



European Commission  
DG TREN

# Cost-Benefit Assessment of the Externalisation of the Management of Community Financial Support to the TEN-T Networks

Final Report

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Version July 2005

European Commission  
DG TREN

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# 1 Introduction

The Community contribution to the funding of projects developed as part of the Trans-European Network for Transport (TEN-T) is currently being managed by the services of the Commission. The present annual budget is in the range of 700 Mio €, however, with the renewed Community focus on Transport infrastructure, coupled with the recent EU enlargement, the annual budget is envisaged to increase substantially over the next years - possibly to several times the current budget. Such increase in annual contribution will require the allocation of additional administrative and human resources to this activity, and necessitate a streamlining and focusing of work procedures.

In view of the recently adopted Community Regulation (EC 58/2003) laying down the statute for executive agencies, the Directorate-General for Transport and Energy (DG TREN) has decided to launch a study for a Cost-Benefit Assessment of the potential externalisation of the management of the Community financial support to the TEN-T.

The present report has been prepared by COWI A/S under the existing ECORYS Service Framework Contract with DG TREN covering Impact and Ex-Ante Evaluations (Ref. TREN/A1/17-2003 Lot 1).

Readers should note that the report presents the views of the Consultant, which do not necessarily coincide with those of the Commission.

## 1.1 Objectives and Scope of Study

On the basis of existing evaluations carried out by DG TREN, the objective of the study is to analyse the organisational and financial consequences of an externalisation of the management of the Community funds devoted to TEN-T - within the framework and priorities set by the TEN Guidelines, in particular, the rationale and the cost-effectiveness of establishing an Executive Agency.

A significant increase in the budget allocated for TEN-T, as well as a widening of the tasks assigned to the Commission through the new financial regulation will have to be taken into account.

The Terms of Reference can be broadly summarised as follows:

- mapping of the key tasks within DG TREN related to administration, monitoring and implementation of TEN-T policies and activities and their respective externalisation potential;
- analysis of potential increase of effectiveness and possible efficiency and quality gains offered by delegating certain activities and tasks to an executive agency as of January 2006;
- analysis of additional resources required for managing the programme under three different scenarios as follows:
  1. TEN-T programme with an annual budget of 0.7 Billion € (as today 2006)
  2. TEN-T programme with an annual budget of 2.0 Billion € as from 2007, beginning with 0.7 Billion € in 2006.
  3. TEN-T programme with a gradual increase in annual budget, beginning with 0.7 Billion in 2006, increasing to 2.0 Billion € in from 2007 to 2009, increasing to 3.0 Billion € in 2010 and 2001 and ending with a 4.0 Billion € in 2012 and 2013.
- estimation of the cost-effectiveness ratio between an in-house (i.e. management wholly within DG TREN) and an externalisation scenario (i.e. Executive Agency), taking into account possible threshold factors and calculated over an envisaged 11 years lifetime of the Agency (2006-2016).

## 1.2 Study Implementation

The initial Work Order was signed on the 26<sup>th</sup> April 2004, and the study commenced officially with the briefing meeting held in DG TREN on 30<sup>th</sup> April 2004 with key officials dealing with TEN-T.

The study team, as defined in the proposal, comprises the following experts:

Position	Name
Team Leader	Mr. Raphaël Zayat
Transport & Procurement Expert	Mr. Michael Lorentzen
Data Analysis	Mr. Martin R. Jensen
Sector Expert (TEN-T)	Mr. Karsten S. Petersen
Organisation & Evaluation Expert	Mr. Niels E. Olesen

*Table 1.1 - Study Team Composition*

## **2 Background**

The present chapter summarises the background of the study, and is intended to provide the unfamiliar reader with the context of the Cost-Benefit Assessment (CBA), covering i.e. an outline of the TEN-T programme, the present management hereof and a summary of the legal basis for an externalisation

### **2.1 The TEN-T Programme and its Objectives**

#### **2.1.1 Introduction**

Transport was one of the Community's first common policy areas and since the Treaty of Rome entered into force in 1958, transport policy has concentrated on removing barriers at the borders between Member States to facilitate the free movement of persons and goods.

In 1982, the Council approved a one-year Regulation on the financing of transport infrastructure projects. The creation of this specific budget line, dedicated to the financing of transport infrastructures, while limited at this stage to land modes only, was the seed for continuing action in the field of infrastructure in the Community Interest

Having started out as an annual programme granting 10 Million €, expressed in ad hoc Regulations, the total support granted by the Transport Infrastructure Programme had grown, and amounted to 702 Million € for the ten years 1982-92 and 385 Million € for the one year 1993-94. The budget line supported infrastructure projects presented by the Member States to the Transport Infrastructure Committee and included, from 1990 onwards, in the tri-annual and later bi-annual programs in the field of transport infrastructures defined by the Commission. Over this period, the maximum amount of support was 25 percent of the total cost of projects and 50 per cent of the total cost of studies.

Thus, EU support for Member States transport infrastructure projects has evolved over time, starting as a limited yearly financial instrument, supporting very specific land transport projects in some Member States, becoming by 1995, under Regulation 2236/95 amended by Regulation 1655/99, a financial support measure available to all Member States and all transport modes, and with a primary focus on the fourteen Priority Trans-European Projects (the Essen Projects).

Besides the evolution of the financial instrument granting aid to the transport infrastructures in Europe, the developments described below contributed to the definition and development of a Trans-European Network policy for Transport:

- The 1993 White Paper on Growth, Competitiveness and Employment presented the financing of TENs as a critical issue needing a global solution which would encompass:
  - the adoption of the TEN guidelines, prepared by the Commission;
  - the adoption and implementation of the new financial regulation for the TENs, and other innovative financing schemes;
  - improvement in the coordination of Commission procedures aiming at increasing the efficiency of the financial instruments; and
  - the creation of the Christophersen group to identify priority projects and accelerate their implementation.
  
- The adoption of the Maastricht Treaty gave a legal basis to the Commission's actions in the field of TENs (Title XII) by:
  - proposing a transport infrastructure policy based on guidelines defined at a European level; and
  - defining the different possibilities for financial support of the MS projects by the Union.
  
- In July 1996 the European Parliament and Council adopted Decision N° 1692/96/EC on Community guidelines for the development of the trans-European transport network (TEN-T). These guidelines comprise roads, railways, inland waterways, airports, seaports, inland ports and traffic management systems which serve the entire continent, carry the bulk of the long distance traffic and bring the geographical and economic areas of the Union closer together. These guidelines present a general reference framework for the implementation of the network and identification of projects of common interest. The time horizon to complete the network was 2010. The maps in Annex I of Decision 1692/96/EC illustrate the outline of the trans-European transport network as planned for 2010. The guidelines also included a list of 14 projects to which the Essen European Council (1994) attributed particular importance.
  
- More recently, the Commission White Paper "European transport policy for 2010 : time to decide" Transport Policy White Paper, is proposing:
  - an Action Plan aimed at bringing about substantial improvements in the quality and efficiency of transport in Europe,
  - a strategy designed to gradually break the link between constant transport growth and economic growth in order to reduce the pressure on the environment and prevent congestion while maintaining the EU's economic competitiveness.
  - a series of 60 measures to develop a transport policy for Europe's citizens including to concentrate its funding on the missing links of in particular rail corridors giving priority to freight, the trans-European high-speed passenger rail network, including airport connections and infrastructure with genuine potential for transferring goods from the roads to the railways.

- Finally, the Commission Growth Initiative and its programme Quick-start realised in December 2003, set an ambitious framework for accelerating investment also in selected TEN-T projects

### **2.1.2 The TEN-T Objectives**

The legal basis of the current TEN-T programme is defined by the following three main papers:

- Amended Decision of the European Parliament and of the Council adopted on 21 April 2004 and amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport;
- Regulation (EC) No 807/2004 of the European Parliament and of the Council of 21 April 2004 amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks; and
- Commission Decision C(2001) 2654 final of 19/09/2001 establishing an Indicative Multi-annual Programme;

#### ***Amended Decision of the European Parliament and of the Council adopted on 21 April 2004 and amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport.***

The objectives and scope of the TEN-T were defined in Decision No. 1692/96/EC of the European Parliament and of the Council of the European Union of 23 July 1996 (the Guidelines).

The Guidelines define the objectives and scope of the TEN-T and describe the priorities and the characteristics of the networks for each transport mode. The description is general and is supplemented by maps of the various networks. Generally, the networks are extensive and give room for a large number of possible TEN-T projects. The Guidelines also present the priorities and broad lines of measures envisaged, and identify projects of common interest. They explain that TEN-T is to be established gradually by 2010 by integrating transport infrastructure networks throughout the Community in accordance with the outline plans and specifications annexed to the Guidelines.

The objectives can be summarized as sustainable mobility of persons and goods, while helping to achieve the Community's objectives in respect of the environment and competition. They cover all modes of transport and optimal use of existing capacities. The network covers the whole territory of the Community to facilitate access in general, to link peripheral regions to the central regions and to interlink the major conurbations and regions. It includes transport infrastructure, traffic management systems and positioning and navigation systems.

The priorities are widely spread. They include bottlenecks, missing sections and major routes, but also include infrastructure for access to the network,



making it possible to link peripheral regions to the central regions, and integration of environmental concerns into the design and development of the network. Other key priorities are optimisation of the capacity and efficiency of existing infrastructure, interconnection points and intermodal platforms, improved safety and network reliability and systems for the management and control of network traffic and user information which allow optimising the use of infrastructure.

### ***Revision of the TEN-T Guidelines***

The Guidelines included an article on revision. Before 1 July 1999, and every five years afterwards, the Commission shall submit a report to the European Parliament and the Council, indicating whether the Guidelines should be adapted to take account of economic and technological developments in the transport field, in particular in rail transport.

Revised Guidelines were proposed to the Parliament and the Council in 2001 (introducing 20 Priority Projects) and 2002 (together with request for increased EU support) without reaching agreement. Consequently a High-Level Group on the TEN-T (Van Miert Group) was set-up by the Commission to undertake an in-depth revision of the Guidelines that was proposed again to the Parliament and the Council in October 2003 and recently adopted on 24 April 2004.

The revised Guidelines introduce the following amendments:

- a new list of priority projects integrating the networks of the new 10 Member States. 10 new Priority Projects are added to the list of priority projects proposed in 2001, including new forms of support for the development of trans-national projects for motorways of the sea. The estimated cost to complete these 30 projects is estimated to be around 225 Billion € by 2020.
- a "European interest" label is granted to these projects giving them priority to use the Community resources available in accordance with the rules applicable to the Community financial instruments for the networks; in particular, this label provides for the Member States to carry out, prior to the authorisation of projects, coordinated evaluation and public consultation procedures or a common transnational enquiry in the case of certain cross-border sections;
- a mechanism aiming at closer operational and financial coordination between the Member States for certain projects or groups of projects declared to be of European interest, with the designation of "European Coordinators";
- the deadline for completing the trans-European network is extended to 2020.

### ***Council Regulation (EC) 807/2004***

The rules for Community support to the TENs (the TEN financial regulation) were initially defined in Council Regulation (EC) No 2236/95 of 18 September 1995. It was then amended to cover the period from 2000 onwards by Council Regulation (EC) 1655/1999 of 19 July 1999. The latest amended Regulation 807/2004 followed the conclusions and recommendations of the Van Miert High-Level Group (see below) and was adopted on 21 April 2004. The regulation establishes that Community support can be granted to projects of common interest, identified within the framework of the Guidelines (see below). The TEN financial regulation sets out eligibility and selection criteria for projects and studies, forms of aid, control provisions and monitoring and evaluation arrangements for supported projects and studies. Community support can be given in one or more of the following forms:

- 1 Co-financing of studies, including preparatory studies, feasibility studies and evaluation studies.
- 2 Interest rate subsidies (max 5 years duration),
- 3 Support for loan guaranties,
- 4 Direct investment support (grant),
- 5 Risk capital participation (max 1% of TEN budget)
- 6 Combinations of the above five types of support.

The levels of support defined in Regulation 2236/95 have been maintained, i.e. maximum 50% of the total study cost and up to 10% of total investment cost of projects. However, Community aid can possibly reach 20% of total investment in the case of:

- the Satellite positioning and navigation system (Galileo).
- cross-border sections of the Priority Projects started before 2010 (missing links) and used by long distance transport services (mainly railways and motorways of the sea). This would cover projects in one Member State, the benefits of which accrue mainly to other member States.

The budgetary resources allocated by the Commission for the 2000-2006 period amounts to 4.6 Billion € of which 4.17 Billion € are earmarked for Transport.

The Regulation clearly indicates the preference of the European Union for environmentally friendly transport mode as it stresses that at least 55 % of the budget should be devoted to rail (including combined transport) and a maximum 25% to roads.

Taking account of the principles of the Sound and Effective Management 2000 programme, the Regulation introduced a genuine multi-annual approach with:

- Inclusion of provisions for a “multi-annual indicative programme” (MIP), the purpose of which is to give a clear indication of planned spending on major projects and on other significant categories of projects (see below).

No more than 75% of the TEN-T budget can be allocated to the MIP, i.e. 3.127 Billion €

- Inclusion of improved control and “sanction” mechanisms (including “n+2” rule<sup>1</sup> and maximum 2 Decisions can be opened at the same time for a given project)

The Regulation also introduces the Commission’s willingness to promote the recourse to private sources of funding and PPP initiatives in TEN-T projects. The adoption of the MIP should also be seen as a way to guarantee private investors that EU funding will be committed to long-term investments projects such as the TEN-T.

In appropriate cases, budgetary commitments to long-term projects with high financing requirements should be annually committed instalments, based on the initial Commission decision to finance the project (MIP).

#### ***Framework Commission Decision C(2001) 2654 final of 19/09/2001***

As mentioned above, the adoption of a Multi-annual Indicative Programme for granting EU support to TEN-T for the period 2001-2006, was a Commission signal of a firm financial commitment to support the priority projects through annual commitments. It is intended to give a sufficient incentive and guarantee to potential investors or project promoters so that a certain level of funding will be provided by the Community throughout the implementation phase of the projects.

The Decision provides that a maximum of 3.13 Billion € can be allocated to the different components of the indicative multi-annual programme; this corresponds to 75 % of 4.17 Billion euros. The Decision defines (once for the whole period) the list of eligible projects. It also gives an indicative breakdown of allocation of Community support committed to:

- The 11 remaining Essen Priority Projects to be achieved with 1.3 Billion €
- Galileo with 550 Million €
- Projects of Common interest or Coherent group of projects (i.e.: ITS, removal of railway bottlenecks, etc) with 0.9 Billion €

The MIP functions as a planning instrument for the elaboration of the annual draft decisions of the Commission (Annual Financial Decision for a MIP project) without involving the TENs Financial Assistance Committee. It was introduced in order to recognize and deal with the longer-term nature of some TEN projects by providing a framework in which the decisions can be made for the allocation of the TEN-T budget. Thus, Member States are given an indication of the likely allocation of funds over a period of several years, in advance. The need for this longer-term perspective results directly from the particular nature of the transport infrastructure projects themselves: in general,

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<sup>1</sup> The assistance granted to a project on which work has not begun within two years from the date of its expected start as indicated in the EU decision shall be cancelled.

they require long periods of consultation, preparation and implementation, but only begin to make any financial returns at a much later stage.

Call for inclusion of new projects in the MIP can only take place in the context of a revision of the MIP (mid-term review by 2004) or the establishment of a new MIP after 2006.

Further to the adoption of the Commission's financial perspective for the period 2007-2013, the Commission presented on 14/7/2004 a **proposal for a new European Parliament and Council Regulation amending further Council Regulation 2236/95 – COM 52204) 475 final**. With this new proposal the Commission is proposing a major increase of the budget for the trans-European transport and energy networks (TEN) and modification of the rules for the granting of financial aid that should foster the public and private investments in energy and transport infrastructures and technologies in an enlarged Europe.

In the transport sector, the proposed regulation provides for a budget of 20.35 Billion €, focuses aid on a limited number of projects<sup>2</sup> and argues to authorise maximum level of EU aid as follow:

1. **TEN-T priority projects:** up to max 50% for studies (including geological investigations) and 30% for construction works; this ceiling being increased to 50% of the costs of cross-border projects as an incentive in exceptional cases.
2. **Other projects of common interest:** up to max 50% for studies and 15% for construction works; this ceiling being increased in exceptional cases to 50% of the costs of projects linked to: the deployment of interoperable systems, security or safety systems.

In addition the proposal suggests that the granting of aid to beneficiaries will be subject to compliance with the objectives of modal shift and interoperability. In addition to direct grants, interest rate rebates on loans, participation to risk capital funds, it proposes that EU support also provides for loan guarantees to cover risks after the construction phase. It also foresees a clarification of the respective role of the Commission and of the Member States in the management of the aid and explicitly provides the possibility for the Commission to delegate the management of the TEN-T programme to an Executive Agency.

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<sup>2</sup> Primarily the works on 30 TEN priority projects (costing a total of €225 Billion) decided by Parliament and the Council on 29 April 2004 and programmes to deploy the European air traffic and rail management systems. It is proposed that TENT-T financial commitments will gradually increase from € 900 Million in 2007 to respectively € 2344 Million in 2009, € 3544 Million in 2011 and € 4931 Million in 2013.

## 2.2 Present Management of TEN-T

While the TEN-T budget line has supported an increasing number of individual projects and studies in Member States, the staff dedicated to its management has not grown in the same proportion. Although the bulk of the TEN-T selected projects' funding has been provided by the European Investment Bank, in the form of loans, and by the Cohesion Fund, in the form of grants, as was mentioned above, money from the TEN-T budget line is intended to be instrumental in helping these projects through their initial phases and all over the European Union.

400<sup>3</sup> TEN-T projects were considered active in 2003 representing 1,641 Million € of EU funding<sup>4</sup>. These were managed and monitored by 18 Desk Officers (DO). The number of active projects amongst the different modes of transport, was approximately as follows showing more than 50% of the TEN-T projects being related to Railways.

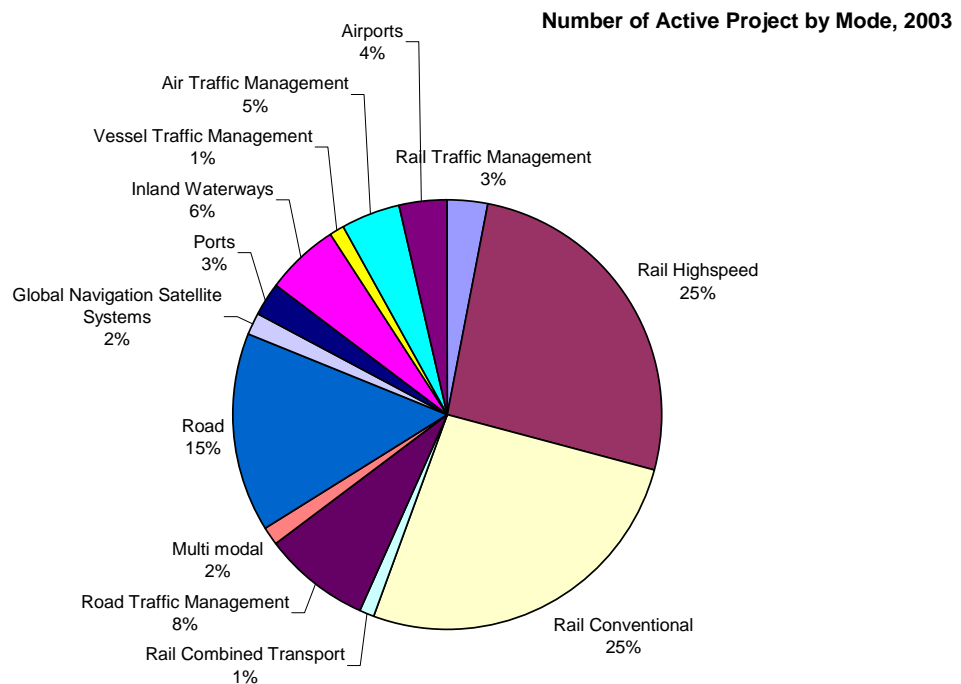


Figure 2.1 - Number of Active TEN-T Projects by Mode - 2003

<sup>3</sup> More precisely 394 projects excluding the 3 Galileo projects

<sup>4</sup> excluding the 270 Millions for the 3 Galileo projects

The number of TEN-T projects and related budget managed or monitored by each Desk Officer varies considerably from one to the other: i.e. from about 80 active projects representing some 300 Million € for the desk officer dealing with Italy and France to 4 active projects amounting to 2 Million € for the desk officer responsible of Vessel Traffic Management projects.

### **2.2.1 Co-ordination of the TEN-T Programme**

DG TREN is divided into 10 directorates of which 4 deal specifically with Transport. Directorate B is responsible for TEN policy and projects; E deals with inland transport (including Satellite Navigation Systems); F with air transport; G with maritime transport; the financial activities related to managing the current TEN budget, negotiating the next year's budget and financing for the medium term, and reviewing and auditing previous spending are shared between Directorates A and B.

The TEN-T funding programme is co-ordinated and managed by Unit B3 of DG TREN. This Unit deals with organising the initial selection of projects, their day-to-day administration (involving contact with Member States, Project Promoters) and, through the Financial Assistance Committee and the Multiannual Indicative Plan, the general allocation of funds, and overall policy and direction of the TEN-T programme. Daily financial management and control of TEN-T project is performed by the Financial and Contractual cells of the operational directorates (B, E, F, G) with interaction of A1 Unit (counter-weight with ex-ante approval).

As indicated, Unit B3 deals with the financing and management of support to TEN projects. This unit has around twenty five staff, under the head of the unit. Within the unit, Desk Officers have been allocated responsibility for specific Member States. The Desk Officers also work closely with the modal Directorates (i.e. E, F & G). In addition to their geographically-based specialisations, they also have specific horizontal responsibilities, for areas such as PPPs, links with the Cohesion Fund and ERDF etc. The Desk Officers maintain an informal dialogue with Member States and other relevant parties, which ensure the efficient functioning of the more formal institutions of the TEN-T programme, such as the Financial Assistance Committee.

DG TREN is continuously trying to improve its tools and procedures for the management and monitoring of the co-financed projects. An integrated IT system (PMS) for the follow-up and monitoring of all DG TREN Decisions and Contracts has been developed and is in the process of being implemented. Calls for proposals and application forms are available and can be submitted on-line. Information on projects and TEN-T decisions are accessible and updated on DG TREN intranet. A practical guide, the TEN-T Handbook, has been drafted and provides useful information on TEN-T rules and procedures for Members States and project promoters.

Since 2000 DG TREN has developed its own manual for contractual and financial procedures. The entry into force of the new EU financial regulation has called for tighter financial and control procedures and a yearly updating of DG TREN manual which includes a section dedicated to commitment and management of TEN-T

grants. A working group composed of representatives from Unit A1 and the operational Directions has been established and is meeting regularly in order to discuss how to improve the procedures (simplification and adaptation to the new Financial Regulation) of TEN-T management from the legal and financial point of view.

### **2.2.2 The Financial Assistance Committee**

The TEN-T Financial Assistance Committee (FAC) is a Council body which provides a forum for discussion and adoption of the Decisions for the allocation of the annual TEN-T budget. The Committee is chaired by the Commission (DG TREN but includes representatives of other Commission Directorates) and is composed by representatives from the Member States (usually from transport or other ministries), and invites to its debates interested third parties, such as the EIB, EIF and Community of European Railways or specific experts. The representatives of the Member States attending the Committee are mostly involved with political or strategic issues related to TEN-T in their country but not the daily management of the projects receiving grants. The Committee usually meets once a year to discuss and vote on budget allocations of non-MIP projects. Member States' national representatives are thus also involved in initial project proposal and sponsorship (through contact with DG TREN Desk Officers), and in the direction and policy of the programme as a whole, through membership of the FAC. The Commission is providing the secretariat of the Committee and hosting its venues.

### **2.2.3 The selection of TEN-T interventions**

To become a TEN-T intervention, a project proposal must typically go through the following process.

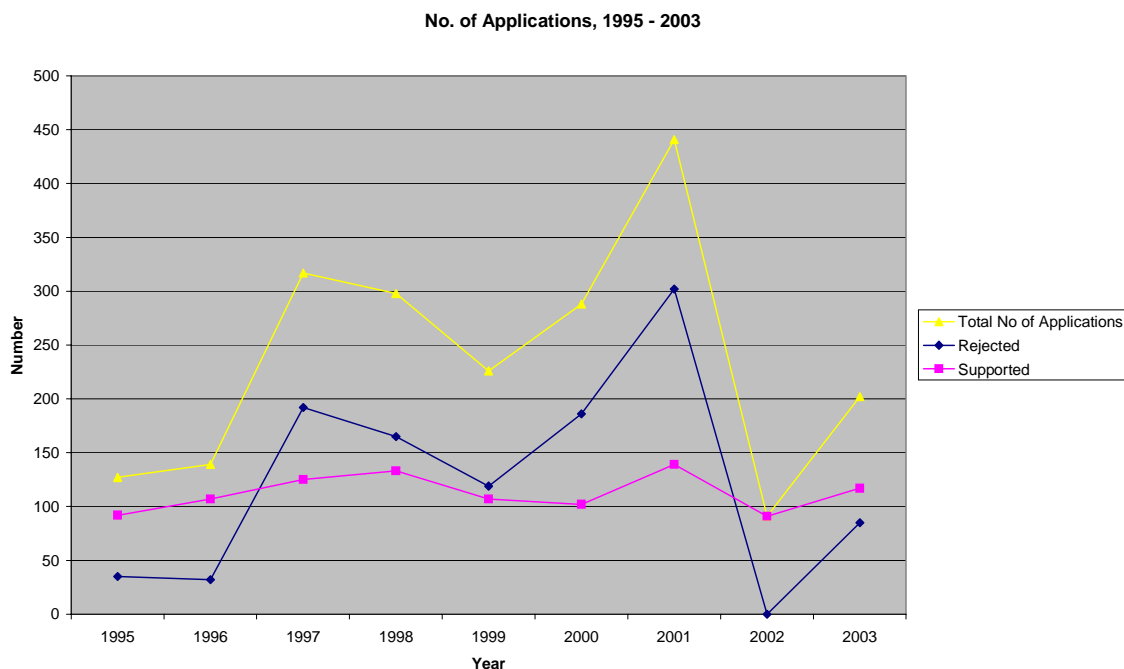
The MIP projects: the Project Status Reports (PSR) submitted annually for the MIP projects are considered as an application to the EU to continue the granting of aid to a MIP project. The Desk Officers will assess the PSR and propose a level of grant for the subsequent year based on the progress achieved by the project (against the planning) and its capacity to absorb the EU grant. As a result, the Commission adopts (or not) an Annual Commission Decision of Granting Community Aid (to a MIP Project) without involving the FAC. No more than 2 Decisions can remain open at any time for the same MIP project or study.

Once a year following a call for proposal for non-MIP projects advertised on DG TREN web-site, proposals are received in the form of applications for projects or studies by the official bodies in the member states. These applications are assessed by the relevant Desk Officer and a number of measures are selected. These selected applications are presented by DG TREN to the Financial Assistance Committee that votes hereon. The final decisions are then announced by the Commission later in the year. The Decision for non-MIP projects generally covers a longer period than the MIP Decisions.

The figure<sup>5</sup> below shows the annual number of applications received and approved since 1995.

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<sup>5</sup> based on DG TREN statistics provided to the Consultant



## 2.3 Other TEN-T Stakeholders

### 2.3.1 European Investment Bank.

The EIB is the main EU financial institution. Thanks to its high credit rating, the Bank borrows on the best terms available on the capital markets world-wide and lends on to the Member States and their financial institutions. Its purpose is to make large, long-term loans, acting as a financial instrument supplementary to the private sector.

An important task of the EIB is the assessment of projects throughout Europe, with the Bank's approval acting as a guarantee of quality to the private sector. It has potentially more resources than the Commission to perform in-depth studies of potential projects and is much less influenced by political pressures. Thus, the EIB may also undertake in-depth evaluations for other EU funding institutions, such as the Cohesion Fund. One third of the Bank's total activity is in transport networks, with more than half of this in TEN-T projects. The extent of the Bank's involvement in the funding of transport infrastructure is thus much wider than the requirements of qualification for TEN-T interventions. Looked at from another angle, this means that whether or not a proposal is sponsored by the TEN-T programme makes little difference to the EIB when they are considering whether or not to finance it. However, given the Bank's policy objectives of funding viable projects whilst meeting the aims of the EU, TEN-sponsored projects are still more likely to receive funding through the EIB than through a commercial source.

The Bank also undertakes evaluation of projects for other institutions such as DG REGIO against payment.



Over the last six years EIB has lent € 45 Billion for such investments. The target for 2004-2010 is € 50 Billion.

*EIB appraisal of Transport projects*

As a borrower on the markets whose remit is to support viable projects helping to achieve the objectives of the European Union, the EIB attaches special importance to appraisal of projects put to it. This viability assessment is done from the economic, technical, environmental and financial points of view. Projects are usually examined by the EIB's teams of engineers, economists and financial analysts cooperating closely with the promoter. Some external experts can be appointed for specific projects. A site visit is organised so the appraisal team can discuss in details the project parameters with the promoter.

This examination focuses on the eligibility of the project, i.e. whether it conforms to the EU objectives which the EIB is responsible for promoting. The detailed project appraisal undertaken by EIB examines the value added brought by EIB on the projects, its impact on the sector in general, its technical soundness and the promoter's capacity to implement the project, the investment and operational costs, the project's impact on environment, the financial return (including tariffs) and the economic benefits of the project and a risk analysis identifying the financial viability of the borrower and guarantor of the project.

EIB loans have to be covered by sovereign or first class commercial guarantees. Finance and Transport ministries are used to working with the EIB and to providing guarantees for these operations. Public sector banks are also used to co-financing with the EIB.

Financing infrastructure has been for many years a public sector activity. The market advantages of the EIB from the loan pricing point of view are that it is not looking for a profit margin and that it considers all Member States as if they had the same credit rating, which means that Member States with weak economies have an incentive to work with EIB.

This confidential appraisal enables the promoter to benefit from the experience and know-how acquired by the EIB in dealing with a wide range of projects in all Member States of the Union. After completion of the appraisal the decision to grant a loan is taken by the EIB's Board of Directors.

Once finance has been provided for a project, its progress is monitored regularly mainly through the disbursement conditions and the loan repayments. The Bank can thus assist with any of the projects or promoters additional requirements, while ensuring compliance with the aims of its financing decision.

All completed projects are subject to ex-post analysis and some projects or group of projects are subject to ex-post evaluation performed by EIB with external consultants.

### 2.3.2 DG Regional Policy

DG Regional Policy provides coordinated<sup>6</sup> support for transport in the Member States through:

- the ERDF (European Regional Development Fund), under development strategies prepared by the States and regions;
- the Cohesion Fund (CF)

In the applicant states, it allocates through ISPA (Instrument for Structural Policies for Pre-accession) about half its funds for transport projects.

#### Cohesion Fund

The Cohesion Fund was established under the Maastricht Treaty to strengthen economic and social cohesion in the Union, by providing financial contributions to environmental projects and transport infrastructure in EU countries with GDP below 90 percent of the Community average. The Fund uses the TEN-T programme as the general framework for its actions in the field of transport. DG TREN is involved in the selection process amongst the relevant applications (the Cohesion Fund routinely sends them the transport applications it receives) and also has, in principle, a power of veto over final decisions. Half of the Cohesion Fund expenditure is allocated to transport, and the other half to environmental projects. The transport spending must be allocated to the TEN-T network. The Cohesion Fund also provides a much higher level of support, normally 85 per cent<sup>7</sup>, than does the TEN-T budget line. The Cohesion Fund is by far the largest contributor to the Trans-European Transport Network in the beneficiary countries concerned (giving on average about 1 Billion € per year to transport infrastructure).

From 1994 to 1999, 8 Billion € were invested in transport projects in the Union's least developed countries. The total Cohesion Fund budget for 2000-06 amounts to 18 Billion € (1999 prices).

ISPA is one of the three financial instruments (with Phare and Sapard) to assist the candidate countries in the preparation for accession. Over the period from 2000 to 2006, a total of 1 040 Million € a year (at 1999 prices) is made available for infrastructure projects in the field of environment and transport.

#### ERDF

This Structural Fund has also represented a major source of funding of the TEN. The European Regional Development Fund (ERDF) was established in 1975 to reduce regional imbalances in the EU. Indeed, the ERDF's aims include helping develop both infrastructure and businesses, and the TEN-T programme is seen as compatible with both of these. As is also the case for the Cohesion Fund, the Structural Funds' interest in TEN-T is its impact on economic and social cohesion,

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<sup>6</sup> COM (2003) 499 final

<sup>7</sup> Support provided by the CF is less than 85% in case the project generates revenues. The present value of the revenues expected is deducted from the total cost before the calculation.

and on the disparities between centre and periphery. This is seen as complementary to the objectives of DG TREN in its operation of the programme.

ERDF has made a major contribution to funding transport infrastructure in the regions it supports<sup>8</sup>. During the first programming period (1989 to 1993), the Structural Fund (ERDF) devoted some 8 Billion € at 1994 prices to investment in transport infrastructure in Objective 1 assisted regions.

During the previous financing period (1994/1999), around 15 Billion € in ERDF funds were spent on developing transport in Europe.

*Appraisal and monitoring of Cohesion fund and ISPA Transport projects*

DG REGIO does not have sufficient in-house staff and expertise to appraise and verify the project application submitted for Cohesion Fund or ISPA support. It relies heavily on external assistance for the technical, environmental, economical, legal and financial assessment of the projects. This is done through framework agreements with EIB (Project Directorate) and independent consultancy companies.

These tasks will essentially consist of:

- the economic, environmental and technical appraisal of projects presented by the different beneficiary countries of either the Cohesion Fund or ISPA inclusive of the use of Discounted Cash Flow (DCF), Cost and Benefit (C&B) analysis and other quantitative methods (i.e. financing gap method for environmental projects)
- the technical, financial and socio-economic appraisal of strategic policy documents, in the field of transport infrastructure, presented by the different beneficiary countries of the Cohesion Fund or ISPA, which are to function as frameworks of reference for projects to be presented for, or in the course of being implemented with, assistance by the Cohesion Fund or ISPA;
- technical assistance to the beneficiary countries of either the Cohesion Funds or ISPA for the preparation of projects to be submitted to the Commission;
- other tasks linked to the verifications of projects: technical audit, project management review and monitoring;
- technical appraisal of the different investments
- appraisal of the planned implementation of projects and of any potential problem and proposal for solutions
- analysing of PPP options or existing schemes if required

<sup>8</sup> ERDF support is not provided to projects but to programmes which are managed by Member States or Regions. This means that project support management is not in the hands of the Commission, which sometimes has difficulties in knowing what TEN projects are financed by ERDF.

### **2.3.3 DG Environment**

DG ENV's role is primarily to monitor the implementation of the EU Environmental legislation. This includes to make the other Commission services aware of the Community legislation in the field of Environment by explaining its aims and rationale, and to assist in the better understanding of the environmental legislation. DG ENV has an agreement with the Structural and Cohesion Funds, stipulating that DG ENV should receive, assess and endorse the "Environment" part of their application forms, since DG ENV is familiar with the contentious areas and issues to be checked in these regions. Ensuring a project's Environmental Impact Assessment conformity is DG TREN's responsibility. However, DG ENV will inform DG TREN should it become aware (through NGOs, the press, etc.) that a project may experience a setback due to environmental constraints which could delay the project.

### **2.3.4 DG Economic and Financial Affairs**

DG ECFIN acts as advisor to DG TREN, and the other Directorates involved in the TEN projects and in Structural Funds, on all forms of financial assistance other than grants. This includes guarantees, risk capital bonds and interest-rate support. It also forms the main point of contact between the Commission and the EIB<sup>9</sup> and EIF, and gives advice on dealing with these institutions. Although DG ECFIN has a representative attending the TEN-T Financial Assistance Committee, it does not assess individual projects, but can object officially to them. In general, they try to encourage the wider use of non-grant financial instruments.

### **2.3.5 DG Internal Market**

Building an efficient and reliable transport network within the EU contributes to free and easy movement of goods and persons within the single market.

DG MARKT monitors the respect and implementation of public procurement directives<sup>10</sup> based on the principles of transparency, equal treatment, proportionality and mutual recognition. All TEN-T financed projects must adhere to these Directives as they involve the public works tenders and contracts launched by the beneficiaries of TEN-T grants. DG MARKT is also analysing the phenomenon of PPPs with regard to Community law on public procurement and concessions. It has recently issued a Green Paper to examine and put to public consultation the question of whether the Community needs to intervene through legal and other instruments to ensure that the economic operators in the Member States have better access to the various forms of public private partnership in a situation of legal certainty and effective competition.

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<sup>9</sup> The Director General of ECFIN is a member of the Board of Directors of the EIB

<sup>10</sup> Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts

## **2.4 Basis for Externalisation**

The following is a summary of the Council Regulation on Executive Agencies relevant for the present study.

### **2.4.1 Role of an Executive Agency**

Executive Agencies under the European Commission is a new structure within the European Community and governed by Framework Regulation (EC) No. 58/2003 laying down the statute of Agencies<sup>11</sup>.

The role of an Agency is to handle Community programmes fully or partly. The Agencies are established by the Commission and can only operate within the area entrusted to them. The Agencies may not have any political or programming tasks as these tasks lies with the Commission<sup>12</sup>. The main objective of outsourcing certain management tasks to Executive Agencies is to achieve the goals of Community programmes more cost effectively.

The Commission has the responsibility of the operation of the Agencies and has to control the operation of the Agencies. The Agencies can be based in Brussels or Luxembourg and will have a limited lifetime linked to the lifetime of the programme it manages.

### **2.4.2 Tasks**

The task of the Agencies is to implement programmes as well as management of individual projects including control of performance, evaluation of projects and preparation of programme evaluation.

The Agencies will operate independently with the ability to enter into agreements and establish contracts when managing projects and with their own budget line.

### **2.4.3 Establishing an Agency**

An Agency is established by the Commission, who will produce a file documenting the necessity and relevance of an Executive Agency. The process of establishing an Executive Agency should follow Guidelines issued by the Commission (DG BUDGET)

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<sup>11</sup> COUNCIL REGULATION (EC)No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes

<sup>12</sup> tasks assigned to the institutions by the Treaty which require discretionary powers in translating political choices into action may not be outsourced.

It is the Commission College that takes the decision to establish an Agency following interdepartmental consultations and the opinion of the Regulatory Committee. The Regulatory Committee consists of Member State representatives and if the opinion of the Regulatory Committee is unfavourable the Commission can submit the proposal to the Council or withdraw it.

The College also takes the decision to wind up, extend or significantly change the tasks of an Agency taking into account the opinion of the Regulatory Committee and the obligatory cost-benefit analysis.

The document file prepared by the Commission comprises a financial statement, a draft Commission decision, a copy of the Community programme in question and a cost benefit analyses. The Cost Benefit Analysis should include the following items:

- identification of tasks justifying outsourcing
- estimate of benefits and costs
- possible savings within the framework of the EU budget
- effectiveness and flexibilities of outsourced tasks
- simplification of procedures
- proximity of outsourced activities to final beneficiary
- visibility of the Community as promoter of the programme
- maintenance of know-how within the Commission
- prior examination of the possibility or outsourcing to an existing structure

#### **2.4.4 Management Structure**

The Executive Agency has a Legal personality (public service role), but the Commission should maintain real control over its operation, and in particular its governing bodies.

Overall an Agency is managed by a Director and a Steering Committee both approved by the College. The Steering Committee consists of five members of which three have to be Commission staff.

The Agency adopts its own work programme in order to carry out the tasks under the Community programme for which it is responsible. The Steering Committee and the Commission have to approve the work programme.

The Commission is responsible for the work of the Agencies. The DG in charge of the programme in question will be responsible for monitoring the work and ensuring the operation of the Agency.

### 2.4.5 Staffing

In accordance with the Regulations the Agencies will consist of two types of staff:

- Community Officials seconded as **temporary staff** members in the executive agency;
- Other staff directly employed by the agency (including **contract** staff);

Temporary staff has to be seconded from the parent DG of the Agency. If a candidate comes from another DG he will have to be transferred to the parent DG and then seconded to the agency.

The posts of the seconded officials may not be filled during the secondment unless the officials perform "new" tasks which were not undertaken by the parent DG before. There is no fixed amount or minimum amount of posts that should be filled by seconded staff.

If tasks are transferred from the parent DG to the Agency without corresponding seconded staff, the agencies will have to recruit external staff.

### 2.4.6 Infrastructure

Human resource backup should be provided by the Commission DG ADMIN, European Personnel Selection Office (EPSO) and Personal Management Office (PMO) subject to the rates applying to existing agencies.

Office and office equipment can be supplied by the Commission without organising procurement procedures, subject to the charge paid by existing Agencies.

Using the Commission supply and services for office infrastructure and human resource management ensures that the Agency is fully compliant with the Commission.

### 2.4.7 Operating budget

The budget of an executive agency is intended to finance only its running cost, and its revenue should consist mainly of a subsidy entered in the general budget of the European Union, to be determined by the budgetary Communities.

Forecasts of revenue and expenditure are prepared for each financial year. The forecasts include the establishment plan of the executive agency consisting only of temporary posts and specifying the number, grade and category of the staff employed by the executive agency during the financial year concerned:

(a) the resources in terms of appropriations and jobs required to run the executive agency;

(b) planned secondments of officials from the Commission to the executive agency;

(c) administrative resources freed by transferring tasks from the Commission departments to the executive agency, and the re-allocation of those freed administrative resources.

The revenue and expenditure of the executive agency's operating budget shall be in balance.

#### **2.4.8 Examples of externalisation and outsourcing**

Over the years, the EU has created a number of decentralised bodies to undertake various EU activities. This was decided when it was considered necessary and useful to give a higher profile to these specific tasks and it could answer the need to develop specific or technical know-how in certain well-defined fields. At present 15 European Agencies have been created<sup>13</sup>. In addition hereto, the Commission has also put in place specialised administrative offices to carry out specific duties to the benefit of all Commission services e.g. European Personnel Selection Office (EPSO).

DG TREN has recently created its first Executive Agency, the Intelligent Energy Agency, with the aim to manage Community action in the field of Energy (Intelligent Energy for Europe) over the period 2004-2008 with a maximum staff of 68.

In the field of ITS Euro-regional projects financed by TEN-T, DG TREN/E4 has for several years been “outsourcing” the secretariat of the TEMPO programme. The TEMPO secretariat consists of 4-5 ITS specialist in charge of the evaluation of ITS applications submitted and providing assistance in the monitoring of the Euro-regional projects and related activities (ad-hoc working group secretariat and administration).

Although not an Executive Agency, the European Agency for Reconstruction (EAR) is another example of outsourcing specific activities. The EAR was created in 1999 to finance the reconstruction efforts in Kosovo and later extended its operation to FYROM, Serbia & Montenegro, and is mentioned here due to its comparable activities within infrastructure. However, EAR is fully involved and responsible for all stages of the project and wholly finances these, and the mandate and setup therefore varies considerably from TEN-T.

The above examples of externalisation will be used as a reference when addressing the particular needs of the TEN-T Programme.

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<sup>13</sup> Although some of them are called European Centre or Foundation. Two recent Agencies are connected to DG TREN namely EMSA (European Maritime Safety Agency) and EASA (European Aviation Safety Agency) that are not executive agencies.



#### **2.4.9 Nature of the tasks to be entrusted to the TEN-T Executive Agency**

Basically the future TEN-T Executive Agency will be mandated to execute all the tasks deriving from the implementation of the TEN-T guidelines and Regulation with the exclusion of:

- the programming of TEN-T development and EU related strategy
- the definition of the TEN-T priorities
- the evaluation of the TEN-T programmes
- the monitoring and revision on the Regulation and guidelines
- or any other action that should stay in the remit of DG TREN competences

The TEN-T Agency will be monitored and controlled by the Commission / DG TREN.

Thus the Agency will be responsible for the series of tasks listed below, some being externalised from DG TREN, others being enhanced or completely new resulting from the increased financial envelope allocated to TEN-T and the requirement for qualitative improvement in management and monitoring of the programme.

The tasks entrusted to the TEN-T Agency could cover:

- all tasks related to appraisal of TEN-T applications, preparation of the financing decisions and technical and financial follow-up of the projects including control and monitoring, management and execution of the grants
- coordination of TEN-T support with other Community instruments in order to achieve better and coordinated development of Priority projects
- early assistance to potential project promoters helping them to develop mature projects and exploring new financing solutions
- develop common evaluation method and monitoring indicators
- collection, analysis and dissemination on relevant information on TEN-T
- support the secretariat of the European Coordinators

### 3 Methodology

The management of TEN-T is at present wholly integrated within DG TREN, and while a substantial and demanding responsibility, it is just one of many tasks entrusted to DG TREN. In light of the increased political focus on the TEN-T network and the expected substantial increase in Community financial support to the network in the coming years, DG TREN is in the process of preparing itself for the additional tasks and responsibilities.

Taking into consideration the recent Commission Regulation (EC) No. 58/2003 on Executive Agencies (summarised in chapter 2.4 above), DG TREN is faced with a strategic choice, to either:

- 1 continue the present management of TEN-T as a wholly integrated function within DG TREN, albeit with additional staff and resources, in the following termed the "in-house" option; or
- 2 create a dedicated Executive Agency responsible for the management of the Community financial support to TEN-T, in the following termed the "Externalisation" option.

The Regulation on Executive Agencies sets out minimum requirements for a Cost-Benefit Assessment, which is an integral part of a future decision process related to the actual establishment of the Agency.

In accordance with Terms of Reference, the present methodology has thus been designed to arrive at a Cost-Benefit assessment (CBA) of the potential Externalisation Arrangements concerning the management of the Community financial support to the Trans-European Transport Network (TEN-T).

The CBA will attempt to address the following key issues:

- Identify the activities of DG TREN related to TEN-T implementation that can be outsourced efficiently, taking into account the future working relation between the Agency (in charge of the project implementation) and the Commission (in charge of programming) at each stage of the TEN-T projects and the need to maintain efficient coordination between the Agency and the TEN-T Committee (FAC)

- Assess the present cost of the TEN-T management and extrapolate it taking into account an increased budget and possible additional funding sources (e.g. Cohesion Fund, EIB etc), including assessment of the feasibility of blending two or more funding sources.
- Estimate and compare benefits and costs of the two options in terms of improved/simplified coordination, procurement procedures, impacts on human resources, proximity to final beneficiary and projects stakeholders, visibility of Community as project promoter etc.

### 3.1 Overall Approach

The first step in the CBA is to define as precisely as possible the present tasks related to the TEN-T Management within DG TREN, the number and type of staff involved and the resulting overall cost of the management.

The above is termed the "Baseline Situation" and will be defined on the basis of the 2005 situation<sup>14</sup> in terms of budget, staffing, number and type of projects. For each of the two options (i.e. in-house and Externalisation) the future organisational set-up and cost will be extrapolated from the Baseline Situation, taking into account the tasks that can be externalised and the assumptions relating to the annual budget for TEN-T.

The main quantifiable benefits are expected to be derived from savings in staff costs resulting from the Agency's possibility of relying heavily on contract staff recruited on market conditions. However, a number of other factors of a more qualitative nature will also influence the CBA. Such factors include:

- Simplification of procedures and shortening of communication lines;
- Efficiency gains through a more focused organisation;
- Flexibility of recruitment to target actual requirements.

The CBA will attempt to quantify these factors and take them into account in the extrapolation for the future management in both scenarios.

In addition to the above "business as usual" considerations, the CBA will also address the Commission's future ambition level for TEN-T management, which include aspects such as:

- Quality and level of project monitoring;
- Scope of Commission involvement in project preparation
- Visibility of the TEN-T programme;
- Activities not presently undertaken by DG TREN that could be included to the benefit of the TEN-T programme.

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<sup>14</sup> Taking into account new staff needed for accession countries

The impact of the above will be used to assess the future organisational set-up and staffing requirements for each of the two options and enable a cost-benefit analysis under following given assumptions:

- 1 TEN-T programme with an annual budget of 0.7 Billion € as from 2006 (as today) – referred to hereafter as "Scenario 1"
- 2 TEN-T programme with an annual budget of 2.0 Billion €, beginning with 0.7 Billion € in 2006 - referred to hereafter as "Scenario 2"
- 3 TEN-T programme with a gradual increase in annual budget, beginning with 0.7 Billion in 2006, increasing to 2.0 Billion € in from 2007 to 2009, increasing again to 3.0 Billion € in 2010 and 2011 and ending with a 4.0 Billion € in 2012 and 2013 – Referred to hereafter as "Scenario 3"

The CBA will be based on the assumption that an Agency will have a lifetime of 11 years (2006-2016) and additionally be used to assess the threshold for funding level under which it becomes feasible and attractive to create a dedicated Executive Agency for the management of the TEN-T programme.

## **3.2 Data Collection**

The data collection phase comprised a combination of gathering and review of existing available background information and interviews of relevant key officials and stakeholders as outlined in the following.

### **3.2.1 Relevant previous studies**

In order to establish and understand the background and scope of the present and future management of TEN-T, the following main background information was collected for review:

- TEN Regulation, the TEN-T Guidelines, the TEN-T Handbook
- Previous evaluations of the TEN-T programme
- Relevant EC Regulations, hereunder the Financial Regulation, the Staff Regulation and the Regulation for Executive Agencies
- Internal DG TREN papers and considerations on the future development of the TEN-T programme, including the Internal Manual of Procedures for TEN-T Management.

During the inception phase, it was found that the Court of Auditors was in the process of auditing the TEN-T budget line. In connection herewith a quite detailed system description of the internal workflow in DG TREN has been developed. A draft of the system description was received, and was considered a good basis for establishing the key activities presently being performed within DG TREN.

A complete list of background information collected and studied is attached in Appendix D.

### 3.2.2 Interview of DG TREN staff

While the background information provides an understanding of the TEN-T programme, its management and the options for its future development, the study will by nature rely heavily on the experience and opinion of the main actors and stakeholders involved.

A questionnaire was developed during the inception phase to guide and support informal discussions and interviews with DG TREN staff involved in the TEN-T management. The questionnaire (attached in Appendix C) covers the following main topics: Task Definition and Workload, Quality and Resource Usage, Efficiency of Work Procedures, Externalisation Potential, Future Agency Tasks.

The objective of the questionnaire is to establish the baseline situation and understand the potential advantages and/or difficulties in externalising the various activities. In addition hereto, the questionnaire addresses issues such as: what are the present main constraints in terms of TEN-T management and to what extent would an Agency alleviate or eliminate these.

The following list of officials interviewed has been established in close coordination with the DG TREN steering committee, and represents a selection from all key functions of TEN-T management - albeit with emphasis on the Desk Officers from the different TEN-T sub-fields.

Function	Directorate or Unit	No.
Head of Unit and Geographical Desk officers	B3	4
Administration and Financial Cell	B3/B4	2
Desk Officers – Transport modes	F2/F3/E2	3
Galileo, ITS	E4	3
Head of Unit	B2	1
Head Of Unit and Task Managers	A1	4
Director	Dir D	1
EAR (phone interview)		1
DG Budget (phone contacts)		1
<b>Total</b>		<b>20</b>

Table 3.1 - List of DG TREN interviews

### 3.2.3 Other Interviews

In addition to the extensive round of interviews within DG TREN, it was foreseen to hold face to face discussions with:

- Existing Agencies (e.g. Intelligent Energy Europe, Galileo Joint Undertaking, the European Agency for Reconstruction) to better appreciate the problems associated with the establishment hereof. Due to time constraints only phone interviews took place.
- EIB and DG REGIO to discuss the potential for a consolidated management of funds related to TEN-T, including the difficulties that may be envisaged in connection herewith. The discussions with EIB and DG REGIO were subject to an opening of the dialogue from DG TREN. The Steering Committee decided finally not to explore this option as part of this study.

## 3.3 Data Analysis and Consolidation

On the basis of data collected and interviews carried out, the following analysis was performed.

### 3.3.1 Baseline Situation

The first step in the analysis consisted in establishing and describing the present baseline situation within DG TREN, which was used as basis for projecting the future organisational requirements under the various budget assumptions and the two options. The activities included:

- Mapping of the key DG TREN activities and tasks related to the TEN-T management, including the workflows connected herewith;
- Identification of the number of staff within DG TREN (equivalent full time positions) presently involved in the management of TEN-T;
- Distribution of identified staff across the activities performed.

The above required a close co-ordination with DG TREN, in order to understand the present workload related to each task and lead to an understanding of the present prioritisation of the TEN-T administration.

On the basis of the background documentation and initial discussions with the Steering Committee the consultant established a first estimate of the baseline situation. The estimate have been verified and refined on the basis of the interviews.

### 3.3.2 Externalisation Potential

The externalisation potential of each task identified in the baseline situation has been assessed, taking into account:

- the requirement of the Regulation on Executive Agencies, specifying that no activity were political decision making implying discretionary powers may be externalised;

- the potential efficiency and quality gains derived from the creation of a dedicated Agency.

### **3.3.3 Additional TEN-T management tasks**

On the basis of the background information, the interviews and the Consultant's appreciation of the workings of the TEN-T programme, the analysis attempted to identify tasks not presently carried out by DG TREN that could in the future be carried out by DG TREN or an Agency to the benefit of the TEN-T Programme.

Initially, these were expected to relate to the visibility of the TEN-T programme, but also relates to the scope of Commission involvement in the preparatory and monitoring phases.

### **3.3.4 The two options studied**

The above analysis facilitated an extrapolation of the baseline situation towards the two options to be investigated:

- 1 continue the present management of TEN-T as a wholly integrated function within DG TREN, albeit with additional staff and resources, in the following termed the "in-house" option; or
- 2 create a dedicated Executive Agency responsible for the management of the Community financial support to TEN-T, in the following termed the "Externalisation" option.

For each of the two options, the analysis provided an estimate of the future organisational set-up in terms required staff and other resources, taking into account the three different budget assumptions indicated in 3.1 above (Scenario 1 to 3).

The definition of the scenarios took into account the type of staff to be employed for each option (i.e. Commission staff versus contract staff) and the relevant regulations on the ratio between these.

### **3.3.5 Financial Data**

The main justification for the creation of an Executive Agency is expected to be the overall monetary savings on the Commission budget. It was therefore imperative to establish realistic average figures for the annual cost of:

- Commission officials within Categories A, B & C;
- Relevant categories of temporary staff in accordance with the new staff regulations;
- Overhead costs related to fringe benefits, office rent, security, IT, office supplies, communication etc.

Bearing in mind that the Regulation on Executive Agencies stipulates that an Agency is entitled to make use of the central Commission logistical support services the above required figures were established based on data provided by DG ADMIN.

### 3.3.6 Cost-Benefit Analysis

An Agency is typically created to manage and oversee a specific project or range of Projects (MIP) with a given lifetime - normally 3 to 5 years. The TEN-T programme is however somewhat different in this respect, in that it includes a large number of projects to be implemented over a non defined period of time. The present TEN-T horizon is 2020, whereas the coming financial perspective will be defined until 2013.

The CBA is highly dependant on the lifetime of the Agency investigated, and in agreement with the Steering Committee, it has been decided to assume an 11 year lifetime for the Agency, starting from 2006.

Although the new financial perspectives covers the period 2007-2013, it was decided to undertake the cost-benefit analysis assuming that the Agency will be operational from 1<sup>st</sup> January 2006 with 0.7 Billion € as TEN-T budget for the same year (2000-2006 budgetary period).

Bearing in mind the experience gained by the Commission, e.g. the necessary time required to establish the existing EU Executive Agencies in terms of staff and operation, the setting-up of the TEN-T Agency in 2006 will allow DG TREN to benefit from a full year transition period to establish the Executive Agency and to be fully operational for the next programming period.

On the basis of the future organisational requirements for each scenario, and the agreed financial data, the CBA presents a discounted Net Present Value (NPV) for each of the TEN-T budget assumptions.

The CBA result also illustrates the threshold for the TEN-T budget under which it becomes viable to create an Agency.

In addition to the financially measurable benefits, the CBA also addresses the non-quantifiable benefits from creating an Agency.



## 4 Findings

### 4.1 Baseline Situation

The baseline situation reflecting the present TEN-T management within DG TREN is of paramount importance for the rest of the study, bearing in mind that this reflects the present prioritisation and work load of tasks from which the future ambition level will be extrapolated.

The main components of the baseline situation can be described by the type of tasks performed and the number of staff and resources involved in each of these.

#### 4.1.1 Present Staffing of TEN-T

The assessment of the present number of staff involved in the management of TEN-T, and the resulting externalisation potential, requires a definition of which TEN-T activities should be considered for possible externalisation.

Following discussions in the Steering Committee, it was agreed that all TEN-T activities except Galileo and Marco Polo should be considered for externalisation.

The present management of TEN-T is distributed and integrated within the overall organisational set-up of DG TREN (i.e. no dedicated unit or Directorate) and involves staff in a number of units within Directorates A, B, E, F and G. Most of the staff involved deal with a number of other DG TREN activities, and as such, it was extremely difficult to define the precise number of full time positions involved in the present TEN-T management.

In the absence of internal records on time spent on TEN-T management, the only way to establish the number of equivalent full time positions involved, was to undertake a qualified estimate. In the framework of the audit of the TEN-T management undertaken by the Court of Auditor, DG TREN has calculated the staff allocated to the TEN-T between November 2003 and 2004. This calculation shows that the total statutory and non- statutory posts allocated to the TEN-T programmes increased from 52 Full Time Equivalent (FTE) at the end of 2003 to 58 FTE at the end of 2004. More details are given in Appendix B.

Based on the above results, the present staffing level (Full Time Equivalent - FTE) to be considered as of 1<sup>st</sup> January 2006 was assessed together with the Steering Committee, as follows:

<b>Unit / Function</b>	<b>No. of Staff (FTE)</b>
TEN-T policy and decision making	14
B3 - Monitoring etc.	21
Other Directorates	9
Financial	8
A1 ~ 50% for legal, audit, controlling etc	4
Horizontal functions, including budget, HR etc.	4
European Coordinator - Secretariat	10
<b>Total</b>	<b>70</b>

*Table 4.1 - Estimated present FTE positions for TEN-T*

In order to calculate the cost of the present TEN-T Management, it was agreed to assume that the staff involved reflect the average distribution between categories of DG TREN staff dealing with TEN-T management: A=50%, B=30% & C=20%. It was further assumed that currently the DG TREN officials represent 90% of the staff against 10% represented by external staff/contractual while the ratio temporary/contractual staff in an Executive Agency would be 45/55%.

#### **4.1.2 Task Definition**

The tasks and internal work flows related to the TEN-T management are numerous and complex, and difficult to map to any degree of precision.

The definition of tasks can be addressed from two different angles: 1) discipline driven (type of staff, i.e. technical, financial, legal etc.); and, 2) output driven (objectives, i.e. evaluation of proposals etc.).

In the present study it was agreed to define the tasks based on the output driven approach, which has the added advantage of highlighting the number of resources used to achieve a given objective and thus also the internal prioritisation of resources between given outputs.

To this end, the recent Audit of the TEN-T budget line by the Court of Auditors (CoA) provides an excellent basis for a task definition. The CoA study includes a very detailed system description of work flows related to the TEN-T management, divided into 13 sub-systems. On the basis hereof, the Consultant defined 16 main tasks as an initial representation of the activities related to TEN-T management.

Task No.	Title	Description
1	Policy & Decision Making	All activities related to definition of strategy, legal base, implementing provisions and decisions on financing and proposals
2	Invitation to Member States	Preparation and submission of LOI & Annexes, including standard application forms and status reports
3	Reception and Evaluation of TEN-T Proposals	a) Administrative and Database Registration and distribution to Desk Officers; b) contacts to PP, assessment & evaluation, preparation of appraisal form and ranked list of proposals
4	TEN-T FAC Committee	Preparation of Dossier, invitations, meeting, possible adjustments to draft allocation, notes & minutes
5	Adoption of Proposals	Following TEN-T FAC approval, interservice consultation and preparation of final docs and translation - including pos. Later revision
6	Financial Commitment	Preparation, maintenance and closure of all financial commitments - both TEN-T and other external
7	Decision	Preparation and Signature of Decisions & Grant Agreements, including possible amendments and closure
8	Disbursements	Preparation and processing of advance, interim and final payments - including verification of supporting docs
9	Project Monitoring	Receipt and assessment of progress reports, request for add information - occasional site visits
10	Audit	Audit of expenditure and/or implementation procedures on specific projects
11	Procurement of Services	TA for evaluation of demanding proposals and other supporting studies
12	Budgeting	Annual work plan for TEN-T and internal budget allocations
13	Controlling & Reporting	General Supervision of various tasks
14	Filing and Archiving	Database, digital and hardcopy filing of all documents
15	Programme Evaluation	Overall evaluation of TEN-T programme impact and effectiveness. Regular and ad-hoc, typically by external TA
16	IT Support	Not Helpdesk - specific support to development of tools for TEN-T monitoring and implementation

Table 4.2 - Initial Task Definition

Together with the Steering Committee, a first estimate of the distribution of the FTE positions in Table 4.1 above on the defined tasks was discussed based on findings derived from the interviews held within DG TREN.

The tasks are defined (and resources allocated) in a way that management decisions are centred in Policy & Decision Making; e.g. evaluation of proposals is carried out at Desk Officer level, including initial prioritisation of proposals in Task 3, after which the decision is taken in the evaluation committee (Director level) and considered part of Task 1.

The following table highlights the main findings from the interviews.

Task	Findings
1	<b>Policy &amp; Decision Making.</b> The 14 FTE positions indicated by the Steering Committee was assessed, and found to be on the right level taking into consideration the organisation chart and actual staffing in B2.
2+3	<b>Invitation to Member States, Reception and Evaluation of TEN-T Proposals.</b> It was found that once the policy decision had been taken (Task 1), the work involved in issuing the invitations and receiving and recording the proposals was quite limited - estimated at 1.5 person months in all - and it was consequently decided to merge Tasks 2 & 3.  Proposals for non-MIP projects are normally submitted and received once a year as well as PSRs for the MIP projects and the period allowed for evaluation is typically 6 weeks - followed by a rather extensive round of discussions and co-ordination between Desk Officers (DO) to establish the recommended list of projects to be presented to the evaluation committee.  Assuming that 17 DO are more or less full time involved in evaluation for two periods of 6 weeks, coupled with invitation and receipt of proposals, the

Task	Findings
	combined effort for Task 2 & 3 is estimated as <u>approximately 3 FTE</u> .
4	<b>TEN-T FAC Committee.</b> Apart from participation in the actual meetings, the task involves preparatory work and reporting from the meetings. As such the task is quite limited and estimated at <u>1.1 FTE</u> .
5	<b>Adoption of Proposals.</b> Following TEN-T FAC approval, the adoption comprises inter-service consultation, preparation of final dossier including annexes and possible later revisions. The task involves input from DO, financial, legal and secretarial staff. Assuming some 120 new proposals a year of about 1 week, and adding revisions and secretarial support, it is estimated that the task involves <u>almost 6 FTE</u> .
6,7 & 8	<b>Financial Commitment, Contract and Disbursement.</b> Bearing in mind that it is much the same staff involved in each of the three tasks, and having had difficulties distinguishing one from the other, it was decided to merge the three tasks. From the interviews, it was found that Unit A1 spends maximum 2 FTE from the financial cell, 0.8 FTE from the legal cell and some 0.5 on general management and co-ordination. Unit B4 spends maximum 3 FTE from financial, 0.5 legal, and 2 for general administration. These maximum include the required inputs from Desk Officers and secretarial support necessary to achieve these tasks. It is estimated that <u>less than 9 FTE</u> are used normally on these tasks.
9	<b>Project Monitoring.</b> The task comprises the routine annual monitoring (technical and financial) as well as the closing of completed projects. The time spent by DO varied considerably, but it is estimated that the 17 DO spend on average 30% of their time on routine monitoring. In addition hereto is the closing of an average 100 projects/decisions a year, requiring a further estimated 2*4 FTE for technical and financial input respectively. In total, the Project Monitoring is estimated as requiring <u>approximately 13 FTE</u> .
10	<b>Audit.</b> The present task covers project audits and not internal audits. The audit cell of Unit A1 comprises 4 auditors who spend approximately 20% of their time on TEN-T, to which should be added secretarial support, which brings the total resource use to some <u>1.6 FTE</u> . It is emphasised that meeting the annual audit targets with this staffing level is only possible due to the existence of the Audit Framework Contract, where most of the audits are outsourced and only the reports have to be reviewed.
11	<b>Procurement of Services.</b> Covers all procurement of external services, i.e. assistance during evaluation of proposals, audits and other TEN-T related studies and is considered marginal in term of FTE as it is mixed with other functions.
12	<b>Budgeting.</b> The three staff in the budget and evaluation unit spends approximately 10% of their time on TEN-T related matters. However, when adding contributions from other units and DO, it is estimated that <u>a bit more than 2 FTE</u> are spend on budgeting.
13	<b>Controlling &amp; Reporting.</b> Comprises the various independent checks in the approval process, as well as inter-service consultation from e.g. DG REGIO and answering queries from other institutions. The resource use is estimated at <u>3.2 FTE</u> .
14	<b>Filing and Archiving.</b> Comprises printing, registration and circulation of in- and outgoing documents, as well as database registration of project progress. The estimated resource use is <u>2.2 FTE</u> .
15	<b>Programme Evaluation.</b> The task comprises regular evaluation and accumulation of experience gained for future management decisions. The resource use is estimated at <u>2.2 FTE</u> .
16	<b>IT Support &amp; Human Resources.</b> Initially, only IT support for development of new tools and systems were included. However, it has been decided that the substantial usage of the Human Resource Department will be included under this task. The IT support to TEN-T management currently corresponds to 2 FTE, whereas the ratio of TEN-T staff to the HRD gives an <u>additional 1.2 FTE</u> .
17	<b>European Coordinator –Secretariat.</b> Since 2004, DG TREN has already taken the first step towards improving coordination of TEN-T initiatives benefiting different member states situated on the same TEN-T corridor, through the

Task	Findings
	upcoming nomination of 10 of "European Co-ordinators" aiming at coordinating and fostering cooperation. DG TREN is providing support to 10 European Co-ordinators. It is estimated that one FTE staff would initially be allocated to support each Co-ordinator. This support team is made up to 10 FTE Staff, 3 dealing with financial issues and 7 with more political issues.

Table 4.3 - Adjustment of tasks and resource use from interviews

### 4.1.3 Summary of Baseline Situation

In accordance with the above, the below table presents the consolidated estimate of the main tasks for the TEN-T management within DG TREN, including the number of FTE positions involved in each of these.

Task No.	Title	Description	Staff FTE
1	Policy & Decision Making	All activities related to definition of strategy, legal base, implementing provisions and decisions on financing and proposals	14
2	Invitation to MS, Reception and Evaluation of Proposals	a) Preparation and submission of LOI & Annexes, including standard application forms and status reports, b) Administrative and Database Registration and distribution to Desk Officers; c) contacts to PP, assessment & evaluation, preparation of appraisal fo	2.8
3	TEN-T FAC Committee	Preparation of Dossier, invitations, meeting, possible adjustments to draft allocation, notes & minutes	1.1
4	Adoption of Proposals	Following TEN-T FAC approval, interservice consultation and preparation of both new and revised proposals including annexes	5.8
5	Financial Commitment, Contracts and Disbursements	a) Preparation, maintenance and closure of all financial commitments; b) Signature of Contracts & Grant Agreements, including possible amendments and closure; c) processing of advance, interim and final payments - including verification of supporting docs	8.8
6	Project Monitoring	Receipt and assessment of progress reports, request for add information, site visits and closure of projects	12.9
7	Audit	Audit of expenditure and/or implementation procedures on specific projects	1.6
8	Procurement of Services	TA for evaluation of demanding propoals, audits and other supporting studies	0
9	Budgetting	Annual work plan for TEN-T and internal budget allocations	2.2
10	Controlling & Reporting	General Supervision, independent approval/comments on documents, answering queries, interservice consultation etc.	3.2
11	Filing and Archiving	Database, digital and harcopy filing of all documents	2.2
12	Programme Evaluation	Overall evaluation of TEN-T programme impact and effectiveness, input to future policy decisions etc.	2.2
13	IT Support & Human Resources	Not Helpdesk - specific support to development of tools for TEN-T monitoring and implementation, including Human Resources for support of TEN-T staff	3.2
14	European Coordinator	Secretariat supporting the appointed European Coordinator	10
<b>Sub-Total</b>			<b>70</b>

Table 4.4 - Summary of Baseline Situation

While largely based on the Consultant's and Steering Committee estimates, the above definition of tasks and resource use is seen as the best possible description of the present TEN-T management - given the available information.

## 4.2 Externalisation Potential

The Regulation on Executive Agencies stipulates that an externalisation of certain tasks must reflect a clear separation between programming (Commission's core business) and implementation of the project, where no political decision making implying discretionary powers is involved.

The first task above obviously describes the programming and policy making (including decisions) that by its nature has to remain within DG TREN, and therefore cannot be externalised.

The definition of the remaining tasks - or more precisely the allocation of resources to each - assumes that all the "groundwork" is done under each of these, whereas the actual approval - where such is required (e.g. approval of list of recommended proposals) - is included under task 1. On the basis hereof, all other tasks are assumed to be externalised apart from the Secretariat of the European Coordinators, as reflected in the following table.

Task No.	Title	Externalisation in %
1	Policy & Decision Making	0
2	Invitation to MS, Reception and Evaluation of Proposals	100
3	TEN-T FAC Committee	100
4	Adoption of Proposals	100
5	Financial Commitment, Contracts and Disbursements	100
6	Project Monitoring	100
7	Audit	100
8	Procurement of Services	100
9	Budgeting	100
10	Controlling & Reporting	100
11	Filing and Archiving	100
12	Programme Evaluation	100
13	IT Support & Human Resources	100
14	European Coordinator	30
<b>Sub-Total</b>		

Table 4.5 - Externalisation of Tasks

Apart from the above identified limitations, it is the Consultant's assessment that almost all other tasks can be fully externalised without creating undue problems for the co-ordination between the DG TREN and the Agency. For Task 14, the staff dealing with political issues will remain in DGTREN; only the financial and administrative issues can be externalised (30%).

### 4.3 Potential Future TEN-T Agency Tasks

The TEN-T Executive Agency is assumed to be mandated to carry out the tasks outlined above and indicated as having an externalisation potential of 100% and 30% for Task 14. Considering the future (gradual) increase of the budget available to TEN-T, the TOR further requested the Consultant to identify additional tasks not presently carried out by DG TREN that could be carried out by DG TREN or an Agency to the benefit of the TEN-T Programme.

On the basis of DG TREN internal strategy papers and discussion held during interviews, a number of potential new tasks were identified as discussed in the following.

If these new tasks are staffed adequately, they would help to generate a qualitative improvement in the overall management of the TEN-T programme while bringing state-of-the-art skills and techniques at all stages of the project cycle allowing DG TREN to be in a better position:

- to support and advise the Member States and project promoters during identification and preparation of project application,
- to appraise and evaluate the technical, environmental, financial and institutional aspects of the projects presented for funding
- to monitor and control the project achievements both technically and financially proposing systems and indicators and possibly remediation solutions
- to promote the TEN-T programme and its objectives

The new task as well as staffing requirement are defined and explained hereafter.

#### **4.3.1 Awareness and Promotion of TEN-T Programme**

While it is likely that all (or most) transport administrations in the respective MS are aware of the TEN-T programme, this is not the case for potential private promoters and the public in general. Creating an executive agency for TEN-T will in itself contribute to an added visibility of the TEN-T programme. However, regardless of whether an agency is created or not, it is the view of many DG TREN staff that something should be done to create an awareness of the EC contribution to TEN-T - particularly so with the recent added political interest.

From the interviews conducted, it was indicated that DG TREN could be willing to take first step towards promoting TEN-T and launch a debate on the issue of TEN-T within the Member States. In support hereof, and to ensure a higher visibility of the TEN-T programme, the Agency (or DG TREN) could be expected to provide:

- Presentation of the Community policy and support to the TEN-T programme;
- Publication and dissemination of TEN-T related issues, i.e. prognosis, statistics, country/project achievements.

Having looked at the quality and scope of publications presented by the European Agency for Reconstruction (EAR), and having verified that their Public Relations unit consists of four staff members, it is estimated that a similar setup for the Agency would achieve the above objectives. In the in house option, it is assumed that two staff would be adequate initially increasing to a maximum three staff in scenario 3.

### **4.3.2 TEN-T GIS Database**

A major concern expressed by the Desk Officers and Policy Makers in DG TREN is the apparent lack of a central data storage and presentation, to be used in evaluation of proposals and policy decisions. The present Geographical Information System (GIS) database maintained by DG TREN is considered too static and unable to support the activities to be performed. A substantial upgrade is required in order to create a platform that will allow a graphical presentation of the present and future achievements of TEN-T while linking it with information on traffic studies, and other information related to the infrastructure from the Member States.

The implementation of a new GIS database will obviously require a study to identify the best option and scope of data to be included, and result in an initial investment costs. It is estimated that three full time staff would be required to establish the system and procedures and maintain the database.

### **4.3.3 Co-ordination Unit for TEN-T & Extension hereof**

The present Community funding of TEN-T (and the future extension hereof) is presently implemented by a number of different EC Directorates, e.g. DG TREN, DG REGIO and EIB for TEN-T funds. While it is likely to be advantageous to have a central co-ordination of Community support to the TEN-T, this is clearly an internal EC political decision and outside the scope of this study.

However, a dedicated co-ordination unit, responsible for:

- Coordination and creation of synergies with other programmes of the EU, Member States or international organisations in favour of development of TEN-T;
- Initiating a dialogue to streamline the evaluation, implementation and monitoring procedures at project level of i.e. ISPA, ERDF, CF, EIB and other on TEN-T related projects;
- Creating a unique entry point for TEN-T knowledge and procedures covering all present TEN-T funding, in the understanding that regulations differ.

would clearly facilitate a discussion hereon and create a basis for a future decision on whether a central co-ordination of all TEN-T projects is feasible and desirable. It is estimated that one staff member is required in the in-house option and two staff members in the Agency.

### **4.3.4 Know-How & Best Practice Unit**

At present - and given the available resources - DG TREN involvement in TEN-T projects is essentially limited to an evaluation of proposals and selection of projects for Community assistance through the policy decisions hereon, followed by monitoring of the projects and a verification of the expenditure to ensure that Community funds are spend in accordance with the objectives.



From the interviews and discussions held, it is apparent that DG TREN would like to be more involved earlier in the projects; i.e. in the definition, financial engineering and organisational set-up. Clearly such involvement would depend on the acceptance and experience level of the Member State(s) in subject. However, it is clear that DG TREN has the possibility of accumulating and disseminating experience from a wide range of projects and countries that could be beneficial in future projects.

To facilitate the discussions in Member States and possibly improve the decision process and effectiveness of implementation, it could be envisaged to create a form of "Know-how & Best Practice Unit" that Member States or Project Promoters could draw upon when required. However, the unit would also serve as a valuable backstopping and helpdesk for Desk Officers during evaluation and monitoring of projects. Issues to be addressed could include:

- Ex-post analysis of MS evaluation methods to elaborate guidelines or best practice hereon, which may also be used to promote a more consistent approach by both Member States and EC services dealing with TEN-T.
- Development of know-how and best practice in financial and legal engineering as well as technical standards
- Promotion of basic principles of the transport policy applicable to TEN-T (legislation, interoperability, security etc.) and elaboration of check lists for compliance with Community policies within e.g. competition, environmental protection, transport, award of public contracts etc.
- Carry out regular feed-back sessions with DO and MS with the view of improving the efficiency of TEN-T procedures and standard documents associated herewith.

The unit would comprise a mix of professional disciplines, covering i.e. economics and finance, EIA, legal and technical matters, and would consist of approximately 2 FTE positions.

Financing large or cross-border infrastructures often involve public and private funding sources and require combining complex technical skills and techniques including legal and financial engineering. Public-Private Partnership or PPP is a commonly used acronym that embraces different existing approaches to infrastructure financing in various regulatory environment and different degree of private sector involvement. There is a clear role for PPPs in an innovative economy as a vehicle for more efficiently delivering and funding infrastructure that has traditionally been provided and operated by the public sector. There are various types of private finance that can be employed for these projects. Tolling is one common option, however, with legislative changes; the use of other types of private finance such as the debt and bond markets is also possible for transport development. PPP projects typically involve expert advice across a broad range of disciplines including financing arrangements, construction and maintenance contracts, operations agreements, resource management and environmental obligations. Central and local government issues and the supporting legislative and regulatory framework also play a key role.

Typically, those projects require financial experts with banking background and financial appraisal techniques, lawyers with disciplined project management techniques, knowledge of PPP arrangements (concessions, BOT, etc.), as well as state aid and guarantee issues, engineers experts in infrastructure project management with sound knowledge of procurement issues and risk assessment.

The Executive Agency should be able to attract these specialists in order to play a significant role in the early stages of the projects and discuss these crucial issues with the promoters and its financial, legal and technical advisors. This will allow the Agency to work with the wider project team to ensure that the legal and contractual aspects of the project are co-ordinated with the financial, engineering and design aspects while respecting open market access and competition and EU citizen interest. An early involvement of the Agency in the conception and management structure of the project will offer DG TREN the possibility to intervene when necessary in the implementation of the project and optimise the use of TEN-T funding.

#### **4.3.5 Enhanced Evaluation of Proposals**

The task cannot as such be considered "new", but reflects statements made by Desk Officers during interviews that the evaluation of project proposals is sometimes less than satisfactory - both from lack of time and from lack of professional coverage of the entire proposal (e.g. environmental, financial and sometimes technical). Further, the co-ordination of projects finally selected within the budget available appears to be a result of numerous internal co-ordination meetings without formal methods and guidelines of ranking and prioritisation.

The information received indicates that DG TREN has made it obligatory to have at least two independent evaluations of each proposal, and signifies a move towards an enhanced focus on the evaluation process. The present suggestion is to significantly enhance the resources used in evaluation, by having proposals screened/evaluated not only by Desk Officers, but also from a technical, environmental and economic point of view. In most cases, a Desk Officer is at present expected to be able to provide the evaluation from only one point of view.

The enhanced evaluation of proposals would also be able to draw on the know-how and best practice unit described above.

Considering that the projects presented for TEN-T support are becoming more complex and therefore require specialists inputs from various technical disciplines as well as legal and financial skills during appraisal phase, it is recommended that DG TREN should increase the resources spent on evaluation, both ex-ante project appraisal but also ex-post evaluation of projects and programmes. It is estimated that by 2007 such enhanced function will require up to nine FTE in the Agency and approximately half of that in the in-house taking into account the existing level of staff already involved in project monitoring.

## 4.4 Definition of Scenarios

In order to calculate the costs and benefits of creating an Executive Agency for the management of TEN-T, each of the budget scenarios described in the TOR are defined in terms of the estimated number of staff required as a result of an increase of the TEN-T annual (committed) budget. The staff requirements will be extrapolated from the baseline situation described in 4.1.3 above for the following two strategic TEN-T management options:

- directly by DG TREN with in-house staff (the in-house option)
- by setting-up an external Executive TEN-T Agency under the supervision of DG TREN (the externalisation option)

It is clearly not an exact science to extrapolate the staff requirements under the different budget scenarios, and a number of assumptions were made as a basis for the estimates, as explained in the following.

### 4.4.1 General Assumptions

While specific assumptions for each of the budget scenarios are explained under the respective headings, the following general assumptions have been made on the basis of information, data and impressions gathered during the interviews made with key DG TREN staff.

- 1 The staffing requirement can be described as a function of the increase in the number of open projects per year, and (for evaluation) the number of applications received. Although the absolute level of projects has been indicated reflecting the present 400 open projects including a number of old projects to be finally closed<sup>15</sup>. The future number of open projects may therefore decrease, but the number of active projects is expected to increase, and this variation is the parameter used to assess staffing levels.
- 2 The recruitment and preparation for an executive Agency will allow full operation by 1<sup>st</sup> January 2006, in order to simplify the calculation. The re-allocation of DG TREN staff previously involved with TEN-T Management and not transferred<sup>16</sup> to the Agency is assumed to require 6 months, i.e. 6 months salary and overheads for such staff must be taken into consideration during externalisation.
- 3 The period for new co-financing commitments under the budget scenario is 2007 to 2013. The projects co-financed in 2013 will be definitely closed and paid by 2016, and as a result the number of active projects and the staff dealing with these will gradually decrease from 2013 to 2016.

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<sup>15</sup> The management of the back-log has proven to be resource consuming in the past and is expected to continue to mobilise DG TREN (or Agency) staff after 2006 even for some old decisions.

<sup>16</sup> Freed DG TREN staff

- 4 The MIP has been revised and includes the 30 priority corridors as defined in the new guidelines dated 21 April 2004.
- 5 TEN-T support will focus on measures mainly benefiting the priority projects (works) and will mainly support horizontal or specific studies (including preparatory works i.e. geotechnical investigations) directly linked to the priority corridors and to strategic and technical development of the TEN-T including its further extension.
- 6 When the level of TEN-T funding increases, the Commission will seek to also increase the co-financing ratio to be closer to the maximum thresholds allowed, in order to provide an incentive to progress the development of the TEN-T network.
- 7 The externalisation of tasks to an Agency will free up resources in DG TREN, but the savings are partly offset by a need to supervise the Agency. It is assumed that DG TREN will need 3 FTE as additional personnel to supervise the work of the Agency in 2006.
- 8 The new tasks identified in 4.3 above will - for reasons of comparison - be applicable for both the in-house and the externalisation option, and will be undertaken by newly recruited staff.

#### **4.4.2 Efficiency Gains**

It is assumed that the externalisation of the tasks related to the implementation and management of TEN-T commitments decided by DG TREN to an Executive Agency will most certainly ease the management of an increased TEN-T programme and lead to some efficiency gains particularly in the initial years. More importantly the externalisation to a dedicated Agency, if adequately managed and staffed, will lead to a qualitative improvement in the management of TEN-T programme for the following reasons:

- The Agency staff will be fully devoted to TEN-T project appraisal and management without having to deal with policy issues. The Agency will not be politically driven. The “Country Officers” will have dedicated responsibilities and clear measurable objectives to achieve.
- The Agency will have the possibility to hire skilled and specialised staff without following lengthy recruitment procedures and with an attractive financial package. As a consequence, the Agency will be able to rely on stable and dedicated staff. In addition, it will have more flexibility to adapt the qualifications and amount of personnel to its operational requirements. This should lead to an improvement or “professionalisation” of the analysis and evaluation of projects.
- The fact that both financial and technical personnel will all be concentrated physically in the Agency and deal only with follow-up and monitoring of TEN-T projects should lead to a substantial reduction of the cycle time

necessary to process a given file. Additional productivity will also be induced by the fact that the Agency will have in place less a “hierarchical structure” for its decision-making. The potential for a substantial increase of productivity should facilitate a closer follow-up of projects and hopefully lead to a more swift reaction by the Commission i.e. in terms of increasing or withdrawing contributions to specific projects.

This being said, it is somewhat difficult to actually measure the efficiency gains or improvement of productivity derived from reorganisation, externalisation or outsourcing of activities without having precise and extensive historical data and/or timesheets.

One way to estimate the potential efficiency gains would be to measure the time spent by the different persons dealing with a given file or involved in a given action during its whole lifetime. Ideally, one should identify and select four typical representative TEN-T projects (respectively one MIP and Non-MIP project and one MIP and non-MIP study). The time spent by every DG TREN staff that would have dedicated time or been requested to deal with this project from the early project ideas (preliminary discussion with Member State or Promoter) until final disbursement and closing of the file in DG TREN books (presumably including time allocated to any ex-post assessment or audit) should then be registered.

While the above-described process would probably be worth undertaking to assess where procedures and resources could be improved, this goes far beyond the scope of the present study.

The present study therefore has to be based on an estimate and will rely on the practice used by Productivity and Management Consultants. In this field, it is generally believed that successful restructuring or reengineering processes implemented in private organisations should lead to increased productivity and efficiency reaching at an average of 20% across the whole organisation. This comes from a mix of quantitative benefits as cost-savings due to work rationalisation, change in wage structures or contract conditions for new staff, shorter decision time, implementation of new IT system etc., but also qualitative benefits such as higher specialisation of staff, improvement of quality of output delivered or the work performed.

For the present study, it was decided to take into consideration a more conservative approach and assume that the both qualitative improvements and potential efficiency gains from externalisation will generate an overall efficiency ratio that will fluctuate between 0% and 15% compared to the In-house option.

In view of the above, the following broad assumptions were made:

1. Tasks that can be performed by the Agency without too much interaction with DG TREN will generate on a yearly basis an equivalent of 10% to 15% improvement as a combination of time savings and qualitative gains compared to the in-house option (i.e. evaluation of proposals, monitoring of projects, etc). It is assumed that the new working environment and the new

appraisal and monitoring tools and methods put in place in the Agency will generate economies of scales in these different tasks.

2. Tasks where procedures have to be coordinated or in line with DG TREN or Commission practices (i.e. Audit, Controlling etc.) will lead to average efficiency gains estimated at 5% compared to the in-house option.
3. Tasks defined as "New" in section 4.3 are not anticipated to have significant efficiency gains.

The efficiency gains anticipated in the Externalisation option are summarised in the table below:

<b>Task and Justification for proposed Efficiency Gain</b>	<b>Efficiency ratio in %</b>
<b>1. Policy &amp; Decision Making.</b> 14 FTE will be maintained in DG TREN	N/A
<b>2. Invitation to Member States, Reception and Evaluation of TEN-T Proposals.</b> This task will gain from streamlining forms and procedures resulting in improved quality of applications or PSR, and a dedicated organisation to deal with the tasks.	10
<b>3. TEN-T FAC Committee.</b> A dedicated organisational setup, but with interaction with DG TREN.	10
<b>4. Adoption of Proposals.</b> Harmonised workflow, procedures and forms will result in increased efficiency of this task	15
<b>5. Financial Commitment. Contracts and Disbursement.</b> Idem 3.	10
<b>6. Project Monitoring.</b> Idem 4 as systematic monitoring systems and procedures will be put in place	15
<b>7. Audit.</b> Already largely outsourced under a Framework Contract, and expected to involve co-ordination with DG TREN for definition of objectives, selection of projects and reporting.	5
<b>8. Procurement of Services</b>	N/A
<b>9. Budgeting.</b> Idem 5.	10
<b>10. Controlling &amp; Reporting.</b> Harmonised workflow, procedures and forms will result in increased efficiency of this task	5
<b>11. Filing and Archiving.</b> Idem 9	10
<b>12. Programme Evaluation.</b> Idem 9	10
<b>13. IT Support and Human Resources.</b> No impact on the IT support, but substantial streamlining HR from handling mostly Agency Staff.	5
<b>14. European Coordinators - secretariat</b>	No impact
<b>15. Supervision of Agency by DG TREN:</b> As mentioned, it is assumed that DG TREN will need on average 6-7% of total Agency staff as additional personnel to supervise the work of the Executive Agency.	N/A
<b>16. Enhanced Evaluation.</b> This is an enhancement of current DG TREN evaluation capacity: it is assumed that it will be set-up with defined objectives and adequate number of skilled staff from the start.	No impact
<b>17. Awareness and promotion of TEN-T.</b> Being a new task in DG TREN it is assumed that it will be set-up with defined objectives and adequate number of skilled staff from the start	No impact
<b>18. GIS Database.</b> This is an expansion of current DG TREN GIS capacity: it is assumed that it will be set-up with defined objectives and adequate number of skilled staff from the start.	No impact
<b>19. Coordination unit for TEN-T Extension.</b> Being a new task in DG TREN	No impact

Task and Justification for proposed Efficiency Gain	Efficiency ratio in %
it is assumed that it will be set-up with defined objectives and adequate number of skilled staff from the start. This task requires extensive communication and coordination with other DGs, IFIs and Member states.	
<b>20. Know-how &amp; best practise.</b> It assumes that the Agency will gather in one place all the evaluation know-how and best practices on TEN-T.	No impact

Table 4.6: *Expected Efficiency Gains from Externalisation*

The above defined efficiency gains are assumed to be independent from the budget size and therefore apply to all scenarios.

#### 4.4.3 Scenario 1: Annual TEN-T Budget of 0.7 Billion € (Unchanged)

In this scenario it is assumed that the Agency is created in January 2006 and operates a yearly TEN-T budget of 0.7 Billion €. It is also assumed that the budget allocated to TEN-T by the Council in the new financial perspectives for the period 2007 to 2013 remains unchanged compared to the current period (business as usual), i.e. 0.7 Billion € per year.

**Specific Assumptions** It is assumed that the total number of projects open in a given year (until 2013) remains in the worst case equal to the 400 presently open, and that the number of applications submitted annually will remain at the present average of around 200. Further, that the financial regulation in force is similar to EC 807/2004 with the same maximum thresholds for grants: 50% for Studies, 10% for Works, 20% for cross border projects included in the MIP.

The impacts of these assumptions on the in-house option compared to the Executive Agency option are detailed below.

##### **In-house Option**

The level of staff required in DG TREN from 2007 onwards remains similar to the current staffing as defined in the baseline situation, i.e. 70 FTE staff members (all categories). Given that no additional budget is allocated to TEN-T, DG TREN will not undertake any of the new tasks as defined in 4.3 above.

##### **Executive Agency Option**

In this option, the total staff involved with the TEN-T programme will include the personnel from the Executive Agency and the staff remaining in DG TREN to deal with policy and decision making (14 FTE as in baseline and in-house option), to provide support to the European Coordinators on political issues (estimated at 7 FTE) and to supervise the activities of the Agency (estimated at 3 FTE). The following table summarises the staff scenario used for the subsequent cost-benefit assessment including efficiency gains:

<i>TEN-T Budget 0.7 MEURO pa Maximum 400 open project pa</i>		<b>In House Option</b>	<b>Executive Agency Option</b>	
<b>No.</b>	<b>Activity Title</b>	<b>DGTREN Staff</b>	<b>Agency Staff</b>	<b>DGTREN Staff</b>
1	<i>Policy &amp; Decision Making</i>	14.0	0.0	14.0
2	Invitation to Member States, Reception and Evaluation of TEN-T Proposals	2.8	2.5	0.0
3	TEN-T FAC Committee	1.1	1.0	0.0
4	Adoption of Proposals	5.8	4.9	0.0
5	Financial Commitment, Contract and Disbursement	8.8	7.9	0.0
6	Project Monitoring	12.9	11.0	0.0
7	Audit	1.6	1.5	0.0
8	Procurement of Services	0.0	0.0	0.0
9	Budgetting	2.2	2.0	0.0
10	Controlling & Reporting	3.2	3.0	0.0
11	Filing and Archiving	2.2	2.0	0.0
12	Programme Evaluation	2.2	2.0	0.0
13	IT Support and Human Resource	3.2	3.0	0.0
14	European Coordinator - Secretariat	10.0	3.0	7.0
15	<i>Supervision of Agency by DG TREN</i>			3.0
<b>Sub-Total Agency</b>			<b>44</b>	<b>24</b>
<b>Total</b>		<b>70</b>		<b>68</b>

Table 4.7: Staffing Level for Scenario 1 - 0.7 Billion € Annual Budget

Compared to the in-house option that will continue to require 70 FTE by 2006 to cope with all tasks assigned to DG TREN in the management of the TEN-T, the externalisation option would require 44 FTE in the Executive Agency while keeping 24 FTE in DG TREN for policy and decision making, support to European Coordinators as well as supervision of the Agency.

As mentioned above, if externalisation takes place, the beginning should be considered as a transition period for the Agency and DG TREN. Therefore it is likely that the Agency will need more support from DG TREN in the initial phase of its creation as the Agency will not be fully staffed from day 1. Therefore the ratio of DG TREN/ Agency staff of 24/44 FTE should be gradually reached at a later stage.

#### 4.4.4 Scenario 2: Annual TEN-T Budget of 2 Billion €

In scenario 2 it is assumed that the Agency is created in January 2006 and that the budget allocated to TEN-T by the Council in the new financial perspectives for the period 2007 to 2013 will increase from the present 0.7 to 2 Billion Euro. This should reflect the willingness of the Member States and the Commission to speed up the implementation of the Priority Projects while concentrating EU support.



**Specific Assumptions** Bearing in mind the trend to concentrate support to fewer but larger TEN-T projects and increasing the co-financing ratio to create a higher incentive for implementation by MS, it is assumed that even if the TEN-T budget is increased almost by a factor 3, the total number of open/active projects in a given year will only increase by 25% in the period 2007-2013, i.e. a maximum of 500. Assuming a higher incentive for implementation of works and studies, it is expected that the number of project applications received and to be evaluated will increase by 50%.

In order to improve quality of the TEN-T management, the 5 new tasks as defined in 4.3 above are created and staffed.

Further, it is assumed that the financial regulation in force is similar to EC 807/2004 with the same maximum thresholds for grants: 50% for Studies, 10% for Works, 20% as a normal grant rate for cross border projects included in the MIP with the possibility of higher intervention rate (over 20%) in early or critical development phases of a project.

The impacts of these assumptions on the in-house option compared to the Executive Agency option are detailed below.

### In-house Option

In order to accommodate the expected increase of applications and projects, it is anticipated that the staff level required will evolve as follows:

Task and Impact of Increased budget on Staff level as compared to Scenario 1 situation	FTE Staff by 2007
<b>1. Policy &amp; Decision Making.</b> The time and effort needed for the additional decision-making in DG TREN will not increase proportionally to the number of projects. It is estimated that approximately 1 extra FTE will be needed	15 (+1)
<b>2. Invitation to Member States. Reception and Evaluation of TEN-T Proposals.</b> The staffing requirement for this task will increase directly proportionally to the increase in the number of applications and PSR submitted, say by 50%	4.2 (+50%)
<b>3. TEN-T FAC Committee.</b> This task will require fewer additional staff	1.4 (+25%)
<b>4. Adoption of Proposals.</b> The staffing requirement for this task will increase proportionally to the increase in the number of open projects, say by 50%	8.7 (+50%)
<b>5. Financial Commitment. Contracts and Disbursement :</b> idem 4	13.2 (+50%)
<b>6. Project Monitoring:</b> More project monitoring (both technical and financial) will be required to deal with this increased budget and to set up routines and procedures	25.8 (+100%)
<b>7. Audit:</b> Particular attention will be dedicated to procedures and audits to pave the way to cope with monitoring and reporting on an increased budget line	2.8 (+75%)
<b>8. Procurement of Services.</b> With the increase of budget, it is estimated that approximately 1 FTE will be needed for this task	1 (+1)
<b>9. Budgeting :</b> idem 4	3.3 (+50%)
<b>10. Controlling &amp; Reporting:</b> idem 3	4 (+25%)
<b>11. Filing and Archiving:</b> With the increase of budget, it is estimated that approximately 1 more FTE will be needed	3.1 (+40%)

<b>Task and Impact of Increased budget on Staff level as compared to Scenario 1 situation</b>	<b>FTE Staff by 2007</b>
<b>12. Programme Evaluation:</b> idem 10	2.8 (+25%)
<b>13. IT Support and Human Resources.</b> The IT personnel will probably not increase substantially but the staff dealing with HR might increase proportionally to the average staff increase (25%)	3.6 (+12.5%)
<b>14. European Coordinator – Secretariat</b>	10 (no change)
<b>15. Supervision of Agency by DG TREN:</b>	N/A
<b>16. Enhanced Evaluation.</b> This is an enhanced task to be undertaken by the agency, as earlier described (Chapter 4.3) it is estimated to 4.5 FTE in the in house option	+4.5
<b>17. Awareness and promotion of TEN-T.</b> This is a new task to be undertaken by the agency, as earlier described (Chapter 4.3) it is estimated to 2 FTE in the in house option	+2
<b>18. GIS Database:</b> as earlier described (Chapter 4.3)	+3
<b>19. Coordination unit for TEN-T Extension:</b> as earlier described (Chapter 4.3)	+1
<b>20. Know-How &amp; Best Practise:</b> as earlier described (Chapter 4.3)	+2
<b>TOTAL STAFFING</b>	<b>111</b>

*Table 4.8: Expected Staff Level In-House Scenario (Budget 2Billion €)*

The level of staff required in DG TREN from 2007 to cope with the budget increase will be close to 111 FTE including 12.5 FTE for the new TEN-T tasks, which represents an increase of 41 FTE compared to the baseline situation of 2006.

### **Executive Agency Option**

In this option, the total staff involved with TEN-T programme management will include the personnel from the Executive Agency and the staff remaining in DG TREN to deal with policy and decision making (15 FTE as the in-house option), the support to European Coordinators (7 FTE dealing with political issues) and to supervise the activities of the Agency (4 FTE).

The staff level required in the Agency is calculated as for the corresponding in-house option, less the qualitative and efficiency gains described earlier (typically between 0 to 15% depending on the function concerned).

In accordance herewith, the below table summarises the staff levels for the in-house and externalisation option for an annual TEN-T Budget of 2 Billion €.

<i>Scenario 2: Budget from 2006 to 2013</i> <i>TEN-T Budget 2 BEURO pa</i> <i>Maximum 500 open project pa</i>		FTE in 2006 (0.7 B€ Budget)			FTE in 2007-13 (2 B€ Budget)		
		In House Option	Executive Agency Option		In House Option	Executive Agency Option	
No.	Activity Title	DGTREN Staff	Agency Staff	DGTREN Staff	DGTREN Staff	Agency Staff	DGTREN Staff
1	<i>Policy &amp; Decision Making</i>	14.0	0.0	14.0	15.0	0.0	15.0
2	Invitation to Member States, Reception and Evaluation of TEN-T Proposals	2.8	2.5	0.0	4.2	3.8	0.0
3	TEN-T FAC Committee	1.1	1.0	0.0	1.4	1.2	0.0
4	Adoption of Proposals	5.8	4.9	0.0	8.7	7.4	0.0
5	Financial Commitment, Contract and Disbursement	8.8	7.9	0.0	13.2	11.9	0.0
6	Project Monitoring	12.9	11.0	0.0	25.8	21.9	0.0
7	Audit	1.6	1.5	0.0	2.8	2.7	0.0
8	Procurement of Services	0.0	0.0	0.0	1.0	1.0	0.0
9	Budgetting	2.2	2.0	0.0	3.3	3.0	0.0
10	Controlling & Reporting	3.2	3.0	0.0	4.0	3.8	0.0
11	Filing and Archiving	2.2	2.0	0.0	3.1	2.8	0.0
12	Programme Evaluation	2.2	2.0	0.0	2.8	2.5	0.0
13	IT Support and Human Resource	3.2	3.0	0.0	3.6	3.4	0.0
14	European Coordinator - Secretariat	10.0	3.0	7.0	10.0	3.0	7.0
15	<i>Supervision of Agency by DG TREN</i>			3.0			4.0
	<b>Sub-total</b>	<b>70</b>	<b>44</b>	<b>24</b>	<b>99</b>	<b>68</b>	<b>26</b>
16	Enhanced Evaluation	0.0	0.0	0.0	4.5	9.0	0.0
17	Awareness and promotion of TEN-T	0.0	0.0	0.0	2.0	4.0	0.0
18	GIS Database	0.0	0.0	0.0	3.0	3.0	0.0
19	Coordination unit for TEN-T Extension	0.0	0.0	0.0	1.0	2.0	0.0
20	Helpdesk and best practise, know how	0.0	0.0	0.0	2.0	2.0	0.0
	<b>Sub-Total Agency</b>		<b>44</b>	<b>24</b>		<b>88</b>	<b>26</b>
	<b>Total</b>	<b>70</b>		<b>68</b>	<b>111</b>		<b>114</b>

Table 4.9: Staffing Level for Scenario 2 - 2 Billion € Annual Budget

Compared to the in-house option that will require 111 FTE by 2007 to cope with all tasks assigned to DG TREN in the management of a tripled TEN-T budget, the externalisation option would require 88 FTE in the Executive Agency while keeping 26 FTE in DG TREN for policy and decision making, support to European Coordinators as well as supervision of the Agency.

#### 4.4.5 Scenario 3: Annual Ten-T Budget increasing from 2-4 Billion €

This scenario assumes that the Agency is created in 2006 to operate a TEN-T budget of 0.7 Billion € that year. In addition the yearly budget allocated to TEN-T by the Council in the new financial perspectives for the period 2007 to 2013 gradually increases from 2 Billion € in 2007 to 2009, to 3 Billion € in 2010 and 2011 and ends with a 4 Billion € budget in 2012 and 2013.

**Specific Assumptions** Bearing in mind the trend of concentrating support to fewer but larger TEN-T projects and increasing the co-financing ratio to create a higher incentive for implementation by MS, it is assumed that even if the TEN-T budget increases, the total number of open/active projects in a given year (until 2013) will only increase according to the following pattern:

- by 25% in 2007–2009 compared to present level (ref. Scenario 2): i.e. from 400 to 500 open projects;
- by a further 10% in the period 2010-2011 to reach 550 open projects
- by a further 9% hereafter, reaching a maximum of 600 open TEN-T projects in 2012 - 2013.

It is assumed that the number of project applications or PSR received and to be evaluated will increase by 50% on average over the period 2007-2013. As such, the number of applications reflects an increased incentive for co-financing, but does not change with the budget increase, reflecting a clear policy and application form that limits the number of applications that do not fulfil the policy directives.

In order to improve quality of the TEN-T management, the 5 new tasks as defined in 4.3 above are created and staffed as from 2007.

Last, it is assumed that the new financial regulation as foreseen in COM (2004) 475 final<sup>17</sup> is in force with the same maximum thresholds for grants: 50% for Studies and respectively 15% for Works for non-MIP projects and 30% as a normal grant rate for projects included in the MIP with the possibility of higher intervention rate (close to 50%) in early or critical development phases of a cross border projects and projects related to the deployment of interoperable systems, security or safety systems.

The impacts of these assumptions on the in-house option compared to the Executive Agency option are detailed below.

### In-house Option

In order to accommodate the expected increase of applications and projects, it is anticipated that the staff level required will evolve as follows:

Task and Impact of increased budget of Staff level compared to Scenario 2 situation	FTE Staff level 2007	FTE Staff level 2010	FTE Staff level 2012
<b>1. Policy &amp; Decision Making.</b> The time and effort needed for the additional decision making in DG TREN will not increase proportionally to the number of projects. It is estimated that approximately 1 additional FTE person will be needed compared to Scenario 1	15 (+1)	15	15
<b>2. Invitation to Member States, Reception and Evaluation of TEN-T Proposals.</b> The staffing requirement for this task will increase directly proportionally to the increase in the number of applications and PSR submitted, say by 50% over the period 2007-2013	4.2 (+50%)	4.2	4.2
<b>3. TEN-T FAC Committee.</b> This task is not likely to require additional staff over the years	1.4	1.4	1.4
<b>4. Adoption of Proposals.</b> The staffing requirement for this task will increase	8.7(+50%)	8.7	8.7

<sup>17</sup> please refer to page 10 in this report

<b>Task and Impact of increased budget of Staff level compared to Scenario 2 situation</b>	<b>FTE Staff level 2007</b>	<b>FTE Staff level 2010</b>	<b>FTE Staff level 2012</b>
proportionally to the increase in the number of open projects, say by 50% in 2007 and will remain the same in 2010 and in 2012			
<b>5. Financial Commitment, Contract and Disbursement</b> : The staffing requirement for this task will increase proportionally to the increase in the number of open projects, say by 50% in 2007, 15% in 2010 and 10% in 2012	13.2 (+50%)	15.2 (+15%)	16.7 (+10%)
<b>6. Project Monitoring:</b> More project monitoring (both technical and financial) will be required to deal with this increased budget and to set up routines and procedures in 2007. From then the staffing for this task will increase slightly over the years, say by 5% in 2010 and 5% in 2012	25.8 (+100%)	27.1 (+5%)	28.4 (+5%)
<b>7. Audit:</b> Particular attention will be dedicated to procedures and audits to pave the way to cope with monitoring and reporting on an increased budget line. It will remain at the same level over the years	2.8 (+1.75%)	2.8 (no increase)	2.8 (no increase)
<b>8. Procurement of Services.</b> With the increase of budget, it is estimated that approximately 1 FTE will be needed for this task from 2007 until 2013	1 (+1)	1	1
<b>9. Budgeting</b> : idem 4	3.3 (+50%)	3.3	3.3
<b>10. Controlling &amp; Reporting:</b> idem 3	4 (+25%)	4	4
<b>11. Filing and Archiving:</b> With the increase of budget, we estimate that approximately 1 more FTE will be needed	3.1 (+40%)	3.1	3.1
<b>12. Programme Evaluation:</b> idem 10	2.8 (+25%)	2.8	2.8
<b>13. IT Support and Human Resources.</b> The IT personnel will probably not increase substantially but the staff dealing with HR might increase proportionally to the average staff increase (25%). No significant increase is expected in 2010 and 2012	3.6 (+12.5%)	3.6	3.6
<b>14. European Coordinators:</b> No change	10	10	10
<b>15. Supervision of Agency by DG TREN:</b>	N/A	N/A	N/A
<b>16. Enhanced Evaluation.</b> The staffing requirement for this task will reflect the increase in the number of applications and PSR submitted. From 2007 the staffing for this task will increase slightly by 10% in 2010 and another 15% in 2012	+4.5	5 (+10%)	5.7(+15%)
<b>17. Awareness and promotion of TEN-T.</b> The increase of budget will have little influence of the staffing required for this task, An extra FTE will be required by 2012	+2	2	3(+1)
<b>18. GIS Database Spatial and geographical assessment</b>	+3	3	3
<b>19. Coordination unit for TEN-T Extension</b>	+1	1	1.5(+0.5)
<b>20. Know-How &amp; Best Practise</b>	+2	2	2
<b>TOTAL STAFFING</b>	<b>111</b>	<b>115</b>	<b>120</b>

Table 4.10: Expected Staff Level In-House Scenario 3 (Budget 2 to 4 Billion €)

The level of staff required in DG TREN from 2007 to cope with the budget increase will be close to 111 FTE which represents an increase of 41 FTE compared to the baseline situation (new TEN-T tasks taken into consideration). It should gradually increase to 115 FTE in 2010, to reach 120 FTE by 2012.

### **Executive Agency Option**

In this option, the total staff involved with TEN-T programme will include the personnel from the Executive Agency and the staff remaining in DG TREN to deal with policy and decision making (15 FTE as the in-house option), to support the European Coordinators (7 FTE) and to supervise the activities of the Agency (estimated to 4 FTE from 2007 and 5 FTE from 2010)

The staff level required in the Agency is calculated as for the corresponding in-house option, less the qualitative and the efficiency gains described earlier (typically between 0 and 15%).

In accordance herewith, the below table summarises that staff levels for the in-house and externalisation option for an annual TEN-T Budget of 0.7 Billion in 2006, 2 Billion € in 2007, increasing to 3 Billion € in 2010 and ending at 4 Billion € in 2012.

Scenario 3: Gradual Increase in TEN-T Budget from 2006 to 2013		FTE in 2006 (0.7 B€ Budget)			FTE in 2007-09 (2 B€ Budget)			FTE in 2010-11 (3 B€ Budget)			FTE in 2012-13 (4 B€ Budget)		
		In House Option	Executive Agency Option		In House Option	Executive Agency Option		In House Option	Executive Agency Option		In House Option	Executive Agency Option	
No.	Task Title	DGTREN Staff	Agency Staff	DGTREN Staff	DGTREN Staff	Agency Staff	DGTREN Staff	DGTREN Staff	Agency Staff	DGTREN Staff	DGTREN Staff	Agency Staff	DGTREN Staff
1	Policy & Decision Making	14.0	0.0	14.0	15.0	0.0	15.0	15.0	0.0	15.0	15.0	0.0	15.0
2	Invitation to Member States, Reception and Evaluation of TEN-T Proposals	2.8	2.5	0.0	4.2	3.8	0.0	4.2	3.8	0.0	4.2	3.8	0.0
3	TEN-T FAC Committee	1.1	1.0	0.0	1.4	1.2	0.0	1.4	1.2	0.0	1.4	1.2	0.0
4	Adoption of Proposals	5.8	4.9	0.0	8.7	7.4	0.0	8.7	7.4	0.0	8.7	7.4	0.0
5	Financial Commitment, Contract and Disbursement	8.8	7.9	0.0	13.2	11.9	0.0	15.2	13.7	0.0	16.7	15.0	0.0
6	Project Monitoring	12.9	11.0	0.0	25.8	21.9	0.0	27.1	23.0	0.0	28.4	24.2	0.0
7	Audit	1.6	1.5	0.0	2.8	2.7	0.0	2.8	2.7	0.0	2.8	2.7	0.0
8	Procurement of Services	0.0	0.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0
9	Budgeting	2.2	2.0	0.0	3.3	3.0	0.0	3.3	3.0	0.0	3.3	3.0	0.0
10	Controlling & Reporting	3.2	3.0	0.0	4.0	3.8	0.0	4.0	3.8	0.0	4.0	3.8	0.0
11	Filing and Archiving	2.2	2.0	0.0	3.1	2.8	0.0	3.1	2.8	0.0	3.1	2.8	0.0
12	Programme Evaluation	2.2	2.0	0.0	2.8	2.5	0.0	2.8	2.5	0.0	2.8	2.5	0.0
13	IT Support and Human Resource	3.2	3.0	0.0	3.6	3.4	0.0	3.6	3.4	0.0	3.6	3.4	0.0
14	European Coordinator - Secretariat	10.0	3.0	7.0	10.0	3.0	7.0	10.0	3.0	7.0	10.0	3.0	7.0
15	Supervision of Agency by DG TREN			3.0			4.0			5.0			5.0
	<b>Sub-total</b>	<b>70</b>	<b>44</b>	<b>24</b>	<b>99</b>	<b>68</b>	<b>26</b>	<b>102</b>	<b>71</b>	<b>27</b>	<b>105</b>	<b>74</b>	<b>27</b>
16	Enhanced Evaluation	0.0	0.0	0.0	4.5	9.0	0.0	5.0	9.9	0.0	5.7	11.4	0.0
17	Awareness and promotion of TEN-T	0.0	0.0	0.0	2.0	4.0	0.0	2.0	4.0	0.0	3.0	4.0	0.0
18	GIS Database	0.0	0.0	0.0	3.0	3.0	0.0	3.0	3.0	0.0	3.0	3.0	0.0
19	Coordination unit for TEN-T Extension	0.0	0.0	0.0	1.0	2.0	0.0	1.0	2.0	0.0	1.5	2.0	0.0
20	Helpdesk and best practise, know how	0.0	0.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0
	<b>Sub-Total Agency</b>		<b>44</b>	<b>24</b>		<b>88</b>	<b>26</b>		<b>92</b>	<b>27</b>		<b>96</b>	<b>27</b>
	<b>Total</b>	<b>70</b>		<b>68</b>	<b>111</b>		<b>114</b>	<b>115</b>		<b>119</b>	<b>120</b>		<b>123</b>

Table 4.11: Staffing Level for Scenario 3, 0.7, 2-4 Billion € Annual Budget

While DG TREN would require 115 FTE in 2010 and 127 FTE in 2012 in the in-house option, it will have to keep 27 FTE to deal with policy making, support to the European Coordinators and supervision activities of an External Agency made up of 92 to 96 FTE.

## 4.5 Financial Background Data

The financial data gathered has been extracted from the financial definitions included in the recent Commission Decision on the establishment the Agency for Intelligent Energy Europe, the recent cost-benefit analysis of the Cultural Executive Agency (EAC), and the Commission staff regulations. Furthermore the data has been verified and discussed by staff of DG TREN and DG Budget.

### 4.5.1 Cost of Staff

In order to compare the cost of externalising the TEN-T administration, average staff costs have been estimated for Commission officials (fonctionnaires) and external contract staff. For each staff category (Grade A, B and C) a yearly average salary cost including benefits has been estimated for 2004.

The staff cost are weighted by the average composition of fonctionnaires in DG TREN working with the TEN-T programme, indicated as: 50% A, 30% B and 20 % C respectively.

**Table 4.12: Commission fonctionnaire Salary incl. benefits, 2004**

Grade	Euro/Year*	Weight**	Euro/Year
A	113,807	0.5	56,904
B	70,167	0.3	21,050
C	50,737	0.2	10,147
<b>Average annual cost, weighted</b>			<b>88,101</b>

\* Figures from DG TREN excluding overhead costs

\*\* reflecting DG TREN average composition of staff

According to information received from DG TREN the average staff distribution for external contract staff is 40% A, 25% B and 35% C, respectively.

**Table 4.13: External Contract Staff Salary incl. benefits, 2004**

Grade	Euro/Year*	Weight**	Euro/Year
A	87,014	0.2	34,806
B	51,140	0.25	12,785
C	40,037	0.35	14,013
<b>Average annual cost, weighted</b>			<b>61,604</b>

\* Figures from DG TREN excluding overhead costs

\*\* reflecting DG TREN composition of staff



#### 4.5.2 Staff distribution in DG TREN and the Agency

The cost-benefit assessment of the in-house and externalisation option is based on the estimated average cost for Commission Fonctionnaires and external contract staff. However, in addition to the actual cost, also the distribution between Commission and Contract staff needs to be taken into account.

According to information received, DG TREN is presently staffed by approximately 90% fonctionnaires and 10% external staff (contract staff). This distribution is used to calculate the average DG TREN staff cost (Table below).

**Table 4.14: DG TREN yearly staff salary and benefits (90%/10%), 2004**

	<b>Fonctionnaires</b>	<b>Contract</b>	<b>DG TREN average</b>
Average cost	88,101	61,604	
Distribution	90%	10%	
Euro/Year	79,291	6,160	<b>85,451</b>

In the Agency it is assumed that 45 % of the staff will be Temporary agents (cost structures as fonctionnaires) whereas the remaining 55% are contract staff (Table below), as indicated by DG TREN and in accordance with the regulation for externalisation.

**Table 4.15: Agency yearly staff salary and benefits (45%/55%), 2004**

	<b>Temporary agent</b>	<b>Contract</b>	<b>Agency average</b>
Average cost	88,101	61,604	
Composition	45%	55%	
Euro/Year	39,645	33,882	<b>73,527</b>

#### 4.5.3 Overhead for Logistical Support

The average annual overhead costs per staff member to cover logistical support (i.e. office rent, security, HRM, IT and office supplies) has been defined as € 19,985 in the EAC report.

It is assumed that the amount spend on logistical support is the same in the Commission as in an Agency, and the amount is used in both the in-house and agency option.

<b>Overhead for logistical support*</b>	<b>€ per Year</b>
Average cost per staff member	19,985

\* Figures from EAC report

#### 4.5.4 Salary increase and promotion rates

The salaries are adjusted each year with an adaptation rate reflecting general price increases and an average promotion rate reflecting the increases in echelon every 2 years which can be translated into an average yearly increase.

Yearly salary increase and promotion rates	
Adaptation*	2.60%
Echelons*	2.60%
Total	5.20%

\* European Commission DG ADMIN via DG TREN

#### 4.5.5 Long term interest and inflation rates

The discounting rate given in the publication "A Handbook for Impact Assessment in the Commission" is used for discounting the costs when calculating the Net Present Values of the scenarios.

The DG ECFIN inflation forecast is used to estimate the future value of the logistical support.

Rates	
Interest rate*	4.00 %
Inflation rate**	2.00 %

\* A Handbook for Impact Assessment in the Commission, DG Secretariat General, Ref: SEC/2002/1377.

\*\* DG ECFIN, Economic Forecast Spring 2004

### 4.6 Cost-Benefit Analysis

The aim of the Cost Benefit Analysis is to estimate the economic impact of the three scenarios comparing TEN-T administration carried out by an Executive Agency (Externalisation) to the continuation of TEN-T administration in DG TREN (in-house).

For all scenarios the period analysed is 2006 to 2016 with funding of new projects ending in 2013 followed by a three year phasing out period in order to follow up and close the remaining open projects. It is assumed that no requests for project extension are dealt with during the phasing out period and all projects will be closed by 2016.

#### Phasing out:

In 2014 the workload is estimated to decline by 20% compared to 2013 reflecting that tasks related to invitation to Member states, reception, evaluation and adoption of proposals including related services are no longer necessary.

In 2015 the impact of closing projects is estimated to reduce the workload of the TEN-T administration to approximately 50% of the 2013 staff level.

Finally, it is assumed that 25 % of the 2003 staff level will be involved in 2016 in order to close down the remaining open projects.

It is assumed that the Agency is created by 1-1-2006. Costs related to the planning of an Agency are not taken into account.

DG TREN cannot immediately reallocate resources therefore a cost equivalent to 6 month salary including benefits and overhead is included in 2006 for each staff reallocation.

The staff required to be reallocated are DG TREN staff not transferred to the Agency or remaining in DG TREN dealing with TEN-T policy and decision-making or supervision of the Agency.

For each scenario the number of staff to be reallocated are estimated using the number of staff in the baseline (70 FTE) subtracting the staff transferred to the agency and the staff remaining in DG TREN dealing with TEN-T.

**Table 4.16: Cost of staff reallocation 2006**

	Scenario 1, 2 & 3
DG TREN staff*	70
- transferred to Agency	19.8
- remaining in DG TREN	24
Number of staff to be reallocated	26.2
Cost, € 2006	1,514,742

\* Involved in TEN-T administration from baseline

For all scenarios, the theoretical number of staff to be reallocated is estimated to 26.2 FTE in 2006 resulting in a cost of 1.5 Million €.

All costs are initially estimated in 2004 prices and thereafter adjusted for yearly price increases respectively the inflation rate for logistical support, and the adaptation and promotion rates for staff costs. Costs are discounted at 2004 prices using the discount rate (See Section 4.5.5).

The Net Present Value calculated for each scenario is the difference in costs between externalising the TEN-T administration to an Executive Agency and continuing the TEN-T administration in DG TREN.

$$NPV = \sum_{j=1}^n \frac{values_j}{(1 + rate)^j}$$

NPV = Net Present Value

n = 13 (years)

rate = 4 %

values = yearly cost difference between in-house and external situation

#### 4.6.1 Scenario 1: Externalisation of 0.7 € Billion TEN-T Budget

In scenario 1 the management of an annual TEN-T budget of 0.7 Billion € is externalised to an Executive Agency compared to a situation in which the administration is carried out in-house by DG TREN.

The Table below presents a summary of estimated staff levels (ref: Section 4.4) and defines the costs associated herewith on the basis of the financial data in Section 4.5.

**Table 4.17: Definition of costs associated with Scenario 1**

Scenario 1:											
Number of Staff	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Inhouse	70	70	70	70	70	70	70	70	56	35	18
External	68	68	68	68	68	68	68	68	54	34	17
Agency	44	44	44	44	44	44	44	44	35	22	11
DG TREN	24	24	24	24	24	24	24	24	19	12	6
Cost	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Inhouse	8,075,315	8,448,656	8,840,480	9,251,728	9,683,392	10,136,515	10,612,191	11,111,574	9,308,700	6,093,186	3,191,100
Overheads	1,455,468	1,484,577	1,514,268	1,544,554	1,575,445	1,606,954	1,639,093	1,671,875	1,364,250	869,709	443,552
Staff costs	6,619,847	6,964,079	7,326,211	7,707,174	8,107,947	8,529,561	8,973,098	9,439,699	7,944,451	5,223,476	2,747,549
External*	8,764,909	7,582,022	7,930,229	8,295,623	8,679,077	9,081,512	9,503,897	9,947,248	8,330,109	5,450,594	2,853,522
Overheads	1,411,076	1,439,297	1,468,083	1,497,445	1,527,394	1,557,942	1,589,101	1,620,883	1,322,640	843,183	430,023
Agency	3,569,430	3,755,040	3,950,302	4,155,718	4,371,815	4,599,150	4,838,305	5,089,897	4,283,658	2,816,505	1,481,482
DG TREN	2,269,662	2,387,684	2,511,844	2,642,460	2,779,868	2,924,421	3,076,491	3,236,468	2,723,812	1,790,906	942,017
Difference	-689,594	866,634	910,250	956,106	1,004,316	1,055,002	1,108,294	1,164,326	978,591	642,591	337,579

\* Including cost (1.5 M €) for staff reallocation in 2006

NPV - 2004 **5,970,642**

Externalising the TEN-T administration requires 68 FTE of which 44 in the Agency and 24 remain in DG TREN responsible for policy and decision making and supervision of the agency. If the TEN-T administration is kept in-house it will remain equivalent to 70 FTE.

The cost of the TEN-T administration is 8.1 Million € in 2006 for the in-house option, increasing to 8.4 Million € in 2007 reflecting price increases, adaptation and promotion rates.

For the externalisation option the total costs of the TEN-T administration is 8.8 Million € in 2006, declining to 7.6 Million € in 2007. The cost is higher in 2006 due to the expenses foreseen for staff reallocation.

In 2006, the externalising of the TEN-T administration to an Agency will generate an additional expense of 0.7 Million €, whereas savings of 0.9 Million € are expected from 2007 increasing to 1.2 Million € in 2013.

The savings reflect the decline in staff costs by employing relatively more contract staff than permanent Commission staff as well as efficiency gains by externalising the TEN-T administration. The accumulated cost savings for the entire period 2006 to 2016 is 5.97 Million € calculated in 2004 prices.

#### 4.6.2 Scenario 2: Externalisation of 2 € Billion TEN-T Budget

In scenario 2, the management of a 0.7 Billion € TEN-T budget in 2006 increasing to an annual 2 Billion € TEN-T budget from 2007 is externalised to an Executive Agency compared to a situation in which the administration is carried out in-house by DG TREN.

The Table below presents a summary of estimated staff levels (ref: Section 4.4) and defines the costs associated herewith on the basis of the financial data in Section 4.5.

**Table 4.18: Definition of costs associated with Scenario 2**

Scenario 2:											
Number of Staff	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Inhouse</b>	<b>70</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>89</b>	<b>56</b>	<b>28</b>
<b>External</b>	<b>68</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>91</b>	<b>57</b>	<b>29</b>
Agency	44	88	88	88	88	88	88	88	71	44	22
DG TREN	24	26	26	26	26	26	26	26	21	13	6
Cost	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Inhouse</b>	<b>8,075,315</b>	<b>13,431,553</b>	<b>14,054,469</b>	<b>14,708,265</b>	<b>15,394,519</b>	<b>16,114,886</b>	<b>16,871,109</b>	<b>17,665,021</b>	<b>14,798,839</b>	<b>9,686,859</b>	<b>5,073,166</b>
Overheads	1,455,468	2,360,159	2,407,362	2,455,510	2,504,620	2,554,712	2,605,806	2,657,923	2,168,865	1,382,651	705,152
Staff costs	6,619,847	11,071,394	11,647,106	12,252,756	12,889,899	13,560,174	14,265,303	15,007,099	12,629,974	8,304,208	4,368,013
<b>External*</b>	<b>8,764,909</b>	<b>12,569,304</b>	<b>13,145,337</b>	<b>13,749,772</b>	<b>14,384,055</b>	<b>15,049,707</b>	<b>15,748,327</b>	<b>16,481,595</b>	<b>13,801,024</b>	<b>9,029,621</b>	<b>4,726,859</b>
Overheads	1,411,076	2,424,091	2,472,573	2,522,025	2,572,465	2,623,915	2,676,393	2,729,921	2,227,615	1,420,105	724,253
Agency	3,569,430	7,560,544	7,953,692	8,367,284	8,802,383	9,260,107	9,741,633	10,248,197	8,624,883	5,670,861	2,982,873
DG TREN	2,269,662	2,584,668	2,719,071	2,860,463	3,009,207	3,165,686	3,330,301	3,503,477	2,948,526	1,938,656	1,019,733
<b>Difference</b>	<b>-689,594</b>	<b>862,249</b>	<b>909,132</b>	<b>958,494</b>	<b>1,010,464</b>	<b>1,065,179</b>	<b>1,122,783</b>	<b>1,183,426</b>	<b>997,815</b>	<b>657,238</b>	<b>346,307</b>

\* Including cost (1.5 M €) for staff reallocation in 2006

NPV - 2004                      6,029,930

In 2006 the administration of the 0.7 Billion € budget will cost the same as in scenario 1 for both the in-house and externalised option.

Externalising the TEN-T administration and increasing the yearly budget to 2 Billion € in 2007, requires 114 FTE of which 88 in the Agency and 26 remains in DG TREN responsible for policy, support to European Coordinators and decision making and supervision of the agency. If the TEN-T administration is kept in-house in DG TREN it requires equivalent to 111 FTE.

In 2007 the cost of the TEN-T administration increases significantly to 13.4 Million € for the in-house option and to 12.6 Million € in the externalisation option, reflecting the increase in the TEN-T budget and the new additional tasks. Accordingly, the Agency option will cost 0.9 Million € less than the in-house option in 2007.

The savings reflect the decline in staff costs by employing relatively more contract staff than permanent Commission staff as well as efficiency gains by externalising the TEN-T administration.

The overall savings for the entire period 2006 to 2016 is 6.0 Million € estimated in 2004 prices.

### 4.6.3 Scenario 3: Externalising a 4 € Billion TEN-T Budget by 2012

In scenario 3 the annual TEN-T budget is 0.7 Billion € in 2006, increasing to 2 Billion € in 2007, 3 Billion € in 2010 reaching 4 Billion by 2012. The administration of TEN-T is either externalised to an Agency or carried out in-house by DG TREN.

The Table below presents a summary of estimated staff levels (ref: Section 4.4) and defines the costs associated herewith on the basis of the financial data in Section 4.5.

**Table 4.19: Definition of costs associated with Scenario 3**

Scenario 3:												
Number of Staff	2006	2007	2008	2009	2010	2011	2012	2013		2014	2015	2016
<b>Inhouse</b>	<b>70</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>115</b>	<b>115</b>	<b>120</b>	<b>120</b>		<b>96</b>	<b>60</b>	<b>30</b>
<b>External</b>	<b>68</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>119</b>	<b>119</b>	<b>123</b>	<b>123</b>		<b>98</b>	<b>62</b>	<b>31</b>
Agency	44	88	88	88	92	92	96	96		77	48	24
DG TREN	24	26	26	26	27	27	27	27		22	13	7
<b>Cost</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Inhouse</b>	<b>8,075,315</b>	<b>13,431,553</b>	<b>14,054,469</b>	<b>14,708,265</b>	<b>15,909,122</b>	<b>16,653,569</b>	<b>18,210,519</b>	<b>19,067,460</b>		<b>15,973,730</b>	<b>10,455,906</b>	<b>5,475,928</b>
Overheads	1,455,468	2,360,159	2,407,362	2,455,510	2,588,343	2,640,110	2,812,683	2,868,937		2,341,053	1,492,421	761,135
Staff costs	6,619,847	11,071,394	11,647,106	12,252,756	13,320,778	14,013,459	15,397,836	16,198,523		13,632,677	8,963,485	4,714,793
<b>External*</b>	<b>8,764,909</b>	<b>12,569,304</b>	<b>13,145,337</b>	<b>13,749,772</b>	<b>14,984,015</b>	<b>15,677,423</b>	<b>16,940,373</b>	<b>17,729,048</b>		<b>14,845,512</b>	<b>9,712,949</b>	<b>5,084,544</b>
Overheads	1,411,076	2,424,091	2,472,573	2,522,025	2,680,012	2,733,612	2,882,006	2,939,646		2,398,751	1,529,204	779,894
Agency	3,569,430	7,560,544	7,953,692	8,367,284	9,178,968	9,656,274	10,599,879	11,151,073		9,384,743	6,170,468	3,245,666
DG TREN	2,269,662	2,584,668	2,719,071	2,860,463	3,125,035	3,287,536	3,458,488	3,638,330		3,062,018	2,013,277	1,058,984
<b>Difference</b>	<b>-689,594</b>	<b>862,249</b>	<b>909,132</b>	<b>958,494</b>	<b>925,107</b>	<b>976,146</b>	<b>1,270,146</b>	<b>1,338,412</b>		<b>1,128,218</b>	<b>742,957</b>	<b>391,384</b>

\* Including cost (1.5 M€) for staff reallocation in 2006

NPV - 2004                      6,273,569

In 2006 the administration of the 0.7 Billion € budget will cost the same as in scenario 1, for both the in-house and externalised option.

Externalising the TEN-T administration and increasing the yearly budget to 2 Billion € by 2007 requires 114 FTE of which 88 in the Agency and 26 remains in DG TREN responsible for policy and decision making, support to European Coordinators and supervision of the agency. If the TEN-T administration is kept in-house in DG TREN it would require equivalent to 111 FTE.

The cost of externalising the TEN-T Administration are 12.6 Million € in 2007 increasing to 15 Million € in 2010 and 17 Million € in 2012. The development in costs reflects the TEN-T budget and corresponding increased work load as well as price increases.

Compared to the in-house option the cost savings of externalising the TEN-T administration is 0.86 Million € in 2007, 0.93 Million € in 2010 and to 1.3 Million € in 2012.

The overall savings for the entire period 2006 to 2016 is 6.3 Million € estimated in 2004 prices.

#### 4.6.4 Cost of New Tasks

Each of the scenarios 2 and 3 includes the costs of new tasks as defined in Section 4.3 covering:

- Enhanced Evaluation
- Awareness and promotion of TEN-T
- GIS Database
- Coordination unit for TEN-T & Extension hereof
- Know-How & Best Practise

The Table below illustrates the costs of the new tasks if carried out by the Agency for scenario 2 and 3.

**Table 4.20: Yearly Cost of New Tasks, Million €, 2006-2016**

Cost of New Tasks, Agency											
Million €	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Scenario 2	0.0	2.1	2.2	2.3	2.4	2.6	2.7	2.8	2.3	1.5	0.8
Scenario 3	0.0	2.1	2.2	2.3	2.6	2.7	3.0	3.1	2.6	1.7	0.9

The new tasks are created in 2007 for scenario 2 and 3. No new tasks were defined in scenario 1. In scenario 2 the new tasks amounts to 2.1 Million € in 2007 increasing to 2.8 Million € in 2013 reflecting price increases and increased number of staff. In scenario 3 the new tasks amounts to 3.1 Million € by 2013 reflecting the increased TEN-T budget as compared to scenario 2.

In Table 4.21 the calculated NPV is presented without the costs of the new tasks, as well as the present value of the new tasks (representing their costs).

**Table 4.21: NPV without new tasks and costs of new tasks, 2004 values**

Million €	Scenario 1	Scenario 2	Scenario 3
NPV - without new tasks	5.97	10.69	10.78
Present Value (costs) of new tasks		15.96	16.93

The NPV without the new tasks increases with approximately 4 Million € for scenario 2 and 3, reflecting the increased work load of the new tasks in the Agency as compared to the in house option.

The present value (total cost) of the new tasks in 2004 prices is 15.8 Million € for scenario 2 and 16.9 Million € for scenario 3.

#### 4.6.5 Sensitivity Analysis

In order to estimate the impact of the quality improvements and efficiency gains used when externalising the TEN-T administration to an Agency the net present value was calculated by reducing the expected ratio by 50% and with no efficiency gains at all (Table below).

Lowering the expected efficiency gains by 50% decreases the net present value significantly in all scenarios. Without gains the net present value is reduced by more than 70 % in scenario 1, and becomes negative for scenario 2 and 3.

**Table 4.22: Impact on NPV of changes in Efficiency Gains**

Efficiency gain	Scenario 1 Million €	Scenario 2 Million €	Scenario 3 Million €
<b>Used in calculations</b>	<b>5.97</b>	<b>6.03</b>	<b>6.27</b>
Reduced by 50 %	3.71	2.47	2.55
No Gains	1.52	-1.09	-1.17

To estimate the impact of staff costs on the NPV, the cost of Agency staff was analysed by changing the ratio between temporary agent and contract staff. The ratio used to calculate the staff costs is 45%/55% in the Agency. Changing the ratio by 5 percentage points to 40/60 and 50/50 increases and decreases the NPV by approximately 1 Million € in scenario 2 and 3 and approximately 0.5 Million € in scenario 1.

**Table 4.23: Impact on NPV of changes in Temporary agent/contract staff ratio**

Agency Staff Ratio %	Scenario 1 Million €	Scenario 2 Million €	Scenario 3 Million €
40/60	6.43	7.02	7.31
<b>45/55</b>	<b>5.97</b>	<b>6.03</b>	<b>6.27</b>
50/50	5.51	5.04	5.24

The interest rate used as discounting rate in the calculation of the net present value is 4%. The Table below illustrates the impact on the net present value of increasing or decreasing the interest to 5% or 3%. For all the scenarios the impact on the net present value is an increase or decrease of approximately 8%.

**Table 4.24: Impact on NPV of changes in Interest Rate**

Interest Rate	Scenario 1 Million €	Scenario 2 Million €	Scenario 3 Million €
3%	6.48	6.54	6.82
<b>4%</b>	<b>5.97</b>	<b>6.03</b>	<b>6.27</b>
5%	5.51	5.56	5.78

The inflation rate used in the scenario calculations is 2%. As the interest rate is only used for adjustment of office costs the impact on NPV of changes to the interest rate is minor as illustrated in the Table below.

**Table 4.25: Impact on NPV of changes in Inflation Rate**

Inflation Rate	Scenario 1 Million €	Scenario 2 Million €	Scenario 3 Million €
1,5%	5.96	6.05	6.29
<b>2,0%</b>	<b>5.97</b>	<b>6.03</b>	<b>6.27</b>
2,5%	5.98	6.01	6.26



## 5 Conclusions and Recommendations

The present cost-benefit analysis compared two strategic options for the future management of the TEN-T programme (incl. possibly improvement hereof) from 2006 until 2013, taking into consideration different budget scenarios. The options are:

- 1 in-house option: the programme with current and newly recruited staff for both present and possible new tasks remains in DG TREN;
- 2 externalisation option: an Executive Agency is created, comprising a combination of staff transferred from DG TREN and newly recruited temporary contract staff. The option takes into consideration that not all tasks can be externalised and that DG TREN must maintain a certain staffing to carry out TEN-T related policy and decision making, including supervision of the Agency and support to European Coordinators related to political issues.

The main purpose of the study is to provide DG TREN with enough elements to substantiate a management decision in favour of one of the two options or an in-between solution with only partial externalisation of the TEN-T programme management.

Through an analysis of the present management situation (termed "Baseline Situation") and an extrapolation hereof, the study has estimated the number of FTE staff required in the Agency and DG TREN respectively to manage the TEN-T programme under different budget assumptions that could be decided by the Council for the period 2007-2013.

Further, and on the basis of discussions with key DG TREN staff, the study identifies the following 5 new tasks that should be considered included in the future TEN-T management as from 2007 if additional TEN-T funding is provided- whether in DG TREN or in the Agency:

- enhanced evaluation of Project Proposals;
- awareness and promotion of TEN-T Programme;
- improved and integrated TEN-T GIS;
- coordination other EU and non-EU initiatives in favour of TEN-T,
- knowledge-based TEN-T management (know-how and best practise).

The Cost-Benefit analysis of the three budget scenarios investigated can broadly be summarised as follows:

Summary of CBA Findings	Scenario 1		Scenario 2		Scenario 3	
	In-house	Agency	In-house	Agency	In-house	Agency
Baseline Situation - Staff Level in FTE	70	N/A	70	N/A	70	N/A
Budget	700 M€		2 B€		2 increasing to 4 B€	
Estimated Staff Level in FTE (Peak)	70	44	111	114	120	123
- Of which : New Tasks : in DG TREN (policy etc)	- -	- 24	12.5 -	20 26	15 -	22 27
NPV including New Tasks (M€)	-		6.03		6.27	
NPV excluding New Tasks (M€)	5.97		10.7		10.8	

Table 5.1: Summary of CBA findings

Based on the assumptions agreed with DG TREN and the analysis conducted the outcome shows that the externalization option from 2006 has a positive NPV in all 3 scenarios. Externalisation with the current TEN T budget of 0.7 Billion Euro would generate a NPV of 5.97 Million Euro (Scenario 1). The NPV varies from 6.03 to 6.27 Million € in Scenario 2 and 3 when including the new tasks which implies a qualitative improvement in the management of the TEN-T programme by the Agency reflecting the increased TEN-T budget.

The above achieved cost savings (positive NPVs) by externalising the TEN-T programme are mainly due to the external staff cost structure and a combination of qualitative improvements and the efficiency gains expected in the Agency.

Apart from the direct and measurable benefits reflected in the NPV, the decision on whether to externalise the TEN-T management should also take into consideration the non-quantifiable benefits expected from externalisation in comparison to a situation of internal management by the Commission.

The expected advantages generated by the creation of the executive agency are as follows:

- The Executive Agency will allow effective and flexible implementation of the externalised tasks. Indeed the Agency will be able to recruit transport specialists (technical, environmental, economical and financial) with specific hands-on transport appraisal, monitoring and management experience as and when required. The employment rules and procedures of the Agency will allow a more flexible human resources management policy allowing performance-based employment and better match between skills required and actual staff competencies.

- The agency will concentrate in one clearly identified set-up all the requested expertise for the management of the TEN-T programme. The staff recruited will be dedicated only to their tasks and fully focussed to pursue their assigned management objective. Thus, the Agency will be more likely to achieve economies of scale compared to direct management of the TEN T programme by the Commission departments and to reinforce the co-ordination between all the stakeholders interested or involved in the management of the projects.
- The separation of the programming and financial management tasks and the improved focus on financial management in the Agency will make it possible to simplify and create more efficient procedures for the adoption of financial decisions
- The creation of the Agency should also result in a closer collaboration with the final beneficiaries that will be facilitating the implementation of financial decisions. It should also bring more effective coordination of Community interventions from various funds on the priority corridors and provide better guaranties on the execution of the budget. The Agency, through its specialised staff, is likely to have more and better project evaluation and project monitoring tools and skills through enhanced evaluation methods, act as a knowledge centre gathering best practices and experiences also from other DGs, Member States and IFIs. This should also help the Agency to create as early as possible a constructive dialogue with the project promoters and better assess the maturity and viability of the project ideas.
- The creation of a TEN-T Agency will by itself contribute to an added visibility of the TEN-T programme firstly due to an effective separation between the management of the funds by the Agency, and of programming and monitoring by the Commission. This coupled with the employment of dedicated staff to undertake targeted awareness raising and promotion campaigns showing the impacts and benefits of the EU intervention will substantially improve the visibility of TEN-T programme in the Member States and in the general public.
- Programming will remain the key competence of the Commission and key management positions within the Agency will be filled by civil servants of the Commission seconded to the Agency. This will allow to maintain a suitable level of know-how inside the Commission. These temporary Agents will participate and benefit from the qualitative jump provided the recruitment of specialised staff by the Agency and this knowledge will be capitalised and will be cross-fertilised in the DGTREN and within the Commission in general.
- The added efficiency, focus and visibility of the TEN-T programme management are likely to have a positive effect on the pace of project implementation but also disbursement of EU commitments.

Based on the above-mentioned results and considerations, the study recommends DG TREN the creation of the Executive Agency as from 2006 for the management of the TEN-T programme.

Subject to a positive decision by DG TREN to pursue the Agency option, further investigations and preparations should be launched as soon as possible, among these are:

- 1 Further detailing of tasks to be externalised. Although the study finds that all tasks except policy and decision making can be externalised, there may be specific considerations unknown to the Consultant that would impede such tasks in the Agency;
- 2 Recruitment or nomination of staff responsible for the identified new tasks could be commenced already before the Agency is operational, in order to ensure that all knowledge in the present organisation is accumulated.

The Agency will be judged on its results and should be considered administratively sound, managerially responsive and provided with:

- a clear mandate and centralised responsibility of Agency Director to organise the Agency in line with specific needs and on-going changes
- possibility to hire qualified and experienced staff;
- autonomy and empowerment of staff;
- clear devolution of responsibility and accountability of the staff for the performance of the programmes and projects (fostered entrepreneurial attitude)
- tight monitoring of progress towards realisation of the objectives

It is also important for DG TREN to clearly define the model of organization that best guarantees efficient management of the Agency. A (quasi)matrix organization is a model that has showed good results in other EU agencies.

A matrix organisation in an entrepreneurial organisation is considered one of the most effective models for delivering results. However, the goals and objectives of the organisation and the work groups must also be meaningful, effective and well-articulated. Without well set goals and objectives, the senior management of the Agency would have difficulty in establishing clear direction and would be vulnerable to the risk that the efforts of programme managers and other human resources may be spent on activities and projects that do not have top priority. The setting of clear strategies, goals and objectives is the foundation for defining achievable targets.

A pre-requisite for implementing an Agency organisational structure is therefore:

- Programme managers must have broad skills for managing programmes and activities and for taking the decisions needed to produce the expected results;

- The management at all levels of the Agency need to fully embrace the strategies, goals and objectives of the TEN-T programme to ensure that action programmes and action plans are appropriate.
- Clear lines of communications should be established between the Agency and DG TREN
- The control and supervision functions by DG TREN should be clearly defined and explained to DG TREN and Agency staff
- TEN-T stakeholders (Member states, other DGs, IFIs) should be given a clear picture of the respective duties of DG TREN and the Agency.

## Appendix A: Abbreviations

Abbreviation	Meaning
CBA	Cost-Benefit Assessment/Analysis
CF	Cohesion Fund
COA	Court of Auditors
DG	Directorate-General of the European Commission
DG ADMIN	DG Administration
DG ECFIN	DG Economic and Financial Affairs
DG ENV	DG Environment
DG MARKET	DG Internal Market
DG REGIO	DG Regional Policy
DG TREN	DG Transport and Energy
DO	Desk Officer
EAR	European Agency for Reconstruction
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIF	European Investment Fund
EPSO	European Personnel Selection Office
ERDF	European Regional Development Fund
FAC	Financial Assistance Committee for TEN-T
FTE	Full Time Equivalent
GIS	Geographical Information System
ISPA	Instrument for Structural adjustment for Pre-Accession
LOI	Letter of Interest
MIP	Multi-annual Indicative Project
MS	Member State of EU
NPV	Net Present Value
PMO	Personnel Management Office
PPP	Public-Private Partnership
PSR	Project Status Reports (For MIP Projects)
TA	Technical Assistance
TEN-T	Trans-European Network - Transport

## Appendix B: Number of posts allocated to TEN-T programmes in November 2003 and 2004

Number of posts allocated to the TEN-T programme as of 30 November December 2003 (expressed in FTE which equals 12 person months)									
Directorate	Total statutory and non-statutory posts	Statutory post (including auxiliaries)				Non-statutory posts			
		Total statutory	Grade			Total non-statutory	Detached national experts	Interim posts	External experts
			A-grade	B-grade	C-grade				
Directorate A	Actual	3.93	0.84	0.96	2.13	0.00			
Unit B Horizontal	Actual	10.55	2.5	3.9	4.15	0.00			
Unit B2	Actual	13.70	4.65	2.15	3.9	3.00	3		
Unit B3	Actual	15.85	7.15	2	3.7	3.00	3		
Unit B4	Actual	0				0.00			
Directorate D	Actual	0				0.00			
Directorate E	Actual	5.45	2.7	0.45	1.9	0.40	0.4		
Directorate F	Actual	1.8	1.2	0.3	0.3	0.00			
Directorate G	Actual	0.9	0.15	0.1	0.35	0.30	0.3		
<b>Total FTE TEN-T posts (exc. Dir A)</b>	<b>Actual</b>	<b>48.25</b>	<b>18.35</b>	<b>8.90</b>	<b>14.30</b>	<b>6.70</b>	<b>6.7</b>	<b>0</b>	<b>0</b>
<b>Total posts DG TREN (inc. Dir A)</b>	<b>Actual</b>	<b>52.18</b>							

Source : DG TREN

Number of posts allocated to the TEN-T programme as of 30 November 2004 (expressed in FTE which equals 12 person months)									
Directorate	Total statutory and non-statutory posts	Statutory post (including auxiliaries)				Non-statutory posts			
		Total statutory	Grade			Total non-statutory	Detached national experts	Interim posts	External experts
			A-grade	B-grade	C-grade				
Directorate A	Actual	4.01	0.84	1.04	2.13	0.00			
Unit B Horizontal	Actual	3.60	0.9	0.9	1.8	0.00			
Unit B2	Actual	13.65	4.65	2	4	3.00	3		
Unit B3	Actual	20.75	10.15	3	4.6	3.00	3		
Unit B4	Actual	8.4	1.6	4	2.8	0.00			
Directorate D	Actual	0				0.00			
Directorate E	Actual	5.75	2.9	0.45	1.8	0.60	0.6		
Directorate F	Actual	1.8	1.2	0.3	0.3	0.00			
Directorate G	Actual	0.96	0.26	0.1	0.4	0.20	0.2		
<b>Total FTE TEN-T posts (exc. Dir A)</b>	<b>Actual</b>	<b>54.91</b>	<b>21.66</b>	<b>10.75</b>	<b>15.7</b>	<b>6.80</b>	<b>6.8</b>	<b>0</b>	<b>0</b>
<b>Total posts DG TREN (inc. Dir A)</b>	<b>Actual</b>	<b>58.92</b>							

## Appendix C: Questionnaire

### INTRODUCTION

In view of the recently adopted Community Regulation (EC 58/2003) laying down the statute for executive agencies, the Directorate-General for Transport and Energy (DG TREN) has decided to launch a study for a Cost-Benefit Assessment of the potential externalisation of the management of the Community financial support to the TEN-T.

The interviews with key stakeholders are part of the data collection phase with the objective to identify and quantify the activities of DG TREN TEN-T in particular, the rationale and the cost-effectiveness of establishing an Executive Agency.

Therefore it is important to obtain a clear understanding of the tasks and responsibilities in relation to the TEN-T procedures and the actual workload, and appreciate your cooperation in this respect.

**Participant(s) in interview:**

Name	Unit	Position	Area of responsibility

### TASKS AND WORKLOAD

1. Presented with the identified 16 TEN-T tasks (See the enclosed Table) - Please explain function, responsibility and the amount of time spend on TEN-T tasks?

1.a Identify the tasks, function and responsibility that you are involved in?

1.b How much of your time is spent on TEN-T on an overall annual basis. Further, please try to distribute the time on the 16 tasks.

1.c Are the 16 tasks identified in the table representative of the TEN-T administration, if not please explain?



## QUALITY AND RESOURCE USE

### 2. Quality of work versus time and resources available

2.a Does the present organisational set-up provide you with the time and resources to carry out your tasks to the standards expected by the Commission?

2.b Could the quality of your output be improved through additional time, resources or tools?

2.c Other points which could improve the quality of work carried out?

## ADMINISTRATIVE PROCEDURES

### 3. Procedures of TEN-T administration (overall and at project level)

3.a Does the current TEN-T procedures create constraints to your daily work?

3.b Are there obvious procedural changes that could improve the administration of the TEN-T, without conflicting with the legal basis of TEN-T?

## EFFICIENCY OF TENT-T ADMINISTRATION

### 4. Identifying potential efficiency gains in the daily management of TEN-T projects

4.a According to your experience, are there any elements of the TEN-T administration that could/should be more efficiently managed?

4.b Do you experience unreasonable delays in your output resulting from the workflow within the present TEN-T administration/ project management system?

4.c Given an increase in TEN-T budget of 200%, what will be the impact on your tasks, if:

- The number of projects increases proportionately?
- The number of projects remains comparable but with higher contribution?

## EXTERNALISATION

### 5. What can be externalised?

5.a Referring to the enclosed Table, which of the 16 tasks can in your opinion be externalised?

5.b Based on your specific tasks, will the externalisation of the TEN-T administration improve the efficiency, in terms of:

- Time spend on each task
- Quality of the performed work
- Procedural improvement

Please explain:

5.c Bearing in mind the Regulation on "Externalisation" stating that tasks which require discretionary powers in translating political choices into action may not be outsourced, do you see any constraints in the co-operation between DG TREN and a future Agency that would reduce efficiency?

## **THE AGENCY AND FUTURE ACTIVITIES**

6. The Agency and future expansion of activities

6.a Are there other tasks not presently managed by DG TREN, that could be undertaken by a future Agency for the benefit of the TEN-T programme?

6.b Any other comments or suggestions

**TEN-T: Baseline Definition of Tasks and Staffing Level**

<b>Task No.</b>	<b>Title</b>	<b>Description</b>	<b>Time spend (% of year)</b>
1	Policy & Decision Making	All activities related to definition of strategy, legal base, implementing provisions and decisions on financing and proposals	
2	Invitation to Member States	Preparation and submission of LOI & Annexes, including standard application forms and status reports	
3	Reception and Evaluation of TEN-T Proposals	a) Administrative and Database Registration and distribution to Desk Officers; b) contacts to PP, assessment & evaluation, preparation of appraisal form and ranked list of proposals	
4	TEN-T FAC Committee	Preparation of Dossier, invitations, meeting, possible adjustments to draft allocation, notes & minutes	
5	Adoption of Proposals	Following TEN-T FAC approval, inter service consultation and preparation of final docs and translation - including pos. Later revision	
6	Financial Commitment	Preparation, maintenance and closure of all financial commitments - both TEN-T and other external	
7	Contract	Preparation and Signature of Contracts & Grant Agreements, including possible amendments and closure	
8	Disbursements	Preparation and processing of advance, interim and final payments - including verification of supporting docs	
9	Project Monitoring	Receipt and assessment of progress reports, request for add information - occasional site visits	
10	Audit	Audit of expenditure and/or implementation procedures on specific projects	
11	Procurement of Services	TA for evaluation of demanding proposals and other supporting studies	
12	Budgeting	Annual work plan for TEN-T and internal budget allocations	
13	Controlling & Reporting	General Supervision of various tasks	
14	Filing and Archiving	Database, digital and hardcopy filing of all documents	
15	Programme Evaluation	Overall evaluation of TEN-T programme impact and effectiveness. Regular and ad-hoc, typically by external TA	
16	IT Support	Not Helpdesk - specific support to development of tools for TEN-T monitoring and implementation	
<b>TOTAL (Max. 100% if full time on TEN-T)</b>			

## Appendix D: List of Background Documentation

- 1 Council Regulation (EC) 1655/1999 amending Council Regulation 2236/95
- 2 Council Regulation (EC), 807/2004 of 21 April 2004 amending Council Regulation 2236/95
- 3 Commission Decision C(2001) 2654 final of 19/09/2001 establishing an Indicative Multi-annual Programme
- 4 COM (2003) 564 Final, Amended Decision of the European Parliament and of the Council adopted on 21 April 2004 and amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport
- 5 COUNCIL REGULATION (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes
- 6 Draft Commission Regulation on a standard financial regulation for the executive agencies
- 7 Court of Auditors opinions 8/2001 and 9/2003 on the above Draft Regulation
- 8 Commission Guidelines for establishing an Executive Agency
- 9 Externalisation Arrangements for “Intelligent Energy for Europe” Programme. A cost-effectiveness assessment, Final Report, Eueval-C3E, 10/12/2002
- 10 Draft Commission Decision setting-up and executive agency, the “Intelligent Energy Executive Agency”, to manage Community action in the field of energy in application of Council Regulation (EC) N° 58/2003
- 11 COM (2002) 264(01) Communication from the Commission : A new type of office for managing support and administrative tasks at the European Commission
- 12 Communication from the Commission : Management of Community programmes by networks of national agencies COM(2001) 648 (November 2001)
- 13 Draft Communication of DG TREN Financial perspectives 2007-2013 (FR)

- 14 COM (2004) 101 final/2, Building our common Future, Policy challenges and Budgetary means of the Enlarged Union 2007-2013
- 15 Van Miert Report and Ten-Invest Report, Planco, 2003
- 16 An European Growth Initiative, Final Report to the European Council
- 17 Note on functioning of TEN-T, A Baron (FR)
- 18 Organigramme of DG TREN, 1/5/2004
- 19 Job descriptions of DGTEN/B3 (EN)
- 20 DG TREN Directorate B: Mission Statement
- 21 Court of Auditors system analysis of TEN-T (Draft) (EN)
- 22 Latest (draft) TEN-T Handbook (EN)
- 23 DG TREN Manual of Procedures, 2004
- 24 The Euro-Regional Project brochure, DG TREN
- 25 Cohesion Fund Consolidated Regulation
- 26 Annual management plan DG REGIO, 2003 and 2004
- 27 C(2004) 577 on secondment of END
- 28 New Staff Regulations of Officials of EC, 1 May 2004
- 29 Regulation 724/2004 amending 1406/2002 establishing a European Maritime Safety Agency
- 30 Galileo Study, Phase II, PWC, 2003
- 31 European Aviation Safety Agency: Overview, Deloitte&Touche, 2002
- 32 EASA, Staffing Policy and 2003 Budget and establishment plan
- 33 European Agency for Reconstruction, Evaluation report, DRN
- 34 A Handbook for Impact Assessment in the Commission, DG Secretariat General, Ref: SEC/2002/1377
- 35 DG ECFIN, Economic Forecast Spring 2004