



The Connecting Europe Facility

INEA

Innovation and Networks Executive Agency

The Connecting Europe Facility

New funding framework for 2014 – 2020

- Europe 2020 Strategy, Strategy for Growth & Jobs
- A dedicated Fund for infrastructure financing, covering all EU Member States
- CEF financial support mainly in the form of grants
- But increased use of innovative financial instruments to attract private financing towards infrastructure financing (through Project Bonds, guarantees, dedicated investment funds...)

Funding priorities

- bridging missing links, **removing bottlenecks**, improving cross-border sections
- ensuring sustainable and efficient transport systems to prepare for future transport flows, enabling all modes of transport to be decarbonised through **transition to innovative low-carbon and energy-efficient transport technologies**
- optimising the **integration and interconnection of transport modes** and enhancing the interoperability of transport services, while ensuring the accessibility of transport infrastructures

The Connecting Europe Facility

Projects to be financed by CEF - Transport

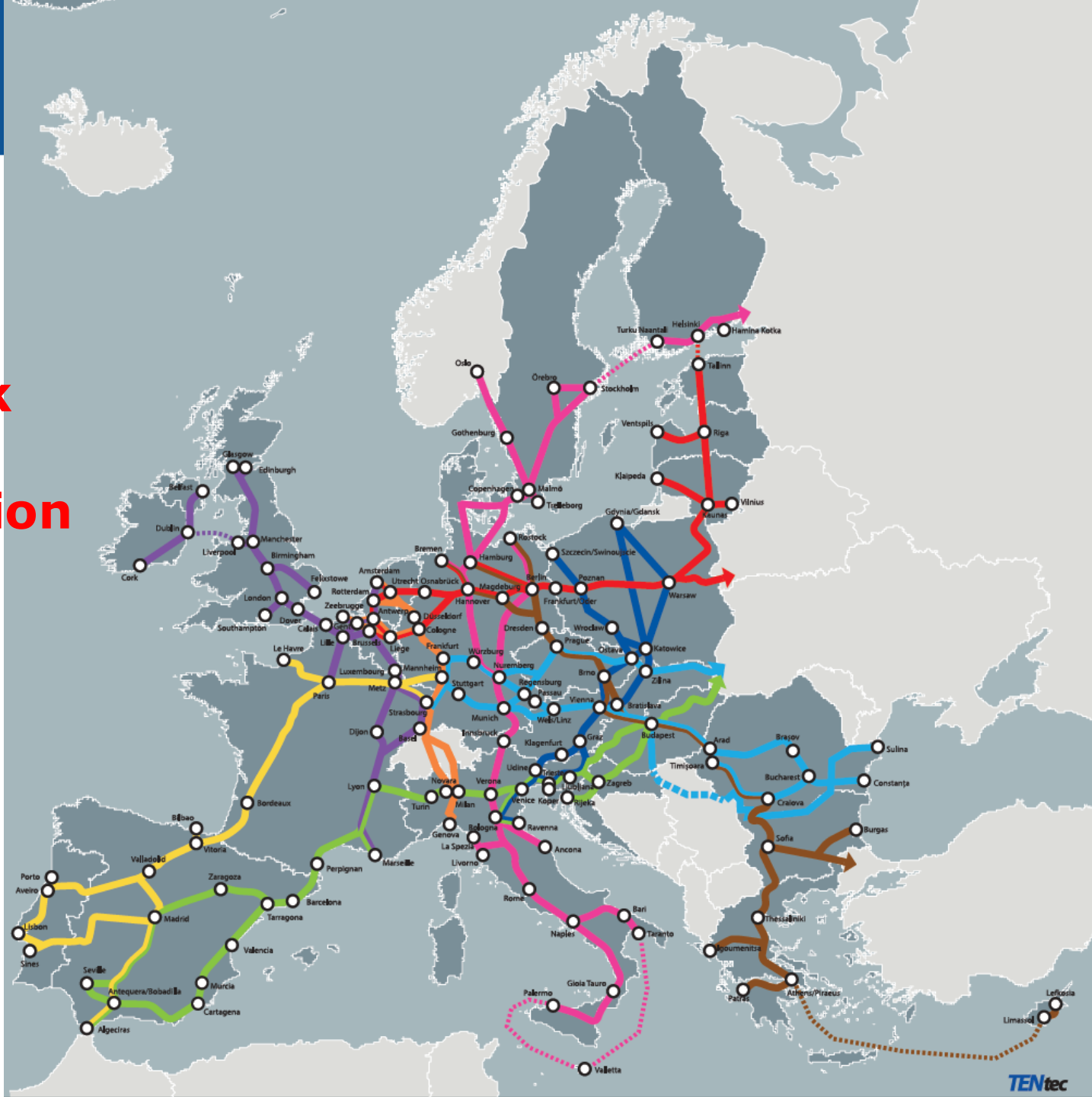
- Grant focus on cross-border sections and bottlenecks for the cleaner modes of transports (Railways, Inland Waterways)
- Focus on projects located on the 9 trans-European Corridors
- Support to the deployment of European traffic management systems for a more efficient use of the existing infrastructure (SESAR, ERTMS, **ITS...**)
- Support to the deployment of **new technologies and innovation for decarbonisation of transport (Electrification, LNG... & intelligent transport systems)**

New focus on new technologies & innovation

For a greener, smarter & more efficient transport

- Deployment of **new technologies and innovation for decarbonisation of transport (Electrification, LNG)**
- Deployment of intelligent transport systems (Traffic Management Systems, e-freight)
- Organisational/operational concepts for efficient infrastructure use and maintenance
- The promotion of seamless multimodal transport chains for passengers (information, integrated ticketing...)

Core network corridors as implementation tools



CEF - Transport

CEF - Transport

26.25 billion

Grants remaining

2.87 billion

Call
BLENDING
February
2017

• 1 billion

Award criteria

Relevance

Maturity

Impact*

Quality

1. Port infrastructure development

All **core network maritime ports** in Member States may apply for funding

Port access aiming at providing safe maritime access in the form of breakwaters, capital dredging activities, access channels, locks and navigational aids

Basic infrastructure in the form of internal basins, quay walls, jetties, backfills and land reclamation **Reception facilities** for oil and other waste, including residues from exhaust gas cleaning systems, to meet environmental requirements

Implementation of new facilities & technologies regarding use of alternative energy, e.g. LNG bunkering, shore-side electricity, etc., in line with the Directive 2014/94/EU, **excluding any pilot actions**

Specific conditions

Not supported: maintenance, infrastructure and facilities for cruise ships, infrastructure dedicated exclusively to private operators without public access

Supported via financial instruments ONLY:

construction and expansion of terminals, and superstructure

Works: based on 1) proper assessment of needs, incl. competition at regional/basin level, and 2) a long term strategy with adequate hinterland connections. To be reflected in the CBA

Studies: not supported

Ideal proposals

Union funds and Financial instruments

- Improvement of inland waterway access to a core port
- Construction of a sea lock improving access to a port
- Construction of LNG bunkering facility or port reception facilities for scrubber sludge
- Internal basin lengthening for accommodating larger ro-pax vessels

By means of Financial instruments **ONLY**

- Expansion of a passenger terminal, for e.g. departure hall, gangways, etc.
- Construction of a new cargo terminal
- Surface arrangement of a terminal and purchase of gantry cranes

What will NOT be funded

Pilot action for LNG bunkering facility in a port (**pilot actions are not eligible**)

- Waste reception facilities in a cruise terminal (**infrastructure and facilities for cruise ships are not eligible**)
- Annual maintenance dredging operation on a port fairway (**maintenance is not eligible**)
- Improvement of a rail access to a privately owned and exclusively operated terminal (**no public access**)
- Studies on port's expansion (**studies are not eligible**)

2. Motorways of the Sea

Deploying an alternative clean fuels infrastructure and developing environmentally sustainable shipping

Improving maritime transport integration in the door-to-door logistics chain

Upgrading or establishing new maritime links, including combined investments in ports

Promoting wider benefits such as Maritime Safety, Traffic Management, Human Element/Training

MoS Pillar I – Deployment of alternative clean fuels and green shipping 1/2

Technologies reducing **CO₂** (climate change)

- Facilities for **LNG, methanol** and other clean fuels in ports and aboard vessels incl. bunkering barges
- Technologies reducing **NO_x** emissions
- **On-shore power supply** systems for ships
- **Batteries** (fuel cell)
- **Energy efficiency measures** on ships (hull, propellers, re-blading etc)
- **Technologies reducing SO_x (scrubbers** only for installations going beyond the scope of current legislation)

MoS Pillar I – Deployment of alternative clean fuels and green shipping 2/2

- **Facilities for oil and other ship waste in ports**
- Facilities for **sludge from scrubbers**
- **Waste water** treatment systems on ships
- **Ballast water** treatment systems

MoS Pillar II - Port infrastructure development & upgrade of maritime links

Develop the **port infrastructure**, handling facilities, freight terminals, logistic platforms and freight villages together with improved port access

- Develop reliable short sea shipping transport services **integrated** within door-to-door **logistics chains** and connecting **core network corridors**
- Improve logistics and administrative **ICT** management **systems**
- Increase **safety and security** during port handling operations
- Increase the **environmental performance of ships** on dedicated MoS links in conjunction with port investments

MoS in Blending Call: key actions

Wider benefit actions

Addressing industry needs widely (e.g. coherent investments in a group of ports for LNG filling stations or coherent set of investments in port reception facilities in a region)

- **Implementation works**

Upgrade of maritime links (minimum ship and port investments combined)

- **Pilot actions** – Not supported under the Blending Call

- **Studies** - Not supported under the Blending Call

MoS in Blending Call

- Safety operations (icebreaking, surveying, AIS, vessel control)
- Vocational training
- VTMS

Specific Conditions for MoS ^{1/2}

Submission by at least two applicants from **two different Member States** (and support of those MS)

- **Upgrade of maritime link**: Involvement of at least **1 core port**, **1 comprehensive port** and 1 maritime operator on the link concerned
- Only dedicated lines serving the applying ports
- Vessel upgrades are limited to additional efforts for environmental purposes or other ancillary investments
- Ships to serve the MoS line for 5 years after end of Action
- Significant port investments of at least 50% of project budget

Specific Conditions for MoS 2/2

Superstructure: not supported with grants (possible with financial instruments, however the fulfilling requirement for infrastructure investments in **both ports** remains!)

- No support for fleet of vessels (including aggregated applications from the same ship-owner)
- Project extension to a **neighbouring non-EU country not possible under this Call** (studies/pilot actions not eligible for funding/financing)
- For large multi-beneficiary projects, recommended submission by European Economic Interest Groupings

Examples of MoS 'ideal' proposals under the Blending Call

Upgrade of MoS link including installation of LNG propulsion on ro-ro ship, construction of new railway access to core port X and extending a ro-ro terminal in comprehensive port Y. (Two EU countries)

- Construction of LNG bunkering facilities in cluster of ports in a given geographical location combined with the construction of a bunkering vessel

Examples of proposals with limited relevance

- Installation of scrubbers aboard vessels in SECA area
- Upgrade of a maritime link between two comprehensive ports
- LNG bunkering installations in selected core ports of only one Member State

3. Innovation Market-sided (1)

Focus: Only new technologies ready for deployment, unit costs are brought down, and also the client's needs are well understood!

Completion date at the latest 31/12/2023.

- **Works** as a follow-on of "Pilot activities" previously done: "market-sided innovation", but now "experiments are over, people know what they are doing"
- Principal objective to execute the market-rollout
- **No** Real-life trials (nor demos)

Innovation Market-sided (2)

Main issues for **blending call** and accelerate implementation into the mass market:

- **Waiving of the % capping on mobile equipment**, i.e. vehicles, for all modes of transport –ie alternative fuels, a pure mobile equipment proposal would be eligible, however access to re-fuelling/re-charging infrastructure must be proven (describe in detail!)
- eligible part of mobile equipment is: the financial difference between the innovative and the conventional solution for the grant component only; - for the component covered by the loan this restriction is waived(!)
- Multi-modal **refuelling/recharging infrastructure** is encouraged
- **Common tendering of any equipment** is encouraged

Actions supported

Only Works

No research, No demo, No pilot/real-life trial

- ✓ roll-out of the innovative solution
- ✓ Market-orientated solution has been developed
- ✓ Real-life trial is done

Actions supported

Contributing to decarbonisation of transport by the roll-out of Alternative Fuel Distribution infrastructure

- ✓ Electricity (electro-mobility)
- ✓ Hydrogen
- ✓ Compressed or Liquefied Natural Gas (L/CNG)
- ✓ Priority to Bio-methane
- ✓ Other: incl. IT systems, storage, transportation units

Actions supported

Grant schemes (support to 3rd parties)

- Public operators, or consortia led by public operators
- Implementation Methodology (incl. selection criteria, eligible entities, award procedure, ...)
- Transparency & equal treatment principles

- Economies of scale

Joint procurement Actions supported

Specific points regarding eligibility:

Mobile equipment(i.e. vehicles)

For CEF Grant only financial
diference/conventional

Mobile infrastructure (i.e. concerning moving
parts of infrastructure) Detailed description

Interface between infra & vehicle

5 years in the EU

One-stop shop: support accelerated deployment of cleaner transport vehicles & associated charging and refuelling infrastructure (**alternative fuels under Directive 2014/94**).

- Focus on life-cycle cost models **involving risk-sharing financial instruments leveraging private sector funds.**
- Financing through **the EIB, European Fund for Strategic Investment (EFSI) and CEF.**
- The European Investment **Advisory Hub (EIAH)** free for public entities + **New ELENA 2016/2017** (+ €15 million from the transport H2020 budget) with grant funding for technical assistance.

Contact:<http://www.eib.org/eiah/>



CEF Transport Blending MAP Call

€1 billion of funding available

Conditions: transport projects of common interest to maximise the *leverage of private involvement and capital* in CEF Transport projects. .Open to all EU –MS

Deadlines: 14 July 2017 and 30 November 2017

Budget:

- **40m€ Motorways of the Sea**
- **100m€ projects (ports in core network)**
- **140mil€ Innovation**
- **20 mil€ Connections to and development of multimodal logistics platforms**

https://ec.europa.eu/inea/sites/inea/files/2017_cef_transport_blending_map_call.pdf

Common interest: in compliance with Reg 1315/2013

Financial Readiness: What is it ?

Capacity of a project to solicit and secure financing within a certain timeframe, by demonstrating that all aspects a financial institution would review to come to a positive assessment, are/will be available within this timeframe.

Not an assessment of the bankability of the project

To assess **during the proposal evaluation**, the project's **capacity** to meet **two sets of conditions** related to the future **availability of financing** from public or private financial institution(s), that will be **verified after the signing of a grant agreement:**

Financial Readiness-in evaluation

To assess **during the proposal evaluation**, the project's **capacity** to meet **two sets of conditions** related to the future **availability of a financing** from public or private financial institution(s), that will be **verified after the signing of a grant agreement**:

First condition relates to the form and nature of the involvement from a financial institution to support the financing (equity, loan, guarantee) of the project.

Second condition relates to the time for the project to reach Financial Close.

Conditionality for payment of Grant

A - Nature of involvement of Financial Institution

Actions (works) in **Cohesion** Member States:

Signature of a finance agreement required with either National Promotional Banks or EIB or at least one private investor - for at least the value of the CEF grant.

For clarity:

- 1) EIB involvement in financial close is not a requirement for grant disbursement
- 2) Project promoters may seek financing also for activities beyond the scope of the Actions

Conditionality for payment of Grant: second condition

B - Timing of the Financial Close: Deadline for full Financial Close shall be **12 months** from the date of signature of Grant Agreement

- Assuming a time to grant (signature within 9 months after call deadline) promoters should reach full financial close (i.e. based on a signed Finance Agreement(s)) **within 21 months from submission**

For complex cases, signature of grants may take **longer than 9 months**

Documents required

Assessment consists of a review of 3 sets of information

Application Form part E: Information provided by applicants (+financial institution to review Application Form E.)

Letter of Support: Applicants are required to provide a letter of support from one (or several) financial institution(s) following the template provided

If the financial institutions are performing (or have already completed) the due diligence on the project, a summary statement should be provided

General Case – Form E.1

Subject to confidentiality, the applicant is required to provide information on:

- 1.the project (information additional if the scope of project includes activities that are beyond the scope of the Actions)
- 2.Maturity of the project
- 3.Borrowing entity (if different from the applicant)
- 4.Financial readiness as regards:
 - 1.The Sector
 - 2.Management and corporate governance
 - 3.Financial aspects
 - 4.List of supporting documents: supporting documents (analysis, surveys, contract,..) not required, but listed

General Case – Form E.1 – Examples of information required

1. Business plan (sector, commercial proposition)
2. Governance
3. Financial strategy, capital structure, operating costs, financing plan
4. Risks assessment
5. Financial Models (scenarios...)
6. Timetable/milestones to Financial Close

General Case – Letter of Support

Letter of Support: demonstrate that the timetable allows for a Financial Close within 12 months after grant agreement.

Information to be included:

1. Identity of the Borrower (if not the same as the applicant)
2. Brief project description
3. Type & Level of financing that the institution(s) could provide, and conditions
4. Stage of approval and expected timetable and foreseen date of financial close and conditions
5. Financial capacity and business plan of the grant applicant, grant beneficiary and borrowing entity as appropriate and conditions

Recommendations - Form E

Focus on information enabling the experts to assess the reliability of the timetable:

1. Provide information in a condensed and straight to the point manner: comply with the indication of length (12 pages max for information on project/promoter + 12 pages for Financial Readiness).
2. Check consistency with information contained in other Forms, other information shared with Financial institutions and supporting documents (such as analysis from third party advisors, contract, even if not provided).
3. All applications are treated on the merits of the underlying project alone: e.g. being a AAA rated applicant might help for demonstrating financial readiness (assuming guarantee from the applicant), but complete and qualitative information remains a requirement.

Recommendations - Letter of Support

Applicant engagements with its financial partner(s) issuing the letter of support:

1. Make sure that the financial institution understands the process, the objectives and importance of the Letter of Support (including optional parts)
2. Provide qualitative information demonstrating the financial institution's involvement, as supporting evidence of readiness:
 - Information that is factual, concrete, that maybe supported/verified
 - Track record is not enough, evidence of in-depth assessment and familiarity with the project better underpins proposed timetable
 - Disclaimers for financial institutions are customary and should allow financial institutions to qualify their assessment

General recommendations

1. Start early in the process
2. Use EIB/Hub: EIB/Hub may provide assistance for structuring the financing and guide you on EIB internal process.
3. Use the FAQ web link

The European Investment Advisory Hub

European Investment Advisory Hub

Europe's gateway to investment support

Pre-call support offered

High level advice on existing project documentation regarding suitability/eligibility/maturity for the blending call.

Identification of major gaps and areas requiring improvement in technical (feasibility studies, market studies, economic cost-benefit analysis, EIA, tendering and procurement, implementation and organisational), a first review of PPP readiness where applicable and financial (business plan, financial plan) preparation.

Advice on terms of reference for consultants/studies in relation to technical, financial, procurement and organisation to implement project and achieve access to finance.

Post-call support offered

High level advice on project implementation including procurement, organisational and financial aspects.

Advice on terms of reference for consultants/advisers/project managers in relation to targeted technical, financial, procurement and organisation aspects to implement project and reach financial

What do we need from you?

Requests should be sent directly to EIAH: eiah@eib.org with following info :

- 1 Project proposal title
- 2 CEF Blending priority
- 3 Promoter/Member State approval (status of)
- 4 Private/public sector
- 5 Project/investment costs – eligible and total
- 6 Short description of Blending:

- Anticipated Grant co-funding
- Anticipated co-financing: type/amount/source(s)

- 7 Project readiness
 - Applying for July/November 2017
 - Technical and financial readiness

8 Description of project which includes identification of borrower, sources of funding and timing of investment

- 9 Detail of advisory support requested

CBA Assessment Report template

Financial analysis

Financial Analysis	Assumptions	Financial Discount Rate (FDR)	%	
		Reference period	years	
	Results	Financial Net Present Value on investment (FNPV/C)	€	
		Financial Rate of Return on investment (FRR/C)	%	

Please comment on the results of the financial analysis including, where relevant, the following points:

- The assumptions used (such as the financial discount rate and the reference period);
- The financial viability of the investment based on the financial indicators; and
- The financial sustainability after EU support (when available).

Please comment on the revenues with reference to question 5.5 of the Application Form part D:

- Is the project net revenue-generating or has revenue potential?
- What is the order of magnitude of revenues in the counterfactual scenario (without the project)?

With reference to question 5.6 of the application form part D

(only for net revenue-generating projects and in case of "mixed" proposals only for the "works" component):

Recalculation of the EU grant	Eligible cost		€	
	Modulation	Max co-financing rate	%	
		Funding gap rate	%	
	Modulated EU co-financing rate		%	
	Modulated EU co-financing amount		€	
Does your recalculation confirm the EU grant amount requested by the applicant?				<input type="checkbox"/> Yes <input type="checkbox"/> No

Leverage of EU funds

Leverage of EU funds From Application form A 3.2.2	1. CEF Transport financing	€	
	2. Applicant own resources + 3. EIB loan + 4. Other loan	€	
	Leverage	ratio	

Supplementary information, if provided

Financial Analysis	Results	Financial Net Present Value on capital (FNPV/K)	€	
		Financial Rate of Return on capital (FRR/K)	%	
		Financial Rate of Return on private capital (FRR/K _p)	%	

Please comment on, where appropriate:

- The profitability of private investors capital - FRR(K_p) – and how it compares with national and international standards for the sector; and
- If possible, briefly describe the role of private sector finance.



Section on the financial analysis of the project



Qualitative overview of revenues



Check of the EU co-financing calculation (for net revenue generating projects)



Calculation of the leverage of EU funds



Sub section on supplementary financial information to be filled only if available (both table and question)

CBA Assessment Report template

Conclusion

Conclude whether or not the project is **economically viable** and provide input for the related award criterion described below

*Abstract from the Call text on the Impact criterion
"The action will be assessed in term of positive socio-economic effects, climate and environmental aspects, improvement of accessibility, etc."*

Max 200 characters

Conclude whether or not the project is **financially viable** without EU support, where information is available on the financial sustainability after the support and provide input for the related award criteria described below

*Abstract from the Call text on the Impact criterion
"Expected effect of the EU financial support on financial viability"
"The assessment will be made of the impact of the financing plan (...) on the mobilisation of additional private funding"*

Max 200 characters

Is the modulated EU grant amount requested correct? Please specify the correct amount (in both cases)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
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Is an explicit debrief of your assessment needed at the consensus meeting? Yes No

Date, name and signature



Brief self-contained conclusion on the economic viability



Brief self-contained conclusion on the financial viability



Modulation check



Flag for complex cases



Signature

Good luck with your ideas!



INEA-CEF-Transport-calls@ec.europa.eu



<http://ec.europa.eu/inea>



@inea_eu



Look for INEA!

Thank you!