



## EUROPEAN COMMISSION - PRESS RELEASE

### **Connecting Europe Facility: Commission adopts plan for €50 billion boost to European networks**

Brussels, 19 October 2011 - The European Commission has today tabled a plan which will fund €50 billion worth of investment to improve Europe's transport, energy and digital networks. Targeted investments in key infrastructures will help to create jobs and boost Europe's competitiveness at a time when Europe needs this most. The "Connecting Europe Facility" will finance projects which fill the missing links in Europe's energy, transport and digital backbone. It will also make Europe's economy greener by promoting cleaner transport modes, high speed broadband connections and facilitating the use of renewable energy in line with the Europe 2020 Strategy. In addition the funding for energy networks will further integrate the internal energy market, reduce the EU's energy dependency and bolster the security of supply. To assist with the financing of the Connecting Europe Facility, the Commission has also adopted the terms for the Europe 2020 Project Bond Initiative which will be one of a number of risk-sharing instruments upon which the facility may draw in order to attract private finance in projects. The pilot phase will start already next year.

By focussing on smart, sustainable and fully interconnected transport, energy and digital networks, the Connecting Europe Facility will help to complete the European single market. The Commission has singled out projects where additional EU investment can have the most impact. In particular, the Commission expects Connecting Europe Facility investments to act as a catalyst for further funding from the private and public sector by giving infrastructure projects credibility and lowering their risk profiles. For the first time, the Commission is proposing a single funding instrument for the three network sectors, true to its commitment to create synergies and simplification of rules.

President José Manuel Barroso said: "The Connecting Europe Facility and the Project Bond Initiative are a perfect demonstration of the value added that Europe can provide. These proposals will help to build the roads, railways, energy grids and pipelines, and broadband networks that are so important to our citizens and businesses. We are closing the missing links in Europe's infrastructure networks that otherwise would not be built. This investment will generate growth and jobs and at the same time make work and travel easier for millions of European citizens and businesses"

The Connecting Europe Facility will better mobilise private financing and allow for innovative financial instruments such as guarantees and project bonds to gain maximum leverage from this EU funding injection. The European Commission will work closely with the EIB to take advantage of capital market investors' interest in long-term investment opportunities with stable revenues. .

### **Connecting Europe: Transport**

The Connecting Europe Facility will invest €31.7 billion to upgrade Europe's transport infrastructure, build missing links and remove bottlenecks. This includes €10 billion ring fenced in the Cohesion Fund for transport projects in the cohesion countries, with the remaining 21.7 billion available for all Member States for investing in transport infrastructure. The idea is to improve links between different parts of the EU, to make it easier for different countries to exchange goods and people with each other.

By focussing on transport modes that are less polluting, the Connecting Europe Facility will push our transport system to become more sustainable. It will also give consumers more choice about how they want to travel.

Transport systems in Europe have traditionally developed along national lines. The EU has a crucial role to play in coordinating between Member States when planning, managing and funding cross-border projects. A well-functioning network is essential to the smooth operation of the single market and will boost competitiveness. The Commission proposed to create corridors to cover the most important cross-border projects. It has estimated that by 2020, €500 billion will be needed to realise a real European network, including €250 billion for removing bottlenecks and completing missing links in the core network.

### **Connecting Europe: Energy**

The energy sector can look forward to €9.1 billion being invested in trans-European infrastructure, helping to meet the EU 2020 energy and climate objectives. The CEF will also help to remove financial gaps and network bottlenecks. The internal market for energy will be further developed through better interconnections, leading to security of supply and the possibility to transport renewable energy in a cost effective manner across the EU. Both citizens and companies need to be able to rely on energy being available at all times and at an affordable price. The money from Connecting Europe will act as a leverage for more funding from other private and public investors.

### **Connecting Europe: Telecommunications and ICT**

The "Connecting Europe Facility" foresees almost €9.2 billion to support investment in fast and very fast broadband networks and pan-European digital services.

The CEF finance will leverage other private and public money, by giving infrastructure projects credibility and lowering their risk profiles. On the basis of conservative estimates, the Commission considers that the network infrastructure finance could stimulate investment worth more than €50 billion. [The Digital Agenda for Europe](#) set targets for 2020 of broadband access for all at speeds of at least 30 Mbps, with at least 50% of households subscribing to speeds above 100Mbps.

As regards digital services, the money would be used for grants to build infrastructure needed to roll-out e-ID, eProcurement, electronic health care records, [Europeana](#), eJustice and customs-related services. The money would serve to ensure interoperability and meet the costs of running the infrastructure at European level, linking up Member States' infrastructures.

### **Innovative financing and the Project bond initiative**

The EU Budget is a key element to support the growth agenda and to achieve the Europe 2020 policy targets. The stronger use of innovative financial instruments is needed to multiply the outreach of the EU Budget. The Europe 2020 Project Bonds Initiative, designed for this purpose, has a double objective: to revive project bond markets and to help the promoters of individual infrastructure projects to attract long-term private sector debt financing. The Project Bond Initiative would set up a means to reduce the risk for third party investors seeking long-term investment opportunities. It will thus act as a catalyst to re-open the debt capital market (currently largely unexploited for infrastructure investments following the financial crisis) as a significant source of financing in the infrastructure sector.

The Commission is proposing to launch a pilot phase in the period 2012-2013, still within the current Multiannual Financial Framework. The pilot phase will be based on an amendment of the Trans-European Networks (TEN) Regulation and the Competitiveness and Innovation Framework Programme (CIP) Decision and will draw on the budget lines of these programmes up to a total of EUR 230 million.

Similar to the Risk Sharing Finance Facility and Loan Guarantee instrument for TEN-Transport projects, the EU budget would be used to provide capital contributions to the EIB in order to cover a portion of the risk the EIB is taking when it finances the eligible projects. While the EU budget will provide some risk cushion for the EIB to finance the underlying projects, the EIB would cover the remaining risk. When EU budget funds are combined with the EIB financing, the total budget amount of EUR 230 million is expected to mobilise investments of up to EUR 4.6 billion.

In the pilot phase the idea is to focus on 5-10 projects, concentrating on those that are at a relatively developed stage of the bidding and financing process or require refinancing after the construction phase, in one or more of the three targeted sectors of transport, energy and broadband.

The pilot phase would be managed by the EIB.

## Background

The Connecting Europe package implements the commitments made by the Commission in the Multi-Annual Financial Framework proposals from 29 June 2011. The package of proposals adopted today consists of:

- A chapeau communication on a growth package for integrated European infrastructures
- A communication on a pilot for the Europe 2020 Project Bond Initiative, pilot phase starting in 2012
- A communication on a framework for the next generation of innovative financial instruments – the EU equity and debt platforms
- Proposal for a regulation establishing the Connecting Europe Facility
- Proposal for a regulation on guidelines for the trans-European transport network
- Proposal for a regulation on guidelines for trans-European energy infrastructure
- Proposal for a regulation on guidelines for trans European telecommunications networks

### The full texts of the proposals can be found at:

[http://ec.europa.eu/budget/reform/commission-proposals-for-the-multiannual-financial-framework-2014-2020/index\\_en.htm](http://ec.europa.eu/budget/reform/commission-proposals-for-the-multiannual-financial-framework-2014-2020/index_en.htm)

[http://ec.europa.eu/commission\\_2010-2014/president/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/index_en.htm)

### For more information:

[MEMO/11/707](#): A pilot for Europe 2020 Project Bond Initiative - legislative proposal adopted by the Commission

[MEMO/11/710](#): The Commission's energy infrastructure package

[MEMO/11/706](#): Connecting Europe: The new EU core transport network

[MEMO/11/709](#): Digital Agenda: Commission proposes over €9 billion for broadband investment

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