

Establishing the Connecting Europe Facility 2021-2027

Impact assessment (SWD(2018) 312, SWD(2018) 313 (summary)) accompanying a Commission proposal for a regulation of the European Parliament and of the Council on establishing the Connecting Europe Facility, and repealing Regulation (EU) No 1316/2013 and (EU) No 283/2014

This note is one of a series of brief initial appraisals of European Commission impact assessments (IA) accompanying the MFF proposals, tailored to reflect the specificities of the MFF package and the corresponding IAs¹. It provides an initial analysis of the strengths and weaknesses of the European Commission's [impact assessment](#) (IA) accompanying the above-mentioned [proposal](#), adopted on 6 June 2018 and referred to the European Parliament's Committees on Industry, Research and Energy (ITRE) and Transport and Tourism (TRAN).

Political and legal context; objectives

Based on the [mid-term evaluation](#) of the Connecting Europe Facility (CEF) established by [Regulation \(EU\) No 1316/2013](#), the Commission has proposed to renew this funding instrument,² which is designed to promote and partly finance the construction of pivotal cross-border transport, energy- and telecommunications-infrastructure links between the EU Member States. The IA identifies **three main challenges** for the period after 2020, namely (IA, pp. 35-37): 1) completing the trans-European networks in the transport, energy and digital sectors; 2) effecting the energy transition and technological developments in the transport, energy and digital sectors, and 3) ensuring better coordination with other EU programmes and better exploitation of synergies within the CEF sectors.

The IA states that the **general objective** of the future CEF is 'to support the achievement of the EU policy objectives [which are detailed in the IA] in the transport, energy and digital sectors as regards the trans-European networks ... and to support transnational [i.e. cross-border] cooperation between Member States on renewables planning and deployment ...' (IA, p. 25). The general objective is broken down into elements corresponding to the cross-cutting objectives of the MFF for all funding programmes, and (sector) **specific objectives**, namely (IA, pp. 26-28):

TRANSPORT SECTOR (IA, pp. 26-27)	1) to contribute to developing projects of common interest (PCI) ³ focused on creating efficient and interconnected transport networks; 2) to modernise or upgrade the transport infrastructure with a view to enabling smart [i.e. digital], sustainable and safe mobility.
ENERGY SECTOR (IA, p. 27)	1) to complete the internal energy market; 2) to secure the energy supply; 3) to ensure sustainable development.
DIGITAL SECTOR (IA, p. 27)	1) to contribute to the achievement of the broadband connectivity targets set in the Commission's Gigabit society strategy, COM(2016) 587 final ; 2) to contribute to the digitalisation of mobility [i.e. transport] and energy networks (in order to enable cross-border services in these two areas); 3) to enhance the resilience and capacity of EU digital networks.

As regards the transport sector, the monitoring section of the IA adds the specific objective of making a contribution to the military mobility requirement (IA, p. 43). As regards the digital sector, the IA states (pp. 90-92) that the new CEF would provide financial support to projects contributing, inter

alia, to ensuring gigabit connectivity for all main socio-economic drivers. However, it is not clear why transport hubs and digitally intensive enterprises have been left out, given that they are among the six main socio-economic drivers listed in the Gigabit society strategy (p. 6). None of the specific objectives features a reference to the operational objectives.

Programme structure and priorities; delivery mechanisms of the intended funding

The Commission envisages to maintain the original scope of intervention of the new CEF for the transport sector (IA, pp. 27-33), and to change the scope of intervention for the digital and energy sectors. The digital sector would incorporate the provisions defining and prioritising PCIs in the area of digital connectivity, and support to the deployment of digital services in areas of public interest would no longer be provided, as this would be ensured by the new Digital Europe programme. The IA states that continuing the status quo (baseline) in the digital sector would entail, inter alia, putting the target concerning the deployment of the connectivity required for a functional digital single market at risk (IA, pp. 88-89). The IA only discusses the change in scope, but does not give any alternative options to the baseline, despite this usually being a standard component of an IA. Based on the text provided in the IA, the analysis supporting the change in scope appears to be incomplete, and the explanations provided could have been illustrated more clearly (IA, pp. 30-31 and pp. 83-85). In addition, the logic behind the selection of actions eligible for financial support is not immediately apparent. Based on the reasons stated on pp. 31-33, the IA assesses comprehensively the extension of the scope of the CEF energy section to targeted cross-border cooperation in the field of renewables (RES) (IA, pp. 64-82). The IA states that the **main problem** with regard to the energy sector is the foregone gains from uncoordinated RES deployment in the EU (IA, pp. 70-71). While this problem appears to be specific to the energy sector only, such a conclusion is not readily apparent from the three main challenges mentioned above.

The IA considers and discusses **three policy options**. Under **option 1** (the baseline) '... [it is assumed that] the [clean energy package](#) will be adopted in its integrity and that CEF is implemented ... not including the extension of scope towards renewables' (IA, p. 78). However, the reasons for mentioning this package are not so evident. **Option 2** envisages reinforced voluntary cooperation and/or revised non-legal guidance (IA, p. 79). In light of the outcome of the public consultation (IA, p. 80), this option appears to be of dubious value. **Option 3, variant 1** includes additional legal provisions in the CEF Regulation (i.e. establishing an enabling framework for cross-border cooperation on renewables) without financial support. **Option 3, variant 2 (the preferred option)** includes additional legal provisions in the CEF Regulation with access to additional financial support through the EU budget (i.e. through the CEF). However, these options have not been compared to each other on the basis of any criteria. In addition, the IA would have benefited from illustrating more particularly how option 3 would take advantage of existing or future legislation. As regards the delivery mechanisms, the IA illustrates clearly the changes envisaged under the future CEF (IA, pp. 33-42), yet does not mention any risk assessment. The IA states that the CEF's mid-term evaluation supports the envisaged continuation of the current direct management of the future CEF by the parent DGs and the INEA (Innovation and Networks Executive Agency), whose advantages it summarises on pp. 34-35. The IA does not discuss the social or environmental impacts of the proposed measures. As regards the economic impact, it provides some estimates for the energy sector only. Generally speaking, the IA does not appear to have succeeded in explaining clearly what actions would support the achievement of the specific objectives identified for the transport, energy and digital sectors.

Budgetary or public finance implications

The financial envelope for the programme is set at €42 265 billion in current prices (IA, p. 3).⁴

SME test / competitiveness

The IA does not provide any analysis regarding SMEs. However, considering the specific objectives of the trans-European networks for the digital sector, SMEs may have deserved some consideration.

As regards competitiveness, the IA only refers to the mid-term evaluation of the CEF, which states that the CEF has contributed to improving the EU's competitiveness on the global market (IA, p. 8). Furthermore, the IA does not provide a quantification of such a contribution for the EU economy or any supporting evidence on the link between investment in network infrastructures and competitiveness.

Relations with third countries

The future CEF would, under certain conditions, be open to third countries.

Simplification and other regulatory implications

The IA provides some examples of simplification – such as simplified forms of grants for lower amounts – when illustrating the proposed changes in the management of the programme (IA, pp. 35-38, pp. 40-41). The IA does not quantify the cost reduction the envisaged simplification measures would yield (IA, p. 38). According to the IA, the programme's adjustment would take into account the impact of initiatives such as the Commission [proposal](#) for establishing the Digital Europe programme and the [InvestEU](#) programme.

Subsidiarity / proportionality

The future CEF is based on Articles 171, 172, and 194 of the Treaty on the Functioning of the EU (TFEU) (IA, p. 28). The IA appears to provide convincing explanations and various examples of the added value EU actions would bring (IA, pp. 29-30). However, the IA does not cover proportionality. Furthermore, no national parliament submitted a reasoned opinion on the proposal's compliance with the principle of subsidiarity by the deadline of 13 September 2018.

Quality of data, research and analysis

The IA makes consistent reference to the findings of the mid-term evaluation of the CEF, and mentions some of the additional sources used on pp. 46-47 and pp. 64-82. Although these sources are not always properly referenced, overall, they can be considered sufficiently recent and reliable for supporting the analysis performed, which has also benefited from position papers provided by 84 (out of 424) respondents to the open public consultation (OPC) (IA, pp. 57-59).

Stakeholder consultation

Rather than carrying out one OPC for each accompanying IA, as is normally required by the Better Regulation Guidelines ([SWD\(2017\) 350 final](#), pp. 67-87), the Commission conducted six OPCs for the MFF proposals, clustered by policy areas. Instead of the mandatory 12-week duration, these six public consultations ran for eight weeks, from 10 January to 9 March 2018. The IA provides a summary of the CEF section presenting the results of the [public consultation on EU funds in the area of strategic infrastructure](#) (IA, pp. 10-11 and pp. 47-63). Of the 441 replies received, 424 were on the three individual CEF sectors. Additional feedback was gathered through expert workshops and a consultation with the Member States (IA, pp. 59-63). However, the [published OPC results](#) do not contain any reference to questions regarding the options extending the scope in the energy sector. In addition, it is not clear whether stakeholders supported the change in the scope of the digital and energy sectors envisaged in the Commission proposal.

Monitoring and evaluation

The IA identifies 'high-level' indicators (p. 43), but does not make it entirely clear why it refers to them as 'illustrative examples' of possible measurement mechanisms (IA, p. 43). These indicators are included in the annex to the proposal (pp. 1-2). The IA states that a mid-term and an ex-post evaluation of the programme would be carried out, without indicating when (IA, p. 44). Based on the explanations provided, it appears that the monitoring framework is still missing some elements that are being (or will be) developed.

Commission Regulatory Scrutiny Board

On 20 April 2018, the Commission's Regulatory Scrutiny Board (RSB) adopted a [positive opinion with reservations](#) on a draft version of the IA dated 21 March. The final version of the IA appears to have incorporated almost entirely the improvements requested by the RSB, which are summarised very briefly in the overview table provided in Annex 1 to the IA (p. 45).

Coherence between the Commission's proposal and IA

The proposal appears to be mostly aligned with the analysis carried out in the IA. However, it is not clear how the corridors (mentioned on pp. 2-10 of the annex to the proposal), to be used for testing connected and automated mobility, have been selected, as this aspect is not covered by the IA.

Conclusions

The IA provides a good description of the policy challenges faced by the new CEF, drawing on its mid-term evaluation. The IA envisages a change in the scope with regard to the digital and energy sectors. Alternative options are identified for the energy sector only. The IA would have benefited from illustrating more clearly whether and how the preferred option would take advantage of existing or future legislation in establishing an enabling framework for cross-border cooperation on renewables. The IA does not discuss the social or environmental impacts of the proposed measures; moreover, it discusses economic impacts for the energy sector only. The IA does not focus on the potential impacts on SMEs; some analysis in this regard would have been useful, considering the specific objectives of the trans-European networks for the digital sector. An analysis regarding the impact on competitiveness appears to be missing as well. The final version of the IA appears to have introduced the improvements requested by the Regulatory Scrutiny Board almost entirely.

ENDNOTES

¹ The almost parallel adoption of the spending programmes and the MFF proposals had an impact on the IA process and resulted in simplified IAs, with their format and scope differing from the standard IAs as defined by the Commission's Better Regulation Guidelines (see also [Toolbox 10 Financial Programmes and Instruments](#)).

² See M. Pape, [Connecting Europe Facility 2021-2027: financing key EU infrastructure networks](#), EPRS, European Parliament, 2018. See also M. Pape, M. Parry, and A.B. Wilson, [Connecting Europe Facility](#), EPRS, European Parliament, 2015.

³ Article 2(1) of Regulation (EU) No 1316/2013 establishing the CEF, defines what is a project of common interest.

⁴ See also [2021-2027 multiannual financial framework and new own resources: Analysis of the Commission's proposal](#), ANNEX 3(a) p. 21, and ANNEX (3b) p. 25, EPRS, European Parliament, 2018.

This briefing, prepared for the European Parliament's Committee on Industry, Research and Energy (ITRE), analyses whether the principal criteria laid down in the Commission's own Better Regulation Guidelines, as well as additional factors identified by the Parliament in its Impact Assessment Handbook, appear to be met by the IA. It does not attempt to deal with the substance of the proposal.

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eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)

