

Airports, Intermodal and Intelligent Transport Systems (ITS) projects: Recommendations to Project Beneficiaries

***Seminar on State Aid for Transport Projects
co-financed by EU Structural Funds in Poland
Warsaw – 28th May 2008***

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1. Jaspers support to the preparation of Polish State Aid schemes

- Following a request from Polish Ministries in charge, in July 2007, Jaspers selected Parsons Brinckerhoff (PB) as consultant to provide advice in the preparation of State Aid schemes for Airports, Intermodal projects and Intelligent Transport Systems (ITS).
- (A few months before, ARUP had been selected as Jaspers consultant to provide advice for the preparation of Urban Transport projects, the contract was extended thereafter to cover Railway Rolling Stock projects.)
- The initial work programme agreed with Polish partners included following tasks:
 1. Benchmarking: review of projects in a sample of EU countries, comparison of approaches to State Aid issues with the approaches planned in Poland
 2. Review and comment on relevant parts of the detailed description of Priority Axes in the “Infrastructure and Environment” Operational programme
 3. Review and comment on Ministerial Ordinances under preparation concerning planned State Aid schemes for the sectors concerned
 4. Make recommendations about how state aid issues should be handled by Beneficiaries in the preparation of specific projects

1. Jaspers support to the preparation of Polish State Aid schemes

- The Jaspers/PB contract was extended at the beginning of 2008, in order to fulfil additional needs:
 1. Advise on the preparation of Notification Fiches for the State Aid schemes, to be submitted to the EC
 2. Advise on the preparation of supporting justifications for the three concerned Ordinances and Notification Fiches
 3. Integrate comments made by EC/DG TREN experts at the occasion of an informal consultation held in Brussels on the 1st April 2008

- The presentation below summarises the main results of the works carried out by Polish Ministries with support of Jaspers/PB Consultants. These shall be eventually integrated in the final version of “guidance notes”, aimed at helping Beneficiary institutions for the preparation of specific projects co-financed by EU structural Funds

2. Key features of the State aid schemes

2.1 What is a State aid?

- The Polish Transport Ordinances constitute **State aid schemes** on which basis **individual aids** may be granted. They must comply with **European State aid rules** and must be notified to the EC.
- A State aid is:
 - ✓ A measure of public support granted by the State or through **State resources**,
 - ✓ which confers an **advantage to selected undertakings**,
 - ✓ which **affects trade between Member States** and,
 - ✓ **distorts or threatens to distort competition** in the Common Market.
- State aids are, in principle, considered incompatible with Common market, **unless they are formally authorized by the European Commission**.

2. Key features of the State aid schemes

2.2 General presentation of the State aid schemes

- **Legal basis : Ordinance of the Minister of Infrastructure**
 - ✓ Implementation of the Operational Program Infrastructure and Environment (**IEOP**) for 2007-2013 /Regulations on European Funds

- **Form of the Aid**
 - ✓ Development **subsidy** received from the State budget.

- **Duration of the Aid**
 - ✓ Aids shall be granted until **December 31, 2015**.

2. Key features of the State aid schemes

2.3 Why State aid is needed for specific transport projects in Poland?

Justification for Airport projects

Vision:

- Planning horizon (20 yrs minimum)
- Role of airports (hub, small regional, large regional)
- Growth of cities
- Surface transport
- Remote communities
- Competition
- Opportunities

Development Requirement:

- Economic drivers
- Passenger/Cargo/ ATMs demand forecast
- Service levels
- Capacity required to meet forecast
- Capacity available
- New requirement
- Master Plan

EU Requirements:

- TEN-T
- Access
- Competition
- Investment
- Environment

Investment Requirement:

- Master Plan requirement (CAPEX)
- Operating costs/revenues (OPEX)
- Self-funding capability
- Investment requirement
- Investment Programme
- Consolidated investment requirement & programme
- Options for investment

Justification for Intermodal projects

Vision:

- Modern intermodal transport system in 20 years
- Better facilitate intermodal shipments East- West, North-South
- Increasing market share of rail and sea transport
- Development of a competitive intermodal terminals and logistics centres network:
- Increased competition in the transport sector
- Overall competitiveness increase of Poland's transport system in the EU

Development Requirements:

- National intermodal transport strategy plus rail and sea ports plans
- Demand, facility and equipment assessment
- Logistics facilities
- Improve rail access to sea ports
- Overall infrastructure and service quality improvements

Expected benefits and results:

- Improved rail and sea transport competitiveness
- Reduction of dependency on road transport
- Modern container terminals at ports and railroads
- Increased capacities of logistics systems
- Environmental benefits, safety, jobs
- Creation of growth possibilities for SMEs

Eligible Investment/ Requirements:

- Infrastructure and equipment

Other Poland's relevant transport programmes:

- The Operational Program: Infrastructure and Environment 2007-2013
- The National Development Strategy 2007-2015
- The State Transportation Policy 2006-2025
- Intermodal components of rail and seaports master plans

Justification for ITS projects

Vision:

- Development and practical implementation of ITS in Poland similar to EU-15 in 20 years
- Contribution to Poland's and EU sustainable transport system
- Major improvement of transport system capacities (elimination of bottlenecks)
- ITS programmes standardisation with EU

Development Requirements:

- National ITS strategy:
- Demand assessment and ITS pilot projects
- ITS systems for intermodal, rail transport and sea ports.
- ITS for road to support intermodal transport efficiency
- City and regional ITS plans

Expected benefits and results:

- Improved Poland's transport system competitiveness
- Additional high-tech investment in transport sector
- Environmental, safety benefits
- Job creation in the high-tech sector and SME's development
- Coordinated ITS implementation with EU

Eligible Investment/ Requirements:

- Competitive procedure for all types of ITS projects
- Traffic management, passenger services, fleet management, safety, data collection.

Other Poland's relevant transport programmes:

- The Operational Program: Infrastructure and Environment 2007-2013
- The National Development Strategy 2007-2015
- The State Transportation Policy 2006-2025
- Regional and city transport plans

3. Notification procedure

- **Member States have to notify State aids to the EC and obtain authorization before these can be implemented.**
- ✓ Shortest period of **preliminary examination** for the EC to take a decision: within 2 months from complete notification.
- ✓ In case of doubts as to the compatibility of a State aid with European rules, the EC decides to open a **formal investigation procedure.**

- ***Exceptions from the notification requirements:***
- ✓ Individual aid measures covered by an authorised aid scheme;
- ✓ *de minimis* aid;
- ✓ Aid covered by exemption Regulation (ex: regional aids);
- ✓ Public service compensation.

4. Recommendations on State aid schemes

4.1 Selection procedure of Beneficiaries

- **Projects will be selected through tendering**
 - pursuant to the principles of the IEOP and Act of 6 December 2006
 - Aids will be granted to projects that met the **selection criteria**
 - Documents detailing the selection criteria available at www.mrr.gov.pl and www.pois.gov.pl
- **Potential Beneficiaries have to submit an application:**
 - Applications must mention the **objectives** of the project, its **value**, its expected **results** and the **co-financing amount required**, etc.
- A **co-financing agreement** has to be concluded between the Beneficiary and the subsidizing entity.

- **Major conditions** to be eligible:
 - ❖ **No major modifications** of the project for at least 5 years.
 - ❖ **Good financial position** of the Beneficiaries.
 - ❖ Access to infrastructures granted to all interested entities on **equal non-discriminating** terms.
 - ❖ **Compliance with other rules defined in the Ordinance.**

Eligible beneficiaries for each State aid scheme

- **Intermodal sector** - Companies from the EU Member States, **providing or intending to provide services in intermodal transport** in the Republic of Poland, in particular: **operators of container terminals and logistic centres; sea ports managers.**
- **ITS sector** - Entities providing **services in passengers and cargo transport services** and **fee collection services.**

- **Airport sector - Entities managing airports** included in the **Trans European Transport Network TEN-T** in the area of airport infrastructure development.



TEN-T airports are:

- Warszawa – Okęcie,
- Kraków – Balice,
- Katowice – Pyrzowice,
- Wrocław – Strachowice,
- Poznań – Ławica,
- Gdańsk – Rębiechowo,
- Szczecin – Goleniów,
- Rzeszów – Jasionka.

4. Recommendations on State aid schemes

4.2 Eligible projects

- Aid must only be granted for infrastructure and equipments **directly linked** to intermodal, ITS or airport transport.

Intermodal sector

- Intermodal transport may be defined as the characteristic of a transport system that allows **at least two different modes to be used in an integrated manner** in a door-to-door transport chain.
- ***Examples of eligible projects:***
 - ❖ Construction and modernisation of container terminals and logistic centres at the rail lines and sea ports;
 - ❖ Purchase or modernisation of cranes and transshipment equipment;
 - ❖ Infrastructure used for intermodal transport only, etc.

Intelligent Transport Sector

- **Issue of clear definition of the projects that could be funded**
- The Ordinance defines ITS as: **“Information and communication technologies concerning transport infrastructure and means of transport, providing for management of elements that usually are not integrated (vehicles, freight, transport routes)”**
- Their use result in “improved safety, reduction of wear and tear of vehicles, fuel consumption and, shortened travel time”.
- ***Examples of eligible projects:***
 - ❖ Construction of toll collection systems, logistic systems and telematics projects, development of databases;
 - ❖ Projects improving the vehicle fleet management, etc.

Airport sector

- Airport infrastructure concerns the **construction of airport infrastructure and equipment** (runways, terminals, aprons, etc.) or facilities that directly support them.
- Activities that normally fall under State responsibility do not fall within the scope of State aid rules (ex: safety, air traffic control, police or customs)
- ***Examples of eligible projects:***
 - ❖ Construction, development and modernisation of the airport infrastructure, with purchase of equipments, vehicles and systems;
 - ❖ Projects for environment protection (noise, air, etc.);
 - ❖ Technical and operational facilities for airport infrastructure services.
- Aid cannot be granted for supporting commercial **operations not directly linked to the basic airport operations** (ex. hotels, restaurants, etc).

4. Recommendations on State aid schemes

4.3 Eligible Expenses

- Eligible expenses are expenses **indispensable for implementation of the project.**
- **All categories of eligible expenses are listed in the Ordinance.**
 - Categories of costs not listed in the Ordinance are ineligible for funding.
- **No aid will have to be granted before the Aid scheme is approved by the European Commission.**
 - Issue of costs incurred from 1 January 2007 before the Commission decision

4. Recommendations on State aid schemes

4.4 Aid intensity

General rules

- Aid must be limited in intensity to what is **necessary** to realize the total investment.
- **Aid can only cover a part of the total eligible costs.**

Maximum Aid intensities

- **Intermodal sector:**
 - 30% for equipment and,
 - 50% for infrastructure and feasibility studies.
- **ITS sector:**
 - 50% for infrastructure,
 - Discussion for equipment (30%-50%).
- **Airport sector:**
 - 50% for all projects.

4. Recommendations on State aid schemes

4.5 Cumulation of Aid

- Aids may be cumulated with other aids, irrespective of its form and source.
 - ❖ **Note for intermodal sector:** another State aid scheme has been implemented by the Polish State (State aid case N160/2005).
- In case of cumulation by the same beneficiary of several aid measures contained on the scheme, **subsidy shall not exceed the maximum intensity valid for each measure.**
- **Aid Beneficiaries shall notify the competent authority any other funding received for the same project.**

4. Recommendations on State aid scheme

4.6 Control of the use of State aids

The correct use of State aids may be controlled:

- **Projects controls** (on the spot) may happen
- Controls are to verify whether the project is correctly implemented and whether the expenses are in compliance with Community and national rules
- **Beneficiaries have to keep the relevant documentation**

Thank you for your kind attention!

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