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COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMISSION STAFF WORKING DOCUMENT**

*accompanying the*

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EC) No 1692/2006 establishing the second ‘Marco Polo’  
programme for the granting  
of Community financial assistance to improve the  
environmental performance of the freight transport system (‘Marco Polo II’)**

**SUMMARY OF THE IMPACT ASSESSMENT**

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## COMMISSION STAFF WORKING DOCUMENT

### amending Regulation (EC) No 1692/2006 establishing the second ‘Marco Polo’ programme for the granting of Community financial assistance to improve the environmental performance of the freight transport system (‘Marco Polo II’)

#### Summary of the Impact assessment

The Marco Polo programme helps achieve the EU Transport Policy objective of ensuring sustainable mobility in Europe. The Programme contributes to this objective by helping to reduce the congestion in the roads and fostering the use of other more sustainable transport modes. In order to do this the Programme supports projects aiming at avoiding freight transport on the roads or shifting freight off the roads to other transport modes which are more environmental friendly and have spare capacity, like shipping, railways and inland waterways.

#### 1. PROBLEM DEFINITION

The results of the 2008 call of the second Marco Polo programme and the findings of the external evaluation of the first Marco Polo programme show that although the Programme is achieving a substantial modal shift, it will very probably not be able to meet its objective of avoiding or shifting a substantial part of the forecasted total growth of international road freight transport in Europe, as aimed by its legal base.

The programme is instrumented through yearly calls for proposals. Every year the requests for funding, and consequently the traffic avoidance or modal shift proposed, are decreasing, which shows a lack of interest by potential applicants. The possible reasons for this diminished interest in the Programme are the following:

- Lack of visibility of the Programme, with the consequent lack of knowledge by potential beneficiaries.
- Lack of motivation by the potential beneficiaries because of the complexity of the Programme, not suitable funding mechanisms or low funding intensity. These issues can be traced in the text of the Programme's regulation:
  - Unclear or unsuitable scope of the programme (art. 3)
  - Unclear or unsuitable conditions for eligibility of beneficiaries (art. 4)
  - Unclear or unsuitable definition of the types of projects (art. 5)
  - Unclear or unsuitable detailed rules concerning the procedure for submission and selection of projects (art 6)
  - Unclear or unsuitable funding conditions and requirements (annex I)
  - Unclear or unsuitable administrative procedures.

- Unsuitable financing instrument, grants

## 2. OBJECTIVES

The overall objective is to help the programme achieve its general aim, namely to avoid or shift off the roads a substantial part of the expected growth of international road transport, estimated in 20bn tkm every year.

With a view to help the programme to achieve its objective the underlying drivers of the problem must be tackled. Therefore action is needed in order to improve the visibility of the programme and motivate potential beneficiaries to engage in projects aiming at traffic avoidance or modal shift of freight off the roads. The motivation for potential beneficiaries can be achieved with a simplification, clarification or amendment of the legal text.

A necessary condition is that any changes proposed to the programme are adopted swiftly in order to be implemented as soon as possible. A major revision of the programme with policy implications should be discarded so to avoid that the amendments agreed arrive too late in the life span of the programme (2007-2013).

## 3. POLICY OPTIONS

**Option A - The baseline scenario** considers the effects of the measures already taken by the Commission:

1. Since 1.3.08 the management of the Programme has been entrusted to the Executive Agency for Competitiveness and Innovation (EACI), among other Community programmes. This will result in an increase of the Programme's visibility and streamlining of management procedures.

2. Following the procedure provided in letter d), point 2 of Annex I to the regulation, the Commission will double the maximum funding intensity from 1 to 2€per 500 tkm avoided or shifted off the roads.

**Option B – Targeted revision of the Legal Basis**, by amending parts of the regulation without political implications, namely:

B.1 – Facilitating Micro enterprises' access to the Programme. This in turn will be achieved by

**B.1.1 - Allowing single undertakings to apply for support.** Giving the possibility that projects are submitted by one single undertaking will clarify and simplify the conditions for eligibility of beneficiaries.

**B.1.2 - Creating an especially low threshold for Inland Waterway projects and Micro enterprises.** A specific lower threshold will be created for projects aiming to shift cargo from the road to inland waterways. This is a long standing request by the Inland Waterway sector and a specific recommendation for this fragmented transport sector by the external evaluation of the first Marco Polo programme.

**B.1.3 - Refunding of proposal preparation expenses to Micro enterprises.** In order to foster applications by Micro enterprises, which characterize the road and Inland Waterway transport sectors, a lump-sum refund of proposal preparation expenses will be provided.

B.2 – Improving the eligibility thresholds, which will be implemented by:

**B.2.1 - Lowering and simplifying project eligibility thresholds.** Simplifying and lowering some thresholds will bring additional smaller projects and help achieve the Programme's objectives.

**B.2.2 – Deleting the specific threshold for traffic avoidance projects.** The current 10% specific threshold for Traffic avoidance actions provided by the regulation is a further obstacle for a kind of project which did not manage yet to get Marco Polo support.

B.3 – Raising the funding intensity. Through:

**B.3.1 - Computing the transport element in the modal shift calculations.** It is considered convenient to allow that the weight of the transport elements carrying the freight should be included in the modal shift calculations. Congestion on the roads is not only caused by the freight itself but by the trucks and containers, even if they are empty.

**B.3.2 - Longer project implementation duration in exceptional cases.** The external evaluation advises to extend the maximum allowed project duration for projects which have suffered start up problems. Having the possibility of an extraordinary extension can give reassurance to the beneficiaries that their start-up losses will be compensated by the Community subvention even if their projects suffer start-up delays. The Common Learning Actions, which currently has a shorter implementation period than the rest of the actions, also find often difficulties to implement their objectives in time. In both cases a prolongation possibility will be envisaged.

B.4 – Simplification measures

**B.4.1 - Simplifying funding conditions for infrastructure.** The current framework for infrastructure funding is complex, adds many exceptions and constraints to the deadlines for implementation of the projects and requires complex calculations of the final subsidy allowed to each project.

**B.4.2 - Simplification of the Programme administrative procedures.** The duration of the management cycle of the Programme, from drafting the call to signature of contracts, amounts to 470 days, which seems too long not least because the beneficiaries are market operators subject to fast changing market conditions. The Commission will streamline the process of adopting the decisions to launch the call and award contracts.

### **Option C – Full revision of the Legal Basis**

Since action is needed quickly in order to improve the Programme's results, a full revision of the Programme, including policy choices is out of the question and excluded from the

analysis. Therefore all the measures entailing an amendment of the following issues are excluded from the assessment: Scope of the Programme, definition of the types of projects and ceilings for Community assistance

### **Option D – Stopping the implementation of the Programme**

The hypothetical option of stopping the implementation of the Programme is not analysed since the Programme is an integral part of the EU Transport Policy, as defined in the revision of the White Paper on EU Transport Policy of 2006, and it is already achieving a substantial modal shift.

#### 4. ANALYSIS OF IMPACTS

<b>Impacts of the options</b>							
<b>Option</b>	Effectiveness (economic, environment and social benefits)	Efficiency	Distribution support among kinds of projects	Simplification	Evolution in time	Non EU effects / specific geographical effects	Administrative costs
<b>Option A – Baseline scenario</b>							
<b>No EC action</b>	++	--	Neutral	+	+	Neutral	+
<b>Option B – Targeted revision of the Legal Basis</b>							
<b>Measures benefiting small undertakings (B.1)</b>							
<b>Single undertaking</b>	+	Neutral	++	++	Neutral	Neutral	+
<b>IWT threshold</b>	+	Neutral	++	-	Neutral	+	-
<b>Expenses refund</b>	+	Neutral	+	-	+	Neutral	-
<b>Measures modifying eligibility thresholds (B.2)</b>							
<b>Minimum thresholds</b>	+	Neutral	++	+	Neutral	+	+
<b>Traffic avoidance threshold</b>	+	Neutral	+	+	Neutral	Neutral	+
<b>Measures rising the funding intensity (B.3)</b>							
<b>Modal shift calculation</b>	++	--	-	++	Neutral	++	+
<b>Implementation period</b>	++	Neutral	Neutral	-	Neutral	Neutral	-
<b>Simplification measures (B.4)</b>							
<b>Infrastructure funding</b>	+	Neutral	Neutral	++	Neutral	Neutral	+
<b>Procedures</b>	+	Neutral	Neutral	+++	++	Neutral	+++

#### 5. COMPARING THE OPTIONS

The results of the assessment of option A show that if no action is taken to amend the regulation, the effectiveness of the Programme in achieving its objectives will increase but the efficiency in achieving them will decrease, and even if the modal shift achieved will increase the objective set in the legal basis will not be reached.

All measures of option B have been found to be effective, and show that they complement each other. A ranking can be established considering their estimated impacts:

In the first place, the measures raising the funding intensity (B.3) are the highest effective, but as happens for option A, the high effectiveness is however compensated with a substantial decrease in efficiency of the Community intervention.

In the second place, the measures aiming at a simplification of the legal base and its implementation (B.4) will of course have a substantial impact in terms of simplification which will be compounded over time, with savings in administrative costs.

In the third place, the measures benefiting small undertakings (B.1) will have above all a positive effect managing to balance the distribution of Marco Polo support among the different alternatives to road transport and among the different project types.

Finally, the measures modifying the eligibility thresholds (B.2) will have a very balanced effect in terms of the basic assessment criteria, with no negative impacts in any of them. The added value of these measures in comparison to the baseline is a better balance of the grants awarded among the different transport modes, project types and geographical areas benefiting from the Programme.

### **Choice of options**

The conclusion of the assessment of the options is that action on the side of the Commission with a targeted revision of the legal basis has added value in terms of more effectiveness for the Programme, with substantial positive effect in terms of a better distribution of funding among types of projects, positive simplification effects and savings of administrative costs. In case of no action by the EU the effectiveness of the programme will increase because of the non-legislative measures which are in the pipeline, but the efficiency of the Community intervention will suffer and its administrative costs will increase.

### **Section 7: Monitoring and evaluation**

The second Marco Polo regulation already sets a clear indicator for the assessment of the results of the Programme's implementation. The modal shift and traffic avoidance should be monitored in terms of tonne-kilometres shifted or avoided in the roads of the countries participating in the Programme.