

# COMMISSION OF THE EUROPEAN COMMUNITIES

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94/ 0065(SYN)

Proposal for a

COUNCIL REGULATION (EC)

laying down general rules for the granting  
of Community financial aid in the field  
of trans-European networks

(presented by the Commission)

**PROPOSAL FOR A COUNCIL REGULATION**

**laying down general rules for  
the granting of Community financial aid in the  
field of trans-European networks**

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## EXPLANATORY MEMORANDUM

1. Title XII of the Union Treaty defines the tasks and instruments of the Community as regards the establishment and development of trans-European networks in the sectors of transport, telecommunications and energy infrastructure.

Accordingly, Article 129c of the Treaty provides that the Community:

- should establish a series of guidelines and identify projects of common interest;
- should ensure inter-operability of the networks; and
- should support the financial efforts made by the Member States, particularly through feasibility studies, loan guarantees and interest-rate subsidies.

The Community may also help to coordinate the policies adopted by the Member States and cooperate with third countries.

2. The European Council in Copenhagen in June 1993 included trans-European networks among the measures to be taken in the short term to promote competitiveness, growth and employment.

By approving the White Paper put forward by the Commission, the European Council in Brussels in December 1993 gave fresh impetus to rapid implementation of Title XII of the Treaty.

The Brussels European Council also recommended effective procedures for rapid implementation of priority infrastructure projects in the sectors covered by Title XII of the Treaty.

To this effect the European Council asked the Council of the European Union to make full and rapid use of the new possibilities offered by the Treaty. It also asked the Commission, with the help of a group of representatives of the Heads of State and Government, to act as promoter and coordinator to ensure proper implementation of infrastructure programmes and to speed up the implementation of priority projects.

It is against this background that the Commission is presenting this proposal for a Regulation to the Council and to the European Parliament.

3. The proposal for a Regulation sets out to lay down general rules for the granting of Community financial aid to the infrastructure projects in the sectors of transport, telecommunications and energy identified in the Council's guidelines in the field of trans-European networks.

This Regulation is thus designed to provide a legal foundation, on the basis of Article 129 D.3 of the Union Treaty, for Community financial aid to implement trans-European networks.

The Commission would stress that adoption of this Regulation is indispensable if projects are to be implemented; otherwise, it would be impossible to use the appropriations entered in the budget for that purpose. Adoption of the Regulation is thus a precondition for implementing the conclusions of the December 1993 European Council and the priority projects.

The Commission would also draw the attention of Council and Parliament to the fact that the Regulation on transport infrastructure expires at the end of this year.

Finally, adoption of all the guidelines in the field of trans-European networks for the various sectors could be held up by the late setting-up of the Committee of Regions and the elections to the European Parliament in June 1994.

The Commission takes the view that the late adoption of certain guidelines should not compromise the implementation of priority infrastructure projects proposed by the Commission.

4. In proposing this draft Regulation, the Commission has opted for a single regulation for all the networks referred to in Article 129c of the Union Treaty.

This proposal, which is based largely on the legislation relating to the Cohesion Fund, provides for provisions common to the three sectors of transport, telecommunications and energy and for a single procedure for implementing the Regulation (Management Committee); the only difference is in the project selection criteria.

Nonetheless, the Commission proposes to exclude from this Regulation the guidelines relating to trans-European data communications networks between administrations (IDA), for which a proposal for a Decision is before the Council and the European Parliament, because of its specific nature.

5. The proposal for a Regulation defines the various types of aid, establishes general rules on financial participation, contains common and specific criteria for the selection of projects and describes the processing, evaluation and follow-up procedures for requests for aid.
6. As regards the types of aid, where by way of exception the other types provided for (feasibility studies, loan guarantees, interest-rate subsidies) are inappropriate, the Commission provides for the possibility of co-financing. In addition, the possibility of awarding a declaration of European interest, which is set out in a proposal for a Regulation before the Council<sup>1</sup> and Parliament, could provide a kind of "European label", thereby facilitating access to Community financial instruments and enabling private capital to be mobilized.
7. The rules governing financial participation provide in particular for a maximum amount of interest-rate subsidies. This is set at 10% of the total investment cost in net grant equivalent, amounting to a subsidy of 2-3 points over a period of 4 to 5 years.

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<sup>1</sup> Proposal for a Council Regulation introducing a declaration of European interest to facilitate the establishment of trans-European networks ...

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As regards loan guarantees, Community aid would cover all of part of the loan guarantee premiums granted by the European Investment Fund or, where appropriate, by other, similar financial organizations.

8. The budgetary resources available were entered for trans-European networks in the 1994-99 financial perspective. They will subsequently form part of new financial perspectives.
9. The processing, evaluation and follow-up procedures for requests for aid, along with the financial provisions, are based largely on similar provisions contained in the legislation relating to the Cohesion Fund.

In line with the conclusions of the December 1993 European Council, the proposal also provides for the Commission, in order to facilitate implementation of the projects, to bring together all the public and private economic operators involved in the projects submitted (round table meetings).

Finally, the draft Regulation lays down specific provisions regarding assessment and reporting.

**Proposal for a  
COUNCIL REGULATION**

**laying down general rules for the granting  
of Community financial aid in the field  
of trans-European networks**

**THE COUNCIL OF THE EUROPEAN UNION,**

Having regard to the Treaty establishing the European Community, and in particular the third paragraph of Article 129d thereof,

Having regard to the proposal from the Commission,

In cooperation with the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Whereas under Article 3 of the Treaty the activities of the Community should include, in particular, encouragement for the establishment and development of trans-European networks; 1.

Whereas Article 129b of the Treaty states that to help achieve the objectives referred to in Articles 7a and 130a of the Treaty the Community should contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy infrastructures; 2.

Whereas Article 129c(1), third indent, provides that the Community may support the financial efforts of the Member States to establish trans-European networks; 3. Article 1

Whereas general rules should be laid down for the Community financing of trans-European networks, thereby permitting implementation of this Article; 4.

Whereas under Article 129c Community aid should be granted to projects of common interest financed by the Member States which are identified in the framework of the guidelines;

5. Article 2(1):  
eligibility

Whereas certain projects were given priority status by the Brussels European Council in December 1993 in the White Paper on growth, competitiveness and employment;

6. Article 2(2):  
eligibility

Whereas, pending adoption of all the guidelines referred to in Article 129c of the Treaty, it is necessary to be able to support priority projects of this kind, since they help to achieve the objectives of Article 129b of the Treaty;

7. Article 2(3):  
eligibility

Whereas Community aid may take the shape in particular of feasibility studies, loan guarantees or interest-rate subsidies; whereas these subsidies and guarantees take the form in particular of aid from the EIB, the other Community loan instruments and the EIF; whereas in exceptional cases investment projects may be co-financed;

8. Article 3:  
forms of aid

Whereas loan guarantees will be granted by the European Investment Fund on a commercial basis or, where appropriate, by other financial organizations; whereas Community financial aid may cover all or part of the premiums paid by the beneficiaries of these guarantees;

9. Article 5(3):  
loan guarantees

Whereas the Commission must assess the financial arrangements of the projects with the help of data provided by the applicants and the respective analyses so as to ensure the financial viability of the projects;

10. Article 5(1):  
financial  
participation

Whereas Community action must take account of the potential economic viability of the projects, as evaluated with the help of cost/benefit analyses and other appropriate criteria;

11. Articles 6, 7, 8, and 9: selection criteria

Whereas, with an eye to profitability, a detailed evaluation should be undertaken before Community resources are committed so as to guarantee that the resources mobilized generate the desired socio-economic benefits;

12. Articles 6, 7, 8 and 9: selection criteria

Whereas Community financial support under Article 129c(1) of the Treaty must be compatible with Community policies, in particular as regards environmental protection, competition and the award of public contracts; whereas environmental protection includes an environmental impact assessment;

13. Article 10: compatibility

Whereas the Commission must ensure proper coordination of all Community activities affecting trans-European networks;

14. Article 16: coordination

Whereas provision should be made for suitable methods of evaluation, follow-up and control of Community aid;

15. Article 17: evaluation

Whereas there should be suitable information and publicity regarding the activities financed,

16. Article 18: information and publicity



HAS ADOPTED THIS REGULATION:

**Article 1: Definition and scope**

This Regulation defines the conditions and procedures for granting Community aid to projects of common interest in the field of trans-European networks for transport, energy and telecommunications infrastructures under Article 129c of the Treaty, without prejudice to the specific rules and regulations laid down in Council Decision ...<sup>1</sup>

**Article 2: Eligibility**

1. The Community aid granted in accordance with this Regulation shall concern projects of common interest financed by the Member States and identified within the framework of the guidelines referred to in Article 129c of the Treaty.
2. Projects financed by organizations working within an administrative or legal framework which makes them similar to public organizations shall also be eligible.
3. Where the guidelines referred to in Article 129c, as proposed by the Commission, have not yet been adopted by the Council other infrastructure projects which contribute to the achievement of the objectives set out in Article 129b of the Treaty may be eligible.

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<sup>1</sup> Proposal for a Council Decision on a series of guidelines for trans-European data communications networks between administrations (IDA) - COM(93)69 final, OJ C 105, 16.4.1993, p. 10.

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4. Within the meaning of this Regulation the concept of "project" shall include the technically and financially separate stages of projects which form a whole designed to fulfil an economic and technical function.

**Article 3: Forms of aid**

Community aid may take one or several of the following forms:

(a) co-financing of feasibility studies, including preparatory studies, evaluation studies and other technical support measures;

(b) contribution to the premiums of loan guarantees;

(c) interest-rate subsidies;

(d) where by way of exception the forms of financial aid provided for above are inappropriate, co-financing of investment projects.

**Article 4: Budgetary resources**

In compliance with Article 203 of the Treaty the budgetary authority shall, in accordance with the financial perspective applicable in the budgetary procedure, set the amount of appropriations for each year and for each area referred to in Article 1.

**Article 5: Financial participation**

1. In general Community aid to feasibility studies shall be subject to a substantial contribution from the public authorities.

The preparatory studies and technical support measures, for a given project, undertaken at the initiative of the Commission, may be financed, where necessary, to 100% of the total cost.

2. The maximum amount of interest-rate subsidy may not exceed 10% of the total cost of the investment in net grant equivalent.

These subsidies shall apply in particular to projects in receipt of Community loans.

3. Community financial support may cover all or part of the loan guarantee premiums granted by the European Investment Fund or, where appropriate, by other, similar financial organizations.

4. Where, by way of exception, the aid takes the form of a direct subsidy within the meaning of Article 3(1)(d) above, the Commission shall make the level of that subsidy such that it is sufficient to mobilize the requisite financial resources.

**Article 6: Common project selection criteria**

1. The projects shall be of sufficient dimension to have a significant impact on the establishment and development of networks.

Community aid shall be granted on a priority basis to projects according to their degree of contribution

(a) to the establishment of trans-European networks;

(b) to the harmonization of technical standards;

(c) to the interconnection and interoperability of national networks;

(d) to the improvement of access to networks;

(e) to the integration of the various networks;

(f) to the reliability and safety of the networks.

2. Projects shall also be selected as a function of:

(a) their contribution  
- to the smooth running of the internal market  
- to the economic and social cohesion of the Community, in particular in regard to the need to connect island, landlocked and peripheral regions to the central areas of the Community;

(b) their importance to the development of trade at European level;

(c) their contribution to increasing the competitiveness of the European economy;

(d) their compliance with environmental considerations;

(e) their consistency with Community regional planning.

**3. Account shall also be taken of;**

**(a) their potential economic viability:  
extent of financial and socio-economic  
profitability, including direct or  
indirect effects on employment;**

**(b) their readiness;**

**(c) the soundness of the financial  
package;**

**(d) the need for Community financial  
aid;**

**(e) the promotion of participation of the  
private sector as part of a public/private  
partnership.**

**Article 7: Selection criteria concerning  
transport**

**Without prejudice to the common criteria  
referred to in Article 6, Community financial  
aid in the transport sector shall be granted  
on a priority basis according to the  
contribution of the projects:**

(a) to the establishment of networks on a multimodal and transnational basis, notably

- establishment of key links
- elimination of physical and technical frontiers
- Intermodal interconnection
- connection to island and landlocked areas and opening up of peripheral regions
- better access to networks;

(b) to sustainable development, in particular of traffic at European level, notably

- transfrontier and long distance traffic, given its present and potential importance, within the Community and in neighbouring third countries
- smooth flow of transit traffic in and to the Community.

**Article 8: Selection criteria concerning telecommunications**

Without prejudice to the common criteria referred to in Article 6, Community financial aid in the telecommunications sector shall be granted on a priority basis to projects according to their contribution:

(a) to the establishment of trans-European networks, notably

- transfrontier interconnection between physical networks
- interoperability of services;

(b) to the opening and extension of new markets, permitting network operators and the providers and users of services to benefit from economies of scale, integrated facilities and multimedia services.

**Article 9: Selection criteria concerning energy**

Without prejudice to the common criteria referred to in Article 6, Community financial aid in the energy sector shall be granted on a priority basis to projects according to their contribution:

(a) to the connection of isolated electricity networks and the interconnection of Member States' electricity networks;

(b) to greater reliability and safety of electricity networks or to the supply of electricity;

(c) to the introduction of natural gas to areas without supply and to the connection of isolated natural gas networks;

(d) to increased transport capacity through natural gas supply, inlet and storage pipelines.

**Article 10: Compatibility**

The projects financed under this Regulation shall comply with the provisions of the Treaties, with the acts adopted on the basis thereof and Community policies, including environmental protection, competition and the award of public contracts.

**Article 11: Submission of applications for financial aid**

Applications for financial aid shall be submitted to the Commission through the intermediary of the Member State concerned, or by the body directly concerned with the agreement of the Member State.

**Article 12: Information required for the assessment and identification of applications**

1. In addition to the information specified in Article 6, and, where appropriate, Articles 7, 8 and 9 above, each application for financial aid shall include the following information to identify the project and to enable the Commission to assess the application:

(a) the body responsible for carrying out the project;

(b) the type of assistance envisaged and a description of the project concerned;

(c) if the application relates to a feasibility study, the study's objective and purpose and the methods and techniques envisaged;

(d) if the application relates to a project:

- the results of the cost/benefit analyses, including the results of the financial viability analysis;
- where necessary, the position of the projects on the network concerned;
- a summary description of environmental impact, based on the assessments carried out in accordance with Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment;<sup>2</sup>

<sup>2</sup> OJ No L 175, 5.7.1985, p. 40.

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(e) a financial plan listing, in ecus, all the components of the financial package, including the financial aid requested from the Community and the aid already granted;

(f) a work schedule.

2. Applicants shall supply the Commission with any additional information it requires.

3. In order to facilitate implementation of a project, the Commission may hold a meeting of all the public and private operators and financial agencies involved in the project.

4. The Commission may seek any specialist advice it requires in order to assess the application, including the opinion of the EIB.

#### **Article 13: Taking the decision**

The Commission shall decide to grant financial aid under this Regulation according to its assessment of the applications in accordance with the selection criteria and the procedure specified in Article 18(2) below. It shall notify its decision directly to the beneficiaries and to the Member States concerned.

#### **Article 14: Financial provisions**

1. Aid may be granted in respect of project-related expenditure incurred by the beneficiaries or by third parties responsible for implementation of the project.

2. Aid may not be granted in respect of expenditure incurred before the date on which the Commission received the application for financial aid.

3. Commitments and payments shall be expressed and paid in ecus.

4. As a general rule, payments shall be made in the form of advances and a final payment. The first advance shall be paid once the application for aid has been approved. Subsequent payments shall be made on the basis of requests for payment, taking account of the progress made in implementing the project.

5. The Commission shall make the final payment after approval of the report on the project or study submitted by the beneficiary and itemizing all the expenditure actually incurred.

6. With regard to interest-rate subsidies and guarantee premium subsidies, the Commission shall determine the procedures and timetable for payments.

#### Article 15: Financial control

1. Member States shall take the necessary steps to check the projects financed, to prevent fraud and to initiate legal proceedings to recover any money lost through fraud. They shall keep the Commission informed of any such measures taken.

2. Without prejudice to any control measures carried out by the Member States in accordance with national laws, regulations and administrative provisions and without prejudice to the provisions of Article 188a of the Treaty and control measures carried out in accordance with Article 209(c) of the Treaty, Commission officials or staff may carry out spot checks on projects financed.

3. Where implementation of a project appears not to justify either part or all of the financial aid allocated, the Commission shall investigate the case thoroughly and ask the Member State or other bodies concerned to submit their comments within a given period of time.

4. Following this investigation, as referred to in paragraph 3 above, the Commission may reduce or suspend financial aid for the project concerned if it decides that fraud has been committed or that one of the conditions specified in the decision granting the financial aid has not been met, or if there have been substantial changes affecting the nature or implementing conditions of the project for which the Commission's approval was not sought.

#### **Article 16: Coordination**

1. The Commission shall be responsible for coordination between the projects undertaken under this Regulation and projects undertaken with the help of contributions from the Community budget, the European Investment Bank and other Community financial instruments, and for ensuring that they are compatible.

2. The Commission and the Member States shall ensure that the combination of subsidies (including interest-rate subsidies) and loans (including guarantees) from the Community is the most effective way of guaranteeing the financial viability of projects.

**Article 17: Evaluation**

1. In order to ensure that Community aid is used efficiently, the Commission and the Member States concerned shall systematically evaluate progress with projects, if necessary with the cooperation of the European Investment Bank. To this end, Member States shall inform the Commission each year on the progress of projects approved.

2. Before the end of 1997, the Commission shall verify the results achieved with Community assistance in the different fields of application in terms of the original objectives.

This will entail defining appropriate indicators as a means of measuring the extent to which the original objectives have been achieved.

**Article 18: Information and publicity**

1. Every two years the Commission shall submit a report on the activities carried out under this Regulation to Parliament, the Council, the Economic and Social Committee and to the Committee of Regions for their appraisal.

2. Beneficiaries shall ensure that suitable publicity is given to assistance granted under this Regulation in order to inform the public of the role played by the Community in the implementation of the projects. They shall consult the Commission on how this should be done.

#### Article 19: Committees

1. In implementing this Regulation, the Commission shall be assisted, depending on the sector concerned, by:

- the Infrastructure Committee set up by Council Decision 78/174/EEC<sup>3</sup>
- the Energy Committee set up by Council Decision ... of ....<sup>4</sup>
- the Telecommunications Committee set up by Council Decision ... of ....<sup>5</sup>

The decisions required by this Regulation shall be taken in accordance with the procedure set out in paragraph 2 of this Article.

2. The Commission representative shall submit a draft of the Decision to be taken to the Committee. The Committee shall deliver its opinion on the draft within a time limit specified by the Chairman depending on the urgency of the matter concerned. The opinion shall be adopted by qualified majority as specified in Article 148(2) of the Treaty for the adoption of Commission Decisions. When votes are taken in the Committee, the votes of the representatives of the Member States shall be weighted as defined in that Article. The Chairman shall not vote.

The Commission shall adopt the measures which shall become immediately applicable. However, where they do not correspond with the opinion delivered by the Committee, these Decisions shall be notified by the Commission to the Council immediately.

In this case, the Commission may postpone application of the measures it has decided upon by a maximum of one month as of the date of notification.

<sup>3</sup> OJ L 54, 25.2.1978, p.16.

<sup>4</sup> Proposal for a Council Decision on Community guidelines on trans-European energy networks and proposal for a Decision on a series of measures - COM(93)685 of 19.1.1994.

<sup>5</sup> Proposal for a Council Decision on a series of guidelines for the development of ISDN as a trans-European network - COM(93)347 (OJ C 259, 23.09.1993, p.4.)

The Council may, acting by qualified majority, take a different decision within the period specified in the previous subparagraph.

**Article 20: Entry into force**

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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## FINANCIAL STATEMENT

Item B5-7

### 1. TITLE OF OPERATION

Trans-European networks

### 2. BUDGET HEADINGS CONCERNED

B5-700

B5-710

B5-720

### 3. LEGAL BASIS

Pursuant to the new Title XII, Articles 129B, C and D of the Treaty, the Community shall contribute to the establishment and development of transport, telecommunications and energy networks.

### 4. DESCRIPTION OF OPERATION

#### 4.1 General objectives

- The action by the Community is intended to promote the interconnection and interoperability of the national networks and access to those networks, taking into account the need to connect island, landlocked and peripheral regions to the central areas of the Community. The establishment of networks will therefore contribute to the effective and harmonious operation of the internal market and the strengthening of economic and social cohesion.
- To achieve these objectives, the Community shall lay down guidelines identifying projects of common interest, with each Member State approving the master plans and projects of common interest concerning its own territory.
- The financial support from the Community will be aimed primarily at the definition and launching of projects of common interest by promoting studies of the feasibility of such projects and/or, where appropriate, in the project implementation phase by means of an interest subsidy or a loan guarantee.

#### 4.2 Period covered by the operation and arrangements for extension

As this will be a very long term operation it is not possible at this stage to specify the period of validity of the Regulation. Before the end of 1997 the Commission will submit an evaluation of the results in order to establish the financial implications of extending the operation beyond 1999.

### 5. CLASSIFICATION OF EXPENDITURE

#### 5.1 Non-compulsory expenditure

#### 5.2 Differentiated appropriations

### 6. TYPE OF EXPENDITURE

- Feasibility studies
- Interest subsidy: YES, ordinary measure

- Loan guarantee
- Subsidy for joint financing with other public or private sector sources: YES, by way of exception (see Article 3(d))
- 100% subsidy: by way of exception for other studies carried out at the Commission's instigation and for technical support measures.

## 7. FINANCIAL IMPLICATIONS

### 7.1 Method of calculation of the cost of the operation for 1995

- The work carried out at Community level by all the parties involved by a specific trans-European network has made it possible to estimate the amounts needed to establish the networks and in particular the amounts for the projects of Community interest.
- In the White Paper on growth, competitiveness and employment submitted to the European Council in December 1993, the Commission put the total amount for the operation at ECU 400 billion for the period 1994-99 (ECU 162 billion for priority projects). Compared with this amount, the Community contribution is very limited: approximately ECU 400 million per annum of appropriations in Headings B5-700, 710 and 720, with the exception of Structural Fund assistance which will be far more significant.
- The proposed funding of ECU 2 395 million (1994-99) should be earmarked as a matter of priority for projects of Community interest which, without this assistance, would not be carried out or would be carried out much less quickly. The rate of return on the projects to be funded will also be decisive for triggering the funding.
- The level of funding will be particularly significant in the case of prior studies which are always difficult to fund but are absolutely essential in order to determine feasibility.
- In 1994 following the conclusions of the European Council on the White Paper and the work in progress within the working parties set up by the same European Council, it may be considered that many feasibility studies will be needed to determine the feasibility and impact of specific projects, while certain more advanced projects may be funded or assisted through interest subsidies or loan guarantees, and exceptionally by means of subsidies.

### 7.2 Financial implications

	Indicative amounts in ECU million						
	1994	1995	1996	1997	1998	1999	Total
B5-700 Transport	200	216	250	331	406	465	1868
B5-710 Energy	0	15	20	24	24	22	105
B5-720 Telecommunications Infrastructures*	14	20	55	70	110	153	422
<b>Total</b>	<b>214</b>	<b>251</b>	<b>325</b>	<b>425</b>	<b>540</b>	<b>640</b>	<b>2395</b>

\* IDA-TNA excluded.



## 8. ANTI-FRAUD ARRANGEMENTS (AND RESULTS OF THEIR IMPLEMENTATION)

Anti-fraud arrangements (monitoring, reports, etc.) are provided in all agreements or contracts between the Commission and the beneficiaries.

Verification of expenditures is normally carried out by the Member States and, when necessary, by the Commission, taking full account of contractual obligations as well as economic principles and sound financial management.

## 9. COST-BENEFIT ANALYSIS

### 9.1 Quantifiable objectives, intended population

This action is directly linked to the establishment of trans-European networks, which is considered essential to the smooth running of the Internal Market and to economic and social cohesion (Article 129 B, C, and D of the Treaty, Title XII).

It shall primarily concern transport, telecommunications and energy transport infrastructure.

This policy constitutes an essential contribution to the implementation of the Single Market and, in the shorter term, it constitutes a central component of the White Paper on Growth, Competitiveness and Employment of December 1993.

The population expected to benefit from this action is the whole of the Community, notably the cohesion countries, and neighbouring countries linked by interconnection projects.

### 9.2 Justification

Placing transport, telecommunications and energy transport networks at the disposition of the Internal Market and to the needs of European industry, necessitates -- at Community level -- an impulsion and a coordination of Member States' and private sector action. An alternative attaining the same objectives does not exist at another level of competence.

The networks are currently far from homogenous and include many "missing links", bottlenecks and insufficient modernisation. These are found especially in border areas, less-developed regions, around natural barriers and in third countries which serve as transit points.

The development of a policy to encourage networks in transport, telecommunications and energy transport implies the use of specific budgetary means.

Over several years, the Commission, in different Communications, has underlined the need to find solutions to financing problems as well as to find a financial framework that, based on Community budgetary resources, would mobilise private capital in favour of investment in these sectors. Among these formulae, one must cite not only grants, interest rebates, budgetary guarantees, but also the improvement of the fiscal climate and formulae allowing an increase in the capacity to self-finance projects.

In order to assure the effectiveness of Community action, the most recent Commission Communications have highlighted the pluriannual nature of budgetary allowance and have emphasised programming and the concentration of resources.

### 9.3 Monitoring and evaluation

The implementation of the Treaty on European Union presupposes a permanent monitoring and evaluation of the action as it is inscribed in the framework previously approved by the Council ( Treaty Art. 129 B). Following the conclusions of the European Council in Brussels, each year the Commission shall present to the Council a synthetic report on the achievement of the networks.

#### Methods and timing of evaluation

- The Commission and the beneficiary Member State shall proceed to a systematic monitoring of the state of advancement of the projects, when necessary with the technical assistance of the European Investment Bank.
- The Commission shall proceed, by the end of 1997, to evaluate the results attained by Community intervention, in the various fields, according to the initial objectives.
- This monitoring shall involve the development of indicators to measure the achievement of these objectives, as well as to establish a baseline position that presents the state of the situation of trans-European Networks benefiting from Community intervention.

## IMPACT EVALUATION SHEET

<b>IMPACT OF THE PROPOSITION ON BUSINESS, ESPECIALLY SMALL AND MEDIUM-SIZED ENTERPRISES</b>
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Title of proposed regulation: **Proposal for a Council Regulation Laying Down the Rules for the Granting of Community Financial Aid in the Field of Trans-European Networks**

Reference number: **COM(94)62 24 February 1994**

### Proposal

1. *Taking account of the principle of subsidiarity, why is Community level legislation necessary in this field and what are the principle objectives?*

The establishment of Trans-European Networks in transport, telecommunications and energy necessitates action at European level. Article 129b of the Treaty Establishing the European Community states that to help achieve the objectives referred to in Article 7a and 130a of the Treaty the Community should contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy infrastructures.

While the primary actors in the development of networks shall be the Member States, the Community may take action to promote networks. This action shall aim to encourage the interconnection and interoperability of national networks, to fill in "missing links" and to improve access to these networks in taking account of the need to link isolated and peripheral regions.

Article 129c of the Treaty further provides that the Community may support the financial efforts of the Member States to establish networks.

The proposal for a regulation sets out to lay down general rules for the granting of Community financial aid to infrastructure projects of Community interest which fall within the guidelines established by the Community and approved by the Member States concerning their own territory.

Financial support may take the form of financing feasibility studies, interest rebates or loan guarantees. In exceptional circumstances, and where deemed necessary by the Commission, projects may receive co-financing.

### Impact on enterprises

2. *What groups will be affected by the proposal? (business sectors, sizes, geographic zones...)*

While the financial assistance granted in the framework of this regulation shall concentrate primarily on the three sectors of transport, telecommunications and energy, the overall benefit of the realisation of networks and the increase in competitiveness –

due to the increased access and lower cost of transport, energy and telecommunications to businesses -- shall have indirect but strong effects for businesses of all types and sizes. In the granting of assistance, the Commission shall give special consideration to underdeveloped and peripheral regions.

3. *What must enterprises do to conform to the proposition?* Nothing

4. Economic effects of the proposal

*What economic effects are expected (on employment, investment, creation of new enterprises, competitiveness...)?*

The European Council of June 1993 in Copenhagen called for the achievement of trans-European networks to be used as a short term measure to stimulate employment and growth, as well as competitiveness.

Community financial assistance in the establishment of networks is expected to give a spur to the realisation of projects, creating employment in the short term. In the 1994-1999 financial perspective, an average of 400 m<sup>ec</sup>u per year shall be devoted to this action. The impetus of the action should accelerate large infrastructure works, especially in the transport and energy sectors, which shall have an immediate and positive impact on employment. These large projects shall in turn involve the subcontracting of small and medium-sized enterprises.

The knock-on effects of the achievement of networks shall stimulate the competitive environment of European business in general and create longer term growth in the specific network sectors. This shall in turn provide fertile ground for the birth of new businesses and new investments.

5. *Does the proposal contain measures aimed at taking account of the special situation of small and medium-sized enterprises (reduced or changed demand)?*

The large scale of the projects in question necessitate a global approach. The specific arrangements set out in the regulation do not pertain to the situation of small and medium-sized businesses. Nevertheless, the effects of the legislation should have a positive effect on the environment for small and medium-sized enterprises.

#### Consultation

6. *List the organisations consulted on this proposition and the main points of their position.*

This regulation comes as a result of many years of the Community's refinement of the Trans-European network policy, culminating in the White Paper on growth, competitiveness and employment. Throughout this process, many external organisations have been consulted and provided input: trade unions, professional associations, private investors and industry groups have all supported this direction. No external organisations were consulted for this specific piece of legislation. However, many anxiously await its inception. Without it, Community financing in this field will be impossible after 1994, when the current regulation, concerning the financing of transport infrastructure projects, shall expire.

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