial markets, as well as the situation in different sectors. For this reason, early in the establishment of the EIAH, the EIAH Coordination Committee agreed to specifically support cohesion countries and priority sectors as defined in the EIAH Work Programme. In terms of geographical coverage, as of end-2018 65% of the assignments targeted cohesion countries. Moreover, the allocation of staff resources followed closely the priorities set in the EFSI Regulation.

31. First indent: The EIAH's procedures require that a screening procedure systematically assesses the additionality of potential assignments. An EIAH screening group discusses all assignments before they proceed and includes representatives for the other EU advisory mandates (including JASPERS, ELENA, InnovFin Advisory, etc.).

However, the Commission acknowledges that this additionality rationale was not systematically recorded in all assignment descriptions.

32. See Commission replies to paragraphs 15 and 28-31.

33. First indent: Additionality is defined in Article 14(2) of the EFSI Regulation in which the EIAH is requested to "*provide services in addition to those already available under other Union programmes*".

Moreover, having such expertise available in the market and provided by other public and private advisory sources does not mean that the requestors of such advice always have due access to such expertise, due to cost, remoteness, understanding or other such obstacles.

35. The EIB considers that the EIAH support has been provided to help identify or prepare projects for EFSI financing in all 28 instances, and regardless of how it is then appraised, approved and contractually negotiated by the EIB, as a separate/ independent process (and which is beyond the control and influence of the EIAH).

The EFSI 2.0 Regulation adopted in December 2017 put an additional emphasis on the EIAH support for actively contributing, where possible, to the sectoral and geographical diversification of the EFSI. To expect that the EIAH support for EFSI projects should have already resulted in EFSI approvals within an audit review period of 12 months, does not take into account the nature of advisory activities. The life cycle of an investment project, from initial concept through to feasibility and preparation is usually measured in years, with different stages needing to be addressed, supported, and decided upon, before the project reaches a sufficient maturity to even be considered for financing. These factors shall be taken into account in making a calculation that then compares the number of the EIAH assignments that have already reached approval stage, with the total number of EFSI approvals since the

overall start of the initiative (i.e. the 1031 denominator). Moreover, the EIAH cannot be held responsible neither for the success of an independent and separate approval process nor for the length or outcome of the contractual negotiation process, which may or may not end in an agreement on the terms for signature.

The number of approvals, for example, obtained in 2018 under the EIB's Infrastructure and Innovation Window was only 161 – something, which the EIB consider as a better proxy for comparison.

Therefore, the Commission and the EIB consider that EIAH has contributed to the EFSI pipeline, especially considering the relatively short period of time it had to do this (i.e. during the audit review period).

36. It is precisely in the two areas of investment platforms and public-private partnerships (PPP), amongst others, that early upstream advice is so critical to the ultimate success of a project (being the platform or a PPP) later on. Investment platform design that does not, for example, take into account issues such as state aid, governance and fund manager selection criteria – all elements that need to be considered quite early on in the process – can result in significant challenges later on during implementation.

43. The EIAH engaged in co-operation activities with more than 40 institutions, and had indeed succeeded in signing 25 MoUs during the audit period with NPBIs in 20 Member States. Of the remaining 8, only Romania and Greece were considered priority Member States to target and indeed EIAH's efforts to reach these countries had some results. During the audit period, the EIAH engaged with the Commission's Directorate-General REFORM to assist Romania in creating an NPBI and in Greece. In most of the other remaining Member States where no MoU was signed, the NPBI concerned did not indicate, during the audit period, interest in formalised cooperation. All partner NPBIs were invited to EU wide "EIAH Days" events held at least once per year, as well as more focused awareness raising and capacity building regional workshops during the period. Feedback received from the participating NPBIs was generally positive.

51. A key EIAH objective was to support investment project preparation. The EFSI 2.0 Regulation adopted in December 2017 put an additional emphasis on the EIAH support for actively contributing, where possible, to the sectorial and geographical diversification of the EFSI.

CONCLUSIONS AND RECOMMENDATIONS

60. Common Commission reply to paragraphs 60 and 61.

According to the EFSI Regulation, the EIAH was set to undertake several tasks, including acting as a "*single point of entry for questions relating to technical assistance*". It is demand-driven and has to consider all requests in line with the EFSI Regulation, including requests for upstream support. All advisory requests handled did in fact comply with the EFSI Regulation priorities set for the EIAH.

The Commission and the EIB consider that the EIAH is providing valuable support to boost investment in projects throughout the Union. The EIAH made significant efforts to achieve better diversification in particular, with the objective of prioritising the support to cohesion

countries, and increased cooperation with national promotional banks and institutions (NPBIs).

In addition, the EIAH support must be understood in a broader context as the life cycle of an investment project is measured in years, particularly in the more complex decision-making framework of the public sector, with different stages needing to be consolidated before the project reaches implementation (requiring finance) and deployment as a real investment. The Commission and the EIB consider that it is too early to see the real impact on investment by end-2018, and 2019 performance already shows a different picture.

Recommendation 1 - Promoting the outreach of the Hub's activities

The Commission and the EIB, in its role as the implementing agent of EIAH, accept this recommendation. The EIAH has started implementing it.

62. Additionality is defined in Article 14(2) of the EFSI Regulation in which the EIAH is requested to “*provide services in addition to those already available under other Union programmes*”. Moreover, having such expertise available in the market and provided by other public and private advisory sources does not mean that the requestors of such advice always have due access to such expertise, due to cost, remoteness, understanding or other such obstacles.

By end-2018, 55 larger EIAH assignments (i.e. excluding umbrella assignments) supporting projects with an expected investment cost of EUR 14 billion were in the EIB lending pipeline. 28 of these were supporting projects considered potentially eligible for the EFSI guarantee. The situation in 2019, after the ECA's audit, already shows marked improvements, which supports the position that a sufficiently long period will be needed to assess accurately the impact of the EIAH's activity towards generating a robust project pipeline, and particularly under the EFSI.

Recommendation 2 – Better targeting support towards priorities

(i) The Commission and the EIB, in its role as the implementing agent of the EIAH, accept this recommendation.

(ii) The Commission and the EIB, in its role as the implementing agent of the EIAH, accept this recommendation.

(iii) The Commission and the EIB, in its role as the implementing agent of the EIAH, accept this recommendation. The EIAH has started implementing it.

Recommendation 3 – Improving the measurement of performance

(i) The Commission and the EIB, in its role as the implementing agent of the EIAH, accept this recommendation.

(ii) The Commission and the EIB, in its role as the implementing agent of the EIAH, accept this recommendation.

(iii) The Commission and the EIB, in its role as the implementing agent of the EIAH, accept this recommendation.

Recommendation 4 – Incorporating lessons learned from the Hub in the InvestEU advisory hub

- (i) The Commission accepts this recommendation.
- (ii) The Commission accepts this recommendation.
- (iii) The Commission accepts this recommendation.
- (iv) The Commission accepts this recommendation.
- (v) The Commission accepts this recommendation.
- (vi) The Commission accepts this recommendation.

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber V Financing and administration of the EU, headed by ECA Member Tony Murphy. . The audit was led by ECA Member Annemie Turtelboom, supported by Florence Fornaroli, Head of Private Office and Celil Ishik, Private Office Attaché; James Mcquade, Assistant to Director; Ralph Otte, Principal Manager; Felipe Andrés Miguélez, Head of Task; Aino Nyholm, Ilias Nikolakopoulos and Martin Puc, Auditors.

As a consequence of the COVID-19 pandemic and the strict confinement conditions, no picture of the audit team could be provided.

Timeline

Event	Date
Adoption of Audit Planning Memorandum (APM) / Start of audit	5.12.2018
Official sending of draft report to Commission (or other auditee)	28.1.2020
Adoption of the final report after the adversarial procedure	31.3.2020
Commission's (or other auditee's) official replies received in all languages	21.4.2020

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The European Investment Advisory Hub was set up in 2015, alongside the European Fund for Strategic Investments, as part of the Investment Plan for Europe designed to boost investment. The Hub supports investment by providing advisory services to project promoters in addition to those already available under other EU programmes. The Hub operates as a partnership between the Commission and the European Investment Bank. The EU budget covers 75 % of the Hub's annual budget up to €110 million in the period 2015-2020. This report presents our findings on the Hub's activities from its launch up until December 2018. We conclude that, by the end of 2018, the Hub had not yet proven to be an effective tool for boosting investment and we provide recommendations for improving its performance and incorporating the lessons learned from the Hub in the new InvestEU advisory hub proposed under the InvestEU programme for the period 2021-2027.

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