

Priorities for the Connecting Europe Facility III (2028-2034)

Priorities of the funding instrument

The completion of a fully compliant and complete trans-European transport network (TEN-T) is of critical importance for deepening transport connectivity within the Union and with neighbouring countries, underpinning the further development of the internal market. In view of this, the continued commitment of the European Commission to provide co-funding to the major cross-border rail projects remains of central importance.

At the same time, recognising the significant challenges facing the transport sector in terms of reducing CO₂-emissions and reaching the goals of the European Green Deal, appropriate attention must be given to all transport modes in supporting the green transition. In particular, since, for capacity reasons alone, only a fraction of freight transport could potentially be shifted from road onto rail, it is of pivotal importance that proper attention be given to how further CEF funds could be allocated to facilitate the green transition of the road haulage sector. Namely, the rollout of the alternative fuels infrastructure (AFI) for heavy duty vehicles across the TEN-T should be a key priority under the CEF III. In view of accelerating the AFI rollout, the European Commission is invited to consider reverting from the present scheme, in which a private implementing partner is a requirement, to the generic CEF grant award scheme. The relatively low subscription rate of the AFIF calls attests to the difficulties encountered with the present scheme where the requirement of having a private implementing partner is a barrier to entry for reasons of the additional burdens placed by bureaucratic procedure and the private investment premium of risk financing. Finally, the European Commission could explore the possibility of developing a funding instrument that would support the market up-take and deployment of a fleet of zero emission heavy duty vehicles.

Following the war of aggression by Russia against Ukraine, the geopolitical importance of providing for military mobility should be reflected. With increased transport connectivity and dual use capability, the TEN-T could contribute to the military deterrent while strengthening the overall resilience of the network.

The architecture of the funding instrument

CEF is a proven co-funding instrument with a positive track-record since the inception in 2013. The success of the CEF can be attributed to the high degree of competition for the funds as well as the carefully planned and executed selection procedure carried out by an independent panel in consultation with the European Climate, Infrastructure and Environment Executive Agency, the Directorate General for Mobility and Transport and the European Coordinators. The selection procedure and the high degree of competition provide for a co-funding instrument where projects are assessed and selected on the basis of the principle of excellence according to which only the qualitatively best projects with the highest European added value are awarded grants.

In comparison, for the transport sector, the Recovery and Resilience Facility (RRF) seems to have shown variable results across Member States. Being based on a reform incentive scheme rather than on principles of excellence and competition, Member States are required to carry out reforms in exchange for receiving co-financing of projects. In light of this, projects supported under the RRF would, in principle, not necessarily be supported under the CEF funding instrument for quality reasons or for reasons of the project(s) failing to contribute with high European added value.

In the development of the architecture of the Multiannual Financial Framework (MFF) for 2028-2034, Denmark considers it to be of critical importance that the principles of excellence and competition are retained in the selection procedure of any future co-funding instrument for transport infrastructure. A lack of adherence to excellence and competition as guiding principles could compromise the effectiveness of the funding instrument, and, in turn, the long-term interests of the Union by introducing risks into the selection process, such as the effects of short-term political decision making or political bargaining. Hence, the principles

of excellence and competition are safeguards that not only ensure the quality and European added value of projects, but also pertains to maintaining the focus at the political level on realising the long-term goals of the TEN-T policy; the completion of the network and the achievement of the green transition.