The Norwegian Coastal Administration’s Guide for the Aid Scheme for Short Sea Shipping
Preface

The Norwegian Coastal Administration administers and manages the aid schemes for the transfer of freight from road to sea transport.

This guide is intended to ensure that applicants for aid to transfer of freight from road to sea provide the necessary information to the Norwegian Coastal Administration to enable processing of the aid application. The guide applies to the application formulation itself and must be used as a supplement to the guidelines for the aid scheme.

The guide will make the work of completing the application a simple and easily understood process. However the responsibility rests on the applicant to provide complete information, and the applicant must evaluate what relevant information he/she must provide with regards to his/her activities. Applicants must therefore describe the individual points of the application to the extent they are relevant for the project that the application for a grant applies to.

The Norwegian Coastal Administration is able to assist with guidance depending on your wishes and requirements.

The guide is available in an electronic format at www.kystverket.no/godsoverforing

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The Norwegian Coastal Administration's Head Office
March 2017
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Terms and clarifications

A **shipowner** means the owner of the ship or any other organization or person, such as the manager or bareboat charterer, who has assumed the responsibility for the operation of the ship from the shipowner and, who on assuming such responsibility, has agreed to take over all the attendant duties and responsibilities.

A **project** is defined by the route (sailing pattern), the freight to be transported, all related services and the road transport that is transferred. A project for which a grant can be applied under this aid scheme, must have a clear geographical, functional and financial boundary. A utility value must clearly be demonstrated for each project.

A **line** (or route) is a scheduled sailing pattern between two or more ports in Norway or between Norwegian ports and ports in the EEA area.

A **socio-economic gain**, or a reduction in socio-economic costs, is arrived at as the difference between the marginal external costs of the different modes of transport, as calculated for road haulage by Thune-Larsen *et al* (2014) and for transport by sea and rail by Magnussen *et al* (2015).

An **external cost** is a negative effect applied to a third party due to financial activity. Transport activities impose external costs on society in the form of accidents, noise, congestion, local pollution, greenhouse gas emissions and wear and tear to the infrastructure. The marginal external cost is the cost of a marginal increase in the activity.

The external costs of transport will differ between modes of transport. In general, the external costs per unit (tonne-kilometre) of maritime transport are lower than the external costs per unit (tonne-kilometre) of road transport. A modal shift from road to sea will generally lead to lower external costs from transport, which will benefit the environment and society.

The term **external benefit** as applied here is the the difference in marginal external costs of freight transport by sea and road transport in the Norwegian area due to a modal shift in transport of freight from road to sea. It forms the basis of the aid and is calculated as the difference between the total external costs for the alternative of road transport and the alternative of transport by sea.

The Norwegian area/Norwegian territory is limited on land by the boundaries to our neighbouring countries, and in terms of the sea; by the Norwegian economic zone.

The **modal shift** is understood to be the transfer of road transport to sea measured in tonne kilometres (quantity of freight x transport distance).

**Eligible costs** states what costs the aid can cover. These costs will be used to calculate the ceiling of the aid.

The **ceiling of the aid** states the maximum limit of aid for any project.
**Accumulation** of support means that all public support, including support from other support schemes and EU-programmes, must be included in the calculation of the ceiling of the aid.

**Viability** demands that the project must be able to operate without support following the support period and that profitability is achievable in the long term.

**Grant** is equal to the total amount of aid that can be awarded to the project during the project period and is stated in the letter of intent.

**Payment factor per tonne** is equal to the period’s grant divided over the estimated quantity of freight tonnage.

**Legal basis**

The aid scheme is financed by the [National Budget section 1360, item 72](#) and is designed in line with the [EFTA Surveillance Authority (ESA) guidelines for state support for shipping (maritime guidelines) paragraph 10, regarding support for short sea shipping](#).

The scheme was approved by the ESA on 21 November 2016 ([208/16/COL](#)). The Ministry of Transport and Communications has designed guidelines for the scheme based on this decision. The [guidelines](#) are designed in accordance with [section 8 of the Regulations for financial management in government](#) and [chapter 6 of the Provisions for financial management in government](#).
1. Background to the scheme

Transport activities impose (external) costs on society in the form of accidents, noise, queues, local pollution, greenhouse gas emissions and wear and tear to the infrastructure. At the same time we cannot avoid the need for transport. A political goal Norway shares with the EU is to develop freight transport in a safe, environmentally friendly and efficient direction. The consequence of this is that the EU member countries will be cutting 40% of emissions by 2030 compared to the level in 1990.

The transfer of freight transport from roads to sea is a measure that will contribute to this goal. Taking this as a starting point, the EU and Norway have worked on the goal of transferring freight from the roads to sea and rail transport. The challenge has been to find good measures to ensure transfer.

The aid scheme for short sea shipping is endorsed in The National Port Strategy (2015) and has been based on findings from The National Transport Plan’s analysis of goods (2015), where the relevant segments for transfer in Norway have been mapped out. In the context of modal shift it is emphasised that the greatest potential for modal shift applies especially to road transport exceeding 300 km. The combined potential for transfer of freight is estimated to be between 5 and 7 million tonnes per annum from roads to sea and rail.
2. OBJECTIVES OF THE AID SCHEME
The objective of the scheme is to stimulate a modal shift from road to the waterborne transport by giving aid to new coastal and short sea services for freight between ports in the EEA, and for special cases to the upgrade of existing services.

The launching of new short sea services may sometimes be accompanied by substantial financial difficulties and low volumes of freight at an early stage. The aid scheme for short sea shipping is aimed at attenuating these difficulties, so that socially profitable transport projects are not hindered by a weak commercial profitability during the start-up phase. The shipowner may use the aid in part to compensate his clients for the increased costs of choosing a more environmentally friendly mode of transport.

3. Criteria for goal achievement
Goal achievement is assessed based on volume of freight transferred from Norwegian roads to sea, measured in tonne kilometres.

4. Beneficiaries
Shipowners established in the EEA that have ships registered under the flag of an EEA country may apply for grants provided the new service contributes to the transfer of freight from Norwegian roads to waterborne transport.

A shipowner refers to the person or persons who equip and run a vessel at their own expense. The shipowner can be the owner of the vessel but can also run total freight services on a chartered vessel (“bareboat charter”). The ship owner can be one individual or a conglomeration, for example a general partnership or a limited company. If the vessel is operated by a jointly owned shipping company, all the separate owners are shipowners in accordance with this definition.

More than one shipowner may collaborate on projects. In the event of collaboration with other stakeholders, such as the owner of the freight, transporters or ports, the aid will be payed solely to the shipowner. Other stakeholders/companies than established shipowners may apply for aid as long as they satisfy the definition of a shipowner.

5. Budget and duration
The aid scheme has a duration of three years, from 16 February 2017 to 16 February 2020. 16 February 2020 is the last date on which confirmation of support may be given.

The Norwegian Parliament reserves the right to make annual budget decisions.

Projects may receive aid from this scheme for a maximum of three years.
6. Projects eligible to receive aid

Grants may be allocated to projects that lead to a transfer of freight from Norwegian roads to sea and that have beneficial effects for society.

A project is defined by the route (sailing pattern), the freight to be transported, all related services and the road transport that is transferred. Applicants will be required to demonstrate that in the absence of the grant the freight would be moved by road. Every project must generate environmental benefit within Norway and must be capable of remaining in operation without support after the aid period.

6.1. New sea transport projects between ports in the EEA

Only new services may receive aid, since the purpose of the aid is to stimulate a permanent transfer and not to subsidise the transport of freight already transported by sea.

If changes are made to an existing service, for example changes in sailing pattern or in the type of freight transported, the service may, in some cases, be deemed as new. The change(s) must lead to a permanent transfer of freight from road to sea. A net increase in freight being transferred is required, and the change must lead to a clearly defined benefit to enable the project to be defined as new. The application should provide a detailed description. It is important to note that this applies to the establishment of a new sea-based project, and not an upgrade of existing projects. It is possible that only parts of a project can be deemed to be a new project.

Aid may only be granted to one project per route with no option of repetition

It is important to note that the Norwegian Coastal Administration is only able to grant aid to one project per route unless the projects are complementary. There is also no opportunity for repetition, extension or renewal of the relevant project.

The principle is that a project is different from other projects when taking into account the route (sailing pattern), the freight, services and transferred road transport. A project may have a route that overlaps with another project or existing service if they complement each other, for example by carrying different types of freight. Complementary projects must result in a net increase in freight transferred from roads to sea. In the event a project is complementary to an existing project or other projects, aid can be granted for the project. Read more about complementary projects in section 7.

6.2. Upgrade of an existing project

Grants will be awarded to existing services only in exceptional circumstances.

Such applicants must provide the Norwegian authorities with clear evidence that the services in question would cease operation in the absence of financial support by the state. A proposal must identify why the current service is failing and identify upgrades to the service that would turn the service into one with long-term viability. This could involve an improved vessel specification, increased capacity, quality of service, timings of sailing, regularity of sailing, voyage time, etc. An eligible existing route in these exceptional circumstances can therefore be treated in the same way as a new route.
The Norwegian Coastal Administration will conduct an analysis to conclude on the possibility of other operators being able to provide the service at a lower amount of support or with no support.

Upgrading the service of existing projects can for example cover increase in capacity, improved quality of service, increased regularity, changed sailing times or reduction in transport time.

7. The aid must not distort competition in a way that is incompatible with the EEA-Agreement

Any government aid could potentially distort competition. Support from this scheme must not distort competition in a way that is incompatible with the EEA Agreement or ESA’s approval of the scheme. It is basic to the aid scheme that the beneficial effect of supporting a project must be greater than the negative effect on competition. A limited competition distortion will therefore be accepted. But if the project potentially leads to significant negative effects for existing rail and/or sea transport services, the proposal will normally be rejected. The NCA will assess each application to identify potentially negative impacts on competition and may reject the proposal if these are deemed to be significant.

The aid scheme is intended to stimulate the transfer of freight from Norwegian roads to the sea. Applicants must prove that the project will lead to such transfer of freight. Subsidies are not to be granted to projects that only transfer the transport of freight from rail to sea, nor to projects that only transfer freight from one sea transport service to another. If a project is seen to be weakening other, existing sea or rail transport services, the Norwegian Coastal Administration will undertake to evaluate the distortion of competition.

7.1. Route overlaps and complementary services

It is possible for one project to have partly overlapping routes with another project or an existing service, by having the same starting point, stops during the journey or destination point. If two projects, for example, have the same starting point, but different destination points, these will be considered to be two different services.

It is also possible that only parts of a project can be deemed to be a new project. For these cases the aid will be limited to this part of the project. In the event that two projects have a complete geographical overlap, these must in other terms be complementary, meaning they are not in competition for the same freight, in order to receive aid.

Two sea transport services which do not have overlapping operations, are not in competition with each other. Where there is one or more established sea or rail transport services for one route, this service can be considered as not suitable for the applicant’s freight, meaning the existing service and the project are complementary. In this event the
A possible source of information to look for existing sea transport services is [www.shortseaschedules.com](http://www.shortseaschedules.com).

The application must clearly state where the relevant route goes, what types of freight and load categories are to be carried, where the freight are collected from and what sector of road freight on lorries are moved from.

### 7.2. Control of competitive situations

In order to ensure that support is not granted to projects that weaken other sea or rail transport services beyond what is acceptable, the following control questions about the situation versus any competing sea transport or rail transport services must be answered in the application form.

- Are freight currently being carried by sea or rail on the whole or parts of this route? If the answer is yes, the application must describe what parts of the route this applies to.

- Are there any sea transport services already in existence on the whole of or parts of the route, or routes which must be seen as equal with the one to be used in the project? If the answer is yes, the application must explain why this service is not being used.

- Are there any rail transport services already in existence on the whole of or parts of the route, or routes which must be seen as equal with the one to be used in the project? If the answer is yes, the application must explain why this service is not being used.

The Norwegian Coastal Administration may request further information and make further assessments.
8. Eligible costs

Eligible costs is a legal term relating to state aid and indicates what costs the aid can be used to cover. Eligible costs do not have to be the same as the project costs, but the eligible costs must form part of the project costs (or pre-project costs). The project costs can also contain costs that are not eligible.

The total of the eligible costs for the whole of the project will be used to calculate an aid ceiling: an upper limit for aid. Such costs can either be the costs for the operation of the project or investment in trans-shipment equipment. It's not possible to combine these two alternatives. What would be regarded as eligible costs will be the same for new projects as for the upgrade of existing projects.

8.1. Operational cost alternatives

Operational costs directly attributable to the transfer of freight from road to sea are eligible for grant aid. Note that a project for the transfer of freight involves more than just sea transport from port to port. It may include:

- The cost of chartering, leasing or depreciating vessels
- The cost of hiring, leasing or depreciating installations that enable trans-shipment between shipping routes, railways and roads
- The cost of using maritime infrastructure (see comments below)
- Cost relating to operation of trans-shipment equipment, including equipment at the port for transferring the freight to a vehicle or a railway.
- Expenses relating to the operation of technical equipment (commercial operation of techniques, technologies or equipment, tested and approved earlier, including transport information technology/IT)
- The cost of measures related to personnel and training
- The cost of fuel
- The cost of promoting the specific route, including expenses for information and communication activities
- The administrative costs linked with the project in question
- The costs associated with separate accounting and feasibility studies

This list is not exhaustive. Other operating costs may also be eligible for aid. Certain costs that are incurred before project start-up may also be eligible for aid, for example costs associated with analyses and feasibility studies. The costs must be documented.

Note that costs for transport by rail are not eligible for support. If both freight and passenger services are offered, separate accounting is required. Only transfer of freight from road to sea is eligible for aid.
8.2. Alternative of investment in trans-shipment equipment

As an alternative, the cost of investing in trans-shipment equipment (finance for the purchase) to support the service in question will be eligible for grant aid. This includes necessary freight-handling equipment to enable efficient inter-modal trans-shipment.

9. Aid ceiling

The aid ceiling, or the aid intensity, defines the upper limit for aid.

1. For applications for financial aid for operational costs, the following ceiling applies:
   - 30% of the eligible operating costs or
   - the calculated utility value of the project

The lower of these two amounts represents the maximum amount of aid.

2. For applications for aid for trans-shipment equipment, the following ceiling applies:
   - 10% of the investment costs eligible for aid or
   - the calculated utility value of the project

The lower of these two amounts represents the maximum amount of aid.

Accumulation of support means that all public support, including support from other support schemes and EU-programmes, must be included in the calculation of the ceiling of the aid. Cumulation with other public aid for the same eligible costs is allowed up to the most advantageous aid ceiling. This means that if the aid recipient receives aid through EU funding, or is entitled to receive aid under other aid schemes, the aid ceiling of 30% of operational costs applies. The recipient of aid must provide information on all other public aid related to the eligible costs of the project over a period of 3 years before and after the start.

The aid cannot be cumulated (combined) with aid for services of general economic interest ("public service compensation").

Aid awards above 500,000 EUR will be registered in the central registry in accordance with Norwegian Regulations of 29 June 2016 No. 834 Relating to the Registration of Public Aid.
10. **Award criteria**

During the processing of applications, the projects’ fulfilment of the following criteria will be assessed:

- There must be environmental and social benefits from the transport of freight by sea rather than road
- The project would not be commercially viable without a grant
- The project will become commercially viable after the end of the aid period

10.1. **Calculation of utility value**

Transport activities impose (external) costs on society in the form of accidents, noise, queues, local pollution, greenhouse gas emissions and wear and tear to the infrastructure. Transport by sea means fewer accidents, reduced greenhouse gas emissions and reduced maintenance costs per tonne kilometres compared to transport by road. The utility value of a project, or the socio economic saving, is equal to the saving in external costs in Norway as a result of moving freight from road to sea.

Applicants to this scheme must use the Norwegian Coastal Administration’s mapping tool to pre calculate the utility value. The mapping tool has been developed by the Norwegian Coastal Administration and calculates the external costs for a given distance of road in Norway, whilst the same costs for a given distance by sea is limited to within the Norwegian Economic Zone (NEZ). The mapping tool uses the Norwegian Coastal Administration’s own data for ports and calculation of routes at sea and Google’s mapping tool for calculation of distance by road. The calculation from the mapping tool is a guide and it is expected that the tool will be further developed. The NCA will assist in calculating the benefit value if required and will conduct the final calculation.

**Distance calculations at sea**

Distance calculations at sea are based on the NCA’s sea lane dataset. The sea lane dataset is used for the calculation of distances between ports. The number is subsequently multiplied by the VISTA Analysis’ calculation of marginal external costs per tonne kilometre for transport by sea (Magnussen et al, 2015).

**Distance calculations by road**

The distance calculations by road are completed by using the Google based mapping solution. There will therefore be less deviation in distances. In the road transport network there is a separation between transports through areas of different degrees of population density, which produce different external costs. The external costs are higher in densely-populated areas. The rates have been obtained from The Institute of Transport Economics’ report on marginal external costs for transport by road (TØI, 2014).

The following table provides a summary of the marginal external costs per tonne kilometre.
Table 10.1: Marginal external costs per tonne kilometre

<table>
<thead>
<tr>
<th></th>
<th>Sea alternative</th>
<th>Road alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 15 000 residents</td>
<td>15 – 100 000 residents</td>
</tr>
<tr>
<td>Emissions to air</td>
<td>0.005</td>
<td>0.050</td>
</tr>
<tr>
<td>Local emissions</td>
<td>0.003</td>
<td>0.015</td>
</tr>
<tr>
<td>Noise</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Congestion</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Accidents (life and health)</td>
<td>0.0004</td>
<td>0.056</td>
</tr>
<tr>
<td>Acute emission to sea</td>
<td>0.002</td>
<td>0.000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0.000</td>
<td>0.071</td>
</tr>
<tr>
<td>Winter related operations</td>
<td>0.000</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.010</strong></td>
<td><strong>0.197</strong></td>
</tr>
</tbody>
</table>


The calculation of the utility value is based on an estimate of the total number of tonnes of freight the project is expected to move from road to sea during the whole of the aid period, for the given freight routes. As seen from the table different rates are set for the external costs per tonne kilometre for transport by sea and transport by road (within and outside populated areas). The factor for marginal external costs for transport by road is multiplied by the total number of tonne kilometres for the road transport service. The sum of the marginal external costs for transport by sea multiplied by the number of tonne kilometres for the alternative of transport by sea is then subtracted. The road transport to and from the port must be included in the external costs for the sea transport alternative. It is possible to include representative hubs at many of the points of origin and destinations, for example port to port.

The mapping tool will display a map showing the relevant route for the road transport alternative. The figure below show how the route can be altered by dragging the blue line towards the actual sector of road.

**Figure 10.1 Road sector alternative 1**

**Figure 10.2 Road sector alternative 2**

Calculated utility value and the total external costs for the two alternatives will be presented in separate tables in the mapping solution. The figures below show an example of calculated utility value from the transfer of 70,000 tonnes of freight from road to sea between Oslo and Stavanger.
In practice, a project may comprise freight transport between many combinations of points of origin and destinations, including line traffic. As a starting point the developed mapping solution should be the main alternative for pre-calculation of the utility value, including for these instances.

For many cases the feeder transport for sea will be approximately the same as parts of the road transport alternative, with the result that they cancel each other out. For such cases it will be right to exclude the feeder transport from the calculation and only look at port to port.

**Transport between two limited geographical areas**

Some transports have one point of origin, such as a central storage facility in East Norway and many points of destination, for example in Western Norway. The calculation of utility value will for such cases take as a starting point the central storage facility and end on a representative place in Western Norway, for example at a port.

If the transport contains several points of origin in a limited geographical area and one destination point, for example from abroad and to a production company in Norway, the calculation must take its starting point in one representative place, for example at Svinesund and end at the production company.

The transport of freight can also have several points of origin and several destinations, where the points of origin and destination can be limited to defined geographical areas. For example several points of origin in East Norway to several points of destination in Western Norway. You then need to base the transport starting at a defined point of origin,
such as the port of Oslo, and ending at a defined representative destination in Western Norway, such as the port of Bergen.

The applicant must explain why the choices of representative points of origin and destinations actually are representative for the relevant transport.

In the example using several points of origin in East Norway this is based on the calculation of utility value starting at the port of Oslo. This means that the lorry transport from the point of origin to the port is ignored in the basis of the calculation of utility value. In order for this sector to be characterised as representative, the applicant must argue that approximately the same road transport work is carried out before the port of Oslo for both alternatives, both the road transport alternative and the sea transport alternative.

One should not ignore sectors from the basis of the calculation if the lorry transport from the point of origin to the port includes a diversion of the freight compared to direct transport by road.

The same point also applies to the freight transport from the port to the end destination. In the example showing several end destinations in Western Norway, the freight end up in the port of Bergen. This means that the lorry transport from the port to the end destination of the freight is ignored. In order for this sector to be characterised as representative, the applicant must argue that approximately the same road transport work is carried out after the port of Bergen (in the back country) for both alternatives. One should not ignore sectors from the basis of the calculation if the lorry transport from the port to the end destination includes a diversion of the freight.

If the port is situated on the road the lorry would have driven, this part of the sector (the feeder transport) can be ignored from the basis of the calculation. This will most likely be the case if there are many points of origin and/or destinations, something that complicates the calculation of each single sector.

**Line traffic**

The calculation of utility value for line traffic must be based on a defined representative transport sector for the freight. The line vessel can be visiting several ports (A – B – C) on its crossings between a point of origin and a destination. Applicants must estimate the number of tonnes of freight to be carried in each relationship in both directions, i.e. number of tonnes A-B, B-C and A-C. This must be completed in this manner because the utility value of the transfer of freight (per tonne kilometre) is different for each relationship.

In order to calculate the total utility value, the utility value of each individual relation must be added together.

The Norwegian Coastal Administration will provide assistance in pre-calculations of the utility value for complicated transport patterns up until the deadline for applications expires. The final calculations will be made by the Norwegian Coastal Administration in conjunction with the assessment of the applications. It is therefore in the interest of the applicant to have this clarified in advance.

**Utility value calculation for upgrade of existing services**
For applications for the upgrade of existing services that are in danger of closure, both the existing quantity of freight and the estimated quantity of transferred new freight must be included in the utility value calculation.

**Conversion to tonnes**
All types of loads are included in the scheme. The following conversion value must be used for volume based loads in the calculation of utility value.

<table>
<thead>
<tr>
<th>Volume</th>
<th>Weight in kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1m³</td>
<td>515</td>
</tr>
<tr>
<td>1 pallet</td>
<td>740</td>
</tr>
<tr>
<td>1 load metre</td>
<td>1,250</td>
</tr>
<tr>
<td>Semi-trailer</td>
<td>17,000</td>
</tr>
<tr>
<td>20 foot container</td>
<td>7,500</td>
</tr>
<tr>
<td>25 foot container</td>
<td>9,500</td>
</tr>
<tr>
<td>40 foot container</td>
<td>15,000</td>
</tr>
<tr>
<td>45 foot container</td>
<td>17,000</td>
</tr>
</tbody>
</table>

10.2. **The project must be reliant on aid to be commercially viable**
The assumption that a newly established service must attain a certain volume to become commercially viable is central to this scheme. The applicant must develop a detailed business plan and a financial analysis, which demonstrates that for a period of up to three years the project would be dependent on aid in order for the defined quantities to be carried by sea rather than on Norwegian roads.

10.3. **The project must become commercially viable after the end of the aid period**
The project’s business plan and financial analysis must show that the project will be commercially viable after the aid period has ended. For further information regarding the requirements for contents in the business plan and financial analysis, see section 15.3.
11. Measurement of aid

The total amount of aid a project can receive is equivalent to the calculated utility value of the anticipated (estimated) transfer of freight for the project during the aid period, up to the aid ceiling (see section 9 regarding aid ceiling).

The aid period is divided into three periods of equal length. Each period may be one year or less in length. A calculation is performed for each of the three periods of aid. Aid will be paid with a descending profile: 50% of the total aid amount is paid in the first period; 33.33% in the second period and 16.67% in the third period. This means that the project will receive more aid during the start of the project than at the end. In practice this means that the aid paid per tonne kilometre will be highest in the first period, less in the second period and least in the third period. The aid amount paid out is based on the actual transfer of freight. The total amount of aid paid out is equivalent to the utility benefit of the freight actually transferred during the aid period up to the value of the total aid. In the event that the actual total freight volume transferred is less than estimated, the total amount of the aid will be adjusted downward proportionally. In the event that more total freight is transferred than originally estimated, aid payment will not exceed the total amount of aid that was originally granted.

The aid amount paid out is based on the actual transfer of freight for the period multiplied by the period’s payment factor. The payment factor is equal to the period’s aid amount divided over the estimated transferred quantity of freight during the period. Paid aid is calculated as the number of tonnes transferred multiplied by the payment factor per tonne. For line traffic a payment factor must be calculated for each line based on expected quantity of freight per line. The payment factor must be multiplied by the number of tonnes transported on each of the lines.

12. Administrative procedure

The Norwegian Coastal Administration’s head office administers and manages the aid scheme. The administrative procedures are in accordance with the Public Administration Act.

12.1. Announcement of the scheme

All relevant information about the scheme, the annual funds allocated and deadlines will be publicly announced and available on the Norwegian Coastal Administration’s website for the scheme. If funds remain after the first round of applications, the NCA will announce the scheme again later in the year.

Since the scheme is open to applicants from the whole of the EEA a website in English has been established for the scheme where applicants can find the English version of the application form, aid guidelines and a guide to the scheme.

12.2. Guidance

The Norwegian Coastal Administration will as far as possible, and upon request from the applicants provide guidance to the applicants until the deadline for applications. In
addition to this written guide, the Norwegian Coastal Administration will have guidance resources available for Skype/telephone meetings, e-mail or physical meetings. The purpose of guiding potential applicants is to ensure the applicants submit an application which as far as possible gives satisfactory information regarding the financial, technical and practical ability to carry out the freight transfer initiatives for which an application for aid is made.

12.3. **Handling of applications**

It is the applicant’s responsibility to ensure that the application is complete. On condition that the application is complete by the deadline of 15 May, the applications will be processed as quickly as possible within a period of six weeks.

The handling of the application will be based on whether the project fulfils the criteria for aid as stated in the guidelines for the scheme. It is a prerequisite to the aid scheme that the total social benefit of supporting a project must be greater than the negative effect on competition. The NCA will assess each application to identify potentially negative impacts on competition and may reject proposals if the negative impacts are deemed to be significant. The requirement for complete SUPPLEMENTARY information or verification of the information in an application will be assessed for each individual case.

If the number of applications eligible for aid exceeds the available framework for the aid scheme the NCA will rank the projects according to calculated benefit value relative to expected aid amount. Where the utility value is the base for calculated aid, the comprehensive presentation of the project, assessed in relation to the purpose of the scheme, will be decisive in the NCA’s final decision. Aid awards will be confirmed through an award letter that will contain information about conditions pertaining to the aid, reporting requirements and how the aid will be disbursed. The applicant must provide the NCA with a written acceptance of the terms and conditions for the aid within two weeks after receiving the award letter. If such an acceptance is not received, the NCA will cancel the aid award without further notification.

12.4. **Appeals**

The outcome of the application is an individual decision that may be appealed. The appeal is made to the NCA as the first point of appeal cf. **Section 28 of the Norwegian Public Administration Act** within three weeks after the decision is received. The claimant has the right to inspect the documents in the case cf. **Sections 18 and 19 of the Norwegian Public Administration Act**. If the Coastal Administration maintains its rejection, the complaint will be forwarded to the Norwegian Ministry of Transport and Communications for final settlement.
13. Application requirements

The Coastal Administration’s electronic application form must be used to apply for aid under this scheme. The form is available in Bokmål, nynorsk and English. To complete and submit the proposal form you require the Altinn role of “completer/submitter” or “independently registered user”. You can see what role you have on the page Profile, roles and rights. If you do not hold any of these roles you need to get the role designated to you. If reporting using Altinn is unfamiliar to you, you will find more information and links in «Help and advice».

Applicants outside Norway can also use this service. In addition any applicants from abroad are asked to make contact with the Norwegian Coastal Administration for further guidance.

First and foremost the applicant must be able to demonstrate satisfactory financial, professional and practical capability to carry out the project. As a consequence of this:

- Applicants must provide the NCA with all the information necessary to process the application, including quantity, type, origin and destination for the freight, sectors, return loads, a summary of all the costs which are considered to be eligible for aid, expected quantity of transferred freight for each individual period, calculated utility value, highlighting the requirement for aid (maximum three years), as well as showing how the project will be commercially viable after the period of aid has ended.

- All applicants are obliged to state all public support which can be connected to the aid eligible costs included for the project.

There are strict rules for being able to exempt information from publication, according to the Freedom of Information Act. Therefore essentially all applications for aid from this scheme will be in the public domain. This act also means that the NCA must evaluate access even if there is authority to exempt documents from access, cf. section 11 of the act. Applicants must provide information as to whether the application contains information of a confidential nature, for example the need for competitive considerations. For such cases it is desirable that the information is included in a separate appendix which is marked “confidential”. The NCA will carry out an independent assessment regarding whether there is a basis for making the information exempt from publication, and can arrive at a different conclusion from the applicant. In such events the applicant will be warned in advance.

Tip: Before you start the actual completion of the application, it is useful to prepare all the enclosures for the application.
13.1. **Completion of the application form**

A link in the web page for the scheme will take you directly to the page in [www.altinn.no](http://www.altinn.no).

**Figure 14.1 Logging in**

You can see what role you have on the page *Profile, roles and rights*. If you do not have this role, you need to get someone who has the role to delegate this to you.

If reporting using Altinn is unfamiliar to you, go to the help pages.
Figure 14.3 Choice of log in for Norwegian and English user.

Applicants outside Norway choose “Proceed to alternative log-in methods”

Figure 14.4 Approval of conditions

The general conditions of the application form must be approved before completing the form.
In part 1 provide the registered company's name, registered organisation number, address and account for payment of the aid. In addition provide at least one contact person, with name, title and contact information. For a collaboration of several parties, the participants' names, organisation numbers and contact persons must be provided. The NCA must be informed of any changes during the process.

13.2. Utility value

In part 2 all the information used for the calculation of the utility value must be registered. In order for the NCA to be able to calculate the utility value, the expected transferred quantity of freight, originating point and delivery destination must be provided in as detailed information as possible. See chapter 10, point 10.2 regarding further information about utility value and the calculation of utility value.

Any notes on the calculation including ID for the calculation are provided here. If you have a comparatively large number of calculations it can be an idea to provide all the calculations with the ID in an Excel sheet and enclose it with the application. If several calculations have been used the number of calculated utility values is totalled. The NCA completes a final calculation.
2. Nytteverdi

Ruteinformasjon

- Sted hvor ruten starter:
- Sted hvor ruten ender:
- Godsmengde (tonn):
- Beregning av nytteverdi:

Merknader til nytteverdi

13.3. Presentation of the application

3. Presentasjon av søknad

Omhander prosjektet en ny rute?  
- Ny rute
- Eksisterende rute

Kort presentasjon av prosjektet:

Utfyllende beskrivelse av prosjektet:

Fraktes godset på sjø eller jernbane på hele eller deler av ruten i dag? Hvis ja, beskriv hvilke deler av ruten dette gjelder.
- Ja
- Nei

Beskriv hvilke deler av ruten som fraktes på sjø eller jernbane:
**Brief presentation**
This part of the application is used to inform whether the project covers a new route or an upgrade of an existing route. Then provide a brief presentation of the project, including the expected quantity of transferred freight, calculated utility value and when you wish the project to start. Please note that this text will be used in the NCA’s announcement of the grant.

**Complete description**
In the complete description of the freight transfer project, there must be provided a detailed summary of what types/quantities of freight that are expected to be transferred, including the origin and destination of the freight. With regard to line traffic, give additional information regarding type/quantity of freight expected to be transported in the different relationships.

In this part of the form you must substantiate/demonstrate that the project requires the aid you are applying for, and provide evidence that the project will be commercially viable from the fourth period. This must be completed using the NCA’s template for financial analysis. The template can if you so wish include a summary of the aid eligible costs. Alternatively these can be specified in a separate enclosure, or be included in the business plan.

Start date for the project and desired payment frequency must also be provided in this part. The start date cannot be set at a later point than 12 months after the decision of the grant. Payment frequency can be made on an ongoing basis as transfer is achieved, or at the end of the period.

The application must document that there is a need for financial aid in order for the project to be realised. Confirmation of aid must therefore exist before the start of the first period. In the event that a project is started prior to aid being granted, this could appear to be independent of aid, and therefore be at risk of falling outside this scheme.
This part of the application is used to provide information about how the freight are currently transported. If the freight are currently transported by sea or rail for the whole or part of the route, this might mean that the project will have a negative effect on the competition in the sea transport market. It is important to provide extensive information which is relevant in an evaluation of whether the project will lead to negative effects on competition in the market.

The field for other information can be used to provide additional information that is of relevance to the handling of the application. When applying for aid for an existing service this can be supported by supplying the annual accounts. Documenting the expected transferred quantity of freight is not mandatory, but will help to reinforce the application.

Please note that all applicants are obliged to state all public support which can be connected to the aid eligible costs included for the project. Please provide comments regarding the contents and relevance of any other enclosures in this part of the form. Before the application is submitted a check of all the obligatory fields will be carried out to ensure these are not left empty.
13.4. Enclosures to the application

Business plan and financial analysis

In order to ensure that the criteria for the aid are fulfilled the applicant must prepare a business plan and a financial analysis for the project. The requirement for aid during the first three periods and the ability to operate without support and commercial viability as from the fourth period must be documented by the enclosed financial analysis. The analysis can form part of the business plan or be enclosed as a separate enclosure, and must give a summary of all the revenues and costs associated with the project for four periods.

The aid period is divided into three periods of equal length. Each period may be one year or less in length. The utility value must be calculated based on the total estimated quantity of freight for the three periods. The business plan and financial analysis must additionally include at least one period after the period of support.

The business plan must provide a solid description of the project, including sailing patterns, the quantity and type of freight to be transported, places of origin and destination, related services and the transferred road transport for the first four periods of the project. The periods must be of equal length and a period can be one year or less in length.

The application must as far as is possible document the anticipated quantity of freight to be transferred by providing copies of contract, letters from potential customers or letters of intent for relevant customers. Documenting the expected transferred quantity of freight is not obligatory, but will help to reinforce the application.

It is important to note that the costs for the project can contain more costs than only those applicable for aid. Information must be provided whether the costs are based on estimates, and whether tax and vat have been included.

It is not relevant that the project does not show profit in the fourth period. It is probable that a project requires a longer period of operation before achieving profit. What is relevant is that the service is planned to be operated on an ongoing basis. The application must for these cases explain how the profit will be achieved as time goes on. For such cases the financial analysis can go over more than the mandatory four periods.

In general the calculation and reporting must adhere to the Norwegian accounting regulation and standards. When renting/leasing business assets the amortised cost must be depreciated over their useful economic life where the element of interest is significant. That is to say that the interest implied in the lease agreement cannot be included in the operating costs. Depreciation of the right of use must be calculated and interest on the rental liability must not be included in the operating costs. Reference is made to international accounting standards IFRS 16 (Norwegian Accounting Standard, NRS 14 Rent agreements) that no longer distinguishes between financial and operational lease/rent.

If the service offers transport agreements which contain transfer costs in the port and transport by road (door to door), these are relevant costs and revenues which must be
included in the analysis. For freight/passenger lines there is a requirement for a system of accounting separation since the grant is only provided for the freight.

The NCA has prepared a template for the analysis which can be used as a starting point. The template follows Norwegian accounting standards and is accessible from the scheme’s website. Reporting during the process must be completed using the same account plan.

Figure 14.9 Template for financial analysis

<table>
<thead>
<tr>
<th>Driftsregnskap</th>
<th>Periode 1</th>
<th>Periode 2</th>
<th>Periode 3</th>
<th>Periode 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driftsinntekter</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kostnad solgte varer og tjenester</td>
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<td></td>
</tr>
<tr>
<td>Bruttomargin (Gross margin)</td>
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<tr>
<td>Lønnskostnad</td>
<td></td>
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</tr>
<tr>
<td>Avskriving av driftsmidler *)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andre driftskostnader</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sum driftskostnader (OPEX)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Driftsresultat (EBIT)</td>
<td></td>
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<tr>
<td>Gjennomsnittlig sysselsatt kapital **)</td>
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<tr>
<td>Avkastning sysselsatt kapital (ROACE)</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Note that only costs associated with the transfer of freight from road to sea are eligible for grant aid. Complete a summary of these costs in a separate enclosure or specify using the template above.

In a combined freight/pax type of transport a separate before and after calculation must be prepared, which differentiates between pax/freight transport and shows what the cost will be for the transport of the freight.

Similarly, lease agreements, administration agreements, crew agreements and similar with other companies are determined according to the so-called “arm’s length principle”, which means that the principle of market prices forms the basis. In cases of a group arrangement a consolidated presentation of figures for all the associated costs and revenues must also be provided.

Depreciation of the right of use must be calculated and interest on the rental liability must not be included in the operating costs. Reference is made to international accounting standards IFRS 16 (Norwegian Accounting Standard, NRS 14 Rent agreements) that no longer distinguish between financial and operational lease/rent. This applies where the interest element is significant and will affect the amount of the aid.
Progress schedule (not mandatory)
The progress schedule shall provide an overview of the plans, start date for the project, operation and the length of the periods. The progress schedule can be enclosed or be included in the business plan.

Letters of intent (not mandatory)
Anticipated volume growth can for example be documented in the form of letters of intent with relevant customers.

14. Follow up and control
No later than at the end of each period of aid recipients will be required to provide a Summary Report using the Coastal Administration’s electronic report form.

The report must include the accounts for the period including a description of achieved transfer of freight. It is a requirement that reports of calculated quantities of transferred freight are confirmed by Independent accountants or auditors.

Any deviations from the application must be explained. When major deviations exist between the estimated and the actually transferred volume of freight, the aid recipient must explain how the project will recoup the amount of the deviation in the next period. If the project and the NCA believe that it is no longer probable that the project will be viable after the aid period, all further aid will be cancelled. If the prerequisites for transfer of freight have not been met, this in itself will not give rise to a demand for repayment of the aid received.

The NCA has the authority to evaluate the project and to implement controls to ensure that the aid is being used in conformity with requirements, cf. section 10 of the Norwegian Appropriation Regulations.

The Office of the Auditor General of Norway in accordance with the Norwegian Act of 7 May 2004 no. 21 and Instructions relating to the Office of the Auditor General Section 12, is authorised to implement controls to ensure that the aid is being used in conformity with requirements.

14.1. Changes during the course of the project
Recipients of aid are not permitted to make substantial changes in the ongoing project that are not in conformity with the conditions in the award letter, unless a written application is made to the Coastal Administration and written consent has been obtained. Substantial changes could be a change of key functions, a significant change to an approved budget, or a significant breach of the prerequisites in the award letter.

15. Conditions of payment
Grants shall generally be paid in arrears, on the basis of the documentation presented of the quantity of freight actually transferred in the predetermined periods. However,
payment in advance may be made during the first aid period. More information regarding payment in advance is found below.

The actual payment does not have to be made at the completion of the period, but may be made more than once in each period, as and when the actual freight transferred can be documented. The desired payment frequency must be stated in the application.

The aid recipient must send a request for payment at the end of each period, or according to other agreed periods, if the transfer of freight has been accomplished and can be documented. The applicant must additionally state the best method for documentation of the freight transfer, for example by using loading and unloading documents or consignment notes.

15.1. Advance payment

Confirmation that support has been granted forms the basis of advance payment for the first period. An applicant may request advance payment without the need to document any defined requirement. It is sufficient that the project has started.

During the first period, 50% of the first period's aid may be paid in advance. Advance payments can be made based on the award letter and from the time of the start-up of the first period. Aid which is paid in advance will be offset against the calculated aid for the first period. See enclosure for examples of offsets.

If the advance payment proves to be higher than the aid amount to which the recipient is entitled because the transferred freight volume is lower than originally anticipated, the difference will be deducted from the aid amount paid out during the subsequent period. Advance payments which result in a reduction of the aid in the second period may indicate that the project is not performing well. In such cases, the NCA will conduct a new assessment of the forecasts and business plan and may request more information or additional documentation. If it is assessed that the project will not achieve viability, all further payments of aid will be stopped. If the project is stopped, the NCA will not in general demand repayment of advance payments.

15.2. Adjustments during the course of the project

If the actual transferred quantity of freight deviates from the estimated quantity of freight, there might be a requirement to make changes during the course of the project. Since the payment factor per tonne is different for the various periods a system has been designed to adjust/transfer between periods, in order not to risk that too much aid is paid, or that the total amount of aid becomes lower than the original aid amount even if in total the volume which has been estimated within a three year period is being transferred. Adjustments must be made at the latest at the end of the period if there is a deviation between estimated and actual transferred quantities of freight for the period.

Adjustments where there is less actual transfer of freight than what was estimated for a period:
The payment factor for period 1 will be used for the next period until the estimated quantity of transferred freight for period 1 has been reached.

**Adjustments where there is more actual transfer of freight than what was estimated for a period:**
Transition to the next period’s payment factor when estimated quantity for the current period is reached. Payments for such cases will be limited to the annual grant allocations.

**Adjustments for deviation between actual and estimated transfer to line traffic:**
Each sector of line service has a different payment factor. In such cases the NCA will evaluate the deviation between actual and estimated amount of transfer of freight for the single sector individually. The NCA will carry out an adjustment between the periods for each single sector as described above. In addition it will be possible to adjust between the different sectors, if one of the sectors reaches the estimated quantity before the expiry of the aid period. It is then possible to continue to pay the aid for this distance, using the current payment factor, until the total grant allocation has been reached and the actual transferred quantity of freight for the period.

**Adjustments where there is less actual transfer of freight than what was estimated for a period:**
The payment factor for period 1 is used for the next period until the estimated quantity of transferred freight for period 1 has been reached.

**Adjustments where there is more actual transfer of freight than what was estimated for a period:**
Transition to the next period’s payment factor when estimated quantity for the current period is reached. Payments for such cases will be limited to the annual grant allocations.

**Adjustments for deviation between actual and estimated transfer to line traffic:**
Each sector of line service has a different payment factor. In such cases the NCA will evaluate the deviation between actual and estimated amount of transfer of freight for the single sector individually. The NCA will carry out an adjustment between the periods for each single sector as described above. In addition it will be possible to adjust between the different sectors, if one of the sectors reaches the estimated quantity before the expiry of the aid period. It is then possible to continue to pay the aid for this sector, using the current payment factor, until the total grant allocation has been reached.

**16. Sanctions**
If a recipient of aid or a person acting on his/her behalf provides incomplete or incorrect information in conjunction with an application for aid, and this results in unwarranted aid or too high an amount being disbursed, the aid may be wholly or partly reclaimed. Interest may be set pursuant to the [Norwegian Act of 17 December 1976 no. 100 Relating to Interest on Overdue Payments etc.](https://www.nga.no/en/inkludert/struktursok/17101976/).
17. Evaluation

The NCA is responsible for planning and conducting evaluations of this aid scheme. The evaluations are conducted to acquire information about whether the aid scheme is effective in terms of the established objectives, benefit to society, use of resources and organisation.

Aid recipients must be willing to supply information in conjunction with evaluations.
Appendix 1: Examples of calculations

All the examples shown below are based on the following prerequisites:

- Awarded aid of 12 million NOK based on an anticipated transfer of freight of 10,000 tonnes during the first period, 20,000 tonnes in the second period and 40,000 tonnes in the third period.

- Measured aid for the three periods considers a descending payment profile (50% of the total amount of grant aid after the first period, 1/3 after the second period and 1/6 after the third period). The maximum amount of aid that can be paid for the three periods will then be 6 million NOK, 4 million NOK and 2 million NOK for the third period.

- The payment factor for the three periods is equal to the period's aid amount divided over anticipated transferred quantity of freight during the period:
  
  - PF1 = (6 million NOK / 10,000 Tonnes) = 600 NOK per Tonne
  - PF2 = (4 million NOK / 20,000 Tonnes) = 200 NOK per Tonne
  - PF3 = (2 million NOK / 40,000 Tonnes) = 50 NOK per Tonne

Example 1: Transfer of freight in accordance with the plan

Documented transferred freight after the first period amounts to 10,000 tonnes. Paid aid then becomes 10,000 tonnes x 600 NOK = 6 million NOK for the first period. The calculation is the same for the second and third periods.

Example 2: Fewer freight transferred than anticipated after the first period

If during the first period it is shown that fewer freight are being transferred than anticipated, for example 8,000 tonnes, the amount paid will be 8,000 tonnes x 600 NOK = 4.8 million NOK.

PF1 (600 NOK per tonne) will be used for the next 2,000 tonnes which is transferred, until the project is up to date. After this payment factor PF2 will apply to the further transfer of freight, up to 20,000 tonnes. Similarly the payment factor PF3 will apply until a further 40,000 tonnes have been transferred by the time the 3rd period expires.

Where there have been fewer freight transferred at the expiry of the third period than what was decided when the aid was awarded, and the target for the transfer of freight has not been reached within the three year period the award was applied for, the aid will be reduced accordingly.

Example 3: More freight transferred than anticipated after the first period

If the recipient of aid during the first period can document transfer above the estimated tonnage, he can request additional payment before the expiry of the period. Taking the
first period as a starting point where the anticipated transfer is equal to 10,000 tonnes, and the actual transfer is 12,000 tonnes, a payment of aid will look like this:

PF1, will be applied to the first 10,000 tonnes and PF2 will apply to the next 2,000 tonnes.

Paid aid will be 10,000 tonnes x 600 NOK + 2000 tonnes x 200 NOK = 6 million NOK + 400,000 NOK.

If there are no budget funds available to make the extra payment, the aid will be paid at a later point in time.

The payment will be adjusted in the same manner if more than the anticipated amount is transferred in a later period. No further payment will be made after the anticipated quantity of freight has been transferred.

**Example 4: Advance payment with subsequent deduction**

The award of aid provides a basis to request advance payment of up to 50% of the aid amount for the first period. On application for advance payment of aid, the maximum advance payment in accordance with the example above will be equal to 3 million NOK.

Advance payment of aid will be deducted from the actual period’s aid amount, which will be calculated based on the actual quantity of freight transferred. If the transfer of freight during the first period is 5,000 tonnes, meaning half the anticipated transfer, the advance payment will be equal to the aid required for the first period.

The calculated aid for the period will then be 5,000 * 600 = 3 million NOK. The aid for the first period will therefore have been received in advance. The payment factor for the first period will be kept until the total 10,000 has been transferred and can be paid on an ongoing basis. If less than 5,000 has been transferred, payments of more aid than one is entitled to have been made during the first period. This will be deducted for the next period.

**Example 5: Line traffic**

Line traffic entails an expectation of different sectors with associated anticipated quantities of freight. Each sector of line service will therefore have a different payment factor. The NCA will carry out an adjustment of the deviations between the periods for each single sector as described above. In addition there will be an opportunity of adjustment between the different sectors.

It is possible that the transferred quantity of freight for one or more of the freight transport sectors deviates from the anticipated plan in the application. If one of these sectors reaches the anticipated quantity before the expiry of the period of the grant, it will be possible to continue to pay the aid for this sector, using the current payment factor, until the total grant allocation has been reached.