



FINANCING OPPORTUNITIES FOR THE TRANSPORT SECTOR

Connecting Europe Facility (CEF) and the European Fund for Strategic Investments (EFSI)

Stephane OUAKI
Transport Investments Unit
DG MOVE, European Commission
Riga, 21 October 2016

Agenda

- *Context and transport policy priorities*
- *Opportunities under CEF:*
 - **Calls for proposals**
 - **Blending CEF and EFSI**
- *Opportunities for the transport sector under the Investment Plan for Europe*

Context: investment needs in the transport sector

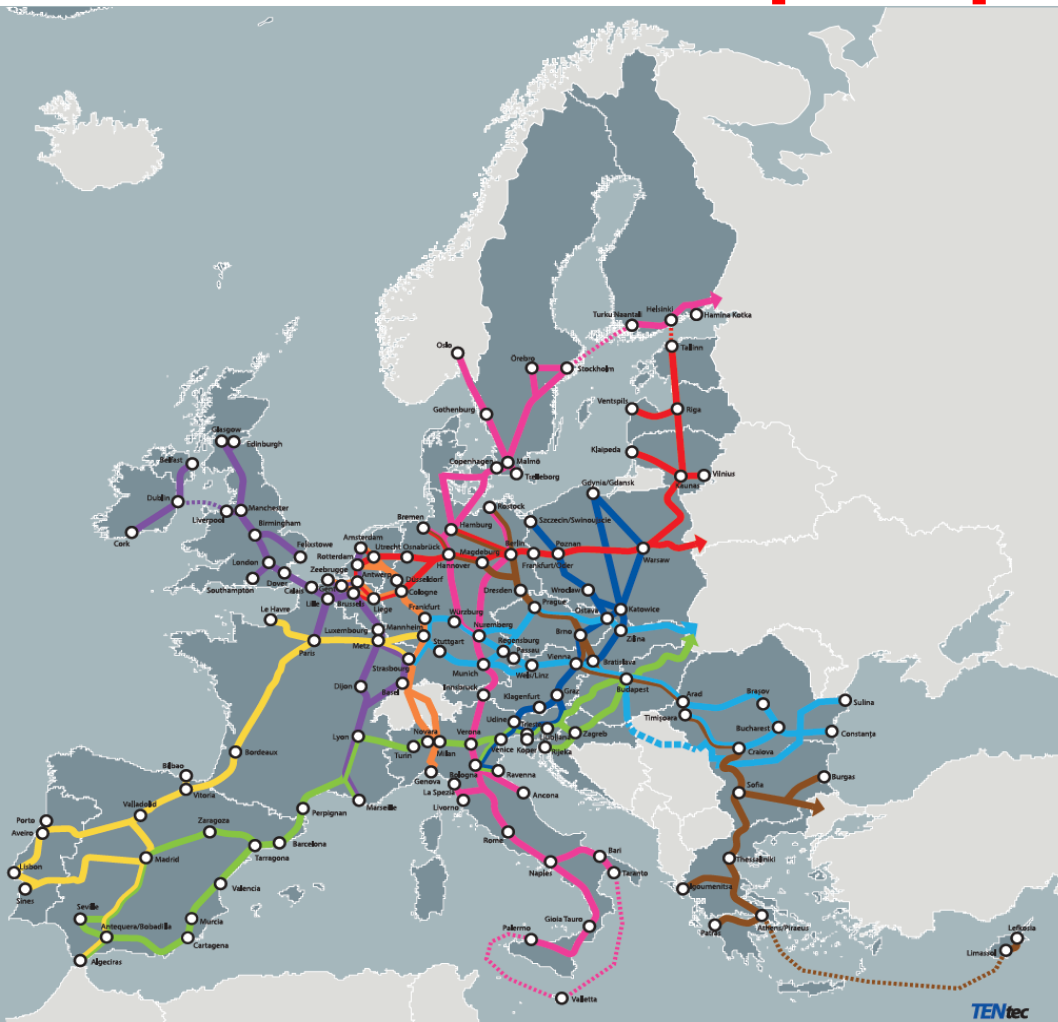
- **Decreased levels of public and private investment in infrastructure**
- **Very high transport investment future needs**
- **€1.5 trillion needed for investment in European transport for the period 2010–2030¹**

¹ 2011 Transport White Paper



European
Commission

Significant EU support available for transport projects...



Connecting Europe Facility

- €20 billion CEF grants already allocated to 458 projects, mobilizing €37.6 billion of total investment

European Structural and Investment Funds

- €70 billion programmed for transport projects in 2014-2020

Horizon 2020

- More than €6 billion grants in 2014-2020

Delivering on European Commission's priorities

With the CEF-Transport budget of €24.05 billion

Jobs and Growth

- TEN-T network implementation would potentially bring 10 million new jobs and 1.8% increase in EU economic growth

Investment

- Public and private investment in key transport-infrastructure projects

Energy Union

- Environmentally-friendly transport modes
- Innovative low-carbon and energy-efficient transport technologies

Digital Agenda

- Intelligent Transport Systems and Traffic Management Systems (e.g. ERTMS)

CEF - Transport

€24.05 billion, including €11.3 billion transferred from the Cohesion Fund, allocated via:

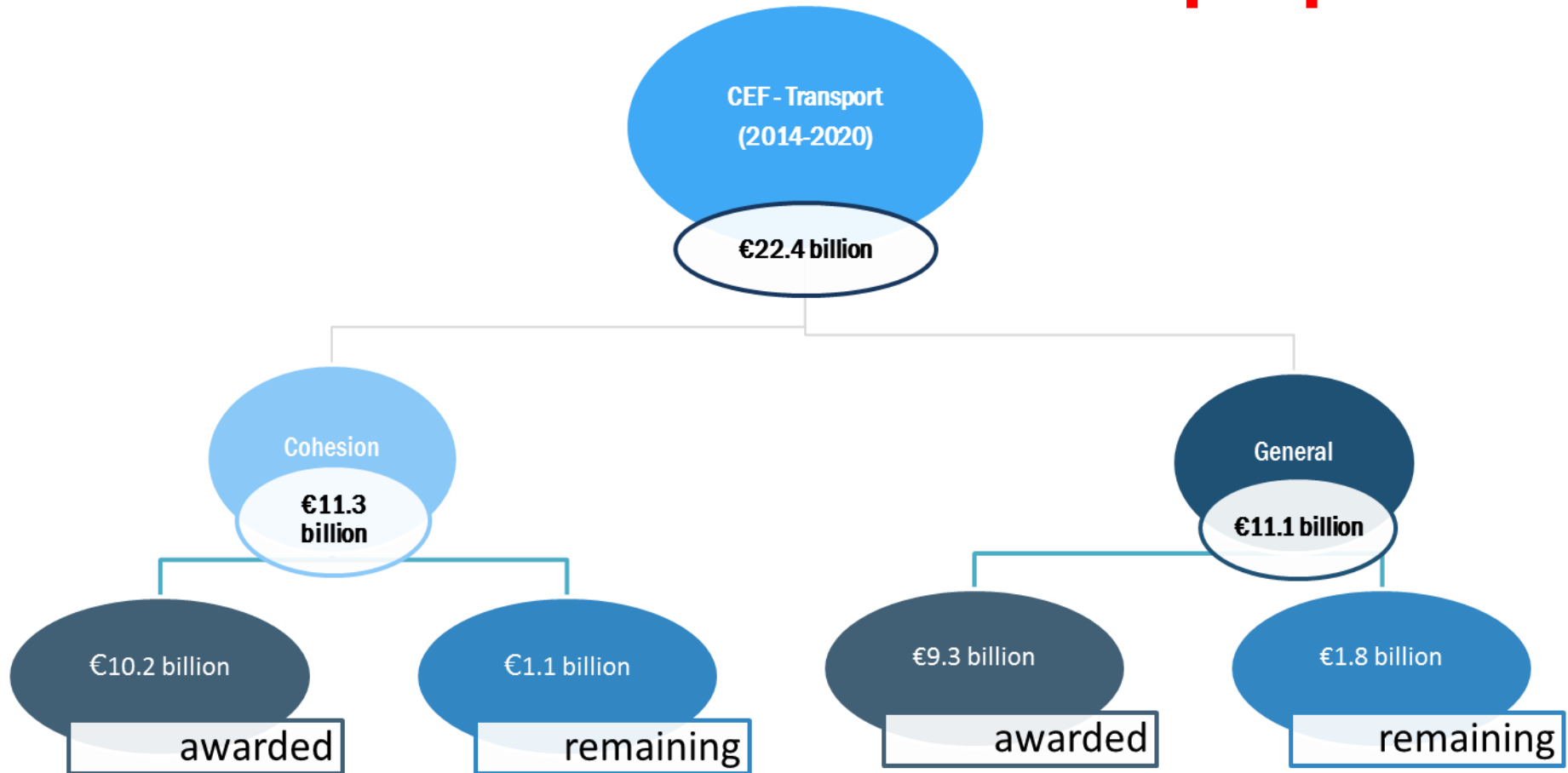
Grants to the following priorities:

- **TEN-T Corridors and core network:**
 - Cross-border, missing links, bottlenecks
 - Pre-identified projects
- **Horizontal priorities:**
 - Interoperability, innovation, ERTMS...
 - Sustainable modes of transport (rail, IWW)

Innovative financial instruments

- up to 10% of budget

CEF-Transport grant budget and results of the 2014 & 2015 calls for proposals



2014 and 2015 calls: support to TEN-T and CEF Transport priorities

€19.4 billion now attributed to:



building
cross-border infrastructure

€17.1 bn



deploying
sustainable and efficient transport

€0.3 bn



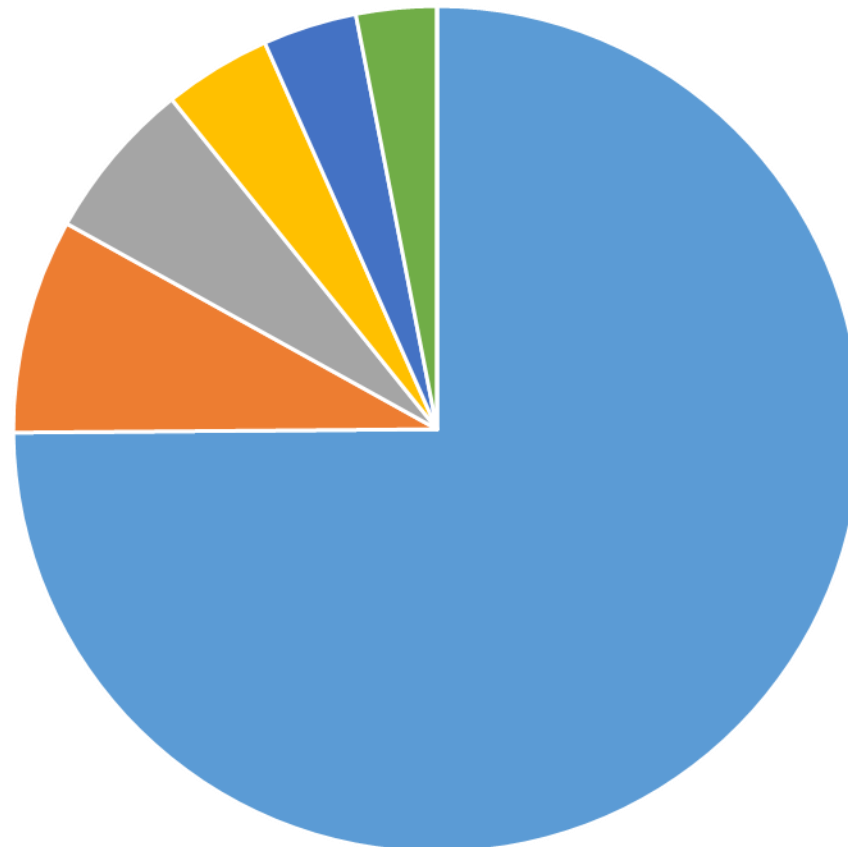
combining
transport modes and IT

€2 bn

€19.4 bn

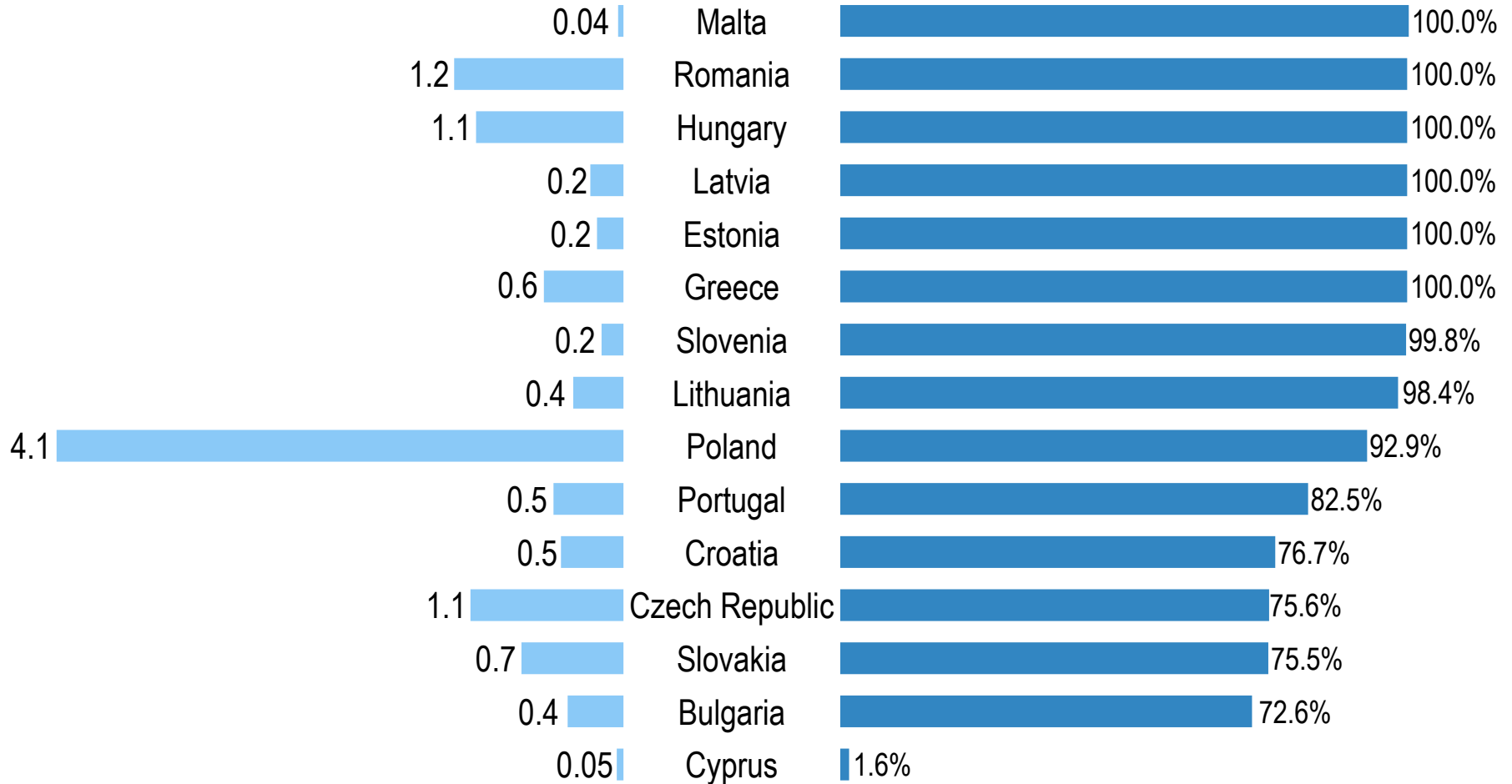


2014 & 2015 CEF Transport calls: support per modes of transport



■ Rail ■ Inland waterways ■ Road ■ Maritime ■ Air ■ Multimodal

Strong uptake in Cohesion Member States



■ Indicative Budget (€ billion)

■ Consumption of national envelope (%)



European
Commission

Funding opportunities: 2016 CEF Transport Calls

A stylized map of Europe in shades of purple and blue, overlaid with a network of white dashed lines representing transport routes. The lines connect various points across the continent, with some points highlighted by bright blue glowing circles.

2016 calls: indicative budget available

Multi-Annual Work Programme (MAP) :

➤ **€1 449.5 million**

➤ €650 million under the General envelope

➤ €849.5 million under the Cohesion envelope

Annual Work Programme (AP)

➤ **€440 million**

➤ €190 million under the General envelope

➤ €250 million under the Cohesion envelope

CEF synergy work programme

€40 million

"Blending" call

2016 calls: Multi-Annual Work Programme

General envelope: €650 million – horizontal priorities:

- SESAR (€300 million)
- ITS (€120 million)
- Innovation (€80 million)
- ERTMS (€70 million)
- Core Network urban nodes (€40 million)
- Motorways of the Sea (€40 million)

Cohesion envelope: €849.5 million

- Infrastructure projects on the TEN-T Core Network in sustainable modes of transport (Annex I of CEF Regulation)
- Horizontal priorities

2016 calls: Annual Work Programme

General envelope: €190 million

- Freight transport services (€20 million)
- Rail freight noise (€20 million)
- Cross-border infrastructure projects on both comprehensive & core TEN-T *not pre-identified in Annex I* of CEF Regulation (€110 million)
- Cross-border connections to neighbouring countries (€40 million)

Cohesion envelope: €250 million

- infrastructure projects on core TEN-T which are not pre-identified in Annex I of CEF Regulation (€250 million)

Indicative timetable

MAP AND AP CALLS

Adoption of the CEF WPs 2016	Before 7 October 2016
Publication of Calls	13 October 2016
Info Day, Brussels	25 October 2016
Calls deadline	7 February 2017
Evaluation	February – May 2017
Presentation to CEF Committee	June 2017
Adoption of Selection Decision	July 2017
Preparation and signature of Grant Agreements	From August 2017

Synergy call: Transport and Energy

Budget: €40 million

- synergy actions between the transport and energy sector
- sustainable and efficient transport and energy infrastructure

Objectives transport

- supporting transition to innovative low-carbon and energy-efficient transport technologies and systems, while optimising safety
- deployed on TEN-T with emphasis along the Corridors, while complying with the energy infrastructure corridors and areas

Objectives energy

- increasing competitiveness by promoting further integration of the internal energy market and the interoperability of electricity and gas networks across borders
- projects promoting the interconnection of networks in the Member States
- removing internal constraints
- decreasing energy isolation
- increasing the interconnectivity in electricity and achieving price convergence between the energy markets

Indicative timetable

Synergy (Transport-Energy) Call

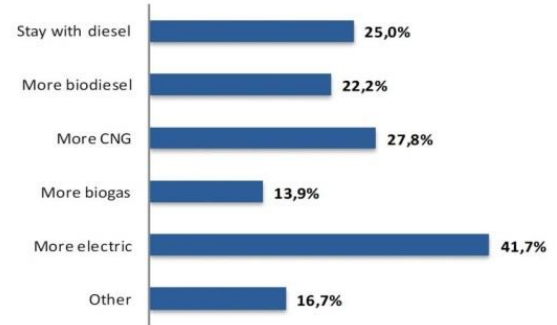
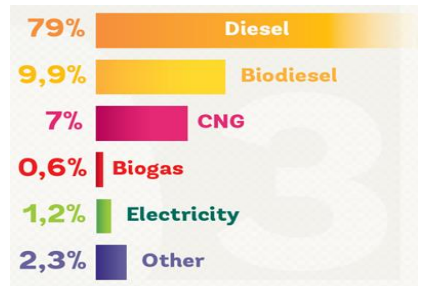
Adoption of the CEF Synergy WP 2016	31 March 2016
Publication of Calls	28 September 2016
Info Day (virtual)	10 October 2016
Calls deadline	13 December 2016
Evaluation	December 2016 – March 2017
Presentation to CEF Committee	April 2017
Adoption of Selection Decision	April 2017
Preparation and signature of Grant Agreements	From May 2017



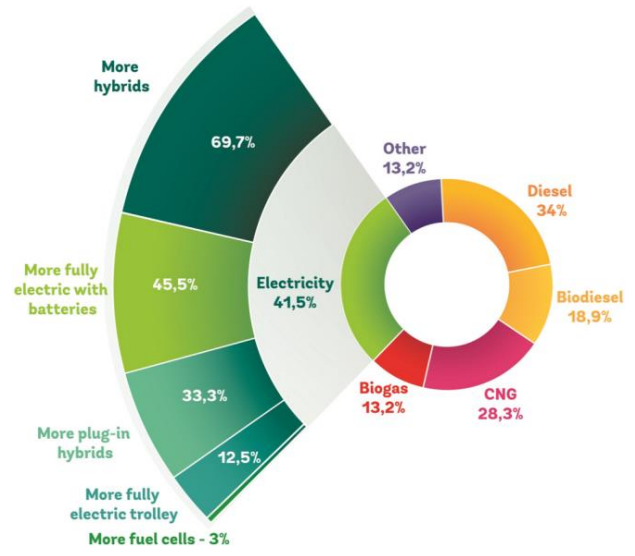
The new way forward : blending CEF grants with EFSI

- **Catalytic** – establishes a financial case for economically sound but financially weak projects, allowing private finance to invest
- **Additional** – the grant component/first loss piece enables creation of new structures, for example investment platforms
- **Proven** – the approach has been successfully used by CEF in a number of projects
- **Impactful** – grant funding dedicated to blending could potentially increase the EFSI transport pipeline

Clean Transport Facility (CTF)



Current fleets and plans
(3IBS survey)



Examples of innovative RES transport projects (under CTF)

Name of the project	RIGA TRANSPORT COMPANY	SMT ARTOIS GOHELLE - PROJET BHNS BULLES
Promoter	RP SIA RIGAS SATIKSME	Syndicat Mixte des Transports Artois-Gohelle
Project location	Latvia	FRANCE
Project description	Purchase of 20 new low-floor tram units to operate in the city of Riga, and modernisation of tramway infrastructure and depot. Purchase of 10 hydrogen fuel cell (HFC) buses and 10 Hytrolleys with HFC range extenders. Construction of hydrogen fuel production and storage facility.	Réalisation par le Syndicat Mixte des Transports Artois-Gohelle (SMT Artois-Gohelle) d'un projet de transport en commun comportant la création de six lignes de bus à haut niveau de service ainsi que l'acquisition de bus hybrides articulés de type BHNS, avec une expérimentation hydrogène (sur 6 bus)
Project objectives	The project consists of the purchase of 20 new low-floor tram units for the city of Riga. New trams will replace existing ones, which are obsolete.	Le projet met en oeuvre plusieurs mesures prévues dans le Plan de Déplacements Urbain (PDU) du SMT Artois-Gohelle, l'autorité organisatrice de la mobilité (AOM) pour les Communautés d'Agglomérations de Lens-Liévin, Hénin-Carvin et Béthune-Bruay. Il prévoit d'améliorer l'offre de transport tant d'un point de vue qualité de services que d'attractivité du transport collectif. Le but étant de promouvoir une mobilité solidaire et durable favorisant les modes alternatifs à l'automobile.
Proposed EIB finance Approximate amount	EUR 75 million	EUR 210 millions
Total project cost Approximate amount	EUR 195 million	EUR 450 millions

2016 CEF Blending Call (1/3)

Context and objectives

- Boost the EFSI transport pipeline and attract private finance

Approach (timeline, duration, processes, criteria etc.)

- Blending €1 billion of CEF grants with EFSI financing
- Expected launch before end 2016, with a longer submission period

2016 CEF Blending Call (2/3)

Project preparation:

- A reasonable level of development will be expected
- Associated documentation should be submitted as part of the call
- Technical support to be available
- DO NOT WAIT: begin preparing now

2016 CEF Blending Call (3/3)

Eligibility of projects:

- Works, not studies
- Grant eligibility and amount in line with the CEF Regulation (Article 10)
- Projects will need to be structured to receive EIB/private finance, with:
 - Identified borrower
 - Solid business case
 - Revenue stream to support loan repayment
- Grant level to be justified through cost-benefit analysis



Opportunities for the transport sector under the Investment Plan for Europe

EU transport objectives and EFSI

In the transport sector, EFSI operates in the following context:

- **Clear EU policy priorities**
 - **Huge investment needs**
 - **Existing initiatives, but with limited budget**
 - **Risks/challenges to private-sector financing in some priority areas**
- ⇒ **Expectation: EFSI to augment and enhance existing initiatives to deliver substantial investment in the transport sector**

No more business as usual

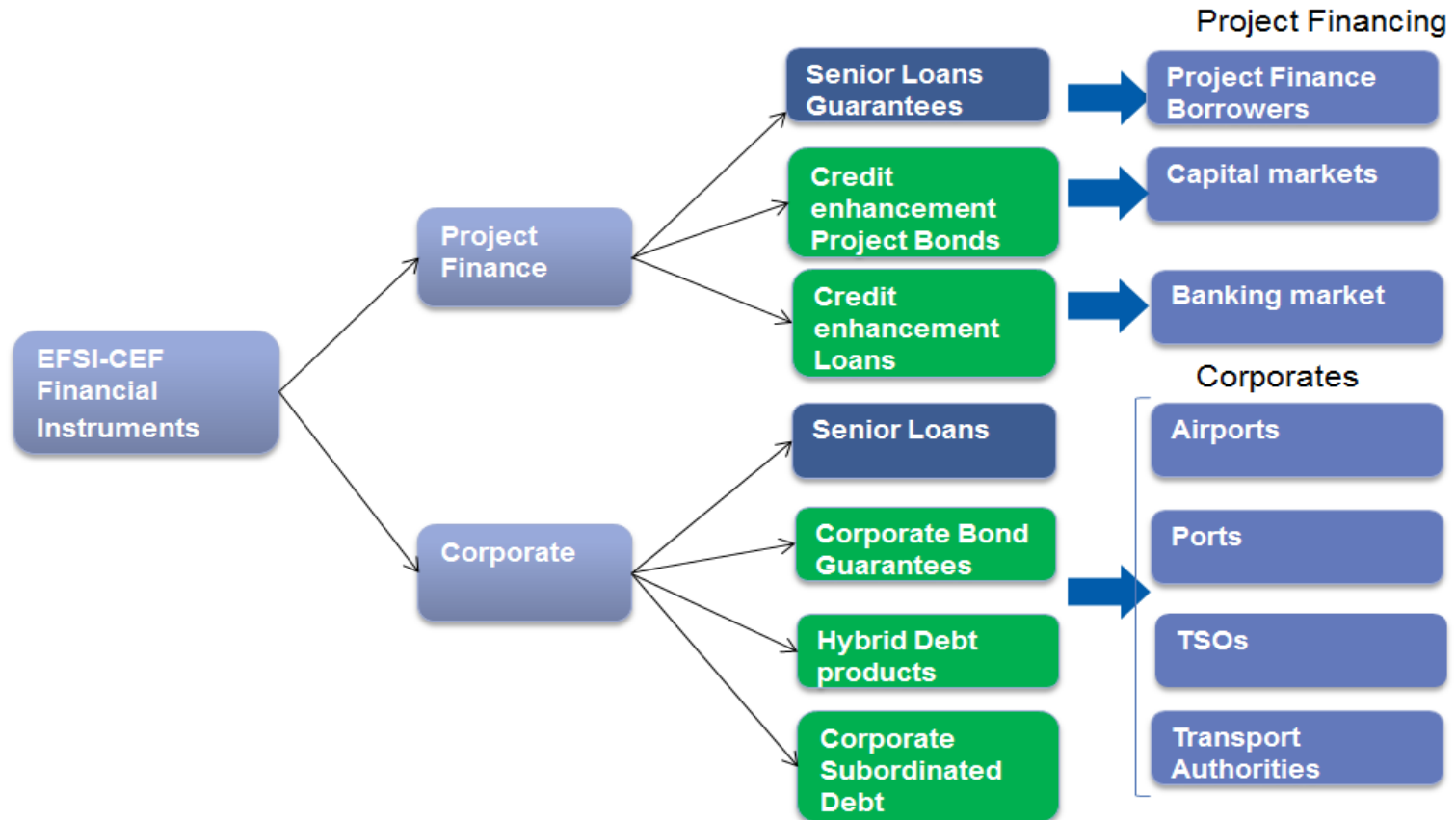
- A more systemic use of innovative financing as means to leverage scarce EU resources
- CEF & EFSI financial instruments should be considered for projects with potential revenues
- New tools are being developed for new sectors by EIB, most advanced scheme being the Clean Transport Facility
- "Platform-type" structures also developed across sectors
 - *Spanish State Fund for Ports Accessibility*
 - *Green Shipping, Equity Funds*
- Blending EIB tools and CEF grants (or ESI Funds) is a possibility, with CEF grants to support the remaining funding gap
- Involve EIB (Advisory Hub for advisory and technical support) and DG MOVE early in the process

A focus on financial instruments....

- *Private investors looking for investment opportunities*
 - **High levels of liquidity on capital markets**
 - **Very low interest rates on sovereign bonds**
 - **Interest in infrastructure investments**
 - **But risks & uncertainties**
- *European Commission & EIB*
 - **Provide additional support to projects and companies by increasing the use of instruments with more risk-bearing capacity**

EFSI / CEF Debt Instrument

Financial products designed for specific market segments



Potential sectors for financial instruments

- *Ports*
- *Airports*
- *Locks and canals*
- *Roads*
- *Logistic platforms*
- *Modal rail connections*
- *High speed/urban rail lines*
- *Alternative fuels projects*

= Projects with potential revenues!



EFSI 2

Proposal for EFSI 2.0 Regulation

Policy implications

- EFSI implementation period until 31 December 2020
- EU Single Transport Area among major EU policies
- Geographical diversification and principle of additionality
- Proactive role for the European Investment Advisory Hub
- Set out for blending of CEF grants with EFSI instruments
- Contribution to the climate objectives set out by COP21

Proposal for EFSI 2.0 Regulation

Budgetary implications

Target of additional EFSI investment rises to €500 billion by 2020

EFSI guarantee reinforced with additional resources

- *€1.1 billion additional Commission resources, including €155 million from CEF financial instruments budget line for transport*

For blending CEF grants with EFSI products

- *€1 billion reallocation from CEF financial instruments transport envelope to CEF transport grants*

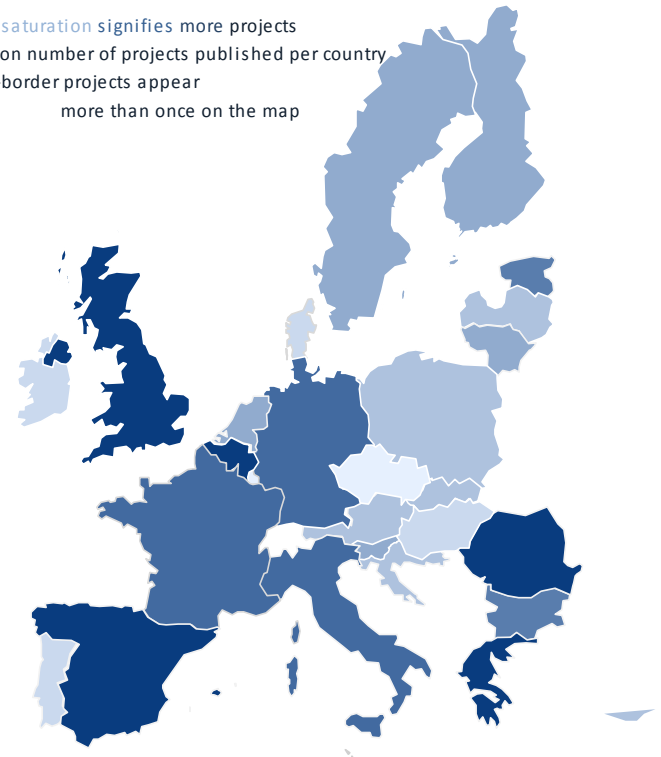
European Investment Project Portal (EIPP)

The meeting place for project promoters and investors

<https://ec.europa.eu/eipp/desktop/en/index.html>

Projects per Member State

darker saturation signifies more projects
based on number of projects published per country
*cross-border projects appear
more than once on the map



THANK YOU FOR YOUR ATTENTION

MORE INFORMATION AVAILABLE AT:

<http://ec.europa.eu/invest-eu>

<http://www.eib.org/invest-eu>

<http://ec.europa.eu/transport>

<https://ec.europa.eu/inea>

#InvestEU