

The Connecting Europe Facility (CEF) Regulation and its impact on Cyprus Republic

The European Commission adopted on October 2011, a plan with a huge budgetary importance of around 50 billion euro aiming at improving EU's transport, energy and networks. In its proposal already adopted on June 19, 2011, the Commission proposes the creation of a new financial instrument, which will be completely integrated in the multi – annual financial framework of the next programming period 2014-2020 and which fully complies with the context of the Commission's communication "A budget for Europe 2020".

- General objectives

The Connecting Europe Facility targets investments in key infrastructures in order to enable the preparation and implementation of projects within the framework of the trans-European networks policy in the sectors of energy, transport, ICT and telecommunications. To this end, the new regulation will boost the development and the construction of key infrastructure in the sectors mentioned by developing modern and high-performing trans-European networks for the entire Union. The objective shall be achieved through the creation of an attractive environment to private and public investments which will be measured by the volume of projects of common interest.

Further, the boosting of these sectors will contribute to the achievement of the 20-20-20 EU targets regarding the 20% reduction of the greenhouse gas emissions, the 20% increase in energy efficiency and raising the share of renewable energy to 20% up to 2020.

- Sectors covered by the Connecting Europe Facility

- Transport

The Connecting Europe Facility will invest in upgrading European Transport Infrastructure by a number of new and improved cross-border connections, as well as in ensuring sustainable and efficient transport in the long-run to be measured by the conventional railway network in the 27 EU Member States. Moreover, it will focus on the optimisation of the Transport System's operability by giving consumers more choice on their way of traveling.

- Energy

The energy sector will be supported by projects promoting the internal energy market and the interoperability of electricity and gas networks. This way, it will ensure that no Member State will be isolated as effective interconnection will be achieved among Member States. The protection of the environment and the climate objectives which have been settled, either by the EU or through its engagement in international conventions, is a parallel objective which shall be supported by the application of the regulation.

- ICT & Telecommunications

In the field of telecommunication networks, the connecting Europe Facility intends to support and provide for action projects in order to guarantee the establishment of a broadband network and to accelerate it in an ultra-fast broadband coverage offering access for all at speeds of at least 30Mbps with at least 50% of households having subscribed for connections above 100Mbps. This objective shall be completed with the elaboration and establishment of certain high-valued digital services regarding e-Procurement, e-Health, e-Justice and customs related services.

- Connecting Europe Facility and Multi-annual Financial Framework 2014-2020

The present Regulation covers fully EU's today's needs and concerns as well as its futures' expectations. The Commission's proposal which has been adopted on June 29th 2011 will be discussed by the Council and the European Parliament during 2012 and 2013, which corresponds to the period of negotiations of the financial perspectives for the next programming period and the stabilisation of the EU budget in commitments and in payments.

- Programming, implementation and control

The programming and the implementation of the regulation's provisions shall be realised through the adoption of multi-annual and annual Work Programmes for each sector. They will provide with strategic orientation in the fields of projects of common interest acting in accordance with the specific regulations to be adopted in each sector.

Member States shall make every effort to implement the projects of common interest under Union's financial aid and the national regulatory authorities should undertake the technical monitoring and financial control actions facilitating the implementation of the project.

On the other hand, the Commission shall ensure the financial interests of the Union against fraud, corruption or any other illegal activities by effective controls, by the recovery of the amounts wrongly spent and by proportion penalties. The Court of Auditors, the European Anti-Fraud Office (OLAF) and the European Commission shall be empowered to carry out controls and investigations aiming at the preservation of EU's financial interests.

- Financial Instruments

Direct support will be given to the CEF with financial instruments in order to guarantee access to capital for the financial investment needs. Further, together with the successful absorption of direct EU support, the increased reliance on financial instruments will contribute significantly to mitigating risks to project promoters and will ensure implementation of projects of common interests.

Actions supported by means of financial instruments shall be selected on a 'first come first served' basis. They may be combined with grants funded from the Union budget.

The Work Programmes may establish additional conditions according to the specific needs of the sectors.

The new regulation provides also provisions regarding possibilities to support actions in third countries by financial instruments, if it is necessary for the implementation of a project of common interest.

- Budgetary Implication

The financial envelope attributed to the implementation of the Connecting Europe Facility for the next programming period 2014-2020, shall be €50 billion euro. This amount shall be distributed among the sectors targeted in the regulation as follows: €31.694.000.000 euro in transports, out of which €10 billion euro will be fenced in the Cohesion Fund for transport infrastructures, €9.121.000.000 euro in the energy sector and €9.185.000.000 euro for ICT and Telecommunications.

The corresponding amounts are able to be found in the Legislative Financial Statement and they will be stabilised after the end of the negotiations for the financial perspectives.

- Eligibility of expenses

According to the new regulation and guidelines to be adopted in the areas of transport, energy, ICT and Telecommunications, only actions contributing to projects of common interest shall be eligible for support through EU financial aid in the form of grants, financial instruments and procurement.

Grants may take any of the forms of the new financial regulation and the Work Programmes will establish the forms of grants that may be used to fund the actions concerned.

The eligibility of the expenditure starts from the date, as from 1 January 2014, on which an application for aid may be submitted.

Proposals may be submitted by one or several Member States, International organisations, joint undertaking, or public or private undertakings, or bodies established in Member States. Proposals may be submitted by entities which do not have legal personality under the applicable national law, provided that their representatives have the capacity to undertake legal obligations and offer guarantees for the protection of the Union's, financial interests.

Further, proposals shall be selected through calls for proposals based on the Work Programmes and they should comply with the Funding rates settled in each sector and depending on the specific actions to which special rates are applied.

Regarding the public procurement procedures, they will be carried out either by the Commission or by specific bodies. They may provide for specific conditions such as the place of performance of the procured activities and they may authorise multiple award of contracts within the same procedure.

- EU added value of the Connecting Europe Facility

The added value of the CEF as a common funding framework, is concentrated on four specific targets. Firstly, the creation of a common framework would lead to the simplification of the EU legal framework concerning transport infrastructures, funding, ensuring, in parallel, a coherent approach across the three sectors.

Secondly, a single EU infrastructure fund and financial framework would provide transparency to EU funding with a potential to attract more private sector funding. On the other hand, the centralisation and the coordination of the financial instruments will improve the relationships with private investors and financial institutions.

Thirdly, the increase of interdependency between sectors, networks and infrastructure projects can create economies of scale, which will allow the development of cross - sector synergies

The fourth target consists of the sharing of best practices across sectors, on the basis of a common framework and of the effectiveness of a centralised management system.

- Geographical impact of the regulation in Cyprus and priorities targeted

The Connecting Europe Facility will have a direct impact on the Republic of Cyprus. Based on the lists of pre-identified projects on the core network in the field of the three sectors targeted, transport, energy and telecommunications Cyprus belongs already to the pre-selected corridors.

Precisely, in the field of transport, Cyprus is making part of the fourth Core Network Corridor of Hamburg – Rostock – Burgas/TR boarder – Piraeus – Limassol – Lefkosia. The intervening modes are the construction and the upgrading of boards and multimodal platforms for the development of the modal interconnection.

In the field of energy, Cyprus belongs to three priority corridors. The first one, the ‘NSI East Electricity’ covers the North-South electricity interconnections in Central-Eastern and South-eastern Europe aiming at the strengthening of interconnections and internal lines in North South and East-West directions in order to complete the internal market and integrate the generations from renewable energy sources.

The second priority corridor, ‘NSI East Gas’ covers the North-South gas interconnections in central Eastern and Southeastern Europe with the objective to strengthen the regional gas connections between the Baltic sea region, the Adriatic and the Aegean seas and the Black Sea, notably to enhance diversification and security of gas supply.

For the above three pre-identified in the regulation priority corridors, Cyprus Republic participates together with Austria, Bulgaria, Czech Republic, France, Germany, Greece, Hungary, Italy, Poland, Romania, Slovakia and Slovenia.

Further, in the field of telecommunications, Cyprus will participate together with all Member States to the horizontal priorities, the broadband networks and the digital service infrastructure.

The horizontal priorities cover innovative management, mapping and services, as well as support actions, work necessary for deployment, governance, investment planning, feasibility studies, analysis of the environmental impact and mapping of pan-European broadband infrastructure.

The intervention in the field of broadband networks includes investments capable of achieving the Digital Agenda 2020 target and providing higher speeds with universal coverage.

Last but not least, the intervention in the field of digital service infrastructures shall support trans-European high-speed connections for public administrations, the cross border delivery of e-Government services, the access to public sector information and multilingual services, as well as the deployment of information and communication technology solutions.

The Connecting Europe Facility is a perfect demonstration of the value added that can be provided by the EU. The targeted investments in key infrastructures like roads, railways, energy grids and pipelines, as well as broadband networks cover the missing links in Europe's infrastructure networks that otherwise would not be built. In parallel, these investments will generate growth and jobs and they will facilitate the work and travel for millions of European citizens and businesses.

Cyprus Republic will have the chance to participate together with other Member States to the creation of these networks and corridors on its own benefit, as the links with the rest of European countries will be approached and the opportunities for growth will be expanded to the European and International market.

01/11/2011

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