

## Summary:

# Evaluation of Short Sea Promotion Centre Norway

The Institute of Transport Economics has been commissioned by the Ministry of Industry and Trade, the Ministry of Transport and Communication and Ministry of Fisheries and Coastal Affairs to evaluate the project Short Sea Promotion Centre Norway (SPC Norway). SPC Norway is part of a European initiative to establish a network of national centres for the promotion of short sea shipping, with the aim of altering the modal split in favour of sea transport. SPC Norway is organised as a project funded by the three above mentioned Ministries. The project receives annual funding, but the project management has argued in favour of a three-year operation in order to meet expectations. Our evaluation covers the two initial years of the project (2003 and 2004), and this summary accounts for:

- How we have structured the work
- Our main findings
- Conclusions
- Recommendations for further activities

## Work structure

The evaluation has been structured according to the following line of reasoning:

1. As the establishing of SPC Norway is related to similar initiatives in most other EU countries, based on a transport political argumentation at the Community level, we have found it relevant to analyse the EU documents promoting this initiative.
2. It has been argued from the Community level that the activities of the SPCs should be adjusted to the different, national contexts. The next step of the evaluation has been to analyse how this EU initiative has been transformed into priorities for a Norwegian SPC, i.e. to which tasks the Norwegian funders have given priority, as expressed by SPC Norway's terms of reference.
3. The next step of the evaluation has been to analyse how SPC Norway's terms of

reference has been converted into work plans, i.e. which tasks that have been planned in response to the terms of reference.

4. Subsequently, we have compared SPC Norway's work plans (when entering into a new year) with the reporting of work undertaken (by the end of each year), in order to see if the plans have been realised.
5. Based on the knowledge accumulated through the evaluation process, we have drawn conclusions to whether SPC Norway has fulfilled its terms of reference during the two initial years.
6. Consequently, we give some recommendations as to how such an initiative may be organised in the future.

The following sources of information have been used to carry out this evaluation:

- a. EU documents concerning the development of the short sea shipping initiative
- b. A pre-project report and correspondence with the Ministry of Transport and Communication, which outlines the work program of SPC Norway
- c. SPC Norway's annual plans and annual reports, documenting the level of ambition and the actual work undertaken, respectively.
- d. Minutes from board meetings in SPC Norway
- e. Interviews with the administrative and executive leaders of the project
- f. Telephone interviews with selected representatives among SPC Norway's relations
- g. A questionnaire to SPC Norway's industrial relations

## Our main findings

Based on the analysis of the above listed information sources, we wish to highlight the following findings:

1. There are at least four elements in the EU line of reasoning that are insufficiently accounted for:
  - a) Whether the SPCs are expected to promote an existing (and arguably competitive) shipping alternative towards transport users, or if they should direct their work towards the maritime sector in order to enhance the quality of short sea shipping
  - b) Whether activities related to freight should be given priority over passenger transport or not
  - c) Why it is argued that short sea shipping has an image problem when referred studies document substantive weaknesses
  - d) Whether increased use of short sea shipping entails cost savings to society, and to firms as well
2. The project managers consider the need for promotion to be less in Norway than in Central Europe, and would not have recommended an isolated, Norwegian project. Still, the advantage of such a pan-European initiative is appreciated.
3. All central documents from SPC Norway underline the importance of four “critical success factors”, which we have interpreted as crucial factors for the project to meet its aims. SPC Norway agrees with this interpretation.
4. Three of these crucial factors are internally generated in the project (the last one – “critical effort level” - includes funding and is thereby mainly exogenous).
5. The annual reports maintain that the critical success factors have been present to a sufficient degree. This should imply that the requirements are met for the project to perform its tasks. However, a comparison of plans and reporting shows that only 10 out of 17 planned activities were carried out in 2003, while the figures for 2004 were 15 out of 27.
6. Received funding has been roughly 75% of the amounts applied for. The annual *plans* have been formulated according to the funding applied for, but the annual *reports* convey no information on how the discrepancy between expected and actual funding has affected the work. With reference to the “critical effort level” one would expect that some activities were taken out or postponed in order to achieve the critical effort level for the remaining activities.
7. While some of the activities are expected to deliver tangible results, others are not. Tasks with tangible results are 1) Internet home page, 2) liner data base, 3) information material. The other activities are of a more elusive character: “contribute to information...”, “be in touch with...”, “cooperate with...”, “continuous communication with...”, etc. Unsolved tasks are to a large extent the ones that eventually could have been documented: establish the potential for sea transport, identify new sea transport opportunities, arrange a conference, etc.
8. Business interviews were proposed to be undertaken on the basis of an interview guide, and then documented. These business interviews (constituting an important part of SPC Norway’s work) have not been documented. The SPC Norway Internet homepage contains a “library” page where such documentation could have been made available.
9. SPC Norway holds that business relations mainly have functioned as a means to update the projects participants on the industry’s transport needs. Thus, information flows have gone in the opposite direction compared to the assumptions of the “promotion” initiative, which is to convey existing short sea shipping opportunities to transport buyers.
10. This is further accentuated by the fact that SPC Norway’s network to a large degree consists of maritime organisations, indicating that information flows have been directed *from* transport buyers, *through* SPC Norway and *to* the maritime organisations. Some contact with shipping companies has been necessary in order to establish the liner data base. Other contacts appear less relevant.
11. SPC Norway’s network therefore appears somewhat introvert, although it is claimed that the aim is to inform about the activities *through* the maritime actors. We find it hard to see how this gives added value to the maritime actors’ already existing information routines.
12. Interviews with SPC Norway’s representatives indicate that one realised that the aim of influencing transport buyers directly to alter their transports in favour of short sea shipping was too ambitious, whereby

one changed the focus towards more general information for a wider public. SPC Norway claims that it is difficult to offer concrete solutions to transport buyers, because their logistical operations are so complex. We would have expected that the competence engaged in a project like SPC Norway, being recruited from the maritime industries, would have been familiar with the logistical operations of Norwegian industry.

13. Cooperation with research institutes was listed as an aim. To our knowledge there have been only sporadic contacts. We understand the project's initial wish to be more closely linked to industry than to research, but nevertheless believe that the project could have profited from being better informed about past and on-going transport research.
14. SPC Norway has established relations to three Interreg projects, arguing that the regional dimension is fundamental. We would rather propose connections to "pure" transport projects, focusing on *common* problems rather than regional disparities.
15. SPC Norway's funders have supported attachment to the Interreg projects in order to prevent duplication of work between the projects. In the view of SPC Norway they are to take on a coordinating role. Regardless of the interpretation, we are uncertain of SPC Norway's ability to ensure such coordination.
16. We have distributed a questionnaire to SPC Norway's business relations, concerning their knowledge of SPC Norway, the liner data base, and concerning the impacts of their contact with SPC Norway. The response suggests a high degree of knowledge about SPC Norway's activities, a low degree of knowledge concerning the Internet homepage, hardly any utilisation of the liner data base, virtually no *consideration* of altering transport routines, and absolutely no *actual* alteration of transport routines.

## Conclusions

We argue that an evaluation of whether SPC Norway's has fulfilled its aims can be undertaken according to the following criteria:

1. An observed alteration in aggregate modal split in favour of short sea shipping. Such alterations should appear in Norwegian and European transport statistics.

2. An observed alteration in modal choice at the firm level in favour of short sea shipping. Such alterations would appear as "success stories".
3. Personnel deployment to relation building and information work. This is the least measurable form of evaluation, and presupposes a consistent line of argumentation concerning why one believes that promotion alters behaviour.

On account of the analyses we have conducted in this evaluation, and which are documented in this report, we maintain that we cannot find that SPC Norway has fulfilled its aims according to any of these criteria:

- At the aggregate level (transport statistics), the latest data issued are from 2003, which was the year SPC Norway was established. Even if more recent data existed, SPC Norway would not have contributed to any alterations here, since
- Alterations on the firm level have not been established. We regret that it has not been possible to issue such "success stories", as we believe this would have been crucial to the further promotion of short sea shipping as a viable alternative to road transport.
- The third criterion for evaluation would be to measure if the allocation of resources have been according to an *ex ante* argumentation for the viability of the initiative. This presupposes that the argumentation is carried out in a logically consistent way, establishing clear links between cause and effect, although it can be difficult to measure such effects directly. We argue that the initial EU communication of this initiative is inconsistent and contradictory, and that no attention was directed to this point when SPC Norway was established.

## Recommendations

Recommendations for further support to short sea shipping depend on the resources and steering mechanisms available and on the level of ambition regarding measurability of the effects of the instruments used. If an initiative similar to SPC Norway is to be continued, we would recommend an initial account of the relationship between image and reality in short sea shipping, along with a consideration of the relationship between private and social economic benefits of increased sea transport. If one decides to give priority to reality rather than image,

focus should be directed towards the maritime industries in order to develop a more competitive shipping alternative.

Documentation from SPC Norway does not bear witness of any long-term involvement with the established relations. Since building close relations is resource-consuming, we recommend strategic thinking as to whom to address.

We will discourage continued import of positive – but elusive – expressions like “contribute positively to”, “be in touch with”, “create awareness of” and “cooperation with”, unless it is clearly stated how these actions will give tangible results.

Few of the other SPCs are, to our knowledge, fully financed by government funds. We support the EU argument that public funding helps secure continuous activity, stability, and immunity from strong commercial actors, but non-public funding (through a private-public partnership) would provide a test of the project’s legitimacy in the market, and also contribute to increase the level of activity. A tendering process might also generate innovative solutions. The Ministry of Industry and Trade is already contributing to the funding of three Norwegian Euro Info Centres that are also included in a European network.

A recent evaluation of this initiative (on the European level) was, to our knowledge, positive. This model could be looked into. According to feedback from SPC Norway’s network, the project is considered to possess a high level of maritime competence, but if the ambition of a substantial transfer of goods from road to sea is maintained, we will recommend higher competence within industrial logistics. If the aim of promotion is maintained, one might also consider the competence of existing promotion bureaus.