The EU at work to bridge the investment gap in transport and stimulate the European economy

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Why do we need investment in transport infrastructure?
Transport investments enable economic growth and job creations. According to the Commission's estimates, completing the core network of the Trans-European transport network ("TEN-T") would require an additional €500 billion of investment over 2021-2030, but would generate 1.8% additional GDP in 2030 (equivalent to €4 500 billion), and around 13 million job-years.

Investing in transport infrastructure, particularly in railways and inland navigation, also contributes to the decarbonisation of transport. The sector currently accounts for a quarter of the EU's greenhouse gas emissions, of which 70% comes from road transport.

Transport however faces a wide range of financing challenges across the EU: underinvestment, lack of suitable financing solutions, insufficiently developed and non-transparent pipelines of transport projects, continuous growth of urban populations, and regulatory and administrative barriers. The European Commission's Investment Plan can help address these issues, paving the way for the competitive and sustainable EU transport system of tomorrow.

What are the opportunities for EU funding in the transport sector?
The European Fund for Strategic Investments (EFSI) - the heart of the Investment Plan for Europe - aims to overcome current market failures by addressing market gaps and mobilising private investment. EFSI support can be combined with EU grants from the Connecting Europe Facility (CEF), Horizon 2020 as well as from those EU funds implemented by Member States’ authorities under shared management, namely the European Structural and Investment (ESI) Funds.

- The Connecting Europe Facility (CEF) has a grant budget of €23.04 billion for TEN-T projects for the 2014-2020 period. CEF grants are allocated following competitive calls for proposals. The CEF also includes Debt Instruments which offer loans and guarantees through the European Investment Bank.
- Since 2017 there is also the new possibility: The so-called CEF "Blending Call" makes available €1.35 billion of grants from the CEF to be combined with financing from the European Investment Bank (EIB), including through the European Fund for Strategic Investments (EFSI), National Promotional Banks or private sector investors. This will increase the leveraging effect of EU funds and facilitate access of project promoters to
financing by the EIB, financial institutions or the private sector for transport infrastructure works in the 28 EU Member States.

- The HORIZON 2020 (H2020) budget includes €6.3 million for smart, green and integrated transport for the 2014-2020 period.
- The European Structural and Investment (ESI) funds foresee a total of approximately €70 billion for the 2014-2020 period: €35.6 billion for transport under the Cohesion Fund and €34.5 billion for transport under the European Regional Development Fund.
- The European Fund for Strategic Investment (EFSI) provides risk financing instruments. As of March 2018, EFSI has been approved for 57 operations contributing to transport objectives triggering a total €23.6 billion in related investment. This represents around 13% of the overall investment from the Infrastructure and Innovation Window (IIW) of the EFSI.
- In addition, 4 programmes have been preapproved, including the 2 green shipping programmes with potential to mobilise additional €3.5 billion of investment.
- The EFSI, CEF, H2020 and the ESI Funds are complementary and can be used together to mobilise further investment. The Commission issued explanatory guidelines on how to combine these EFSI and the ESI Funds.

**Latest update on EU funding for transport**

The deadline for submissions for the CEF Blending and SESAR call was 12 April. Under the CEF Blending call 69 proposals were received asking for €1 billion. The available budget is €350 million. Under the SESAR call 33 proposals were received asking for €410 million. The available budget is €290 million.

The decision on the results of both calls will become available in summer 2018.

**More details on EU funding**

**Who can apply for EFSI support and what kind of projects are eligible?**

Companies, utilities, public sector entities, national promotional banks or other banks, and bespoke investment platforms can apply. With no specific target allocated by sector, EFSI can support operations consistent with European Union policies, recognising the importance of investments in transport infrastructures but also equipment and innovative technologies:

- Ports, locks, airports, roads, dedicated rail lines connecting urban centres, logistic platforms and the deployment of traffic management systems on track and on-board trains (ERTMS) or planes (SESAR).
- Rehabilitation and upgrade of the road and rail networks, including in urban city areas.
- Greening of maritime and inland waterways infrastructure, fleets and vehicles, including LNG for ships or barges, alternative fuels, including electric mobility for cars.
- Investments involving entities located or established in EU Member States and extending to countries falling within the scope of pre-accession and neighbourhood policies.
Transport projects such as the deployment of ERTMS and SESAR, greening of maritime and inland waterways transport and alternative fuels infrastructure along major roads, might be of a relatively small size. In such cases, they could benefit from pooling investors’ resources together into national, sub-national, multi-country or regional investment platforms, and by involving National Promotional Banks (NPBs). By aggregating small projects, investment platforms provide greater diversification, greater deal flow and reduced risk.

How to apply for EFSI?

To apply for EFSI financing, project promoters can contact the EIB directly (www.eib.org/about/invest-eu/index.htm) - they do not need to pass via a local authority or government. Projects seeking debt will be appraised by the EIB, before being submitted to the EFSI Investment Committee for selection and the EIB Board for final approval.

How to apply for CEF?

Interested parties can apply as a single applicant or as a part of a multi-applicant proposal. The agreement of the Member State(s) concerned by the proposed action has to be secured in both cases. The Innovation and Executive Agency (INEA) carries out the evaluation of the eligible proposals, supported by independent experts. Once the list of proposals recommended for funding is formally approved by the Commission, successful applicants are invited by INEA to prepare and sign individual grant agreements. INEA then works closely with the beneficiary on the technical and financial project implementation.

More information is available on INEA’s website.

How to apply for HORIZON 2020?

The two-year work programmes announce the specific areas that will be funded by HORIZON2020. Look out for them on the online Participant Portal as they can be used as a calendar for the calls for proposals (“calls”), to be published during the year. Those wishing to respond to a call must submit a proposal before the deadline. The Participant Portal has clear instructions to guide you through the process.

More information on how to get funding is available on the HORIZON2020 website.

Who can provide technical advice?

The European Investment Advisory Hub (EIAH) is a joint initiative of the European Commission and the EIB to help strengthen and accelerate investment.

Services available via the Hub include project development support throughout all stages of the project cycle (from pre-feasibility to financing), as well as upstream or policy advice on market studies, sector strategies, support for CEF blending and project screening.

Project promoters can access the EIAH at www.eib.org/eiah and submit a request for advice through the website.