



CSI Europe – EIB Conference

CSI-Europe towards 2014-2020 Financial Instruments for Cities



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Introduction

Purpose of the Conference

The European Investment Bank organised a conference involving the CSI Network which took place on 30th & 31st March 2014 at its Office in Luxembourg City. The conference was titled “CSI-Europe towards 2014-2020 Financial Instruments for Cities”. The purpose of the event was to support URBACT CSI project partner city representatives, including their Managing Authorities, in the development of their Operational Programmes and the integration of Financial Instruments into programming.

This template uses a small number of styles with the prefix CSI shown above. Where pictures are inserted text should be wrapped “tight” using the “Wrap Text” function under “Page Layout”. This is the body text and it sits under CSI Heading 1 – there is also a CSI Heading 2 which can be used for sub-headings.



“The Conference is ‘the highlight of our network to date and a real boost for the network’s activities’ – Des Gardner, Lead Expert for CSI Europe.



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The Conference

The Conference was attended by 9 of the 10 network partners. It was pleasing to see representation from the Managing Authorities.

The event included presentations from various representatives of the European Commission along with EIB on the 2014-20 framework for the implementation of Financial Instruments. This included learning from the previous period and options in relation to EIB available services.

Roundtable questions and answers sessions and parallel workshops bring a strong interactive dimension to the programme.

CSI Europe

The conference started with a presentation from Des Gardner (Lead Expert) and Paul Evans (Theme Expert) who gave some background information on the development of the CSI Europe project and its context, including key themes. An update on the current 'state of play' was given.

Des talked about the North West Evergreen Fund as a successful Financial Instrument and its progress to date. He advised that this recyclable fund would continue to operate into its second phase in the next Operational Programme responding to the strong investment pipeline already developed. Key to the development of FIs was a cities dialogue with its Managing Authority and it was good to see representation from the MAs at the conference. An interesting Q&A session followed and it was clear that FIs needed to respond to local demands and conditions.

Financial Instruments in the 2014-2020 Programme Period

Key presentations was given by DG Regio representatives Ricardo Pinheiro (Policy Analyst) and Barbara Crome (seconded national expert). Ricardo gave a presentation on the Operation Programme, past, present and future. Learning from previous programmes had informed the 2014-2020 programme. Key points mentioned were the programme's wider scope in terms of thematic objectives, Ex-ante requirement under ESIF and the additional implementation options for Managing authorities, including off-the-shelf models (5 in total to be produced during 2014). Participants were interested to note that MAs will be able to implement loans/guarantees directly (through 1B) without the formal set up of a Fund (covered by TA). He concluded that DG Regio aimed to encourage the use of FIs and the combination of FIs and other forms of support. The discussion following the presentation focused on the off the shelf models and State Aid as well as the role of Managing Authorities as Intermediaries.

The EIB's Gianni Carbonaro took us through lessons learnt on FI in the 2007-2013 programme with his colleague, Frank Lee, taking participants through the practicalities of designing, structuring and implementing an FI.

Summary Conclusions

Colleagues from the European Investment Bank kindly provided a summary of the Conference and this is detailed below.

The wide-ranging discussion at the conference raised a number of important points which are summarised below.

- More Managing Authorities need to be convinced of the merits of implementing Financial Instruments. Getting a better understanding of the Managing Authority and municipality perspectives is the first step towards addressing this.
- More effective use of Advisory/Technical Assistance services is needed to boost the pipeline and quality of potential projects.
- The adaptation of existing examples of successful Financial Instruments to their national/regional/local context is essential and will require significant Advisory support to develop the required organisational implementation capacity.
- The further development of Knowledge/Best Practices for Financial Instruments, by networks such as the CSI-Europe Thematic Network and similar channels should help considerably in improving the understanding between funding institutions, municipalities and Managing Authorities.

Key messages from the conference speakers and participants were:

- **Financial Instruments are powerful tools** - Financial Instruments are a powerful tool in fostering growth and development in a constrained budgetary context and the informal catch-phrase of the participants was that 'old ways won't open new doors'.
- **New EU framework is welcomed** - The innovations and increased flexibility of the regulatory framework now agreed by the European Commission for the implementation of Financial Instrument in 2014-2020 were welcomed.
- **More Managing Authorities need to be convinced of the merits of implementing Financial Instruments** – Most of the municipalities present were keen to see Financial Instruments implemented more widely but such willingness was less common among their constituent Managing Authorities. The collaboration between Managing Authorities and Municipalities concerning Operation Programme design was also seen as less effective than it should be. **As a first step, a better understanding is required of the Managing Authorities and cities' perspectives, in particular their capacity to address issues related to Financial Instruments.**
- **More effective use of Advisory services/Technical Assistance is needed to boost the pipeline and quality of potential projects** – In certain cases where Financial Instruments are already being implemented, the cities cited some concerns over the quality of the project pipeline. Advisory services/Technical assistance available to bodies implementing Financial Instruments are considered to be key tools to boost the quality and quantity of the project pipeline.

- **Successful examples of Financial Instruments are inspirational but adapting these to the local context is essential and will require significant development of organisational capacity** - The capacity available for implementation varies significantly across countries and successful solutions from elsewhere may have to be significantly tailored to the regional/local conditions, including culture. There are organisational capacity gaps at all levels that need to be addressed whether through organic growth and/or through Advisory services/Technical assistance.
- **The development of Knowledge/Best Practices for Financial Instruments by networks such as the CSI-Europe Thematic and similar channels should help substantially in improving the understanding between funding institutions, municipalities and Managing Authorities** - There is a need to address the aforementioned issues of gaps in organisational capacity. Knowledge and Exchange Platforms for Financial Instrument stakeholders, such as the CSI-Europe Thematic Network, provide a significant opportunity to develop Best Practice. As one of the key players in Financial Instrument implementation with its financing, blending and advisory services, the EIB is encouraged to become further involved in these platforms.

More generally, the topic of Financial Instruments for urban/territorial development could be further enhanced also in REGIO's future co-operation with Member States and cities in particular, for example under dedicated calls for proposals of the envisaged "innovative urban actions" initiative (Article 8 of ERDF regulation) and in the context of the EU-wide Urban Development Network (Article 9 of ERDF regulation) which is currently set-up by REGIO as the key discussion forum for European cities working with ESIF funding.



The aim of CSI Europe is to build on the different experiences of the partners in relation to financial instruments and urban investment. By working together we will seek to: identify common issues that affect financial instruments and work together to identify solutions; work at a local level to translate our experience to the delivery of projects and act as a voice for cities in the development of future investment models at both a local and EU level.

The key themes that the network will seek to explore are: Governance, State Aid, Technical Assistance and Regulation and through this work we will seek to identify new models for investment through financial instruments.

The URBACT II Operational programme will support the partners' work over the next three years, providing a framework for joint working and supporting the partners' local activities. The partners will work together through thematic partnerships where two or more partners will work together to explore, in depth, a key theme; transnational conferences where all the partners will come together to consider the key themes, share experiences, celebrate success and exchange ideas; and URBACT Local Support Groups established in each city, bringing together key public and private sector stakeholders to deliver a Local Action Plan reflecting the city's priorities for the network.

The network will also seek to develop links with the European Commission, Managing Authorities and other organisations who will help shape the role of financial instruments in the next Structural Fund programme. This may allow CSI Europe to play a constructive role in the development of financial instruments for the future support of urban development across the EU area.



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URBACT II

URBACT is a European exchange and learning programme promoting sustainable urban development. It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 181 cities, 29 countries, and 5,000 active participants
www.urbact.eu/project



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