

## \* **Local Investment Fund**

The Fund, endowed with 8,000 million Euros, is aimed at increasing public investments at a local level by financing newly planned public works which will start to be implemented in 2009.

It will serve to finance a set of actions that, given their features, will contribute to revitalise economy and to enhance job creation and preservation in the short term, while strengthening the capitalisation of our economy, increasing the investing potential of our municipalities.

The distribution of the funds among more than 8,000 municipalities has been carried out according to a strict population criterion, with the outmost objectivity and transparency. The amounts granted to each municipality have already been published by the Ministry for Public Administrations and the resulting per capita investment totals to 177 Euros.

Since this is an urgent measure and in order to start implementing the different projects as soon as possible, the maximum budget for them amounts to five million Euros. The works must be carried out during 2009 and their conclusion must be justified by the first quarter of 2010.

The works that are eligible for financing at the different municipalities fall within their competences and they are characterised by their productive character or by their special social usefulness. Financeable works include:

- Refurbishment or improvement works on public urban areas and industrial areas.
- Equipment and infrastructure works on roads, sewage systems, street lighting or telecommunications.
- Construction, refurbishment or improvement works on social, health care, funerary, schooling, cultural or sports furnishings.
- Works having to do with the environment, with pollution prevention and with the promotion of energy efficiency.
- Works to eliminate architectural barriers.
- Works to preserve municipal and historical heritage.
- Construction or improvement works on the water supply system and on the wastewater purification system.
- Works to improve road safety and to promote sustainable urban mobility.
- Works for fire prevention and to promote tourism.

### **Beneficiaries**

The Local Investment Fund is expected to contribute to the creation of approximately 225,000 new jobs. Given the relevance of the projects benefitting from these measures, in most cases it will serve to reallocate the workers and resources that suffered the consequences of the readjustment of the construction sector in Spain. Of course, this fund is also expected to favour the viability and involvement of small and medium-sized companies carrying out activities related to the construction sector, such as engineering services, architecture services, logistics and the production and mobilisation of

materials, machinery and equipment. Besides, it will contribute to the improvement of public local infrastructures.

## **Development**

This measure was approved of by the Council of Ministers last 28 November 2008. It will be implemented through an emergency procedure that will make it possible to speed up the whole process, from the calls for tenders to the acceptance of the project bids so that it may have an even stronger impact upon employment. The period for presenting the projects started out last 10 December and it will finish next 24 January 2009. The Plan is run by the Ministry for Public Administrations. Once the corresponding projects have been awarded, the State will supply 70% of the total cost and the rest will be paid at the end, once a statement justifying the destiny of the funds is elaborated.

## **Further information**

<http://www.map.es/prensa/actualidad/noticias/2008/12/20081226.html>

## **\*Special Fund for the stimulation of economy and employment**

Endowed with 3,000 million Euros and aimed at financing immediate actions in specific, strategic production sectors. There are, mainly, three types of actuaciones:

- In the first place, this will serve to finance construction, refurbishment and improvement works carried out to complement those contemplated in the municipal plan: improvement works in the premises of the central government, mainly quarters, barracks and police stations (455 million Euros); additional funds for refurbishment works contemplated in the Housing Plan (110 million Euros); and works on small transport infrastructures (140 million Euros).
- IN the second place, a series of projects will be implemented in order to create employment in sectors that will lead the change in our production model: Research, Development and Innovation (490 million Euros), social Tourism and dependence (430 million Euros) and activities having to do with the Environment and with the prevention of climatic change (575 million Euros).
- Finally, a plan for the vehicle sector will be implemented; it will be endowed with 800 million Euros.

## **Beneficiaries**

All citizens will benefit from:

- better social services;
- actions to enhance road maintenance and road safety, to eliminate 30 level crossings, to carry out construction and refurbishment works on 190 quarters of the civil guard and 28 police stations and to support refurbishment works on nearly 110,000 private residences;
- actions to recover, regenerate and clean beaches, marshes and dunes; maintenance actions on natural pathways; actions on national parks and reforestation actions and fire prevention.

Society as a whole will benefit from investments in Research, Development and Innovation, because this will serve to enhance the changes in our production model and to speed up the recovery of our economy. According to official estimates, this Fund will contribute to keep up or create some 75,000 jobs.

## **Development**

Enforced by virtue of Royal Decree 9/2008.

## **Further information**

<http://www.meh.es/es-ES/Areas%20Tematicas/Presupuestos%20Generales%20del%20Estado/Paginas/FondoparaelEstimulodelaEconomiayelEmpleo.aspx>

## **\*Extraordinary Plan containing Orientation, Professional Training and Labour Market Insertion Measures**

In order to face the increase of unemployment, the Government approved of an extraordinary plan containing a set of orientation, professional training and labour market insertion measures last April 2008.

This extraordinary plan is in force in the whole country and it will be run by the National Employment Department and by those Autonomous Regions whose statutes contemplate competences in the labour and training area.

The plan contemplates the hiring of 1,500 advisors who will carry out support tasks in labour search departments. Similarly, the plan contemplates specific subsidies for the labour search process and also to enhance geographical mobility; these subsidies will be integrated into the plan and add up to the existing advisory, training and labour insertion measures and they will serve to strengthen them.

The aids to geographical mobility will be intended for formerly unemployed workers accepting a new job and having to move due to this, and different aids to cover the moving, the journeys, the accommodation and the kindergarten.

### **Beneficiaries**

More than 400,000 unemployed workers will benefit from the advisory services that will be strengthened thanks to the resources provided by this Plan.

### **Development**

This has already come into force. It was approved of by virtue of Royal Decree 2/2008, dated 21 April, on measures for the promotion of economy ([www.boe.es/boe/dias/2008/04/22/pdfs/A20740-20748.pdf](http://www.boe.es/boe/dias/2008/04/22/pdfs/A20740-20748.pdf)). The 1,500 advisors have already been hired and they are already helping the unemployed search for work opportunities.

## **\*Allowances of 1,500 Euros to hire unemployed workers with family responsibilities**

Unemployment is affecting mainly people with family responsibilities and, thus, the Government has approved of new tax allowances on Social Security fees for businessmen who offer indefinite contracts to unemployed workers with family responsibilities.

Thus, those employers who offer full time indefinite contracts to unemployed workers with family responsibilities between the beginning of December 2008 and the 31 December 2010 may opt to a monthly allowance of €125 in their Social Security fee (1,500 Euros/per year). All the employment modalities involving indefinite contracts contemplated in the law – either ordinary or for the promotion of indefinite contracts – will be valid for this purpose.

### **Beneficiaries**

According to official estimates, 110,000 unemployed workers will benefit from indefinite hiring through this allowance programme while it is in force, that is, for a two-year period.

### **Development**

It is currently in force. It was approved of by virtue of Royal Decree 1975/2008, dated 28 November, on urgent measures for economy, taxes, employment and access to housing, published in the Official Gazette of the Spanish State on 2 December 2008 ([www.boe.es/boe/dias/2008/12/02/pdfs/A48135-48142.pdf](http://www.boe.es/boe/dias/2008/12/02/pdfs/A48135-48142.pdf)).

## **\*The capitalisation of unemployment aids increases to enhance self-employment**

The Government has increased the capitalisation percentage of unemployment aids so that the unemployed may have more chances to become self-employed workers. Thus, the single payment will amount to the value of the corresponding necessary investment to implement each specific activity, including the business start-up taxes, up to 60% - maximum - of the taxable unemployment subsidy to be received by each worker.

### **Beneficiaries**

According to official estimates, 104,000 unemployed workers will benefit from the increase of the capitalisation possibilities of unemployment subsidies.

### **Development**

It is currently in force. It was approved of by virtue of Royal Decree 1975/2008, dated 28 November, on urgent measures for economy, taxes, employment and access to housing, published in the Official Gazette of the Spanish State on 2 December 2008 ([www.boe.es/boe/dias/2008/12/02/pdfs/A48135-48142.pdf](http://www.boe.es/boe/dias/2008/12/02/pdfs/A48135-48142.pdf)).

## **\*Reorganising and adapting the active employment policies “2009 Employment Plan for Socially Useful Jobs”**

The changes the labour market has gone through over the last few months have brought about a considerable increase of unemployment, which makes it advisable to enhance active employment policies that make it possible for unemployed workers benefiting from them to work and take part in training programmes at the same time, because this combination is the most efficient at present in order to attain full insertion in the labour market.

Adapting the existing active employment policies involves the propitiation of a more flexible use of such policies for the enhancement of personalised itineraries and of their capacity to adapt to local needs. Besides, it is necessary to incorporate goals and impact indicators in order to carry out an ongoing assessment and achieve an efficient coordination among the central Government and the Regional Governments.

The “2009 Employment Plan for Socially Useful Jobs” is aimed at improving the chances of 100,000 unemployed persons to get a job by allowing them to work or provide services to the community while they take part in training programmes.

## **Beneficiaries**

The active employment policies, that is to say, employment, training and stable contract promotion programmes are intended for all workers, and, in particular, for the unemployed and for those who experience specific difficulties to find a job.

The beneficiaries of the 2009 Employment Plan for Socially Useful Jobs are, mainly, unemployed people over 25.

## **Development**

The reorganisation and adaptation of active employment policies is being carried out within a context of Social Dialogue.

The 2009 Employment Plan will start to be implemented after the next Sector Conference, on January, and, thus, it will be possible for the different Autonomous Regions that run the plan to implement it on February.

## **\*Improving the Public Employment Services**

The State Employment Department is implementing an intense plan in the management of unemployment aids, incorporating organisational, management and technological changes which have made it possible to face the sharp increase in the number of applicants and to provide citizens with efficient solutions. The most outstanding measures are, among others, the hiring of 1,415 workers to check the subsidies granted in the different Offices, the simplification of administrative processes and the implementation of telematic processing systems through the virtual office and also via e-mail and by phone; as well as the improvement of face-to-face attention by means of a more flexible management of the work teams and also through specific plans at the provincial level.

All this has made it possible to speed up the processes to grant the different subsidies and to shorten the processing period, which has passed from 16 days last May to 7 days at present, besides, it has also made it possible to include 95% of the applicants in the payroll of the month following the submission of their application.

As to the goals for the future, the Government is working on an automatic system for telematic subsidy checking, which could be ready for the second semester.

The Public Employment Department is formed by the Central Department, which is in charge of managing the subsidies, and by the Regional Department, which is in charge

of employment management; and they have 5,750 workers and more than 9,000 workers, respectively, whose task is helping citizens at the different offices.

Improving the Public Employment Department brings about the improvement of the intermediation capacity. Thus, the Government is preparing a System of Professional Advisors so as to provide citizens with personalised itineraries and to incorporate the regulation of private labour search agencies as collaborators into the Public Department, in a context of social dialogue.

### **Beneficiaries**

Those who are searching for a job or want to improve their current one, and also those who want to apply for an unemployment subsidy. Companies hiring new personnel and offering jobs.

### **Development**

The measures concerning the management of unemployment subsidies have already been implemented while those aimed at improving intermediation are being discussed in the context of Social Dialogue.

### **Further information**

<http://www.inem.es/>

## **\*Promoting public works**

After a strong period of bid allocation, the implementation of public works has intensified, especially in the Ministry of Development, which is the main investor. This serves to stimulate the economic activity and employment as well as to make up for the sharp decrease of residential construction.

### **Beneficiaries**

Building contractors and workers hired either directly or indirectly to work in public projects who, according to some official estimates, might amount to 500,000 approximately. This will also benefit citizens directly, for they will be provided with better infrastructures and, therefore, a more efficient transport network.

### **Development**

It is under development at present. The bids awarded to **Grupo Fomento** in 2008 amount to 17,415 million Euros, that is to say, 20% more than in 2007, if we do not take into account the 5,503 million Euros granted in 2007 for the renewal of first-generation highways as, given the fact that this is an exceptional endowment, should not be included in the yearly comparison.

As to the investments in infrastructures for 2008, the provisional data available, leaving aside the Spanish Port System, total to 15,657 million Euros, that is, 99% of the initial budget, which means that the investments implemented in 2008 increased by 18% as compared to 2007.

Besides, the Investment Budget of Grupo Fomento for 2009, including the Spanish Port System, amounts to 19,255 million Euros, that is to say, 8.2% more than in 2008. Besides, the Special State Fund for the stimulation of economy and employment contemplates an additional endowment of 140 million Euros for small transport infrastructures.

## **\*2009-2012 Housing and Refurbishment Plan. It includes the so-called House Renove Programme**

This Plan contemplates 996,000 actions over the next four years in order to make it easier for citizens to access houses to buy or let, to promote subsidized housing construction and to expand on our housing market.

It establishes measures to enhance rentals (the main aim is introducing 40% of the newly built subsidized houses into the rental market). It establishes subsidies up to 410 Euros per square metre to promote rentals and it strengthens the leasing option. It promotes refurbishment (470,000 actions) focusing on housing improvement, on the improvement of the surroundings and on the improvement of energy efficiency in buildings. The Plan includes the so-called Renove Programme, which focuses on the refurbishment of specific buildings and on actions aimed at improving energy efficiency, renewable energy use and the implementation of access devices for people with disabilities.

This Plan is endowed with 10,188 million Euros and it will mobilise loans amounting to nearly 34,000 million Euros.

### **Beneficiaries**

Those citizens who need to buy or let a subsidize residence. They will be given pre-eminence to access the aids granted by the Plan to families with low income, to the elderly, to young people, to the victims of gender violence, to people with disabilities, to single-parent families and to large families, to people in extreme situations or facing exclusion and to dependent people, homeless people or people coming from shanty towns.

The National Housing and Refurbishment Plan establishes three typologies for subsidized housing, depending on the income:

- special regime up to 2.5 Public Indicator of Multiple Effect Income (IPREM)
- general regime up to 4.5 Public Indicator of Multiple Effect Income (IPREM)

- subsidized regime up to 6.5 Public Indicator of Multiple Effect Income (IPREM).

Thus, families with an average income can also benefit from it.

Besides, the Plan will promote activity in the construction sector in particular by supporting refurbishment.

## **Development**

The plan was approved of on December 2008 and it will start to be implemented in 2009. The process for agreement subscription with the Autonomous Regions has already started. The Royal Decree 9/2008 dated 28 November approved of an extraordinary endowment of 110 million Euros for refurbishment as part of this plan, the funds will be provided by the Special State Fund for the Stimulation of Economy and Employment.

## **Further information**

[http://www.mviv.es/es/index.php?option=com\\_content&task=view&id=1164&Itemid=1164](http://www.mviv.es/es/index.php?option=com_content&task=view&id=1164&Itemid=1164)

## **\*Tourism Renove Plan**

New ICO financing line intended for small and medium size enterprises in the tourism sector. It offers advantages (90% of an investment of up to 1 million Euros at 1.5%, to be returned in up to 12 years) for the renewal and refurbishment of infrastructures for tourism. This financing line amounts to 400 million Euros for 2009.

It will finance those investments contributing to increasing of the quality and added value of products; those contributing to improving the sustainability of the different premises, in particular, those contributing to energy saving and to preserving and enhancing the environment; it will also finance those investments aimed at implementing quality systems, at improving accessibility and at implementing new technologies.

## **Beneficiaries**

All types of hotels and boarding houses for tourists, restaurants, travel agencies and complementary offer. The construction sector will benefit from an increase of refurbishment activities, companies will also improve their competitiveness and society will benefit from the improvement of quality and from a sustainable tourism model.

## **Development**

It is under development. Next 16 January, the Council of Ministers will approve of the transfer of 400 million Euros to the Official Credit Institute- ICO. The agreement between the State Secretary for Employment-SET and the ICO will be signed next 19 January and the applications might start to be submitted that very week. It will remain in force until next 31 December 2009 or until the funding is over.

### **Further information**

<http://www.mityc.es/es-ES/Servicios/Ayudas/Otros/PlanRenoveTurismo/>

Telephone no.: 901 50 1002

## **\*New Law including a set of measures to promote rentals and energy efficiency in buildings**

Modification of the Rental laws, the Rules of Civil Law Procedure and the Horizontal Property Law in order to promote the rental market in Spain. Thus, on the one hand, this serves to speed up eviction lawsuits and lawsuits for failure to pay the rent so as to prevent injustice and unjustified delays; and, on the other hand, it guarantees the rights of tenants.

Besides, it contemplates an extension of the cases in which landlords may cancel the contract if they need the rented property for their children or for their parents, provided this has been previously established on the contract.

Finally, it establishes a more flexible majority for landlord associations to implement works to improve energy efficiency in their buildings and properties.

### **Beneficiaries**

Citizens will benefit from a wider housing offer to let and from the subsequent decrease of prices. The owners of houses to let, either individuals or companies, will benefit from greater protection against wrong and unjustified delay in the payments.

### **Development**

It was approved of by virtue of bill draft approved of by the Council of Ministers last 12 December 2008, and it is currently pending for parliamentary approval.

### **Further information**

<http://www.la-moncloa.es/NR/exeres/C8DE6473-19B2-429F-B5D0-B7C65C45C565.frameless.htm?NRMODE=Published>

## **\*Rules applying to Real Estate Investment Funds**

These companies are hereby regulated; they will be public limited companies and they will stand in regulated markets. Their main activity must be investing in real estate property in order to rent it (houses, shops, garages, hotels, offices, among others). Besides, at least 85% of their assets should be invested in urban buildings to let and legally owned by them, on lands for the construction of premises to let or in shares of societies meeting the same investment conditions. These Societies will be charged for the benefits distributed at a reduced, 18% rate in the Corporate Tax. These regulations enhance the rental market in Spain, improving competitiveness in the stock market and in the real estate market.

### **Beneficiaries**

Citizens and companies, as rental offer will increase while prices will decrease. Besides, promoters owning new empty properties will also benefit from it as it will make rental more appealing.

### **Development**

It was approved of by virtue of Bill Draft by the Council of Ministers of 5 December 2008, it is currently waiting for parliamentary approval.

## **\*ICO Housing action: loans to finance houses that will be hired as usual residence**

This action contemplates loans and it is endowed with 3,000 million Euros in order to enhance and promote the rental market. Real Estate property developers are provided with financing in order to transform the mortgages on their unsold houses into longer-term loans, in exchange for incorporating the aforementioned houses into the rental market for the next seven years. This line of action will finance up to 50% of the loan, and then each credit entity will have to re-finance the rest of the amount under the terms and conditions established by the Official Credit Institute-ICO.

### **Beneficiaries**

Citizens and companies benefitting from an increase in the rental offer and from a subsequent decrease of the prices. The promoters, who will have the chance to finance their debt in a moment in which accessing financing is difficult.

### **Development**

It is currently in force. 70 banks and savings banks have applied for this. An endowment of 3,000 million Euros has been provided to credit entities according to the percentage resulting from adding up the balance brought forward of the different credits granted to the real estate sector by 30 September 2008.

## **Further information**

<http://www.ico.es/web/contenidos/6/0/5457/index>

Telephone no.: 900 121121

## **\*Expansion of the ICO guarantees to mortgage-backed securities to promote subsidized housing (FTVPO Action Line)**

The ICO Action Line is intended to promote the financing of subsidized housing (VPO) by providing up to 5,000 million euro guarantees - in 2009 – for Mortgage-backed securities to cover at least 80% of the mortgage loans demanded by private individuals for the acquisition of subsidized housing. The entities taking part in this line of action will undertake to invest the guaranteed amount in financing new subsidized housing, by granting credits to individuals, promoters and constructors.

### **Beneficiaries**

Citizens, for they benefit from a greater financing offer to buy subsidized residences and promoters, for it will enhance financing for the construction of subsidized housing.

### **Development**

It is currently in force. The different entities may submit their applications until 24 April 2009.

## **Further information**

<http://www.ico.es/web/contenidos/3967/index>

Telephone no.: 900 121121

## **\*New regulations to promote in-depth urban renewal and house refurbishment**

New regulations specifying the basic criteria for the rehabilitation, refurbishment and renewal of cities at the different levels: at the environmental, social, cultural, architectural, economic-productive level, etc., so as to simplify and coordinate the existing regulations. These regulations will pay special attention to housing rehabilitation and renewal.

### **Beneficiaries**

The city as a whole and citizens as a whole, the real estate market and its main agents: companies, owners and users.

## **Development**

Under analysis by the Ministry of Housing.

## **\*Public Bid for Land Purchase**

The public land department Entidad Pública Empresarial de Suelo (SEPES) of the Ministry of Housing has launched a bid for privately-owned land purchase in order to promote the construction of subsidized housing. This measure will be financed through an investment of 300 million Euros which will be used for land purchase and through an additional investment of 130 million Euros for urban planning works.

These figures might increase in the future during subsequent application periods while this initiative is in force, during a 4-year period.

## **Beneficiaries**

Citizens, for they will benefit from an increase in the number of subsidized houses.

## **Development**

It was published last 28 October in the Official Gazette of the Spanish State and the deadline to submit the proposals was closed last 29 December; 28 proposals were submitted and the estimate value of the land surpasses 433 million Euros.

These are provisional data, for the public land department SEPES might still receive more proposals through other official channels and via ordinary mail. From now on, the SEPES will have four months to analyse the proposals and make its choice. During this period, this department will consider the economic viability of the proposals, it will hold conversations with the corresponding autonomous regions, autonomous cities and municipalities and will carry out the corresponding technical and urban planning analysis prior to the implementation of the works.

## **Further information**

<http://www.mviv.es/es/pdf/notas/NP301208.pdf>

**\*The Government commits to reduce the time for processing environmental impact declarations**

The Ministry of Environment and Rural and Seaside Areas intends to reduce the average time for the analysis of Environmental Impact Declarations, which will pass from 766 days to 420 days (14 months) by speeding up the necessary procedures. This measure will reduce the waiting period while respecting the need for environmental protection. Thus cooperation with the Licensing Organisms as well as with the Promoting Organisms in each case will intensify.

## **Beneficiaries**

The companies and workers from different economic sectors and, specially, those from the construction sector, who will benefit from faster administrative procedures and from an early knowledge of the environment protection conditions which will make it possible to boost up economy in general with the necessary environmental guarantees and, in particular, as far as public works bidding is concerned.

## **Development**

The necessary legal modifications will be put forward during the first semester of 2009. Besides, the Government is working at the same time on the elaboration of the regulations concerning the environmental assessment procedures of the different projects as well as the strategic assessment of plans and programmes. Several bilateral commissions depending on the Crown have already been created and they are in charge of the follow-up, in cooperation with the corresponding Licensing Organisms, this is resulting in a faster processing of the files received. Similarly, the Government is working in cooperation with the Autonomous Regions in order to boost up the Environmental Impact Assessment procedures.

## **\*Set of measures for the road transport sector**

44 measures have been established by six ministries in order to regulate travellers' transport by road; and 54 measures have been established by seven ministries in order to regulate road freight transport. All of them are aimed at helping this sector overcome the current situation, characterised by low demand, favouring restructuration in the long term so as to strengthen this sector's competitiveness in order to face the future with greater guarantees.

The measures include the following points:

- revision of the legal regime of commercial contracts,
- taxing and Social Security measures,
- measures concerning the organisation of the sector, including the modification of the authorisation and transfer regime,
- regulatory harmonisation to approach the EU regulations and administrative simplification,
- measures to increase energy efficiency,
- subsidies for retirement and compulsory retirement of self-employed, aged workers in the transport sector,

- training measures

The additional funds for this Plan contemplated in the 2009 General Employment Plan (PGE 2009) to support retirement amount to 20 million Euros, which means that these investments will surpass 60 million Euros.

### **Beneficiaries**

Workers and employers from the road transport sector. These measures will benefit nearly 4,000 road transport companies and more than 120,000 freight transport companies, with nearly half a million vehicles and 600,000 direct employees.

Development: All these measures have already been approved of and implemented, although in some specific cases the procedure has not concluded.

For further information about the measures concerning the road transport sector, e-mail [transportes@fomento.es](mailto:transportes@fomento.es)