

2017 CEF Transport Blending Call
FREQUENTLY ASKED QUESTIONS – Motorways of the Sea
Last update – 14 March 2018
(new or updated questions in blue)

- 1. *Proposals submitted under the priority "Motorways of the Sea" for the upgrade or setting up of a MoS link should involve at least two EU ports from two different Member States. If the ship route reaches more than two ports, would it be necessary to have all ports included in the proposal?***

As stated in section 7.1 of the call texts, proposals submitted under the priority "Motorways of the Sea" must include applicants from (and be supported by) a minimum of two different Member States. This is a minimum requirement. If the ship route reaches more than two ports (two core ports or one comprehensive and one core port), in more than two different Member States, this can be integrated in the proposal, with or without request for funding. At the same time, port involvement must be demonstrated by relevant investments in those minimum two ports asking for funding (i.e. at least 50% of the project budget).

- 2. *I understand that proposals under the priority "Motorways of the Sea" should be submitted by, at least, two Member States. Could a proposal submitted by only one Member State be eligible?***

No. The obligation to include applicants from (and be supported by) a minimum of two different Member States is stated in section 7.1 of the call texts. Therefore, it is an eligibility condition. Proposals submitted (or supported by) only one Member State will be declared ineligible.

- 3. *Is participation of ports mandatory in MoS wider benefit actions?***

No. The ports involvement is indispensable only for the actions targeting the upgrade or setting up of the MoS link. In case of wider benefit actions, depending on their scope and nature, they could be implemented without ports. In any case, the eligibility criteria stated in section 7.1 of the call texts must be respected.

- 4. *Is it possible to submit a proposal including a vessel calling in two comprehensive ports?***

No this is not possible.

All proposals submitted under the priority "Motorways of the Sea" should include applicants from (and be supported by) a minimum of two different Member States (see FAQ 2 above) in order to be eligible.

Only proposals related to the upgrade or setting up of a maritime link require, in addition, the involvement of at least two EU ports (one core and one comprehensive or two core ports).

- 5. *Could demonstration proposals be funded as a wider benefit EU MoS project without any port investments? For example:***

a) installation, testing/ demonstration and roll-out of a mix of environmental upgrades on large container ships forming a regular, viable and frequent maritime service, in particular calling in EU ports in the Mediterranean;

b) demonstration of ship power management improvement, based on the installation, testing and roll-out of e-reporting and ICT systems on-board of a number of different short sea shipping vessels serving all MoS areas (North Sea and Baltic Sea, Atlantic Arc and Mediterranean)?

Such proposals could not be funded without the port investments. Therefore, the participation of ports with a considerable part of the total investment (amounting to the minimum 50% of the total project budget) would be required.

- 6. *As far as investments aboard vessels are concerned (including the environmental benefits), do they always need to be linked with investments in ports?***

In principle, the investments in ports may include any type of works which are needed for upgrading the maritime link and will be used by the ship in question. In that sense, the investments aboard a ship and in ports should be related to the purpose of the link and justified by the ship capacity as well as the current or projected traffic needs of the maritime link.

7. Can all types of exhaust gas cleaning systems (EGCS) be funded?

All types of EGCS can be funded under the CEF Blending Call addressing the "Motorways of the Sea" priority, provided that they are installed on ships operating on short sea shipping routes outside the Sulphur Emission Control Area (SECA). Currently, in EU waters outside SECA, the sulphur limit in marine fuels is 3,5%. As of 01/01/2020, according to the Sulphur Directive, the 0,5% limit will start applying. This means that all types of EGCS which ensure compliance with the SECA standards allow reduction of emissions beyond the existing legal requirements outside SECA.

Projects with EGCS installations on ships operating partially in the SECA areas or ships operating on long distance routes (e.g. to America or Asia) are not eligible.

At the same time, the use of scrubbers needs to be compatible with the EU's broader environmental protection objectives, notably those in relation to the protection of the marine ecosystem and their use should not lead to a transfer of the pollution problem from air to water.

8. Can scrubbers going beyond the existing legal requirements be funded in the SECA areas?

No. No type of EGCS within the existing SECA areas will be funded under the CEF Blending Call addressing the "Motorways of the Sea" priority.

9. The multi-annual work programme states that port superstructure, is eligible for funding. Does this condition apply also to trucks to be used for LNG refuelling of vessels in a port?

Support to superstructure such as warehouses and movable assets can be eligible for support with financial instruments only. In case of actions setting up or upgrading a maritime link, investments to superstructures do not substitute the minimum requirement for investments in infrastructures in both ports involved. This applies also to trucks to be used for LNG refuelling of vessels in a port.

10. Can interventions on a LNG bunkering barge be submitted outside the context of a maritime link proposal?

Acquiring, constructing or readjusting LNG bunkering barges may be funded as part of a wider benefit action (with the maximum 30% co-funding rate). This suggests that bunkering vessels do not need to be part of a maritime link proposal, given that by nature their operation is not restricted only to one link but it is supposed to serve more widely the supply needs in a given geographical area. A barge is considered as part of a port infrastructure and should therefore offer services on non-discriminatory grounds. Moreover, the services should remain publicly accessible. A co-financed bunkering barge will be required to provide the customary services in EU ports for a period of at least five years after the project end date.

11. Can a construction of a new multimodal logistics platform replacing at a similar location an existing platform in a core maritime port in a Member State be supported under the MoS priority?

In principle, a construction of a new multimodal logistics platform only in one port may not be supported under the MoS priority. However, depending on the final dimension and scope of such a platform, i.e. if extended and submitted by at least two ports in two different Member States, this could be considered for support under the MoS priority, if the investment could be classified as a wider benefit action for a particular maritime region and would serve a number of maritime operators. A similar investment may potentially also be part of a maritime link upgrade proposal, if investments in two different ports are correlated with a shipping line serving these ports.

12. Are port community system types of projects supported under the MoS priority?

Yes, this type of projects could be supported as wider benefit actions as long as they are submitted by a cluster of regional ports from a few countries and the systems are both interoperable and connected. Should a particular port intend to develop such a system only on its own premises, this activity should be integrated within a larger MoS link upgrade project involving at least two ports (two core ports or one comprehensive and one core port) from two different Member States and a maritime operator directly involved as a beneficiary or indirectly associated to the project.

13. Could a proposal concerning the start-up of the service be funded under the MoS priority (e.g. help to reduce the costs related to the operation of the MoS link, as in the Marco Polo programme)?

No, the MoS priority does not provide for financing of the start-up of the service or the costs of operation of the MoS link.

14. Could costs to purchase or to operate a LNG tanker (LNG carrier) be an eligible cost?

No. Operating costs are not eligible under the CEF Transport calls. More specifically, as regards the specific MoS priority, it aims to contribute to the development of LNG bunkering facilities for ships and not to the transportation of gas over longer distances. It is therefore not possible to request co-funding for LNG tankers and thereto related operations.

As regards the costs of purchase, these are also not eligible, because investments on vessels are limited only to the additional efforts for environmental purposes and cannot cover the full costs of acquiring or constructing.

15. Are port investments for waste water treatment (grey, black, ballast and scrubber residuals) as well as onshore power supply facilities in relation to (pure) cruise shipping eligible for funding under the MoS priority?

The objective of the Motorways of the Sea policy is to concentrate flows of freight on sea-based logistical routes in such a way as to improve existing maritime links or to establish new viable, regular and frequent maritime links for the transport of goods between Member States, in order to reduce road congestion and/or improve access to peripheral and island regions and States. Actions addressing cruise shipping do not serve the above mentioned objective and are not included among the specific objectives described in the Motorways of the Sea priority, as described in section 3.3.3 of the multi-annual work programme. Such Actions, therefore, will not be considered relevant, according to the award criteria, as described in section 9 of the call texts.

16. Is co-funding of a LNG storage terminal possible under the MoS priority?

Investments related to the development of LNG bunkering facilities for ships, possibly in combination with other means of transport (inland navigation vessels and trucks) may be funded. If the storage terminal will serve this purpose, it could therefore be considered as an entirely or partially eligible cost depending on the gas capacity share which will be used for supplying ships. It is, however, not possible to co-fund a terminal or thereto related investments if they serve primarily the gas import operations and further gas transfer to the national gas transmission systems (security of supply). In general, it is recommended to apply under the MoS priority only for the LNG investments which would strictly serve bunkering ships and/or connect the main gas terminal with such a bunkering station.

17. Are MoS research and development projects eligible for the CEF Transport support?

No. Research and development activities are not funded under the CEF programme.

18. Can ports of any category (A, B, C or D) submit proposals under the MoS priority?

The port categories (A, B, C or D) used previously under the TEN-T Programme are no longer applicable. According to the current TEN-T guidelines, the TEN-T ports which could receive the CEF funding, are the core or comprehensive ports. You can find these ports listed in Annex II.2 to the TEN-T Guidelines. Core ports are also mentioned in Annex I Part I to the CEF Regulation.

In case the proposed Action relates to the upgrade or establishment of a maritime link, it must involve at least two EU ports (two core ports or one core and one comprehensive as a minimum) and a maritime operator. Port involvement must be demonstrated by relevant investments in those two ports asking for funding (at least 50% of the project budget). Ports can also consider submitting a relevant wider benefit action serving various maritime operators e.g. constructing facilities for waste reception, on-shore power supply or LNG bunkering. The involvement of an operator may be direct as a beneficiary or indirect as an associated entity participating in a project without receiving a grant.

19. Are investments in core ports several hundred kilometres apart considered to be 'cross-border sections' under the MoS?

According to Article 3 of the TEN-T Guidelines and Article 2§2 of the CEF Regulation, cross-border section is defined as the section which ensures the continuity of a project of common interest between the nearest urban nodes on both sides of the border of two Member States or between a Member State and a neighbouring country. In the context of Motorways of the Sea, cross-border sections are not applicable.

20. When is a Cost-Benefit Analysis required for MoS projects?

The CBA is required for proposals for works, in line with Article 2(6) of the CEF Regulation.

21. Could the following be considered as eligible costs for a proposal submitted under the MoS priority:

- **Costs of chartering a ship**
- **Costs of buying a ship**
- **A subsidy for tonne-kilometres shifted from road transport to the maritime service?**

The activities that can be funded under the MoS priority are defined in section 3.3.3 of the work programme. None of the activities mentioned above are covered by the MoS priority, therefore, the related costs cannot be considered as eligible costs.

22. Proposals targeting the upgrade or establishment of a maritime link are to relate to at least one EU core port and one EU comprehensive port demonstrated by at least 50% of investment costs in those ports. Do the port investments have to be distributed between the ports? Would, for example, a letter of intent from a core port on use of new facilities in a comprehensive port be sufficient?

The investments in ports (at least two EU ports, of which at least one should be a core port) are a critical element of the concept of upgrading/establishing maritime links. As such, investments in both ports are necessary and will have to be clearly described in the application. They will also need to be justified by specific operational and traffic demand needs.

23. As regards the proposals for the establishment or upgrade of a maritime link, is the participation of a maritime operator in the application necessary?

Applications concerning the upgrade or establishment of a maritime link must involve at least two EU ports (of which at least one should be a core port), and a maritime operator. The involvement of the operator may be direct as a beneficiary or indirect as an associated entity participating in a project without receiving a grant.

24. Would making a new pavement in an already existing terminal be considered as a "superstructure"?

Pavement is not considered a superstructure but it would be an eligible cost only if it was a part of a larger investment plan in the terminal. Standalone investments for pavements only will not be supported.

27. Under the MoS priority, upgrades on vessels are limited to the additional efforts for environmental purposes and cannot cover the full costs of acquiring or constructing a vessel. In that case, can the CBA be done only for the additional environmental efforts, or do the calculations have to include the whole vessel?

In the case described, the smallest self-sufficient unit of assessment should be the vessel as a whole. Therefore the economic and financial analysis of the CBA should focus on benefit and costs associated with the vessel.

The above recommendation is based on the premises that CBA analysis (notably for the financial analysis) should be done on an incremental basis that is comparing the respective levels of revenues and costs of the do-scenario with those of the counterfactual scenario.

28. Would a new warehouse (increase capacity) be considered eligible under the MoS Call, in order to upgrade a current MoS? As a single project or would it have to be included in a larger project?

According to point 3.3.3 of the multi-annual work programme, costs related to superstructures such as warehouses and movable assets can be eligible for support with financial instruments only. In case of actions setting up or upgrading a maritime link, investments to superstructures do not substitute the minimum requirement for investments in infrastructures in both ports involved.

29. Would dredging works in the canal harbour of a Core Port aiming at improving the accessibility of vessels be eligible under the Motorways of the Sea priority?

Dredging works aiming to improve the accessibility of a given port may be supported under the Motorways of the Sea priority only in the context of actions categorised as setting-up/upgrading maritime links provided that all eligibility, selection and award criteria set out in points 7, 8 and 9 of the Multi-annual Work Programme and the Call are met. In addition, the proposed actions related to the upgrade or establishment of a maritime link must involve at least two EU maritime ports (two core ports or one core and one comprehensive). Such actions must involve considerable port investments,

corresponding at least to 50% of the total investment costs, as well as the participation of a maritime operator. The involvement of the operator may be direct as a beneficiary or indirect as an associated entity participating in a project without receiving a grant.

31. Would it be possible to move an upgraded ship to another European MoS route within the 5 years after the action end date?

In line with point 3.3.3.IV ships receiving support through the MoS priority will be required to serve the co-funded routes within the EU area during the period of implementation of the proposed action as well as for additional 5 years after the project end date.

32. Is an improvement and/or retrofitting of a vessel sailing under a non-EU flag eligible within a MoS application?

Yes, a ship sailing under a non-EU flag may be eligible for funding provided that the application meets all eligibility, selection and award criteria set out in points 7, 8, 9 of the Multi-Annual Work Programme and the Call for Proposal.

33. Is the purchase of land an eligible cost under the Motorway of the Sea Priority?

According to Article 8 (6) of the CEF Regulation, the purchase of land shall not be an eligible cost.

34. Has a Motorways of the Sea Project always a 'cross border impact' and does this impact need to be justified in the proposal?

For Motorways of the Sea Projects implemented in at least two Member States, where infrastructure works in combination with the maritime link is expected to bring socio-economic or other benefits to at least two Member States, cross-border impacts are very likely. Nevertheless, the cross-border impact of Motorways of the Sea proposals needs to be justified by the applicants in the same way as for other proposals.

35. Is a Motorways of the Sea Project proposal with two ports eligible, if one port proposes only activities which would be supported only with financial instruments (e.g. warehouses, mobile equipment) and not with grants, and the other port proposes infrastructure investments eligible for CEF grants? Or, in other words, are for Motorways of the Sea eligible infrastructure investments supported by CEF grants compulsory in at least two ports?

The second option is correct. To be eligible under the Blending Call, a Motorways of the Sea Project proposal needs to include infrastructure investments eligible for CEF grants in at least two ports situated in different Member States in accordance with the work programme. The superstructure component should be considered as an additional port involvement/investment and can be supported only through financial instruments.

36. Is the condition of the compulsory minimum share of financing for “at least the value of the CEF grant awarded” also valid for projects subject to approval by the European Fund for Strategic Investments (EFSI) and the European Investment Bank (EIB)? Could for instance a Motorways of the Sea project requesting 30% of CEF grants but seeking less than 30% debt financing be accepted for CEF grant?

No, this call does not set a minimum share for the financing by EFSI or by the EIB, by National Promotional Banks, or by private sector investors for Projects to be approved by the EFSI Investment Committee and the EIB board of Directors. However, the requirement (if any) set by the EIB and EFSI for their intervention remain applicable: for example, it should be noted that the EIB typically provides investment loans to Projects with total cost in excess of EUR 25 million.

The requirement for the minimum share of financing only applies to Projects with cross border impact, addressing bottlenecks and in Member States eligible under the Cohesion Fund. If the Motorways of the Sea Project addresses a bottleneck or has a cross-border impact, the condition of financing for “at least the value of the CEF grant awarded” does not apply and it could seek debt financing for less than the amount of the grant. See also specific to Motorways of the Sea FAQ 34 on cross-border impacts for Motorways of the Sea projects.

37. For a Motorways of the Sea Project, is approval by the Investment Committee of the European Fund for Strategic Investments (EFSI) and Board of Directors of the European

Investment Bank (EIB) necessary for the investments in both ports? For example, the second port may want to fund its investments only with its own equity.

The approval by the EFSI Investment Committee and EIB Board of Directors is necessary only with respect to the application for the financing from EFSI or the EIB, whether or not the financing is subsequently granted by the EIB. That financing can concern the whole Project or part of the Project, and can be related to only one port. Other parts of the Project can then be financed by National Promotional Banks, or private sector investors or by own resources of the beneficiaries.

38. Should the financing of a Motorways of the Sea Project from National Promotional Banks, the European Investment bank (EIB) or private sector investors cover activities in all the ports included in the Project?

For Motorways of the Sea Projects, it is sufficient that the financing provided by National Promotional Banks, the EIB or by a private sector investor supports activities in at least one of the ports included in the Project.

39. The call text provides for the participation of neighbouring (non-EU) countries in the applications. Is their participation possible in Motorways of the Sea projects?

Neighbouring countries cannot benefit from Motorways of the Sea support under the Blending Call priority related to Motorways of the Sea. Neighbouring countries participation in the Motorways of the Sea actions is limited to studies and pilot actions, whereas these type of actions are not eligible under the Blending Call. While the entities from non-EU countries could be part of an application as stakeholders contributing to certain objectives of Actions extending to third countries, they cannot benefit from direct CEF funding as applicants.

40. The EIB is less strict in terms of constraints for supporting vessels (they only need to remain in EU waters). Is there a chance that in the Blending Call the CEF requirement (vessels remain on the designated route for 5 years) are harmonized to those of the EIB?

No, CEF rules apply to any activity funded by CEF grants, also under the Blending Call.

However, the applicant may structure its proposal to exclude activities relating vessels from the Action. If included in the Project seeking finance but not the Action, these activities can be supported by the EIB in compliance with their rules only.

41. In what respect do the actions defined under section 3.3.3., point III of the Specific Objectives of the work programme overrule other eligible actions as defined under point I and III of the Specific Objectives?

Priorities defined in point II and III are not contradictory to the specific objectives listed under point I. Additional priorities in Point II do not overrule the actions listed in point I that can receive the EU financial assistance. They are to be taken into account in case of multiple proposals addressing the specific objective defined in point I, which would go beyond the foreseen budget for the Motorways of the Sea priority under the Blending call.

42. Can an investment in 2 LNG bunkering barges serving at least 2 EU core ports at both ends of a Motorways of the Sea link be considered as a suitable port investment component as requested under Motorways of the Sea maritime link projects? In this respect, the bunker barges would serve as mobile LNG refuelling equipment for seagoing LNG propelled vessels calling at these ports and provide a service of delivering LNG in these port areas to these vessels?

Furthermore, in such a project can additional investments in upgrading the environmental performance of this transport link by investing in 3 LNG propelled bulk carriers, which would also retrieve LNG as from the 2 LNG barges, be considered eligible?

LNG bunkering barges can be supported under the blending call and under particular circumstances can be considered and treated as an extension of the port infrastructures; This could be allowed if the LNG bunkering barges would provide bunkering services to the LNG powered vessels operating the specific maritime link being a subject of the application. In this specific case, investments to build these two LNG bunkering barges would be considered as adequate ports infrastructures, which is a condition for maritime links projects.

It follows that in the context of a maritime link proposal, the additional investments to LNG propelled bulk carriers can only be eligible provided these carriers use the services of the specific LNG bunkering barges and operate between the specific ports of the link.

45. Can the investment in an LNG bunkering barge be considered as a suitable investment component for a MoS maritime link project, in the event where the LNG bunkering barge serves not only the maritime link but also the demand in other ports?

As explained in question 42, the LNG bunkering barge can in particular circumstances be considered and treated as an extension of the port infrastructure. In this case, the LNG bunkering barge should continue to serve the applicant port as well as the maritime link throughout the full duration of the Action. It may however also provide its services to other EU ports in the area.

46. An investment in an LNG bunkering vessel could be submitted to either the Motorways of the Sea priority as well as the Innovations and New Technologies priority. What considerations could play in choosing between these two priorities?

Investments in an LNG bunkering vessel can indeed be funded under both priorities. It is up to the applicant to decide which priority it believes is better suited: in doing so the applicant should review the indicative budget available under each priority, the scope of the Work Programme as well as the funding conditions.

In terms of eligibility requirements, Actions submitted to the Motorways of the Sea (MoS) priority must involve at least two entities from two different Member States, whereas it is sufficient to submit a proposal involving only one entity from one MS under the innovation priority.

For the innovation priority, such mobile infrastructure shall be located on the Core Network. For MoS, as the bunkering barges are considered wider benefit actions serving the short sea shipping within the EU, there is no core network location requirement. The project needs still to prove its EU added value (in particular for the maritime sector and the European Short Sea Shipping routes).

Finally, in terms of funding conditions, please note that for Actions submitted to the Motorways of the Sea priority, the full costs of the bunkering vessel are eligible with a 30% maximum co-funding rate. Solely the innovative part of such fuel transport vehicles (tankers, ships, etc.) is eligible under the innovation priority for 20% support. Please see FAQs 6 and 8 under "Innovation and new technologies" priority specifying the vessel technical elements eligible for funding.