



EIB/Jaspers Support to Port projects in new EU Member States

*European Sea Ports Organisation Conference
Limassol, Cyprus – 5-6th May 2011*

*Michel Gaspard
EIB/JASPERS-Northern Europe/Warsaw Office*



EIB/Jaspers Support to EU-funded Port projects in new EU Member States

Outline

- What is Jaspers? - Jaspers activities - What does Jaspers offer?
- Jaspers structure, organisation and resources – Action Plans
- Ports projects in new EU Member States: EU funding, JASPERS support
- Support to preparation of EU Financing Applications: ongoing projects
- Main issues regarding EU funding Applications for Port projects



What is JASPERS ?

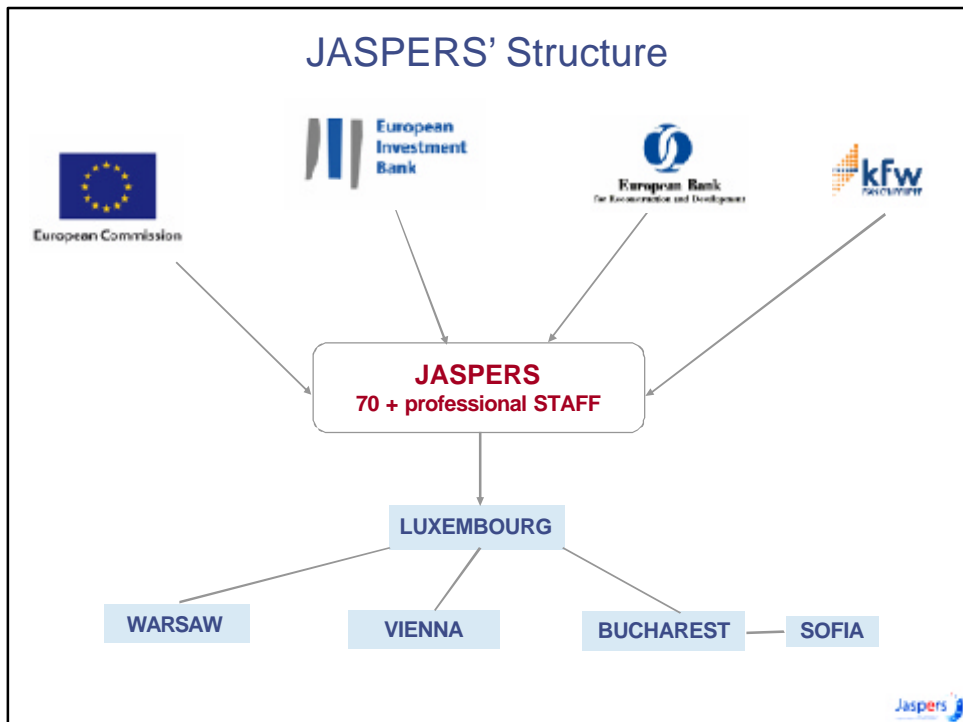
- 'Joint Assistance to Support Projects in European Regions'
- A technical assistance partnership to prepare major projects between DG REGIO, EIB, EBRD, and KfW (*since 2008*)
- Main purpose: supporting Project Beneficiaries for preparation of EC/DG REGIO funding applications in full compliance with EU Regulations
- Value added: draws firstly on past experience and expertise of partner institutions (EC, EIB, EBRD, KfW); and secondly, on the accumulation of experiences in the preparation of EU funding applications, in all new Member States since 2007
- JASPERS is integrated to the EIB (Projects Department), but works separately from EIB lending activities



JASPERS activities

- Focused on the 12 new Member States,
- JASPERS concentrates on major projects financed by EU Budget - Transport and other sectors: capital cost > €50 M (submitted to EC/DG REGIO)
- Non-major projects (< €50M) may be prepared with JASPERS support on request from Member States (no ex-ante appraisal by EC/DG REGIO)
- JASPERS priorities are :
 - major projects supported by EC/Cohesion Fund and ERDF
 - other Cohesion Fund projects
 - other ERDF projects
- Horizontal activities covering more than one country/sector (*training...*)





What does JASPERS offer?

- Technical support from early stages of project through to the **decision to grant assistance** – now extended to **project implementation**
- Preparatory work required to **deliver a mature project** (ready for financing) e.g.
 - Advice on conceptual development and project structuring
 - Advice on project preparation e.g. cost-benefit analysis, financial analysis, environmental issues, procurement planning. State Aid procedures
 - Review of documentation: feasibility studies, technical design, EU financing applications, tender documents.
 - Advice on compliance with EU law (environmental, state aid/competition and others); conformity with EU policies
- Delivery of an **Action Completion Note (ACN)** at the end of each JASPERS action, a synthesis document for the use of national Beneficiaries and Management Authorities; in the case of **major projects** the ACN is also used by the EC for the evaluation of every funding application.

Action Plans, Ports sector

All activities are carried out in the framework of **annual Action Plans** discussed and agreed with Member States (Managing Authorities)

20 Port projects with JASPERS support are active in 2011:

		LT	Klaipeda Port, Infrastructure for new ferry terminal	COMPLETED
		RO	Bank protection works on the Salina Canal	ON-GOING
- Bulgaria 1 - Romania 12 - Hungary 1	} Black Sea and Danube Ports	RO	RODIS III - Danube VTMS - Danube	COMPLETED
		RO	RODIS III - Danube VTMS - Canals	COMPLETED
		RO	Waste collection system - depolluting vessels on Danube Sulina-Braila	COMPLETED
		RO	Waste collection system - depolluting vessels on Danube Hameova - Bataie	ON-GOING
		PL	Gdynia port - new Ferry Terminal with a road and a railway access	ON-GOING
- Poland 2	} Baltic Ports	RO	Development of Public Infrastructure in Danube Ports	ON-GOING
- Latvia 1		RO	Danube navigation improvements - Section 4 Port of Calafat	ON-GOING
- Lithuania 1		RO	Danube navigation improvement - Section 3 Navigable channels	ON-GOING
		RO	Danube navigation improvement - Section 1 Common Sector between Romania and Bulgaria	ON-GOING
- Malta 2	Mediterranean	RO	Navigation improvements (Gatlin/Selene)	ON-GOING
		HU	Improvement of the navigability of river Danube	ON-GOING
		RO	Modernisation and development of Constanta Port Infrastructure	COMPLETED
		PL	Modernization of seaway Swinoujscie (Szczecin seaway, Piatowski and Melinski Channel)	ON-GOING
		RO	Bank protection works on Salina Channel	COMPLETED
		LV	Riga port - development of Krievu sala	COMPLETED
		MT	Upgrading of Malta's Maritime TEN-T Infrastructure	ACCEPTED
		MT	Refurbishment and upgrading of breakwaters and other marine infrastructure	COMPLETED

8 projects completed
(ACN delivered)



Port projects supported by JASPERS: financial structure

- **EU budget grant** (CF=Cohesion Fund, ERDF=European Regional Development Fund) in the framework of **planning documents (Operational Programmes)** agreed between **Member States** and **EC/DG REGIO**.

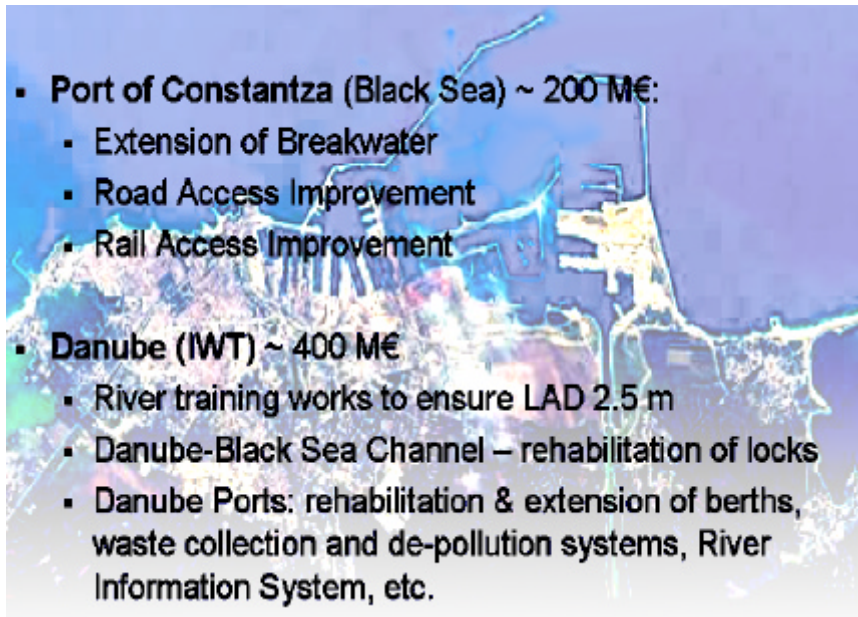
Max. 85% of project costs, usually less for Ports projects (50% to 70-80%)

- **National part** to be funded by:

- own equity resources of Port Authority
- national budget sources
- loans from EIB, other development banks, commercial banks...

- **No PPP structure** usually for projects receiving EU grants for basic Port infrastructure

JASPERS' Supported Projects: Romania

- 
- **Port of Constantza (Black Sea) ~ 200 M€:**
 - Extension of Breakwater
 - Road Access Improvement
 - Rail Access Improvement
 - **Danube (IWT) ~ 400 M€**
 - River training works to ensure LAD 2.5 m
 - Danube-Black Sea Channel – rehabilitation of locks
 - Danube Ports: rehabilitation & extension of berths, waste collection and de-pollution systems, River Information System, etc.

JASPERS' Supported Projects: Malta

- 
- Non major projects, total costs between € M 30 and 40:
- **Breakwaters** rehabilitation in **Valetta** and **Marsaxlock**
 - **Ferry Terminal** in **Cirkewwa**
 - **Passengers Quays** rehabilitation in the Grand Harbour of **Valetta**
- Starting in 2011: preparation of Transport Masterplan including Ports

Support to preparation of EU financing applications: two Polish projects

Gdynia Port - road and railway access to the Eastern part of the port

Non major project (total investment costs <€50 M)

- Feasibility study to be reviewed by Jaspers
- EIA documentation reviewed
- Financing Application to be submitted to Polish Authority: 4th quarter 2011

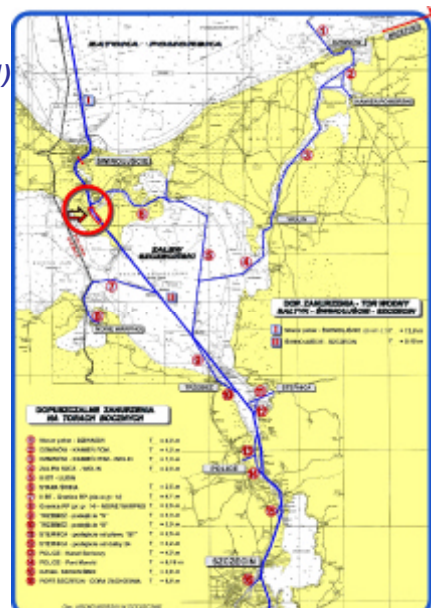


Support to preparation of EU financing applications: two Polish projects

Modernization of Seaway Swinoujscie- Szczecin (Channel Piastowski and Mielinski) phase II

Major project (total investment costs >€50 M)

- Support to preparation of Feasibility study:
new draft expected
- EIA documentation reviewed
- Financing Application to be submitted to
Polish Authority and EC/DG REGIO: 4th quarter
2011



**Support to preparation of EU financing applications:
Riga Port (Latvia)**

- **Riga Port: relocation of Port activities out of the City center**
Major project (total investment costs > €50 M)
 - Advice on conceptual development and project structuring, evaluation of alternatives
 - Support to preparation of Economic and financial analysis, Feasibility study, Environmental procedures, Financing Application
 - Support to preparation of State Aid notification
 - Support to preparation of answers to questions raised by EC regarding (i) State Aid issues, (ii) environmental and other issues regarding the Financing Application
- **Main difficulties:**
 - Analysis of location and design options
 - Demand and traffic forecasts, economic and financial analysis (*re-started in 2009 due to global economic crisis*)
 - State Aid notification
 - Environmental issues

**Support to preparation of EU financing applications:
Klaipeda Port (Lithuania)**

- **Klaipeda Port: Construction of infrastructure for the passenger and cargo ferries terminal**
Non major project (total investment costs < €50 M)
 - Advice on conceptual development and project structuring, evaluation of alternatives
 - Support to preparation of Economic and financial analysis, Feasibility study, Financing Application
 - Support to preparation of State Aid notification
 - Support to preparation of answers to questions raised by EC regarding State Aid issues
- **Main difficulties:**
 - Demand and traffic forecasts, economic and financial analysis
 - State Aid notification

Main issues regarding Applications for EU funding

▪ Analysis and evaluation of project design options

- It happens that Port Authorities mention only one design for the project, sometimes considered for a long time as the only possible one;
- EC authorities, before agreeing on grant co-financing, require demonstration that **the selected design option is the most cost-effective and optimal**;
- therefore the Feasibility Study has to consider several design alternatives (location, size of the investment, phasing...) and demonstrate that the selected project option is optimal, on the basis of Multi-criteria analysis, Cost-benefit analysis (CBA), etc.

▪ Economic and financial analysis

- A full economic and financial analysis of the project has to be provided with the Funding Application, including:
- **demand/traffic analysis and projections** over 25-30 years;
 - **financial analysis** (« funding gap » methodology) demonstrating the needs for grant support and the desirable size of the grant;
 - **economic CBA** demonstrating the economic profitability of the project for the country (*based on ad-hoc analysis and quantification of all project costs and benefits over 25-30 years*);
 - « **financial sustainability** » **analysis** demonstrating that the beneficiary is able to support the project financially year by year, based on the proposed financing plan.



Main issues regarding Applications for EU funding: Environmental Impact Assessment (EIA)

- All large Port projects (infrastructure for vessels over 1350 tons) are subject to **full EIA procedure**
- EIA procedures and documentation must be completed for approval of EU funding applications, including delivery of **Environmental consent** and **Development consent** by relevant national Authorities
- Evidence has to be provided that **information**, and **participation of the public concerned** in decision making, complied with prescriptions of the EC EIA Directive
- **Strategic Environmental Assessment** (SEA) of the plans and programmes under which the project is being developed have to be referred to (*e.g.: Port development Masterplan*)
- **Natura 2000** Declarations issued by relevant national Authorities have to be provided, in compliance with Habitat Directive 92/43/EEC and Birds' Directive 2009/147/EC)
- Compliance with the **Water Framework Directive** (WFD) 2000/60/EC (compliance with river basin management plans) has to be provided



Main issues regarding Applications for EU funding: State Aid Notification (SAN)

- **State Aid or no State Aid?**
 - In the past, investments for public Port infrastructure potentially open to all users (dredging, breakwaters, reclaiming land, road and rail access...) were not subject to State Aid procedures (notification to EC), in the same way as for road or rail infrastructure. Only "user-specific" investments (e.g. construction of a new Terminal to be operated by a "concessionaire" stevedoring Company) were subject to compulsory SAN;
 - State Aid guidelines for the Ports sector shall be prepared by the EC, but have been postponed for several years; currently it is recommended by DG COMP that any Port investment be screened regarding State Aid issues;
- **Main issues for State Aid notification**
 - Evaluation of the **maximum State Aid intensity** accepted for the project, based on costs of investments for public use (100% State Aid authorised) and costs of "user-specific" investments (max. 50% State Aid authorised usually, ceiling subject to Regions and size of enterprises)
 - Evaluation of the **actual grant request** for the project = the lowest between State Aid intensity according to DG COMP regulation, and « funding gap » grant according to DG REGIO regulation (*depending on cases*)
 - Demonstration of **compliance of Stevedoring/Concession contracts** concerned by the project **with EU regulations**: procurement process, duration of concession, level of land-lease fees (market level)...
 - Demonstration of **no distortion of competition among Ports** in the same geographic area



Issues regarding Applications for EU funding: Complexity of State Aid Notification procedures, 2 examples

PORT PROJECT - Country 1		PORT PROJECT - Country 2	
Sep-08	1. Initial consultation meeting with EC:DG TREN : Port Authority, MOT, MOF, JASPERS, Consultants	Dec-09	1. Initial consultation meeting with EC:DG TREN : Port Authority, MOT, JASPERS, Consultants
	2. Preparation of draft State Aid notification	Jan-10	
		Feb-10	2. Preparation of draft State Aid notification
		Mar-10	
Jan .09 & Nov/09	3. Second & third consultation meeting with EC:DG TREN : Port Authority, MOF, JASPERS, Consultants on the basis of first draft SAN	Apr-10	3. Formal submission of draft State Aid notification by MOT to EC:DG COMP (via Country 2 Competition Office and Country 2 representation in Brussels)
		May-10	4. Initial assessment by EC:DG COMP
Feb-10	4. Formal submission of draft State Aid notification by Port Authority to EC:DG COMP (via Country 1 MOF:State Aid and Country 1 representation in Brussels)	Jun-10	5. Reception of letter from EC:DG COMP (via Country 2 Competition Office and Country 2 representation in Brussels) with first list of questions (missing information...)
Mar-10	5. Reception of letter from EC:DG COMP (via Country 1 Competition Office and representation in Brussels) with first list of questions	Jul-10	6. Preparation of draft answers. Consultation meeting with EC:DG COMP : Port Authority, MOT, JASPERS, Consultants
Apr-10	6. official reply to first list of questions	Aug-10	7. Request for extension of deadline for formal answers
May-10	7. Reception of second list of questions - by phone then officially, immediate reply	Sep-10	8. Formal communication of answers by MOT to EC:DG COMP (via Country 2 Competition Office and representation in Brussels) - 24th september
Jun-10	8. Reception of third list of questions - meeting between Country 1 Ambassador and Director General of DG COMP - Complementary questions received	Oct-10	9. Assessment of revised draft Notification (prepared by DG COMP) by EC services concerned (Inter-Service Consultation) - Expected final decision by EC:DG COMP -
Jul-10	9. official reply to third list of questions - Confirmation by DG COMP about decision to be made shortly	Nov-10	
Aug-10	10. Internal discussions within EC:DG COMP -	Dec-10	10. Reception of letter with second list of questions (6/12/2010),
Sep-10	11. Fourth list of questions received - immediate reply by MOF and Port Authority - Consultation meeting with EC:DG COMP in Brussels	Dec-10	11. Formal communication of answers by MOT to EC:DG COMP (via Country 2 Competition Office and representation in Brussels) - 23rd December
Oct-10	12. submission of additional information as follow-up the meeting end of Sept.10	Feb-11	12. Reception of third list of questions by email (2/2/2011) then by letter (17/2/2011) - Additional questions received by e-mail (18/02)
Nov-10	13. Phone call from Country 1 Ambassador to DG COMP - Fifth list of questions received, request for further documentation (Business plans of RA/Stevedores) - submission of requested information	Mar-11	13. Formal communication of answers by MOT to EC:DG COMP
Dec-10	14. Visit from Country 1 Attaché to DG COMP - Fifth list of questions received officially	Apr-11	14. Reception of fourth list of questions by email (15/4/2011)
Jan-11	15. Consultation meeting with EC:DG COMP in Brussels - Communication of replies to fifth list of questions		
Mar-11	16. Sixth official information request received from EC:DG COMP, immediate reply		
Apr-11	17. Inter-service consultation started on draft decision (11.04.2011)		



Issues regarding Applications for EU funding: State Aid Notification procedures

- **Only one EU legal or regulatory text available (2001):**
Communication from the Commission to the Parliament and Council: Reinforcing Quality Service in Sea Ports, COM/2001/0035 section 3.3.
- **Need for case-by-case guidance from EC authorities**
DG COMP (Directorate F, Transport), DG MOVE (Directorate C, Maritime Transport) – Consultation meetings with Port Authorities, Ministries, Consultants...
- **Requests for communication of commercially sensitive information to EC**
e.g. Concession contracts; data on land-lease rates; Port fees; Business plans of Port operators/Stevedores: need for Port Authorities and Operators to trust EC partners about observance of confidentiality rules
- **Length and complexity of notification procedures**
delaying approval of Financing Applications by national Authorities (and EC/DG REGIO in cases of major projects)
- **Delays in implementation of projects**
if Ministries and Port authorities refuse the financial risk of starting implementation before EU financing decision

Conclusion: URGENT NEEDS FOR EU STATE AID GUIDELINES FOR THE PORTS SECTOR



Thank you for your attention
Merci de votre attention

