



EU support for railway projects on the Trans-European Transport Network

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TEN-T: Main Policy Objectives

An efficient and sustainable transport network to

- Complete the **EU internal market** by ensuring seamless physical connections, creating missing links and removing bottlenecks
- **Shape mobility** by offering alternative routes on a more sustainable basis to operators and passengers – clean and efficient transport
- **Boost economic growth** by allowing greater transport and business opportunities
- **Facilitate mobility and reduce congestion** through traffic management systems and innovative technology

TEN-T: Long-Term Strategy

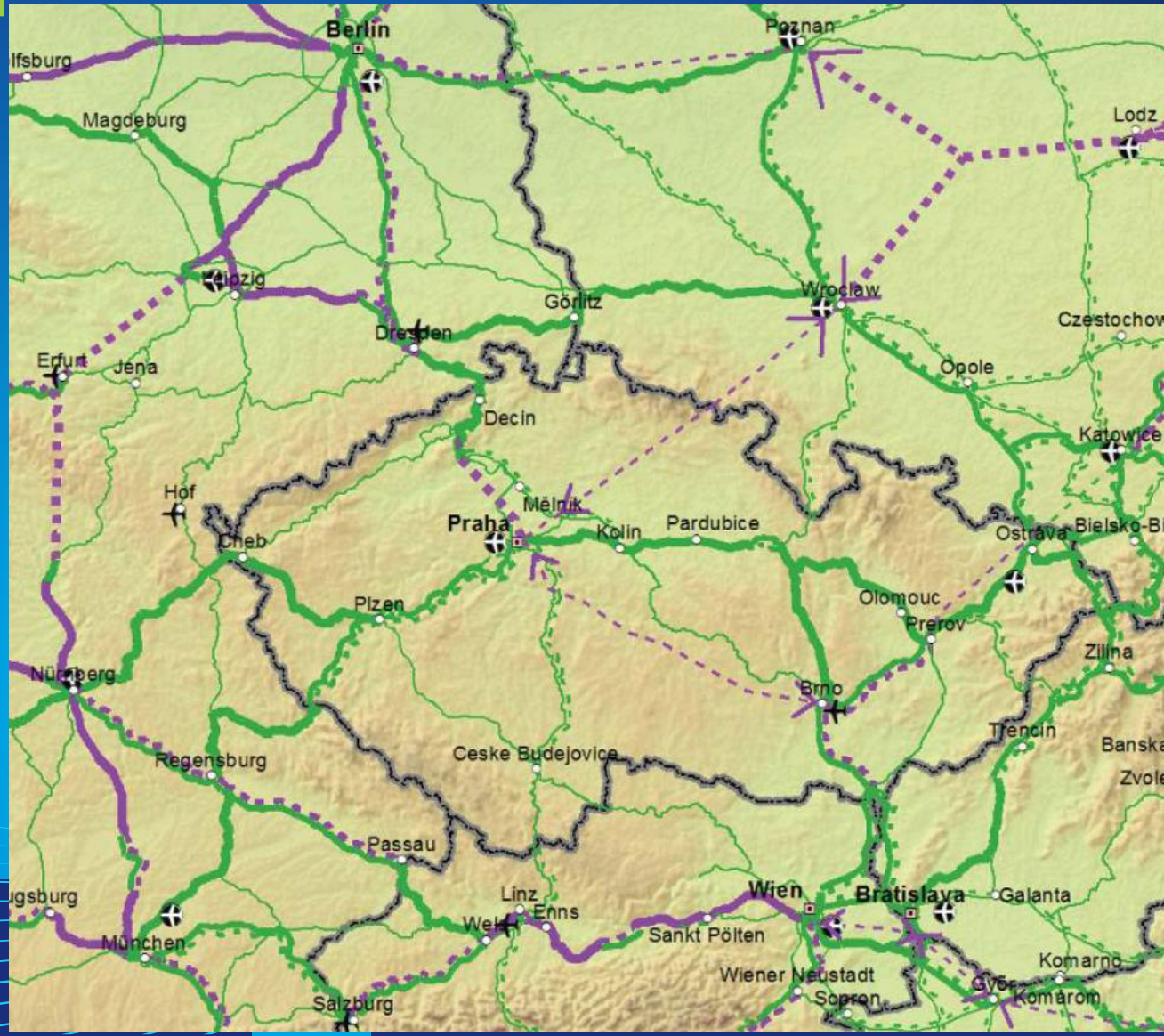
*A **dual-layer network** based on a single European methodology*

Core network: 2030

– focusing on strategically most important parts

Comprehensive network: 2050

– ensuring accessibility to all regions

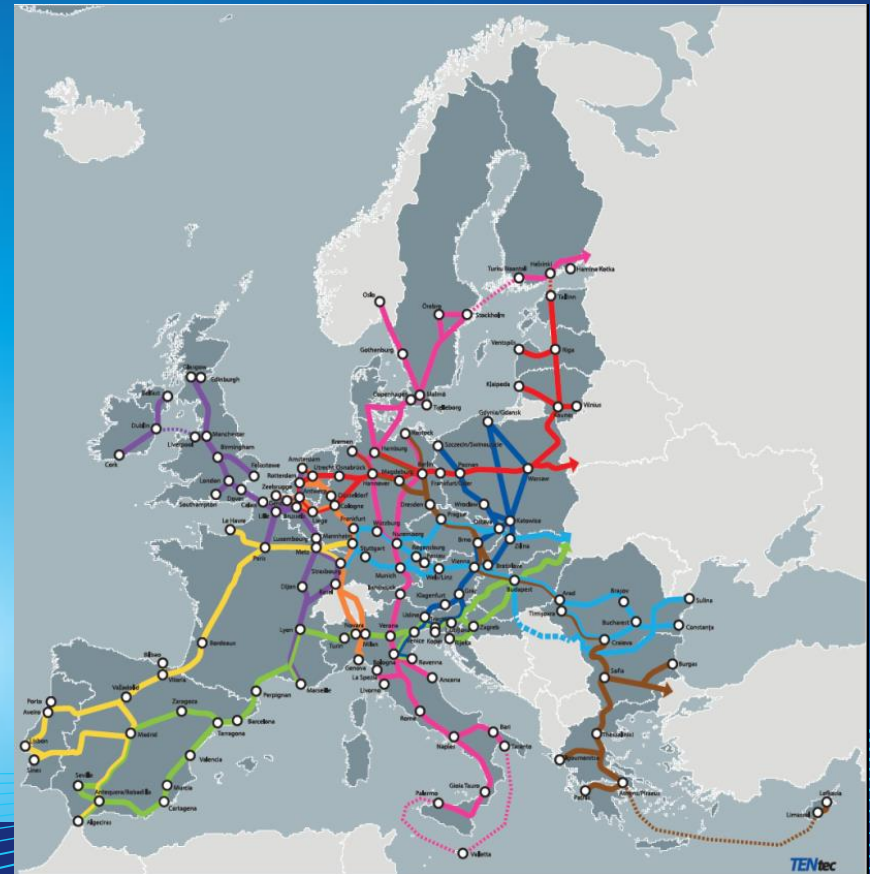


TENT-T in the Czech Republic

➤ Czech Republic is crossed by **3
TEN-T Core Network Corridors**

- **Baltic-Adriatic**
- **Rhine-Danube**
- **Orient/East-Mediterranean**

➤ Making it **one of the most
important railway transit
countries and transport hubs
in the European Union**





Significant EU support available for transport projects

Connecting Europe Facility (CEF)

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

European Fund for Strategic Investments (EFSI)

- €500 billion investment by 2020
- Progress to date (since July 2015): €125 billion

European Structural and Investment Funds

Horizon2020



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Connecting Europe Facility

One instrument – three sectors

**Policy
frameworks**
(setting priorities
for 2030, 2050)

**Financing framework
2014-2020**

Connecting Europe Facility

Transport
Guidelines

Energy
Guidelines

Telecom
Guidelines

**Regulation (EU) 1316/2013, adopted together with the
Regulation 1315/2013 on the TEN-T Guidelines**





Connecting Europe Facility

Priorities

CEF-Transport budget: €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)



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Connecting Europe Facility

CEF – transport sector

- **Budget:** €24.05 billion, including €11.3 billion transferred from the Cohesion Fund
- **Grants – 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



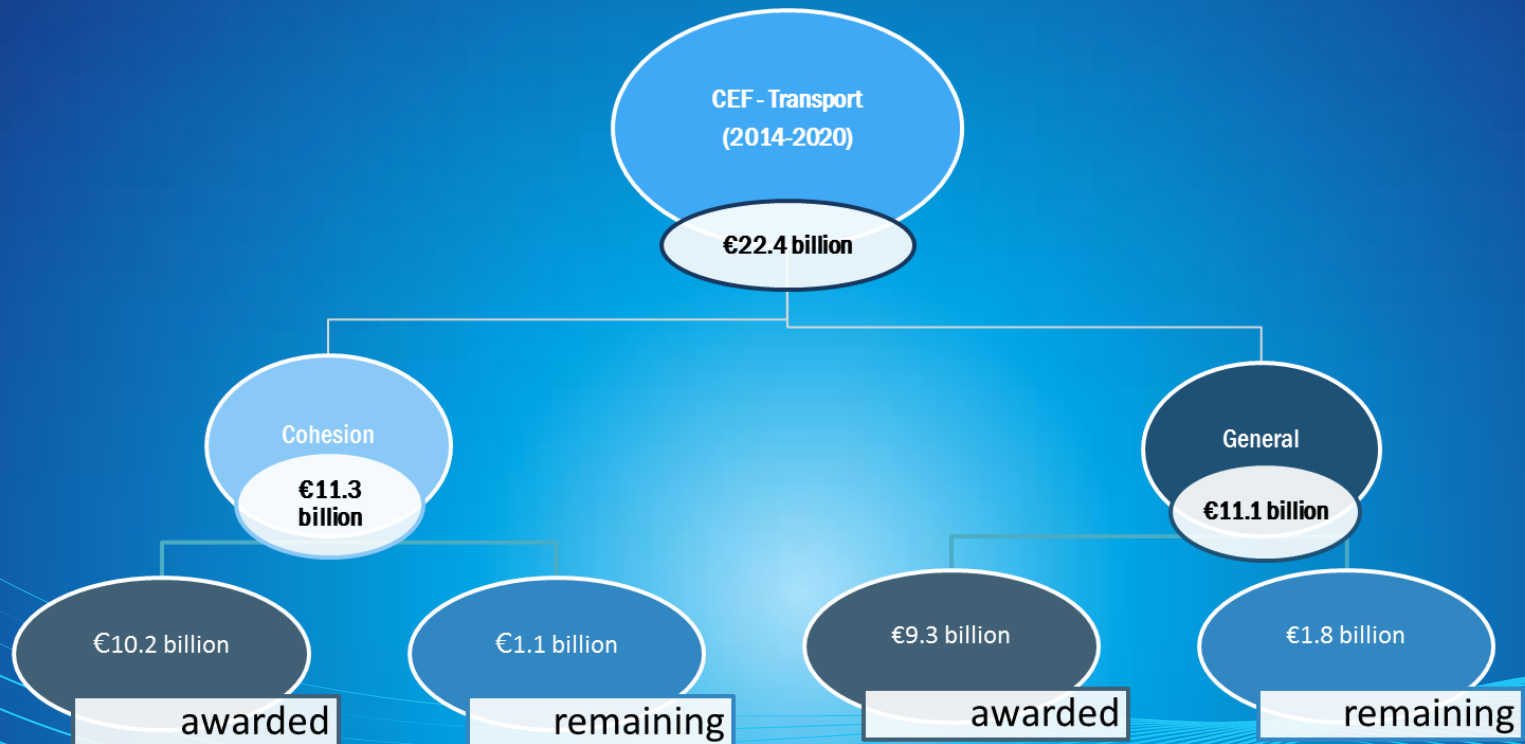
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Results of the 2014 & 2015 CEF Transport Calls

CEF Transport Budget



Results of the 2014 & 2015 CEF Transport 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

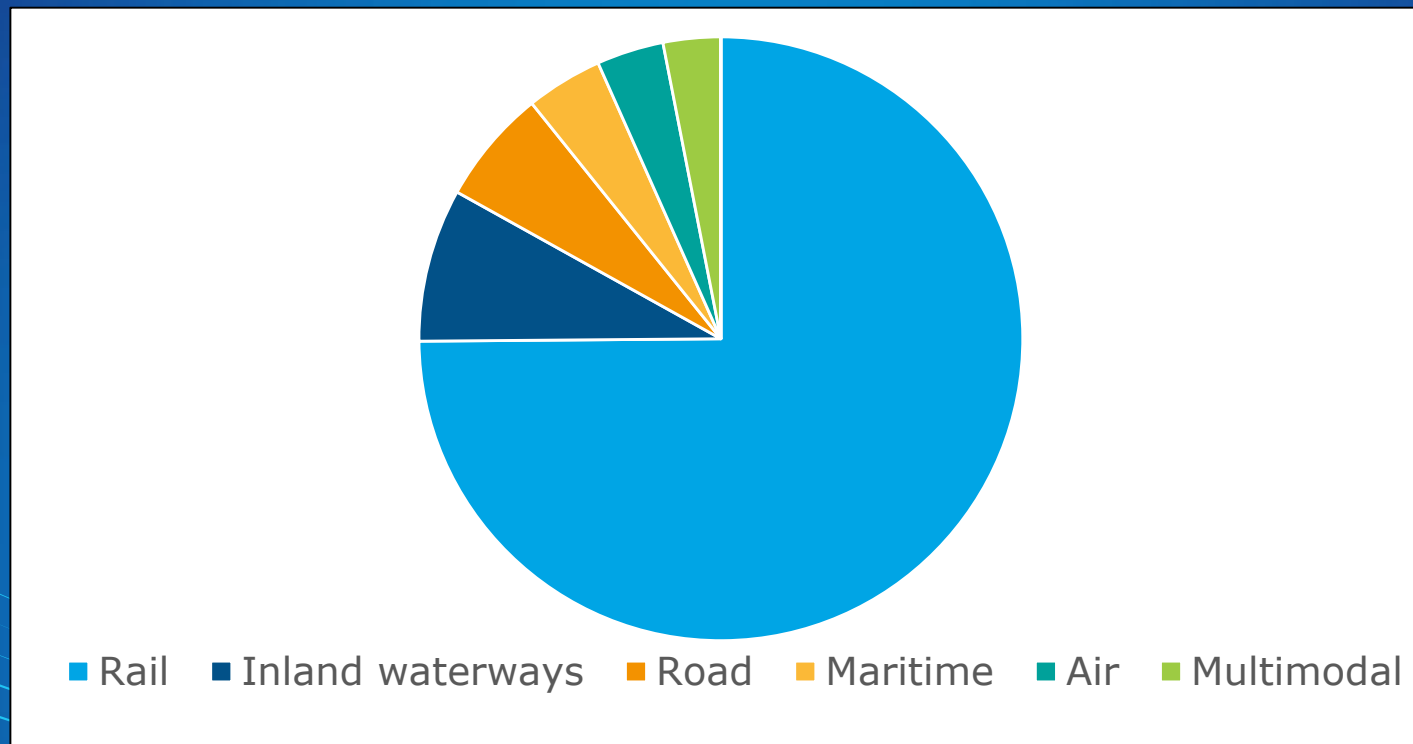
€2 bn

€19.4 bn



Results of the 2014 & 2015 CEF Transport Calls

Substantial support to railways



CEF calls: projects in the Czech Republic

- **2014: 12 selected proposals**
 - *Awarded CEF funding: **€254 446 955***
 - **€252 316 106** for railway projects and ERTMS
- **2015: 27 selected proposals**
 - *Recommended CEF funding (pending signature of the grant agreements): **€587 918 705***
 - **€529 383 605** for railway projects and ERTMS



CEF railway projects in the Czech Republic

Deployment of ERTMS/ETCS on-board components compliant with Baseline 3 in ČESKÉ DRÁHY, a.s. vehicles on the Core Network Corridors

- **Eligible costs:** €166,384,081
- **EU contribution:** €141,426,468.9
- **Duration:** 30/04/2017 – 31/12/2020
- **Core Network Corridors:**
 - Baltic-Adriatic
 - Rhine-Danube
 - Orient/East-Med

Expected Action's outcome :

- ERTMS/ETCS components fitted on a total of 663 vehicles of ČD (33 prototypes, 6 upgrades and 624 retrofits) operating on TEN-T corridors in the Czech Republic
- fully interoperable and suitable Czech TEN-T corridors for smooth international cooperation on CNCs of TEN-T in other European countries (Germany, Austria, Poland, Slovakia and Hungary)





CEF railway projects in the Czech Republic

Optimization of the line Praha Hostivar – Praha hl.n., 2nd part – Praha Hostivar – Praha hl.n.

- **Eligible costs:** € 134,295,022
- **EU contribution:** € 110,309,931.1
- **Duration:** 01/07/2016 – 01/04/2020
- **Core Network Corridors:**
 - Rhine-Danube
 - Orient/East-Med

Expected Action's outcome :

- improve technical parameters of the railway line
- increasing the speed to 120 km/h and achieving UIC D4 load class and UIC GC spatial clearance
- part of a Global Project aiming at a complex reconstruction of the railway junction Praha in order to increase its capacity and improve its safety and interoperability



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CEF railway projects in the Czech Republic

Upgrade of the Praha Smíchov - Černošice railway line

- **Eligible costs:** € 128,902,397
- **EU contribution:** € 97,398,651.17
- **Duration:** 01/03/2016 – 31/12/2020
- **Core Network Corridor:**
 - Rhine-Danube

Expected Action's outcome :

- achieve technical parameters of the railway infrastructure compliant with the relevant standards for rail core network.
- main parameters include:
 - nominal track gauge of 1,435 mm
 - 22.5 t axle load
 - 140 km/h maximum line speed
 - possibility of running trains with a length of 740 m



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Funding opportunities: 2016 CEF Transport Calls



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2016 CEF Transport Calls

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 CEF grants and financial instruments



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2016 CEF Transport Calls

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



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2016 CEF Transport Calls

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)



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2016 CEF Transport Calls

EU's investment needs in transport

Context

- Across the EU, the demand for investments is much higher than the available funding
- **€430 billion of investments needed by 2030 in railways only**
- Rail sector must find new ways to finance infrastructure, to remain competitive



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EU's investment needs in transport

Solutions

- More systemic use of **innovative financing**
- EIB target: at least 40% of EFSI 2.0 financing **environmentally-friendly modes (e.g. railways)**
- CEF & EFSI financial instruments should be considered for **projects with potential revenues**
- **Advisory Hub** for advisory and technical support
- **Blending EIB tools and CEF grants** (or ESI Funds) is a possibility, with CEF grants to support the remaining funding gap



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 Transport Calls

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



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2016 CEF Transport Calls

2016 CEF Blending Call (3/3)

Eligibility of projects:

- Works, not studies
- Grant eligibility and amount in line with the CEF Regulation
- 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



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2016 CEF Transport Calls

Make use of existing opportunities

PRIME subgroup on financing

- EC and IMs discuss funding and financing issues. Examples include detailed case study on innovative financing, Eurostat impact on investments in rail

ERTMS study on innovative financing

- Innovative schemes for ERTMS deployment. Currently identifying potential pilot projects, including in the context of the ERTMS Deployment Fund



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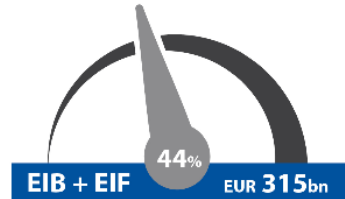
Of which
EUR 13.8bn
signed

EIB Group figures

As of 12/10/2016

Approved EFSI
financing*

Total investment related to EFSI
approvals

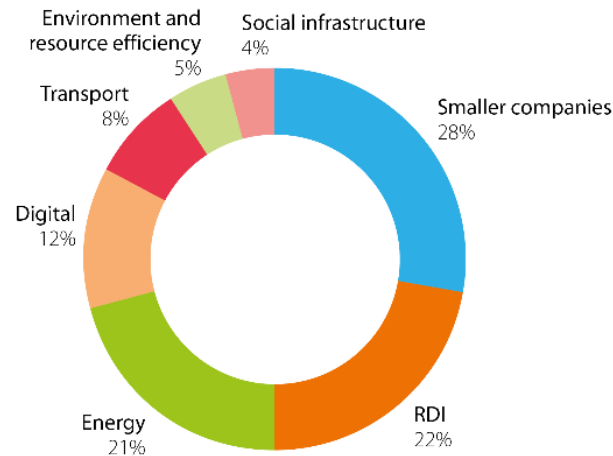


EUR 24.8 bn

EUR 138.3 bn

* EIB-approved: EUR 17.4 bn
EIF-approved: EUR 7.5 bn

EFSI investment by sector



361 approved
transactions in 27
of 28 EU countries



Driver for Financial Instruments

- A financial instrument is a mechanism to address specific risks that are deterring promoters and investors from investing in projects
- Instruments allow the public sector to encourage private sector involvement
 - Projects need to be conceived to involve private sector
 - Laws and regulations need to be clear
 - Main approvals should be in place
 - Specified in output terms
 - Risk allocation clear
- Not just PPPs. Regulated concessions; Sector interventions



Identifying Projects for Financial Instruments

- **Project identification:**

- Focused on project maturity/readiness/level of preparation
- Key features of financeable projects:
 - Revenue-generating potential
 - Affordability of the project to users/public authority
 - Performance based outputs
 - Project where the commercial, legal and political risks are quantifiable
 - Bankable project based on realistic projections of both costs and revenues

- **Technical assistance** to projects with potential

- **Transport sector**

- Sector: Airports, roads, rail, ports, locks and canals, logistic platforms, alternative fuels, fleets
- Activities: Construction, rehabilitation, efficiency improvements, vehicles





THANK YOU FOR YOUR ATTENTION

MORE INFORMATION AVAILABLE AT

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