

PPP, the European Commission's TEN-T programme and funding Europe's transport infrastructure projects

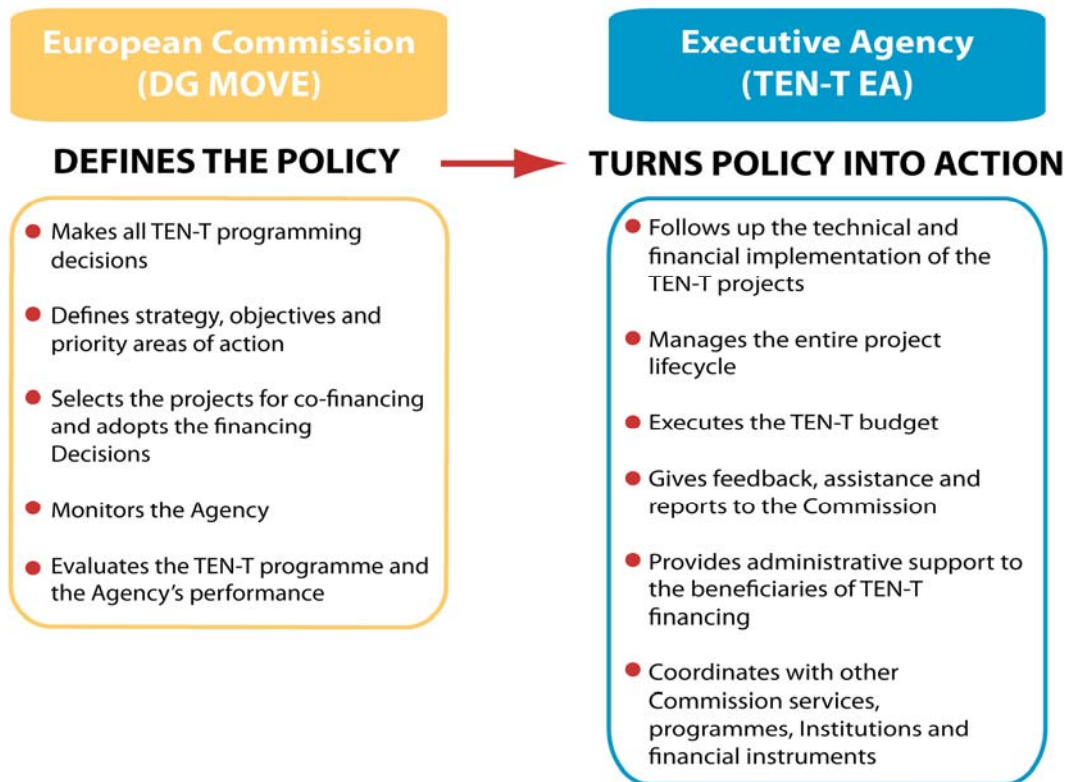
The European Commission's Trans-European Transport Network (TEN-T) Programme is one of the most important Union financing means for European transport infrastructure projects. It was created to establish a single, multimodal network that integrates land, sea and air transport networks throughout the Union, allowing goods and people to circulate quickly and easily between Member States and assuring international connections. The missing links and bottlenecks in EU transport infrastructure need to be addressed in order for Europe to fulfil its economic and social potential, and ensure the sustainable development of its transport networks in the future, whilst integrating environmental protection requirements.

Growth in traffic between Member States is expected to double by 2020, which, combined with a huge scale of needed investment to complete and modernise a trans-European network in the enlarged EU, suggests the necessity to prioritise projects in close collaboration with national governments. At the EU level, there is an additional need to ensure effective European coordination amongst the several Union financial instruments and loans supporting the implementation of the TEN-T, including the European Investment Bank. The TEN-T Executive Agency (TEN-T EA) was created in 2006 (Commission Decision 2007/60/EC of 26 October 2006 establishing the Trans-European Transport Network Executive) to provide a focussed resource for these issues. TEN-T EA's mission is to support the European Commission and TEN-T project managers and promoters, by ensuring the technical and financial management of the projects and the successful implementation of the TEN-T Programme.

TEN-T EA is currently responsible for the follow-up and closure of all open TEN-T projects under the TEN-T Programme 2001-2006, for the budget linked to the 2007–2013 Financial Perspective (€8.013 billion), and for the follow-up of all the TEN-T projects under the TEN-T Annual and Multi-Annual Programmes, and according to the TEN Financial Regulation .

The Agency's tasks, and the regulations and procedures with which it has to comply, are defined in a delegation act which also formalises the relationship between the Agency and the Commission, and is illustrated below:

Repartition of Tasks



The objective is that TEN-T EA will:

- Improve the effectiveness, simplification and flexibility of TEN-T implementation at a lower cost; strengthen the links with its stakeholders
- Mobilise a high level of expertise by recruiting specialised staff
- Ensure a better coordination of funds with other Union instruments
- Raise the profile of Union action in the field of TEN-T
- Add overall value to the management of the Programme, leaving the Commission free to concentrate more on policy issues.

TEN-T projects are either preparatory/feasibility studies, or construction works for transport infrastructure, for all modes: road, rail, maritime, inland waterways, air transport, logistics, o-modality and innovation (Intelligent Transport Systems; decarbonisation). 30 Priority Projects and a number of horizontal priorities have been established, mainly funded under a Multi-Annual Programme, which suits the longer-term nature of TEN-T projects and address the highest TEN-T priorities. Other projects of common interest addressing key issues are funded under an Annual Programme that gives specific focus to new TEN-T priorities and is more flexible due to its annual nature.

The 2010 Annual Call for Proposals is a good example of the use of the annual work programme to give impetus to new TEN-T priorities. Three specific priorities were targeted, including support for PPP. Priority 3 offered €7 million in co-funding (50%) for feasibility studies related to projects with a profile that could be adapted to a PPP. For those projects

in which a PPP was already identified as the preferred option, a proposal for a technical or financial study to complement existing studies was also given consideration. Three proposals were retained for funding under this priority.

Although this was the first time that grant funding had been made explicitly available to support PPP, it was by no means the only type of support offered through the TEN-T EA to encourage the use of PPP within the TEN-T. During 2009, the Agency established the financial engineering sector to provide support, advice and expertise in the area of project finance, including the promotion of PPP and improved coordination at project level of the other EU institutions involved in financing and monitoring TEN-T projects. It facilitates the implementation of projects with financial engineering through 'non TEN-T' sources (EIB, banks or other financing mechanisms) and is working closely with EPEC to monitor the effectiveness of PPP in Member States in order to assist in the establishment of best practice.

Preparations are underway for the next EU budget cycle i.e. for the period 2014-2020. The Europe 2020 strategy for smart, sustainable and inclusive growth has set the bar high for the Commission to create a funding framework that uses scarce budgetary resources wisely. In this context, the project bond initiative that has been the subject of public consultation this spring, demonstrates the willingness of the EU to consider the use of innovative financial instruments to leverage the greater participation of the private sector in the financing of much-needed public infrastructure. Although grant financing will remain the staple form of financing for many projects with high EU value-added but low financial profitability, efforts will intensify to facilitate the private sector's involvement in project finance and to identify those projects with sufficient financial profitability to be attractive to the private sector. The TEN-T EA will play a key role in developing and implementing the strategies to optimise the various sources of funding and financing the TEN-T in order to achieve its successful completion.

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