



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
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Opinion

Title

DG MOVE/ENER/INFSO - Impact Assessment on the Regulation establishing the Connecting Europe Facility

(draft version of 1 August 2011)

(A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) for EU spending on 29 June 2011, fixing the overall budget, allocations across high-level headings and key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. This Impact Assessment report will accompany one such proposal that relates to the **Connecting Europe Facility (CEF)** that brings together infrastructure programmes and actions in the field of transport, energy and information/communication technology (ICT).

The IAB has focused on the policy choices not yet fixed in the MFF package.

(B) Overall assessment

The report requires further work to clarify the presentation of the actual forms and ways in which the Connecting Europe Facility (CEF) will be implemented, and of the financial instruments that will be applied in the three policy areas concerned. It should present common challenges and evaluation findings in a more consistent fashion across the policy areas concerned. The analysis of expected developments under the baseline scenario should be more comprehensive and robust, especially regarding investment needs and the financing gap. The options on the proposed financing instruments should be elaborated in more detail and reflect the common elements of the initiatives for the three sectors. The report should better specify the expected economic impacts of the different options, and should demonstrate in concrete terms how the proposed programme contributes to simplification. Finally, it should present comments received from stakeholders in a more transparent and consistent manner.

(C) Main recommendations for improvements

(1) Provide more detail on the implementation of the programme. The report should explain the rationale for a common initiative covering three different sectors with different policy ambitions. It should clarify how the proposed options would actually be

implemented, and how bringing the governance of programmes in different policy fields under a common framework will enhance effectiveness and efficiency. The report should indicate when, how, and on the basis of what kind of analysis conditionality provisions will be further elaborated and examined. It should explain why it puts such great emphasis on procedural and monitoring aspects.

(2) Present evaluation findings in a more consistent way. The report should provide a more transparent, consistent and balanced presentation of the relevant evaluation findings across the three policy areas. Evidence should be provided for the possibility of creating synergies across policy fields. The report should explain the structural differences between the three policy fields and the different nature of the presumed underlying market failures. It should also explain to what extent lessons learned in one field may be applied in the design of innovative forms of intervention in the others.

(3) Better demonstrate the investment needs and the financing gap. The report should provide more clarity about the underlying assumptions of the baseline scenario, and provide a global sensitivity analysis, in particular regarding the investment needs and the financing gap. The report should explain whether the macroeconomic assumptions are likely to be affected by external factors (such as GDP growth rate), and address the possible effects of fiscal constraints. It should also analyse the impact of a change in revenue streams on the financing mix (higher revenues covering maintenance and operating costs might free resources for investment, which could in turn affect the share that needs to be financed by the EU). It should discuss implementation issues such as project identification and selection as well as the relative roles of grants and financial instruments in the overall approach.

(4) Describe the options on financing instruments in more detail. The report should provide a more explicit discussion of policy options on financing, better explain the links to other funding instruments and examine the options for innovative financing in more detail, differentiating where relevant between the different sectors. It should explain how this initiative relates to the initiative on project bonds and to other funding sources for the energy, transport and ICT sectors. The report should provide a more robust analysis of the expected leverage of the proposed interventions, their possible crowding out effects and it should provide arguments to support the proposed co-financing rates.

(5) Specify the economic impacts of policy options. The report should provide more specific analysis of the impacts of the policy options on economic growth, consumer welfare, employment and the environment. This analysis should distinguish more clearly between transitory effects of building/adapting infrastructure and the more structural effects of the increase in infrastructure capacity.

(6) Indicate how the CEF will contribute to simplification. The report should better explain how the CEF connects with the different proposals for Guidelines in the separate policy fields. It should indicate common features of the modes of intervention across the three areas that should contribute to simpler processes and alleviate administrative costs.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should provide better references in the main text to specific stakeholders' views on the current programmes and the proposed changes in their management. The presentation of consultation results should be consistent across the three policy fields. An effort should be made to keep the report within the 30 page limit by avoiding duplication with the June MFF Communication and by moving unnecessary detail (especially on policy context) to the Annexes. Acronyms should be explained and a glossary should be added (especially covering financial concepts). References should be provided throughout the main text more systematically.

(E) IAB scrutiny process

Reference number	2011/MOVE+/019
External expertise used	No
Date of IAB meeting	31 August 2011