Financing of infrastructure projects: Competitiveness and Innovation Framework Programme (2007-2013) and trans-European transport and energy networks

2011/0301(COD) - 30/10/2014 - Follow-up document

This Staff Working Document (SWD) constitutes an Annex to the report of the Commission to the European Parliament and the Council on financial instruments supported by the general budget according to Article 140(8) of the Financial Regulation as at 31 December 2013. It provides specific information on individual financial instruments, their progress made in implementation and their environment in which they operate.

Financial instruments are a proven way to achieve EU policy objectives. They use EU funds to support economically viable projects and attract very significant volumes of public and private financing. By injecting money into the real economy, financial instruments contribute to the achievement of the EU policy objectives enshrined in the Europe 2020 Strategy, notably in terms of employment, innovation, climate change and energy sustainability, education and social inclusion.

The report gives detailed information on each financial instrument.

Project Bonds Initiative

The Pilot Phase of the Project Bond Initiative (PBI, MFF 2007-2013) & the Risk sharing debt instrument under the Connecting Europe Facility (CEF) including the PBI.

The Project Bond Initiative aims to stimulate capital market financing for infrastructure projects in the areas of Trans-European networks in transport and energy as well as broadband networks. Several transactions have reached financial close under the Pilot Phase of the PBI so far.

The pilot phase has a total financial envelope of EUR 230 million: EUR 200 million from the TEN-T budget line, EUR 10 million from the TEN-E budget line and EUR 20 million from the CIP ICT line.

The Initiative shall start up progressively within a ceiling of EUR 230 million during the years 2014 and 2015.

The Project Bond Initiative will be continued under the Connecting Europe Facility, with some adjustments necessary for the implementation of the instrument.

The Loan Guarantee Instrument for Trans-European Transport Network Projects (LGTT)

This is a debt instrument for project finance. To date, six TEN-T projects worth a cumulated capital cost of EUR 11,716 million have been supported, using almost EUR 500 million of guarantees and attracting EUR 6 billion of private financing.

The Risk sharing debt instrument including the PBI

This will target projects of common interest in the sectors of transport, broadband, and energy networks. The expected Union contribution of EUR 121 million in 2014 is estimated to support financing for EUR 720 million -1.8 billion.

The Equity Instrument under the Connecting Europe Facility (CEF)

This will aim to provide risk capital for actions contributing to projects of common interest in the field of transport, energy and broadband. The goal of the instrument shall be to attract capital market financing by providing equity and quasi-equity investments to European infrastructure projects. The instrument will be designed at a later stage.

The Private Finance for Energy Efficiency Instruments (PF4EE)

This is financed under the LIFE programme, shall provide inter alia a Risk Sharing Facility, designed to reduce the credit risk faced by financial intermediaries when lending to the energy efficiency sector. The Union budget commitment of EUR 80 million is expected to support a total investment up to about EUR 650 million for 2014-2020.

The 2020 European Fund for Energy, Climate Change and Infrastructure – (Marguerite)

This is a Pan-European equity fund which supports infrastructure investment within the transport (TEN-T), energy (TEN-E) and renewables sectors in Member States. The Union contribution of EUR 80 million is expected to support funding volumes around EUR 10.2 billion.

The European Energy Efficiency Fund (EEE-F)

This Fund is a spin-off of the European Energy Programme for Recovery (EEPR) which invests in energy efficiency, renewable energy projects, and clean urban transport. By the end of March 2014, the Fund fully allocated the EU contribution (EUR 125 million) for a total of EUR 219 million investment in projects. From the Technical Assistance envelope, EUR 17.7 million has been allocated to support project preparation by the same date.

The Natural Capital Financing Facility (NCFF)

This Facility will finance upfront investment and operating costs for revenue-generating or cost-saving pilot projects, which promote the conservation, restoration, management, and enhancement of natural capital in the areas of Nature and Biodiversity and Climate Change Adaptation. The initial Union contribution is foreseen at EUR 60 million.