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"I/A" ITEM NOTE

From:	Working Party on Structural Measures
To:	Permanent Representatives Committee (Part 1)/Council
Subject:	Draft Council conclusions on Special report No 1/2014: "Effectiveness of EU-supported public urban transport projects"

1. On 10 April 2014, the General Secretariat of the Council received the Special Report No 1/2014 "Effectiveness of EU-supported public urban transport projects"¹, adopted by the Court of Auditors at its meeting on 5 February 2014.
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors², the Permanent Representatives Committee (Part II) at its meeting on 30 April 2014 instructed the Working Party on Structural Measures to examine this report according to the rules laid down in the abovementioned conclusions.

¹ OJ C 106, 9.4.2014, p. 3.

² Doc. 7515/00 FIN 127 + COR 1.

3. The Working Party on Structural Measures examined the Special Report on 20 May 2014 and an agreement on draft Council conclusions was reached on 20 June following a silence procedure.
 4. The Permanent Representatives Committee is therefore invited to recommend to the Council to adopt, as an "A" item, these draft Council conclusions as set out in the Annex to this document.
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Draft Council conclusions on Special Report No 1/2014**"Effectiveness of EU-supported public urban transport projects"**

The special report (No 1/2014) entitled "Effectiveness of EU-supported public urban transport projects" – assessed the implementation and the effectiveness of public urban transport projects co-financed by EU structural funds, and whether they meet user needs and they achieve their objectives in terms of utilisation.

The audit covered a sample of 26 projects co-financed by the European Regional Development Fund or the Cohesion Fund during the 2000-2006 and 2007-2013 programming periods. The selected projects were located in 11 cities in five Member States. The EU funding allocated to urban transport in these five countries (EUR 5.3 billion) represents 50 % of the total EU funding (EUR 10.7 billion). The sample included projects that consisted of creating, extending or modernising railways (three), metros (eight), light metros (four), trams (six) and one bus project. They ranged from a single line or a simple section to a whole network. The sample also included four smaller projects in one MS relating to operating, information or ticketing systems.

The EU auditors concluded that, in general, infrastructure and vehicles for most projects were implemented in accordance with project specifications. Significant delays affected four urban transport projects and three projects had significant cost overruns. Once completed, almost all the projects audited met users' needs. However, a comparison between planned use at specific dates and actual use shows that two thirds of the projects were underutilised. This implies underperformance in terms of economic and social benefits (reductions in pollution and congestion etc.) which is generally not followed up by the promoters or the national authorities. It may also imply financial imbalances for the public authorities that have to ensure the sustainability of the urban transport concerned. The underutilisation of public transport is mainly due to weaknesses in project design and mobility policy. Several could have been addressed at the project planning stage.

Based on its findings, the ECA recommended that the EU Commission require that:

- management tools be put in place to monitor the quality of the service and the level of user satisfaction once projects are operational;
- a minimum number of result indicators with related targets be included in the grant agreements and are subsequently measured;
- the estimation of the number of expected users is more rigorously analysed and that the choice of the mode of transport is supported by a quantified comparison of different transport options;
- urban transport projects be included in a sound mobility policy;
- these relevant recommendations also be addressed by the Member States' authorities when managing EU-funded urban transport projects.

THE COUNCIL OF THE EUROPEAN UNION,

- (1) WELCOMES the report from the European Court of Auditors and TAKES note of its conclusions;
- (2) NOTES that urban transport is very important since the proportion of the European population residing in urban areas is expected to increase from 73 % in 2010 to 82 % by 2050 and because European cities need to enhance mobility and to reduce congestion, accidents and pollution and to enhance social inclusion. Public transport is the backbone of sustainable urban transport and as such support from public authorities is often an intended necessity;
- (3) WELCOMES that 15 out of the 21 projects analysed were operational on time or with a delay of 9 months or less, and UNDERLINES that some delays in major infrastructure projects are often unavoidable due to technical and other difficulties beyond the control of the project promoters (i.e. archaeological excavation, appeals from citizens that contest environmental aspects of the projects etc);

- (4) RECALLS that delays in the implementation of projects might lead also to delays in the achievement of targets concerning utilisation. Underutilisation is closely connected with the impacts of the international economic and financial crisis that were not predictable when analyses was carried out at the design and planning phase with regard to demand in urban mobility;
- (5) UNDERLINES that the appraisal and adoption procedure for major projects for the 2014–20 programming period will allow for an early, upstream review of the projects by experts specialising in project management, CBA analysis and technical/engineering issues. Furthermore in line with the regulatory framework for the new programming period, all projects will include, where relevant, common output indicators. Result indicators will be agreed during the negotiation process of the programmes and will be set at the priority axis level, and then subsequently monitored during the implementation period. However, the specific modalities of the evaluation and monitoring system, and in particular the contracting arrangements between the managing authorities and the operators, will be among the competences of the managing authority, as stated in Article 125(3)(c) of Regulation (EU) No 1303/2013. However, the utilisation rate is not part of the common indicators requested to be monitored by Member States;
- (6) RECALLS that all major projects will have to demonstrate their contribution to objectives set at programme level to promote sustainable multimodal urban mobility as set out in Article 5(4)(e) of Regulation (EU) No 1301/2013 (the ERDF regulation) and Article 4(a)(v) of Regulation (EU) No 1300/2013 (the Cohesion Fund regulation);
- (7) WELCOMES the finding that services offered by the projects were, in 18 out of 21 audited cases, monitored and in line with the related targets set and NOTES that in the remaining 3 cases the completion of the totality of the projects will meet these targets as well.
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