



CSI Europe

PARTNER – CEMS

LOCAL ACTION PLAN

Executive summary



*Making financial
instruments work
for cities*



Connecting cities
Building successes



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CONTEXT AND FRAMEWORK

Seville is **the capital city of Andalusia**. Located in the South of Spain, Seville, or Sevilla in Spanish, is one of the largest Spanish cities with over 700.000 inhabitants.

Seville occupies the valley of the **Guadalquivir river**. The river, with 60 navigable kilometers, was an important harbour during the Spanish conquest of the American continent. Nowadays its economy is dominated by the service sector but in which industry still holds a considerable place. Is well connected to Madrid by the Spanish high speed train AVE and also has an international airport.

The city of Seville, is famous worldwide for its culture, monuments, traditions and artistic heritage. Is also the neuralgic center of a growing metropolitan area. With 2 million visitors a year, Seville is a main international tourist destination.

In the context of the current economic and financial crisis major challenges lie ahead for Seville. The discontinuation of financial subsidies is accompanied by the city's new needs. With budget cuts on the rise and **traditional subsidy schemes disappearing**, they have to increasingly look for alternatives. These new circumstances require a change in the way the local authority acts, **new financial instruments need to be developed** and it is necessary to establish the role that they can play to make effective planning in the management of priorities of urban development. Cities have to be more and more creative when it comes to financing their projects and programs.

The Seville CSI Europe Local Action Plan aims to set up an Urban Development Fund. It is to be established at a local level and managed under local responsibility.

Financial Instruments (FI) will be at the heart of the next Structural Funds and cities must become experts at using them. Seville is giving its first steps for the creation of a financial instrument that will form part of its urban strategy and will contribute to broaden understanding of new types of investment funds through conversations with its partners.

THE LOCAL CORPORATION

The Corporation for Municipal Enterprises Seville (CEMS) is 100% public, it aims is positioning its members in the European Union, key to economic development of the city and to achieving positive results in the search for European funds. In general priority lines are:

1. Technological development and innovation. I + D + I.
2. European networks of knowledge exchange
3. Climate change and sustainability

The CEMS participates and also promotes certain city projects in which its field of activity is relevant.

This will drive to new revenue generation within the municipal companies, by attracting public support through repayable grants or of incentive credits that encourage the development of ideas and projects for the city where the corporate purposes of the CEMS are included.

Public companies represented in the CEMS are:

- Emvisesa: Public Housing, Land and Equipment.
- Lipasam: Environmental Protection. Waste Management
- Tussam: Public Urban Transport
- Emasesa: Water Supply and Sanitation

LAP OBJETIVES AND SCOPE:

The **main objectives** of the project are:

- ✓ Establishment of a Local Urban Development funds in Seville.
- ✓ Initiate a learning process concerning the procedures to generate it and how make it work for the city.

Its **scope** involves the implementation of the followings tasks:

- ✓ Build up a city governance model at the UDF level
- ✓ Create an Off the Shell Model to extend this UDF to the rest of Spain
- ✓ Examination of a variety of financial sources to find appropriate governance structures
- ✓ Development of a project structure suitable for a funds
- ✓ Development the project pipeline
- ✓ Reinforce the implementation of FI in the ESIF strategy in Spain.

- ✓ Deliver Investment strategy linked to ERDF 2014-2020 & economic policy

Further action to accomplish:

- ✓ Apply for an Interreg Europe in order to work together with other countries in the same situation.

SCHEDULE

The set of actions integrating the Local Action Plan started its implementation in 2013, and will continue in the 2014-2020 programming period.

ACTIVITIES:

- Four meetings of **Local Support Group**. Aims: to choose the **best access to funds for urban development of Seville**.

During these workshops, possible models have been studied oriented to an easier access this type of financing that combines the money private loans and allow reuse the ERDF grant indefinitely in the development of different projects.

- Participants
 - Public companies
 - City departments
 - Private companies
 - Jessica Andalucía
 - Regional managing authority
- Contents:
 - CSI presentation
 - Jessica presentation
 - Set up the Local Support Group.
 - Study problems and situation
 - Decided to implement the Seville UDF
 - Funds scheme alternatives
 - Legal questions
 -
 - Study the priorities of the future UDF as:

- Environment
- Climate change
- Research and innovation
- Energy
- Buildings and regeneration
- Transport

It is necessary to assess the investment desires and needs of Seville according to the market appropriateness and viability of the projects.

➤ Politicians representatives **visited Manchester to learn about FI**

- CEMS representatives have attended the meeting and have reported positive progress in developing the detailed implementing regulations. It is clear that FIs will be important in delivering funding to Seville's projects in the next programme. CSI Europe will be able to contribute to other URBACT networks' understanding of FIs to help them unlock this type of funding to support their Local Action Plans in the future.
- It's been very interesting to be able to exchange ideas with CSI Europe's partners and in particular Manchester's projects. They already had a lot of experience in this field, especially when it comes to state aid.
- In-depth analysis of the experience of other countries helps to assess the potential risks, detect the existing gaps and options to reduce the gaps in the implementation of financial instruments thus could support the elaboration of the implementation model of financial instruments in Seville.

➤ Two meetings for **legal advice** with internal and external advisory in order to draft the legal status of the UDF

➤ Meeting with the financial Institutions

Meetings were held in order to consider which financial institutions are interested in the possibilities offered by financial instruments and which one would be best for ensuring the management of financial.

➤ Five individual meetings with **Managing Authorities: Regional and National**

- The co-operation between local and regional level authorities and the Managing Authority is essential in order to decide on the best financial instruments' implementation model.
- Study governance:
 - National
 - Regional
 - Local

- Social and financial effects of investments.
- Explanation of FIs: public-private partnerships and other urban development projects with a focus on sustainability/recyclability.
- **To set up a National Working Group with the National Authority, Regional MA and local authorities for IF implementation in Spain**
- Two meetings of the National WG. Contents: Road Map for IF implementation
 - Building stronger relationship with National Managing Authority in relation to FIs
 - Establish the national working group for implementation of FI
 - Map relevant partners in the ESIF FI strategy
 - Raise UDF and innovative financing at national level
 - Agree Local targets of this UDF. Integrated Sustainable Development Strategy
 - Draft the Legal Status of the UDF
 - Ex-ante assessment
 - Establish the Fund
 - Dissemination activities in Spain

FUNDING SCHEME

The Funding Scheme will draft the outline for FI, although still has to be defined its specific composition:

- European Funds (from ERDF and BEI)
- National/regional/local grants
- Private Capital

FRAMEWORK FOR DELIVERY

- Steps to be taken by UDF
 - Creation of a project structure for the development and implementation of a fund
 - Debate to determine the goals, definition of the role of the local authority
 - Development of packages of measures, filling the project pipeline
 - Negotiations on obtaining funding and laying the legal groundwork
 - The use of new and the reinvestment of reimbursed JESSICA funding
 - The use of model funding from central and regional government
 - Contributions from private investors
 - The creation of a sustainable fund and financial concept, and the selection of an appropriate legal form
 - Involvement of banks in setting up the fund management system

All the above measures and necessary clarification work will be carried out during the course of 2015.-2016. Responsibility for the above-mentioned measures rests with the Seville's Office for Urban Development.

RISK ANALYSIS

The main risks associated with the Local Action Plan are as follows:

- Need to deal with a wide range of European and national rules, including regulations on state aid and public procurement
- Lack of interest from private sector
- Uncertainties at national level about opportunities to use the financial instruments in 2014-2020 planning period;
- Lack of experience in using financial instruments
- Need to expertise advisor.