

Opinion by CSUEUF concerning the document issued by the Ministry of Transport, Information Technology and Communications „Strategic Investment Plan 2014-2020” presented to the OP Transport Monitoring Committee on 08.12.2011

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By this opinion the Civic Coalition for sustainable use of EU funds (CSUEUF) is expressing satisfaction of the obvious change of priorities in transport sector by giving priority, in terms of projects proposed for financing from EU funds during the next programming period, to more environmentally friendly transport modes, such as railroad – in town and out-of-town conditions – over the road transport, and the development of an effective network for multimodal travelling and carriage of goods.

In this way investments during the next programming period are in compliance with the condition laid down as a consequence of the environmental assessment of the Transport Master Plan (TMP) until 2030, with the motif that the primary environmental objective of the plan shall be the development of sustainable transport including “balanced development of the different transport modes by increasing the share of rail transport, aiming at transport emissions limitation”.

In its stand concerning investments in the transport sector for programming period 2007-2013, CSUEUF insisted on developing a sustainable transport system in Bulgaria and changing the existing development trend based predominantly on road passenger and freight transportation.

The above lines of development provided that 75% of the entire funding for the transport sector is used for transport systems and modes involving low-carbon imprint and social orientation, namely: urban public transport, integrated regional and suburban transport systems, rail transport, intermodal infrastructures, bicycle paths and alleys, as well as traffic management systems.

The analysis of the needs and problems of the transport sector made for the purpose of TMP has unequivocally shown that by year 2010 the above objectives for development of sustainable transport system have not been achieved. We hope that with an adequate process of planning and implementation for the next programming period, such investments will attain the social and environmental objectives laid down in Europe 2020 Strategy and required by the regulations concerning European financing.

Given the complexity and challenges facing the transport sector at European level and the specific problems of the national transport system we will also take this opportunity to critically review and make suggestions for complementing the document which, at this stage, we consider as a draft proposal.

Despite the well-described European objectives and priorities in Part III, the proposed sub-objectives of the Strategic Investment Plan (SIP) for 2014-2020 apply to the construction of infrastructure mainly and a large part of it are still carbon-intensive projects. The priorities, except for the implementation of intelligent transport systems (ITS) and an intermodal terminal in Rouse, cannot give an answer to the question how to attain the objective of sustainable transport



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system in the country by 2020.

We would like to bring to your attention the major faults we identified in the objectives and priorities of this document for the period 2014-2020, which should be further developed in the Bulgaria 2020 Strategy and the future OP Transport in order to attain the objective of sustainable transport system. The detailed argumentation is set out below in the opinion.

- Absence of a clear objective of reducing the emissions of greenhouse gases from transport in terms of the specific recommendations of the White Paper by 2030 and 2050
- Absence of a definition of the problem of oil dependency for the transport system and a clear strategy and objectives for its reduction
- In the investment plan no activities for adequate planning and development of the transport system “door to door” have been set to satisfy the needs of all groups in society, without discrimination to any of them, especially to vulnerable ones
- At this stage there is no horizontal integration of environmental protection through the mechanisms of environmental impact assessment at the level of programs and projects, by examining and choosing alternatives that will have minimal impact, by constructing environmental infrastructure in order to avoid habitat fragmentation and reduce noise pollution. No green procurement objectives and their role in the general framework have been set
- At this stage there is no adequate implementation of the Partnership principle in the preparation of strategic documents, the selection of project solutions and monitoring their implementation

According to European strategic documents concerning the realisation of a sustainable transport system it is necessary to make purposeful efforts and apply appropriate investment policy to address these problems while, at least at this stage, they are not well defined and developed, and some of them are altogether missing.

Development of a sustainable transport system – an overall objective of the Strategic Investment Plan

The main conclusion of the White Paper on Transport is that the existing EU transport system is not sustainable and that the guidelines for its development should be drastically changed.

The renewed EU Sustainable Development Strategy (Council of Europe, June 2006) defined the „sustainable transport system” as such that shall „satisfy society's economic, social and environmental needs, by minimizing undesired impacts on economy, society and environment”. To be more precise, the main „undesired impacts on economy, society and environment” in the transport sector are: **traffic congestions, oil dependency, traffic accidents, greenhouse gases emissions and other pollutants, noise pollution and fragmentation of land and natural habitats**

as a result of infrastructure projects (SEC(2011) 358 final)¹. In the White Paper on Transport (COM (2011) 144 final) special attention to two of above factors is paid:

- **Oil dependency** - the White Paper sets forth this issue as follows:
 5. *Oil will become scarcer in future decades, sourced increasingly from uncertain supplies. As the IEA has recently pointed out, the less successful the world is in decarbonising, the greater will be the oil price increase. In 2010, the oil import bill was around € 210 billion for the EU. If we do not address this oil dependence, people's ability to travel – and our economic security – could be severely impacted with dire consequences on inflation, trade balance and the overall competitiveness of the EU economy.*
 17. *The challenge is to break the transport system's dependence on oil without sacrificing its efficiency and compromising mobility. In line with the flagship initiative "Resource efficient Europe" set up in the Europe 2020 Strategy and the new Energy Efficiency Plan 2011, the paramount goal of European transport policy is to help establish a system that underpins European economic progress, enhances competitiveness and offers high quality mobility services while using resources more efficiently. In practice, transport has to use less and cleaner energy, better exploit a modern infrastructure and reduce its negative impact on the environment and key natural assets like water, land and ecosystems.*

In Bulgaria, this problem is additionally aggravated by the fact that one company is practically monopolist in the supply of fuels holding a market share of around 70%.

In our opinion it is surprising that this, determined at European level, most serious obstacle to the realisation of a sustainable transport system **is absent** among the objectives and priorities of the Strategic Investment Plan.

Statistical data from recent years show that transportation of approximately 2/3 of the total volume of freight - 64% (or over 60 million tons annually) and 2/3 of the total passenger flows in the public transport sector - 66% (or over 640 million annually) is carried out by road transport. On p. 42 of the Transport Master Plan (TMP) data about road freight transport as the most prevailing one and covering 89 % share of the goods transported are given.

The one-sided deep dependence of our country on road freight and passenger transport resulted in the existence of monopoly in the economy whose negative consequences are trivial round: traffic accidents are a major factor in mortality among economically active population (only deaths from road traffic accidents cost the budget € 600 million a year – p. 92 of the TMP); daily paralyzed main roads and access routes to major cities, resulting in significant economic losses, social pressure due to fuel prices and last but not least - systematic contamination of the environment by gas emissions and other harmful physical factors.

¹ IMPACT ASSESSMENT Accompanying document to the WHITE PAPER



Given that it has been laid down that this document “was elaborated on the base of the conclusions and recommendations of the Transport Master Plan”, we can see a **significant defect**, namely: on p. 5 (p. 32 TMP) in the table summarizing the data about the prognostic models, as a fuel price the amount of 1.13 euros per litre in 2015 and 1.23 euros per litre in 2030 has been given, as estimated by the consultant.

This projection contradicts the above conclusions of the White Paper.

In more detail, the problem is addressed in the document Compatibility Evaluation of the White Paper “latest projections similar to those of the International Energy Agency”² are made with oil prices of 59\$/ barrel in 2005, increasing to 106\$/barrel in 2030 and 127\$/barrel in 2050³ (at the USD exchange rate in 2008). The above projections shall mean that the fuel price for the transport sector will be €600 billion more in 2050 compared to 2010 or more than 70% increase over the period under consideration”. The current prices in January were about \$ 110/barrel and the mass petrol prices in Bulgaria - €1.21 per litre which shows that even these projections may prove to be too optimistic.

We consider that this error in the prognostic model is substantially manipulating the cost and benefit analysis (CSA) of the road projects in the TMP and calls into question their economic viability.

- **Traffic congestions**

11. Congestion is a major concern, in particular on the roads and in the sky, and compromises accessibility.

We witness the all-day paralysis of major cities and other types of traffic congestion – at the entry and exit of highways. Some of them are due to mass leaving and coming back to towns and cities at the end of the week, but others are daily routine. In the White Paper impact assessment it has been established that the construction of new road infrastructure to solve this problem is increasingly rarely practiced and that more effective, inclusive as price /imposing less burden on the budget/, measures are recommended, namely decisions that would contribute to long-term sustainability.

To achieve the objective of “sustainable transport system” the Strategic Investment Plan 2014-2020 should respond to two other essential problems formulated also in the White Paper:

- **Demographic trends and mobility**

According to the Eurostat analysis EUROPOP 2008 and the EC Report concerning ageing of the population⁴ it is expected that senior citizens in the EU aged over 65 will make 24% in 2020 and 29% in 2050 against 17% nowadays. One in six EU citizens has various degree of disability. About 20% of the people aged over 75 suffer drastic restrictions in their daily lives. With increasing life

² The IEA Energy Technology Perspectives 2010 assumes 115 \$/barrel in 2008 prices for 2030 and 120 \$/barrel for 2050

³ The oil price projections are the result of world energy modelling with PROMETHEUS stochastic world energy model, developed by the National Technical University of Athens (E3MLab)

⁴ European Commission, DG Economic and Financial Affairs: 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060)



expectancy in the elderly it is expected to increase the number of those who have severe movement constraints as the group tends to become increasingly large relative to the economically active population.

To this major part of the population we should add also other vulnerable groups - children, minorities or cultural restrictions such as gender, which for various reasons, have limited or denied access to individual vehicles.

In the just published EC Draft Common Strategic Framework 2014-2020 (SWD (2012) 61 final), as a primary horizontal principle, the "Support and Promotion of Gender Equality and Non-Discrimination" has been also highlighted.

„All programmes will need to combat discrimination and promote equal opportunities as well as to ensure accessibility for persons with disabilities during their preparation and implementation. Accessibility should be a characteristic of all products and services offered to the public and co-financed by the CSF Funds. In particular, accessibility to the built environment, transport and information and communication, including new technologies, should be required by the Managing Authorities.“

On p. 8 of SIP, the TMP conclusion was quoted that *“increase of prosperity and the number of passenger cars resulted in the fact that bus transport and in particular rail transport are less competitive compared to traveling by private car, unless no significant improvements are made.”*

At the same time we can see that such “significant improvements” needed to shift the focus of the transport system from individual carbon-intensive vehicles to adequate public transport that would meet both the demographic realities and the environmental objectives, is one of the main priorities for achieving sustainable transport system.

On the other hand such a change cannot be provoked by building new infrastructure only. As stated in the TMP analysis of shortcomings of the national transport system “capacity is now least problematic”. The main problem determined is the “absence of uninterrupted, successive and permanent transport networks to ensure fast and safe movement for longer transport distances within, to, from and through Bulgaria”. This problem can be only overcome by carefully planning the interaction of transport networks at local and regional level with major road and rail routes.

33. The interface between long distance and last-mile freight transport should be organised more efficiently. The aim is to limit individual deliveries, the most ‘inefficient’ part of the journey, to the shortest possible route. The use of Intelligent Transport Systems contributes to real-time traffic management, reducing delivery times and congestion for last mile distribution.

We believe that during the next programming period 2014-2020 it is necessary to overcome the artificial division of investment in the transport system through various operational programs. We see the sense in bringing OP Transport and transport-related projects under OP Regional Development and Cross-Border Cooperation in order to achieve planning and targeted investment in integrated transport schemes of the most effective combination of transport modes in terms of the economic, social and physiogeographic features of each region.

The result we should look for by 2020 shall be fixed percentages or units of passengers and goods that can move efficiently in terms of time and resources “from door to door” by using more environmentally friendly transport.

Such is also the sense of the White Paper recommendation:

- 19. New transport patterns must emerge, according to which larger volumes of freight and greater numbers of travellers are carried jointly to their destination by the most efficient (combination of) modes. Individual transport is preferably used for the final miles of the journey and performed with clean vehicles. Information technology provides for simpler and more reliable transfers. Transport users pay for the full costs of transport in exchange for less congestion, more information, better service and more safety. Future development must rely on a number of strands:*
- Improving the energy efficiency performance of vehicles across all modes. Developing and deploying sustainable fuels and propulsion systems;*
 - Optimising the performance of multimodal logistic chains, including by making greater use of inherently more resource-efficient modes, where other technological innovations may be insufficient (e.g. long distance freight);*
 - Using transport and infrastructure more efficiently through use of improved traffic management and information systems (e.g. ITS, SESAR, ERTMS, SafeSeaNet, RIS), advanced logistic and market measures such as full development of an integrated European railway market, removal of restrictions on cabotage, abolition of barriers to short sea shipping, undistorted pricing etc.*

The Common Strategic Framework 2014-2020 explicitly states that „It is essential that Member States ensure that all ministries and managing authorities responsible for the implementation of the CSF funds work closely together in the preparation, implementation, monitoring and evaluation of the Partnership Contract and programmes. The Partnership Contracts should set out the arrangements for ensuring this coordination and the concrete measures that will be taken to maintain this coordination throughout the programming period. Such coordination should include:

- the identification of areas of intervention where the CSF Funds can work together in a complementary manner to achieve the thematic objectives set out in the proposed Common Provisions Regulation*
- the involvement by managing authorities responsible for one of the CSF Funds of other managing authorities and relevant ministries in the development of support schemes to ensure synergies and avoid overlaps*
- the establishment, where appropriate, of joint monitoring committees for programmes implementing CSF Funds, and the development of other joint management and control arrangements to facilitate coordination between authorities responsible for the implementation of CSF Funds”*

Also, the principle of Integrated Territorial Investment for the ERDF, ESF and CF:



„An Integrated Territorial Investment (ITI) is an instrument which provides for integrated delivery arrangements for investments under more than one priority axis of one or more operational programmes. Funding from several priority axes and programmes can be bundled into an integrated investment strategy for a certain territory or functional area. This can take the form of an integrated strategy for urban development, but also for intermunicipal cooperation in specific territories. It allows the managing authorities to delegate the implementation of parts of different priority axes to one body (a local authority) to ensure that investments are undertaken in a complementary manner.”

- **Pollution reduction or „decarbonized transport”**

According to the White Paper:

7. ... *Transport has become cleaner, but increased volumes mean it remains a major source of noise and local air pollution.*
17. *In practice, transport has to use less and cleaner energy, better exploit a modern infrastructure and reduce its negative impact on the environment and key natural assets like water, land and ecosystems.*

In the analysis of the above document „White Paper Impact Assessment” (SEC (2011) 358 final) it has been noted that the European Community transport system is responsible for ¼ of carbon emissions which, despite modernization, increased during the last 20 years. The correlation in terms of transport modes is: 71.3% - road transport, 15.3% - sea and river transport, 12.8% aviation and 0.7% - rail transport (noting that only emissions resulting from diesel facilities are included here, but not electrical ones whose share in the EU is 66% on average).

According to key EU documents on transportation, there are several clearly defined objectives to reduce the negative impact of industry on the environment:

1. Greenhouse gas emissions reduction by 60% until 2050
6. *Commission analysis shows that while deeper cuts can be achieved in other sectors of the economy, a reduction of at least 60% of GHGs by 2050 with respect to 1990 is required from the transport sector, which is a significant and still growing source of GHGs. By 2030, the goal for transport will be to reduce GHG emissions to around 20% below their 2008 level. Given the substantial increase in transport emissions over the past two decades, this would still put them 8% above the 1990 level.*

To attain this objective, the White Paper underlines the need for immediate actions: *“Action cannot be delayed. Infrastructure takes many years to plan, build and equip – and trains, planes and ships last for decades – the choices we make today will determine transport in 2050”.*



Proposed are also „Ten Goals for a competitive and resource efficient transport system: benchmarks for achieving the 60% GHG emission reduction target” which should be implemented as a whole, in order to ensure a fully functioning system but we would emphasize three of them, as especially important:

- *Halve the use of ‘conventionally-fuelled’ cars in urban transport by 2030; phase them out in cities by 2050; achieve essentially CO₂-free city logistics in major urban centres by 2030.*
- *30% of road freight over 300 km should shift to other modes such as rail or waterborne transport by 2030, and more than 50% by 2050, facilitated by efficient and green freight corridors. To meet this goal will also require appropriate infrastructure to be developed.*
- *Move towards full application of “user pays” and “polluter pays” principles and private sector engagement to eliminate distortions, including harmful subsidies, generate revenues and ensure financing for future transport investments.*

Such urgent and radical actions needed to make the transport system sustainable in terms of resource efficiency and environmental protection, are partly contrary to the statement on p. 3 of SIP: „For the 2014-2020 programming period, it is extremely important to guarantee the continuity and logical sequence of investments, as this will ensure the completion of projects where investments have already been made and will enable the construction of a core network and cross-border links along the directions of the TEN- T”, given that the main priority for programming period 2007-2014 was the carbon-intensive projects. Especially for road projects which, except for the tunnel through Kresna Gorge on Struma motorway, are planned to be completed though funding of this period, consistent would be their binding in Intelligent traffic control systems (ITS) and multimodal networks for freight and passengers, and the construction of environmentally friendly infrastructure (e.g. noise barriers) which has not been planned, ordered, and accordingly not built during this period.

2. Practical application of the „user pays” and „polluter pays” principles

The Common Strategic Framework 2014-2020 defines above principles as follows: „To ensure the horizontal integration of sustainable development, the polluter pays principle as set out in Article 192 of the Treaty on the Functioning of the European Union implies that those who cause environmental damage should bear the costs of avoiding it or compensating for it. As a general rule, this means that funding should not be used to meet the costs of complying with existing legislation. The polluter pays principle should be systematically applied across programmes and projects.”

The White Paper stated it as follows:

58. Price signals play a crucial role in many decisions that have long-lasting effects on the transport system. Transport charges and taxes must be restructured in the direction of wider application of the ‘polluter-pays’ and ‘user-pays’ principle. They should underpin transport’s role in promoting European competitiveness and cohesion objectives, while the overall burden for the sector should reflect the total costs of transport including infrastructure and external costs. Wider socioeconomic benefits and positive externalities justify some level of public funding, but in the future, transport users are



likely to pay for a higher proportion of the costs than today. It is important that correct and consistent monetary incentives are given to users, operators and investors.

59. The internalisation of externalities, the elimination of tax distortions and unjustified subsidies and free and undistorted competition are therefore part of the effort to align market choices with sustainability needs (and to reflect the economic costs of 'non-sustainability'). They are also necessary to establish a level playing field between modes which are in direct competition.

61. The cost of local externalities such as noise, air pollution and congestion could be internalised through charging for the use of infrastructure.

3. At this stage, the national transport policy and the projects themselves fail to sufficiently consider the harmful effects of transport construction and use and in particular the road infrastructure as most harmful to the environment.

10. The infrastructure has to be planned in a way that maximises positive impact on economic growth and minimises negative impact on the environment.

In order to satisfy this White Paper requirement, the mechanisms for evaluation of projects and programs concerning the environment should be fully utilized, such as the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA), based on careful review and consideration of the opinion of the affected and interested community, the proposed alternatives, etc. Managing Authorities should adopt a far-sighted approach when comparing costs within the life cycle of alternative investment methods, taking into account the conservation of ecosystems and biodiversity when making calculations.

Other tools such as considering the carbon imprint of projects in the final evaluation and non-infringement of protected areas can also significantly reduce negative environmental impacts.

Partnership principle in planning OP Transport 2014-2020

During the consultations on Bulgaria 2020 Strategy on 06.28.2011 a meeting was held on Bulgaria 2020 Priorities. At this meeting a CSUEUF representative submitted proposals on the Priorities in writing.

Priority for the transport sector was proposed to be as follows:

Transport – „*Improvement of the transport mobility, access to markets, environmental and territorial integration of the transport system*”;

Sub-objectives:

- 1) Balanced development of the individual transport modes, giving priority to rail transport;
- 2) Development of low-carbon transport for the purpose of reducing the negative environmental impact and the dependence on fossil fuels.

At that, the sub-objectives proposed are in compliance with the transport priorities at European level and with the recommendations in the Environmental Assessment of the General Transport Master Plan.

Nevertheless, our proposal has not been adopted and at present the transport priority (P8) is „*Improvement of the transport connectivity and access to markets*”.

We believe that the non-consideration of our proposal is directly related to defects identified in the SIP.

This Strategic Investment Plan predefines and sets objectives, sub-objectives and priorities for the development of the transport system of Bulgaria 2014-2020, without having been presented to and approved by society or other partners in this process.

Taking into consideration the fact that EU funds are expected to be the main part of the investment portfolio and their programming explicitly requires full-fledged process of public consultations, we believe that the objectives, sub-objectives and priorities shall be subject to significant change.

We hope that during the remaining part of the planning process public consultations will not be carried out formally only and that they will enable the integration of proposals for policies, mechanisms, projects and indicators beside the ones proposed by the relevant ministries, guaranteeing the high quality and public approval of future Operational Programs.

Conclusions and recommendations:

- 1. To make full use of the assessments and analyses of the current programming period in order to identify correctly the problems and insure their prevention in the next programming period**
- 2. In our opinion, it is necessary to make a more careful review and selection of projections that will predetermine the investment plan for hundreds of millions of taxpayers money, and accordingly, the result at the end of the programming period**
- 3. To clearly define the specific objectives that Bulgaria sets in the transport sector versus the White Paper recommendations and indicators for their achievement**
- 4. The document should contain the evaluation of various alternatives to achieve specific objective and the reasons for selecting specific alternative**
- 5. To clearly identify the measures needed for further integration of different passenger transport modes to ensure smooth multimodal "door to door" transport**



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