Finanziamenti europei. Diretti, indiretti e finanza agevolata

IL MONDO EUROPEO DEI TRASPORTI

Giorgio Secchi
05 Febbraio 2020
Agenda

1. The context for the EU transport policy
2. The EU transport policy
3. The TEN-T policy
4. Financial support to the TEN-T over 2014-2020
5. Financial support to the TEN-T over 2021-2027
6. Expectations and challenges for after 2030
7. Green Deal impact on transports
8. New projects and future challenges: Hyperloop
1. The context for the EU transport policy
1. **Transport backbone of trade flows**  
The EU economy is one of the most open in the world with 2250 million tonnes exchanged per year; The future prosperity of the continent will depend on its integration with the world economy.

2. **Transport source of employment**  
The transport industry employs directly in the EU around 10 million people and accounts for about 5% of the EU GDP.

3. **Transport industry**  
Many European companies are world leaders in infrastructure, logistics and manufacturing of transport equipment and traffic management systems.
Growing congestion, poorer accessibility

Fuel costs and congestion levels are expected to rise significantly by 2030 => further divergences in accessibility
CO$_2$ emissions

In 2015 during COP21 in Paris, the European Union reaffirmed its binding target of reducing GHG (Greenhouse Gases) emissions in the EU by 80-95% by 2050 compared to 1990 levels (~40% by 2030).

Transport accounts for about ¼ of GHG emissions, split 60% from passengers transport and 40% from freight transport, most of which from medium-distance trips.
2. The EU transport policy
Levering the opportunity & Meeting the challenge

Transport has to:

– Use less energy
– Use cleaner energy
– Exploit efficiently a multimodal, integrated and intelligent network
Ten goals for competitive and resource efficient transport (I)
from the EU White Paper on Transport (2011)

Develop new and sustainable fuels and propulsion systems

1. Halve the use of conventionally-fuelled cars in urban transport by 2030; phase them out in cities by 2050; achieve CO$_2$-free city logistics by 2030.

2. Use 40% of low-carbon sustainable fuels in aviation and reduce emissions in maritime by 40% (if feasible 50%) by 2050.
Ten goals for competitive and resource efficient transport (II)

Optimise the performance of multimodal logistic chains, including through greater use of more energy-efficient modes

3. 30% of road freight over 300 km should shift to other modes by 2030, and more than 50% by 2050.

4. Triple the length of the existing high-speed rail network. By 2050, the majority of medium-distance passengers transport should be by rail.

5. A fully functional and EU-wide multimodal TEN-T core network by 2030.

6. By 2050, connect all core network airports to the rail network; all seaports to freight rail and, where possible, to inland waterways.
Ten goals for competitive and resource efficient transport (III)

Increase the efficiency of transport and of infrastructure use with information systems and market-based incentives


8. By 2020, establish the framework for a European multimodal transport information, management and payment system.

9. By 2050, move to close to zero fatalities in road transport.

10. Move towards full application of “user pays” and “polluter pays” principles.
3. The Trans-European Transport Network (TEN-T) policy
The old TEN-T

- The concept of a trans-European transport network is as old as the European integration. Implementation was however very slow until the end of the 80's. 14 priority projects identified by the Council of Essen in 1994 formed the key elements of a first network.

- The network grew over time but remained mostly a patchwork of individual projects (30 priority projects), with insufficient common technical/operational standards, no long-term strategy and insufficient political endorsement for implementation.
A revised legislation was adopted in 2014, the TEN-T Regulation (EU No 1315/2013) and a new financial support scheme was put in place also in 2014, the Connecting Europe Facility Regulation (EU No 1316/2013).
The new TEN-T

The TEN-T Regulation brought about:

1. A dual layer approach based on an objective methodology:
   - A core network focusing on the strategically most important parts, to be realised by 2030
   - A comprehensive network to ensure accessibility to all regions, to be realised by 2050

2. Ambitious standards; for example for the core network:
   - Rail: electrification, ERTMS, gauge 1435mm, freight line speed >100kph, freight trains min 740m, axle load min 22,5T, HSL>250kph
   - IWW: CEMT IV (1-1,5kT vessels), length min 80/85m, draught min 2,5m, height under bridges (5,25/7m), RIS, ...
   - Roads: express roads/motorways, secure parking areas every 100km, clean fuel availability, interoperable tolling, ...
   - Ports/Maritime: rail connection, waterways connection when possible, clean fuel availability, promoting MoS, VTMIS, ...
   - Airports: availability of clean fuels, connection to high speed rail and urban, connection to road network, SESAR, ...
The new TEN-T

3. **Horizontal priorities:** SESAR, ITS, RIS (river info system) VTMIS for navigation; Innovation, Maritime connectivity (Motorways of the sea)

4. **Corridors and Coordinators for the implementation:**
   
   **The Corridors:**
   - Synchronise investments in order to optimise network benefits
   - Focus on cross-border sections, the removal of bottlenecks, modal integration and interoperability
   - Involve stakeholders across borders and sectors
   - Are aligned with the Rail Freight Corridors
   - Hold regular Corridor Forum meetings
   - Form and hold regular Working Group meetings e.g. ports & inland waterways, rail-road terminals, regions & urban nodes
   - Are guided by a Work Plan revised every two years
Freight Transport Core Network

- Railways (green = conventional, purple = high speed high capacity)
- Inland Ports
- Maritime Ports
- Rail-road terminals
Passenger Transport Core Network

• Railways (green = conventional purple = high-speed high capacity)

• Airports
The Core Network Corridors

- 9 Core Network Corridors
- Motorways of the Sea & ERTMS as horizontal priorities
- Multimodal, and involving at least 3 Member States to facilitate the main flows
The Core network Corridors – Italy

2014-2020

Baltic-Adriatic Mediterranean Scandinavian-Mediterranean Rhine-Alpine

2021-2027
Core Network Corridors: What impact on Growth and Jobs?

- **GDP** created per 1bn invested €2015: 7bn.
- **GDP** will increase by 1.6% in 2030 vs. 2016 with a cumulated increase of €1826bn.
- **JOB-years** per 1bn invested €2015: 20000-25000 job-years.
- **JOBS** will increase by 797,000 in 2030 vs. 2016 with a cumulated increase of 7.5million job-years.
Review of the new TEN-T

• Even though the new TEN-T policy and Regulation entered into force only in 2014, the European Commission already started the process of reviewing it.

• The review process aims at assessing the performance of the Regulation with regards to its objective and whether and how it should be improved.

• The review process involves a public online consultation that took place in spring 2019, targeted interviews to take place between October 2019 and April 2020 and an evaluation study to be completed by April 2020.

• If a revision of the Regulation appears needed, the European Commission will first conduct an Impact Assessment and could be ready with a new/revised Regulation in 2022, to be adopted by Council and EP.
Review of the new TEN-T

- Amongst the areas for improvement of the Regulation are (non-exhaustive):
  - Balanced accessibility for all regions
  - Harmonised standards for all modes of transport
  - More digitalisation to strengthen the efficiency and increase the pace of the realisation
  - More focus on alternative fuels deployment
  - More focus on multimodal nodes
  - Leverage synergies with military mobility needs
  - ...
4. Financial support to the TEN-T over 2014-2020
Resources & Enablers

Transport Policy

- National Resources
- Cohesion Pol.: ESIF
- TEN-T: CEF grants

Projects implementation

- Funding Support
- Financing Support

Non-Financial instruments

- Infrastructure programme
- Accompanying measures
- Projects definition

Projects design & maturity
- Capacity Building

Increase revenues from Transport and funding to Transport

TEN-T Policy

Private Capital
- PPP framework
- EFSI / CEF IFI
EU financial support

- Grants to projects with EU Network effects
- Direct technical assistance administrative capacity
- EU-EIB Risk-Sharing schemes to implement PPP projects

Financial Instruments

BLENDING

Horizon 2020
ESIF (Cohesion policy)
CEF
EFSI
The Connecting Europe Facility: a multi-sectoral infrastructure fund

Budget €24.2bn, of which €11.3bn reserved for the 15 cohesion countries with higher co-funding rates

- Transport
- Energy
- Telecom

Budget €4.8bn

Budget €1.05bn
CEF Transport 2014-2020 - Status

• CEF grant support of 23.7b€ for 2014-2020. Progress since 2014:

  • 15 calls for proposals were conducted and 756 actions launched
  • 22.8b€ of funding was allocated (96% of the budget), raising total investments of 48b€
  • Funding allocation: 61% for works; 32% for Mixed works and studies; 7% for studies only
  • By funding objective: 83% for « building cross-border infrastructure and bridging missing links », 13% for « Interconnecting transport modes and enhancing interoperability » and 4% for « Deploying sustainable and efficient transport »
  • Reflow to the budget as per the use it or lose it principle
CEF Transport 2014-2020 - Status

• 72% of CEF Support went to railway, illustrating the focus on decarbonisation. CEF support by modes:

  • Rail 16.3b€; Road 1.9b€; Air 1.6b€; Inland Waterways 1.4b€; Maritime 1.1b€; Multimodal 0.5b€

• CEF Transport Blending Calls:

  • Combining the CEF Grants with financing from the EIB, a national promotional bank or private sector investors

  • 1.4b€ total allocated CEF funds raising total investments of 6.2b€

• CEF Transport Debt Instrument:

  • Delivered through the « Cleaner Transport Facility » aiming to accelerate the deployment of new cleaner transport technologies (EIB-managed)

  • Provides risk bearing capacity to the EIB through CEF contribution to first loss piece tranche: ~13b€ of total investments mobilized for 473M€ of CEF participation
The “use it or lose it” principle

• Each project supported by CEF undergoes a careful assessment of its progress through yearly reports and mid-term reviews

• If a project encounters delays that will not make it possible to consume its whole grant within the current financial period, extended to end 2023 in some cases, it has to be scaled back and the grant reduced

• The part of the grant which is cut is re-used for so-called reflow calls launched in 2019 and 2020

• This allows to maximize the use of the available budget, a feature which is unique to CEF and does not exist for example for the ERDF (European Regional Development Fund) or the CF (Cohesion Fund) - which therefore do not get fully allocated
EFSI & the Juncker Plan

- Provides risk bearing capacity to the EIB for projects with a higher risk profile than usually taken on by the Bank
- Total of 26b€ guarantee from the EU budget + 7.5b€ allocation of the EIB’s own capital
- Aims to unlock total investment of at least EUR 500bn by 2020
- In transport EFSI contributes to developing a safe, clean & competitive mobility system
- By mid-2019 EIB had approved around 8.6b€ of investment in Transport, set to trigger a total of €29.2 billion in investments
Leveraging EU financial instruments

Project Company,
- paying investment costs, interests, operational costs…
- Receiving revenues (from users, authorities…)
- Reimbursing debt

Total cost: €700m

Senior Debt in forms of loans or bonds

€600m

Sub-debt (funded or unfunded) provided by financial partner

€100m

Equity

€100m

Financial partner (EIB or national investment banks)

Funds from project sponsors or infrastructure owners

Banks providing loans or Bonds bought by Pension Funds and insurance company

Funds from CEF

€30m

Total cost: €700m

€100m

€600m

€30m

Leveraging EU financial instruments example
€750bn to complete the core network over 2016-2030: How to make it work?

"CBS Reports"

1) Action Plan, 2015: 12 recommendations to make project financing a large scale success in the EU

2) Progress Report on the Action Plan, 2018

3) Revised Action Plan, 2019 “Enabling the uptake of the TEN-T project pipeline by the financial market” Sep. 19
12 initial recommendations regrouped in 4 building blocks

- **Strengthening the project pipeline**
  - Capacity building, Advisory Hub, Jaspers, Technical Assistance

- **Cutting the red tape**
  - Permitting, procurement, state aids clearance

- **Broadening funding & financing**
  - Integration of sources, internalisation, blending and pooling

- **A favourable environment**
  - Financial markets, PPPs, stakeholders involvement

CBS Reports
CBS Report
BB1: Strengthen the project pipeline

Stable project pipeline

- Technical assistance & capacity building
- Advisory hub, JASPERS etc.
- Coordination between the capacity-building prgs
- Analyse and draw lessons from low-quality projects

Full life-cycle approach

- Embed life-cycle
- Include revenues and maintenance
- Add business plans to CBAs
- Segment projects

Enhance quality of projects

- Support projects from conception to financing & risk sharing
- Set ex-ante conditionalities
- Link with long-term strategies & plans
CBS Report
BB2: Cut the red tape

Improve procurement procedures

- Streamline procedures across borders
- Exploit PPP and concessions
- Learn from successful governance structures

Simplify permitting procedures

- Streamline procedures across borders
- Set time limits
- Foresee technical guidance

Ensure adequate state aid framework

- Enlarge scope of Important Projects of Common EU Interest
- Provide certainty for EFSI & other EU funds
- Establish a single fast-track window for key EU projects
CBS Report
BB3: Broaden Funding & Financing

Find additional resources
- Widen polluter- and user-pays principles
- Combine grants and financing
- Set up blending facilities
- Combine sources of EU support
- Cross-financing

Internalise benefits
- Internalise external costs & benefits
- Exploit ETS, Eurovignette, green bonds etc.

Facilitate blending & pooling
- Facilitate blending of grants and financing
- Establish platforms pooling smaller projects together
- Support administrative costs of smaller projects
CBS Report
BB4: Foster a favourable environment

Create new infrastructure asset class

- Consider in view of BASEL IV measures for investments from the banking sector
- Seek support from the European safe asset
- Assess if Solvency II can be further improved

Enhance public financing in PPPs

- Take EU guarantee off-balance sheet
- Provide guidance on PPPs
- Provide guidance on concessions

Promote financial instruments and schemes

- Communicate to the wider public
- Better involve stakeholders
- Trigger flagship projects
- Raise visibility of concrete investments
- Raise visibility of financial programmes and tools
5. Financial support to the TEN-T over 2021-2027
A time of uncertainties

– Brexit: will it be Negotiated or hard? What will be the impact on the CEF2 budget?

– New Commission willing to come forward with a so-called “Green Deal”. Will it play in favour of the CEF2 budget or will budget be re-allocated to other aspects of transport / climate policy?

➢ The following slides need to be taken under the reservation that big changes may happen to the different financial support instruments over the next few months
Infrastructure investment is still below pre-crisis level

Transport the sector most affected

Figure 3 Infrastructure investment by sector and by source between 2005-2016 (in % of GDP)

Source: Eurostat, Projectware, EPEC
## TRANSPORT IN THE EU 2021-2027 BUDGET PROPOSAL

<table>
<thead>
<tr>
<th>CEF</th>
<th>ESIF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SINGLE MARKET, INNOVATION &amp; DIGITAL</strong></td>
<td><strong>COHESION &amp; VALUES</strong></td>
</tr>
<tr>
<td>- € 12.85 Bn  Transport General Envelope</td>
<td>- Cohesion Fund</td>
</tr>
<tr>
<td><strong>COHESION &amp; VALUES</strong></td>
<td>Up to € 12 Bn  for Transport</td>
</tr>
<tr>
<td>- € 11.3 Bn  Transport Cohesion Envelope</td>
<td>Up to € 40 Bn  for Transport</td>
</tr>
<tr>
<td><strong>SECURITY &amp; DEFENCE</strong></td>
<td><em>Transport share to be defined with each</em></td>
</tr>
<tr>
<td>- € 6.5 Bn  Transport Military Mobility</td>
<td><em>MS during the programming in accordance with shared management programme</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INVESTEU</th>
<th>HORIZON EUROPE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SINGLE MARKET, INNOVATION &amp; DIGITAL</strong></td>
<td><strong>SINGLE MARKET, INNOVATION &amp; DIGITAL</strong></td>
</tr>
<tr>
<td>- € 11.5 Bn  Sustainable Infrastructure</td>
<td>- € 15 Bn  Climate, Energy and Mobility</td>
</tr>
<tr>
<td>(including Transport)</td>
<td></td>
</tr>
</tbody>
</table>
CEF2: budget proposal: € 30.6 bn
being discussed at European Parliament and Council

- +27% in current prices
- +11% in 2018 prices
- Despite the Brexit!

General Envelope € 12.8 Bn
Cohesion Envelope € 11.3 Bn
Military Mobility € 6.5 Bn
CEF2: budget proposal

General Envelope
- Studies
  - Cross-border links (*)
  - Telematic applications systems
  - Inland waterways
  - Railway interoperability
  - New technology & innovation
  - Safety and external border checks infrastructure
- Outermost regions

Military Mobility
- max 50%
- max 85% if Necessary resources are transferred by Member States from programmes under shared management
CEF2: Regulation being discussed at European Parliament and Council

- **3 Objectives:**
  - Efficient and interconnected networks
  - Smart (digital), sustainable (e.g. alternative fuels), inclusive, safe and secure mobility
  - TEN-T adapted to military mobility requirements

- **Leaner and more concise programme**

- **Adaptation of the Corridors to reflect growing transport flows**

- **Flexibility with voluntary transfers from shared management funds to CEF**

- **Increased role for the European Coordinators in the selection of projects**

- **As before:**
  - Close involvement of Member States via the CEF Committee (in particular with the adoption of the work programmes)
  - Direct management by the Commission with delegation to an Executive Agency (INEA)
  - Budget optimisation through the "use it or lose it" principle
InvestEU: key principles and policy objectives

- **Single Fund**: a single regulation and single agreement with implementing partners
- Simplification and Flexibility. Replaces 14 EU financial instruments (e.g. CEF DI, InnovFin) + EFSI
- **Budgetary Guarantee, Policy driven approach** implemented through thematic policy windows
- **Blending**: harmonised combination rules (i.e. CEF2&InvestEU)
- Complementarity between EU level and MS level

**Financing and investment operations contributing to**:
- Competitiveness incl. Research, innovation and digitalisation
- Growth and employment, sustainable, environmental and climate dimensions
- Social resilience and inclusiveness
- Integration of the Union capital markets and strengthening of the Single Market
- Promotion of economic, social and territorial cohesion
## Invest EU: indicative proposed budget allocation

In €M, current prices:

<table>
<thead>
<tr>
<th>Window</th>
<th>Budgetary guarantee</th>
<th>Mobilised investment (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable infrastructure</td>
<td>11 500</td>
<td>185 000</td>
</tr>
<tr>
<td>Research, Innovation and Digitisation</td>
<td>11 250</td>
<td>200 000</td>
</tr>
<tr>
<td>SMEs</td>
<td>11 250</td>
<td>215 000</td>
</tr>
<tr>
<td>Social investment and skills</td>
<td>4 000</td>
<td>50 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>38 000</strong></td>
<td><strong>650 000</strong></td>
</tr>
</tbody>
</table>
Invest EU: Sustainable Infrastructure window

- Orients capital flows towards sustainable infrastructure investment.
- Stimulates investment needed to respond to climate change and meeting the greenhouse gas emission reduction commitments by 2030 (Paris agreement).
- Contributes to coordinated investments in infrastructure projects involving several MS (cross-border projects) and in trans-European networks.
-Addresses emerging market needs, new technological developments and priorities (e.g. greening of mobile assets).
- Promotes interoperability.
- Fosters cross-sectoral synergies between energy, transport and digitalisation.
InvestEU: Implementing partners

InvestEU backs the financial products provided by the implementing partners:

- **EIB Group** (privileged partner, expected volume ~ 75%)
- Other IFIs (EBRD, Council of Europe Development Bank etc.)
- **National Promotional Banks** and Institutions
- Other entities fulfilling the criteria laid down in the FR in Art. 62.1
6. Expectations and challenges for after 2030
Key questions for after 2030

1. Will the targets of the TEN-T Regulation be met?
   • At this point in time, the indicators show that the core network should be almost (90-95%) realised by end 2030.

2. What should be the next focus of the European Commission if the core network is indeed realised?
   • The completion of the comprehensive network will have to be achieved by end 2050, but the scope is such that MS have a bigger role to play than the European Commission for that network.
   • The European Commission will have a clear opportunity to come up with legislation and/or guidelines about how to maximise the use of the infrastructure through 1) removing operational and administrative barriers and 2) ensuring that maintenance of the infrastructure is ensured.
7. Green deal impact on transports
Decarbonising is a must
A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy

• 2050 long-term strategy (2018) by the Juncker Commission
• Goal: net-zero emissions by 2050
• Reducing carbon footprint of the transport sector:
  • Higher vehicle efficiency
  • Long-term switch to alternative fuels / more sustainable modes
  • More efficient transport system through digitalization and multimodality
European Commission 2019-2024

Lead the transition to a healthy planet and a new digital world:

• Propose a Green Deal within the first 100 days of the new Commission

• Reduce GHG emissions by at least 50% by 2030

• Extend the Emissions Trading System (Sea, Air) – synergic with Energy Taxation Directive rev.

• Introduce European Climate Law to enshrine the 2050 climate neutrality target into law
Strategy for a sustainable Transport and Mobility (Q3 2020)

• Comprehensive strategy for sustainable and smart mobility
• To replace White Paper on Transport (2011)
• Ensure that European transport is sustainable, safe, affordable and accessible
• Focus on increasing the uptake of sustainable and alternative transport fuels for road, maritime and air transport
Railways are far more efficient (less energy per good/person per km) than any other land transport mode (11% Freight Share, 7% Passenger share – 0.5% direct emissions)
A stronger role of Railways in the transport mix is called for

- Key elements for rail to play its role in fighting climate change:
  - A competitive rail sector with sufficient capacity $\rightarrow$ better use of rail infrastructure
  - Favorable conditions for rail freight and high speed passenger services $\rightarrow$ Rail integration in the transport chain
  - Sufficiently equipped infrastructure for multi-modal transport
  - Better quality of service, ease of booking, passenger rights and customer experience

$\rightarrow$ Green, safe, modern and sustainable transport mode.
Connecting Europe Facility contribution

• Negotiations on-going for multiannual financial framework 2021-2027
• Connecting Europe Facility (CEF) budget to be determined
• Commission proposal for new CEF Regulation:
  • Greater emphasis on rail and waterborne transport, digitalization, and the use of alternative fuels
• Total proposed allocation to be over EUR 30 billion
• 60% of CEF climate expenditure
8. New projects and future challenges: Hyperloop
The Coordination – how it came up

• Bottom-up requests by MSs and Hyperloop promoters to step-up a EU coordination
• More than 10 individual meetings with 7 Hyperloop promoters and by representatives of 4 MSs at national/regional level
• Request to interested MSs: 16 replies in the first instance - now 21/28 MSs officially appointing repr. and exchanging / taking part in the exercise
Coordination – 3 parallel process

EC coordination (DGs, associated entities)  
Member States coordination  
Promoters coordination
A common target: Standardisation

Safety (Risk assessment / CSM)

Interoperability (Systems/Components)

Standardisation

Industrialisation

Certification -> Autorisation
Voluntary application of European Standards (EN) published on the OJEU*

* Harmonised standards

Essential requirements

New approach: Autorisation

Directive

Presumption
of conformity

Products
The Hyperloop

• Developed by a number of different companies
• Fully automatized, real-time demand-related
• Ultra-fast transport system (faster than 1000 km/h)
• Based on magnetic levitation in a quasi-vacuum tunnel
• Energy consumption extremely low.
• Potential to carry pods of up to 100 passengers / freight "point to point"
Why it matters to the EU: Deployment potential

On Energy & Sustainability the potential role of a hyperloop technology is wide

The least energy intensive, totally electrified inland transport mode

Fast connectivity – attractiveness

Single O-D with small number of passengers: support policentricy & territorial cohesion, complementing HS and Air
A business case for hyperloop – some informal provocative thoughts:

• EU is the high-density continent -> network potential

• Initial business cases:
  A) Complement existing infra – notably HSL/station, Airports and Nodes/attractors
  B) Consider opportunity costs:
      • New airport: n x 10 Bn EUR
      • new runway: several Bn EUR
      • new HSL: 30 M EUR
      • urban rail: 200-250 M EUR (interference matters)