

The rail freight industry is facing the challenge to provide sustainable, efficient and competitive services. With the ongoing economic instability and changing geopolitical priorities in Europe, the rail operators and infrastructure managers are prioritising their investments and national plans to passenger and high-speed rail services. Yet, in parallel, there is political pressure to increase rail freight transportation and reduce environmental pollution such as noise.

The European Commission and the Rail Sector recognise that freight performance and rail freight competitiveness depend on a number of factors: vehicles that meet the needs of the customer, smart and innovative logistics, flexible transport optimising the exploitation of market segments, and political will and commitment from the Member States to support and secure investments in rail freight.

As a result there are already initiated dialogues to find solutions and incentives for both the Rail Sector and the Member States to put freight on their Work Programme Agendas and to introduce and implement projects that will boost rail freight and make it an attractive and competitive mode of transport.

With the introduction of the EU Multiannual Financial Framework for 2014-2020, one could begin to see the tip of the iceberg of the future potential for EU financial support towards activities in rail transport, including freight.

This **Frequently Asked Questions** communication aims to provide you with the current overview and clear understanding of the EU Budget figures, EU Programmes supported by EU funds, and funding options for projects of your interest. Simply click on the question of interest and you will be taken to the relevant answer section.

The Frequently Asked Questions is developed on the basis of information from 2013 and 2014 and may be subject to further update. It should be noted that as majority of EU funds are managed at national or regional levels, the national, regional or local authorities often provide the necessary additional information and support facilities.



CLICK & GO

(CTRL+CLICK ON THE QUESTIONS BELOW)

1. What is the scope and budget of the Multiannual Financial Framework (MFF) 2014-2020?
2. What are the EU MFF Financial Instruments and which ones are most appropriate for me?
3. What is Connecting Europe Facility (CEF)?
 - 3.1. What is EU Project Bond Initiative?
 - 3.2. What should I know more about the CEF funding and Transport?
 - 3.3. What is CEF budget envelope for 2014-2020?
4. What is the Cohesion Fund?
5. What is INEA?
 - 5.1. How does INEA work?
6. What is the CEF TEN-T?
 - 6.1. In terms of budget, what is committed under the CEF TEN-T?
 - 6.2. What should I know more when applying for projects under CEF TEN-T Annual Programme?
 - 6.3. Who can apply?
 - 6.4. When & How do I submit an application?
7. What is HORIZON 2020?
 - 7.1. What should I know more when applying for projects under HORIZON 2020?
 - 7.2. How do I know the topic areas under HORIZON 2020?
 - 7.3. In terms of budget, what is committed under the HORIZON 2020?
8. What is Shift2Rail?
 - 8.1. In terms of budget, what is committed under Shift2Rail?
 - 8.2. How can I launch a project under Shift2Rail?

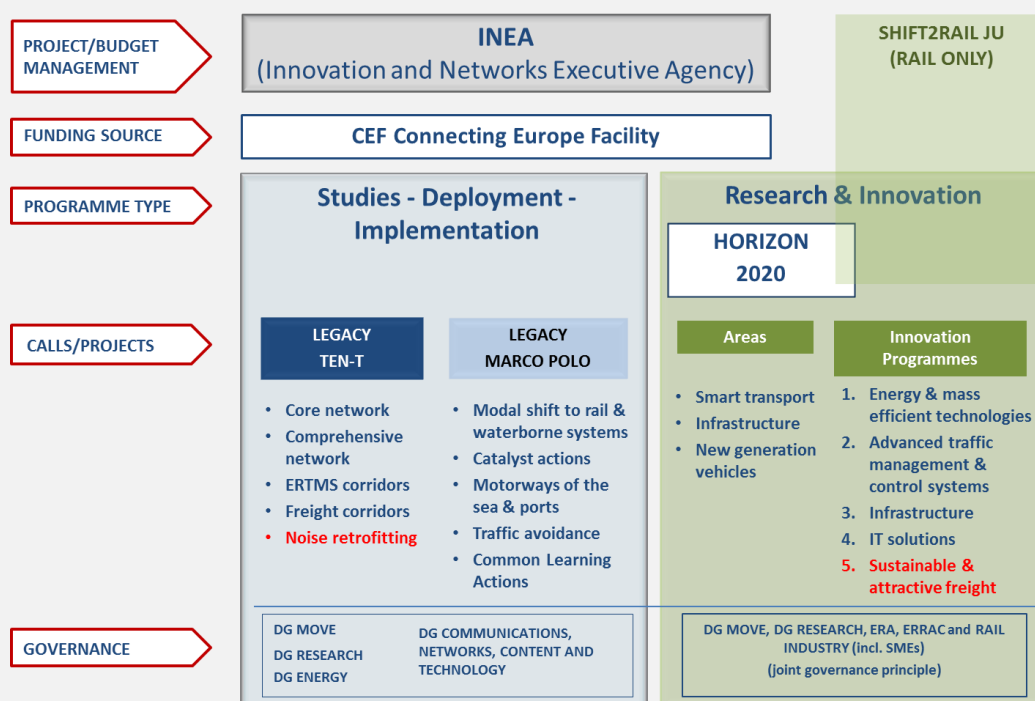
1 What is the scope and budget of Multiannual Financial Framework (MFF) 2014-2020?

MFF (Multiannual Financial Framework) 2014-2020 was established to support a set of programs that reflect the European political priorities outlined in the White Paper, including implementation and deployment projects under the Trans-European Transport Network (TEN-T), transport, energy and IT infrastructure projects under Connecting Europe Facility, Research and Innovation under HORIZON 2020 and Joint Technology Initiatives such as Shift2Rail.

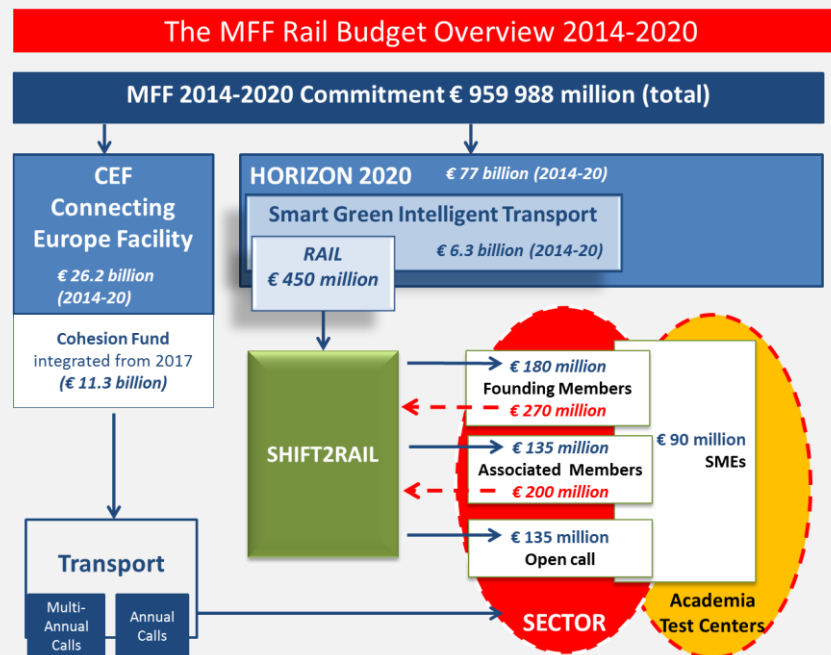
The MFF co-funds more immediate projects in the form of studies, deployment and implementation, as well as long-term projects supporting the Rail Roadmap for the future under research and innovation and demonstration projects.

It also supports administrative structures such as the INEA (Innovation and Networks Executive Agency) designed to launch application procedures, evaluate projects, and execute and monitor the realisation of the defined or approved projects under their relevant programmes.

The MFF Rail Programme Overview 2014-2020



Depending on the programme type and the co-funding principle, the budget combines contributions by the EU, the Member States and the Sector as shown below.



Next you can read more on the financial instruments, the available programmes and how to apply.

2 What are the EU MFF Financial Instruments and which ones are most appropriate for me?

Recognising existing limitations and the appearance of new priorities related to freight transport, CEF together with DG ECFIN (Economic and Financial Affairs) are currently redefining the types of financial instruments. But for this they also need strong input and recommendations from the freight rail sector to find the most appropriate financing instrument that will also fit the CEF budget and the priorities under TEN-T. The following is a summary overview of the current instruments and their relevance to UIP members.

| Instrument ¹ | Projects (studies, works deployment, implementation) | Scope | Type of funding | Project Period (annual or multiannual) | Relevance to UIP |
|--|---|---|---|--|--|
| CEF | All types of projects, studies and works | The whole transport system under TEN-T, legacy of Marco Polo Programme, | Reimbursement and co-financing up to 20% - 50% | Multiannual and Annual calls | Noise reduction (e.g. retrofitting existing wagons) and freight services (under Annual calls only) |
| COHESION FUND (Regional Policy) | All types of projects, studies and works | Rail, cohesion countries only | Co-financing up to 85% | Depending on criteria set by DG REGIO | Limited unless projects are in Cohesion countries |
| Europe 2020 Project Bond Initiative | Projects under TEN-T | Not yet clear as it is in pilot phase of development | Attract capital market financing (institutional, and private) to guarantee the bond | Not yet clear as it is in pilot phase of development | Not yet clear as it is in pilot phase of development |
| Shift2Rail | Research and Innovation: New Technology and Demonstrators | The whole railway system | co-financing via membership or via open calls | Annual and multiannual | R&I (Innovation Programme 5 for freight) |
| Loan Guarantee Instrument for TEN-T Projects (LGTT) | Project under TEN-T | Infrastructure: Core and Comprehensive | Guarantee for bank funding | Annual and Multiannual | none |
| EIB (European Investment Bank) | All types of projects | Infrastructure, ERTMS, Noise Reduction | Loan guarantee instrument for TEN-T | Noise annual only | Appropriate but needs a link to infrastructure use |
| Risk Sharing Finance Facility (RSFF) | Studies and Research | | Loan guarantee | | Appropriate for assessments only |
| European Fund 2020 | | Energy, climate Change, and Infrastructure | | | low |

3

What is Connecting Europe Facility (CEF)?

CEF, Connecting Europe Facility, also known as the *CEF Regulation 1316/2013*, was introduced by the European Commission under the Multiannual Financial Framework on June 29, 2011 with the aim to develop an integrated financing instrument for **transport**, **energy**, and **telecommunications**. It defines the funding elements with the following goals:

- To accelerate investment in the field of trans-European networks and freight services
- To promote implementation, construction and retrofitting on infrastructure and rolling stock
- To leverage funding through EU Project Bond Initiatives.

¹ See also Regulation (EC) No 680/2007 and Decision No 1639/2006/EC.

3.1 What is EU Project Bond Initiative?

The EU Project Bond Initiative, also known as Europe 2020 Project Bond Initiative, was introduced in *Regulation 670/2012* on July 11, 2012 as a risk-sharing mechanism involving the European Investment Bank and providing capped support from the Union budget. It is designed to leverage the Union funds and attract participation of private-public partnerships in priority projects that are in line with Europe 2020 objectives. Currently commercially viable infrastructure projects in the EU, which are eligible for funding under the TEN-T, can benefit from the initiative.

To read more on EU project Bond initiative, visit:

http://ec.europa.eu/economy_finance/financial_operations/investment/europe_2020/index_en.htm

3.2 What should I know more about the CEF funding and Transport?

The CEF budget funds:

- Projects of common interest, or commercially viable with revenue attached (e.g. have impact on at least two EU Member States, enhance competition, support integration and Single European Rail Area)
- TEN-T projects, including reimbursement of 20% of retrofitting costs for freight wagons towards the reduction of noise
- Research and Innovation under HORIZON 2020: "all stages in the innovation chain, especially activities closer to the market, including innovative financial solutions"
- Joint Technology Initiatives such as Shift2Rail.

3.3 What is the CEF budget envelope for 2014-2020?

From the total of € 26 Billion according to *Regulation 1316/2013*:

- **€ 21.7 billion for transport. Additional € 9 billion (€11.3billion provisional) from Cohesion Fund for transport infrastructure.**
- € 9.1. billion for energy
- € 9.2 billion for telecommunications/digital

For 2014 alone the CEF commitment appropriations for transport amounts to € 1,484 million from the total of € 1,976 million. The rest of the funds are allocated for energy (€ 409 million) and Information and Communication Technology (ICT) (€ 84 million).

Depending on the type of projects, the CEF rate of co-financing is broken down as follows:

- up to 20% for investments in general
- up to 30% for bottlenecks (only for rail and inland waterway)
- up to 40% for cross-border projects (only for rail and inland waterway)
- up to 50% for studies
- up to 50% for ERTMS
- up to 20% for new technologies and innovation
- up to 85% for the projects funded by the transferred amount of the Cohesion Fund

To read more on CEF Transport, please visit:

http://ec.europa.eu/transport/themes/infrastructure/ten-t-guidelines/project-funding/cef_en.htm.

4

What is the Cohesion Fund?

Apart from CEF framework, additional Cohesion Funds are dedicated to rail under the Regional Policy. While the share of CEF funding can reach up to 50%, the share of funding received from the Cohesion Fund can reach up to 85%. For 2014 the Cohesion Fund has committed € 8,922 million for transport.

Background

Council Regulation (EC) No 1083/2006 of 11 July 2006 defines the common rules, standards and principles applicable to three key funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. The ERDF and ESF are also known as Structural Funds. Until 2014 both Structural and Cohesion Funds were dedicated to support projects in Member States and regions whose development is lagging behind. For the period 2007-2013, the European Union's regional policy is the EU's second largest budget item, with an allocation of €348 billion focusing on the three main objectives: "Convergence", "Regional competitiveness and employment" and "European territorial cooperation"

Following the adoption of the MFF 2014-2020 Regulation 11655/13, the EU decided to reform the Structural Funds and the Cohesion Fund. The revision is expected to be adopted in May 2015. In the meantime, the foreseen budget for 2014 is as follows:

| Cohesion and Regional Policy Funds | Budget (Million Euros approx.) | Scope and criteria of projects for transport |
|---|--------------------------------|--|
| Regional Convergence | 23,264 | <ul style="list-style-type: none"> ✓ Investment which contributes to creating sustainable jobs; ✓ Investment in infrastructure; ✓ Measures which support regional and local development, including support and services for businesses, in particular small and medium-sized enterprises (SMEs); ✓ Technical assistance. ✓ Access to transport and telecommunications services of general economic interest, especially by improving secondary networks and encouraging access to information and communication technologies (ICT) for SMEs. ✓ Development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development. |
| Competitiveness | 7,403 | |
| European Territorial Cooperation | 505 | |
| Cohesion Fund | 8,922 | |
| Cohesion Fund transferred to CEF | 983 | |

It should be noted that projects that are supported by the Cohesion fund must include cohesion Member State (Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.) and must follow the application criteria set by both DG MOVE and DG REGIO. This means that two applications must be submitted with a cross-reference to one another.

To read more on eligibility for financing by the Cohesion Fund, please visit:
http://ec.europa.eu/regional_policy/atlas2007/index_en.htm

5

What is INEA?

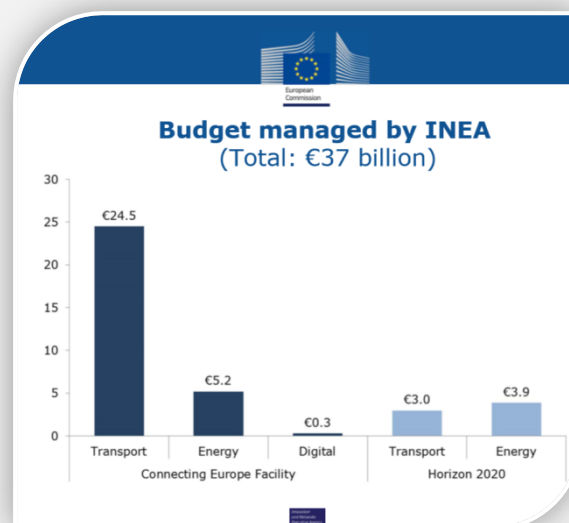
INEA, Innovation and Networks Executive

Agency is a newly set up European institution from January 1, 2014 responsible for the implementation of projects under the following EU programmes:

- CEF projects for energy, transport and digital
- Parts of Horizon 2020 projects which are not included in SHIFT2RAIL
- Legacy programmes: TEN-T and Marco Polo 2007-2013

The main role of the INEA is to:

- Promote funding opportunities
- Provide information and support to beneficiaries
- Administer the grants awarded
- Support implementation and ensure technical and financial follow-up of project implementation
- Control the use of allocated funds
- Support the European Commission by giving feedback as input to policy-making



5.1

How does INEA work?

- Step 1:** Before 31 March of each year, the EC (DGMOVE), who also manages the grant programmes, publishes its **Annual Work Programme** outlining the grants that are envisaged over the forthcoming year, as well as more detailed information on award conditions, areas of activities (i.e. calls), objectives, timetable and available budget for each call.
- Step2:** After DG MOVE defines a call description and its criteria, INEA acts as the executive agency that prepares the call and the details for proposal submission and application process. INEA is also responsible for the running the application process and the monitoring of the selected projects.

To read more on INEA, please visit:

http://inea.ec.europa.eu/en/about_us/mission_objectives/mission_objectives.htm

EXAMPLE: In the case of projects for **noise reduction**, DG MOVE together with INEA defines the call and the criteria for the project application. Once published (in September 2014), the applicant (NAs, wagon keeper or preferably a consortium of wagon keepers) have approximately 5 months (**February 26, 2015**) to prepare the application. Once submitted, the proposals are examined and evaluated by external experts on the basis of set criteria.



KEEP CALM
AND
READ
HOW TO APPLY

6 What is the CEF TEN-T?

TEN-T (Trans European Network- Transport) is a framework based on the TEN-T Guidelines **Regulation (EU) No 1315/2013** and focuses primarily on infrastructure development and implementation. Usually in the first quarter of every year the European Commission (DGMOVE) presents before the European Parliament the Multiannual and Annual Programme for TEN-T, which defines the budget that will be dedicated for the given priorities, most of which are for the core and comprehensive rail network, and ERTMS.

Although the majority of the CEF budget for transport will support the development of the TEN-T infrastructure network, the budget also provides for 20% reimbursement of costs for projects towards noise reduction including those for retrofitting of rail freight wagons. €260 million (or up to 1% of CEF 2014-2020 transport budget envelope) have been committed for projects related to noise reduction. Please note that projects related to both freight service and noise reduction are under the Annual Programme of TEN-T only.

6.1 In terms of budget, what is committed under the CEF TEN-T?

Below you will find the breakdown of the estimated budget allocation for the whole 2014-2020 period and for the specific priority areas for 2014 TEN-T Annual Programme that supports projects on freight and noise reduction

| Type of TEN-T Programme | Amount (billion euros) 2014-2020 | Percentage of total CEF allocated Budget |
|---|--------------------------------------|---|
| Multiannual Programme (MAP)- corridors focus | €20 - €21 | 80% - 85% |
| Annual Programme (AP) | €5 - €6 | 15% - 20% |

| Priorities under the TEN-T Annual Programme | Amount (million euros) 2014 (awarded in 2015) |
|--|--|
| Freight Transport services | €25 |
| Telematics applications | €20 |
| Actions to reduce rail noise | €20 |

Non-core network projects are considered under the Annual Programme only!!!



6.2 What should I know more when applying for projects under CEF TEN-T Annual Programme?

Taking into account that TEN-T focuses mostly on infrastructure projects, including freight corridors there needs to be a justification of the added value: i.e. that the wagons will be used on the main freight corridors or on a cross-border corridor .

Due to the limited funding for freight rolling stock, the EC recommends that:

- ✓ **Financial instruments should address specific market needs**
- ✓ **Grants should be targeted at projects that receive insufficient financing from the private sector**
- ✓ **Private Public partnerships (PPPs) with the involvement of state and private funds are to be encouraged**
- ✓ **Projects with long-term commercial potential should extend their source of funding through the EIB, other institutions, Member States, and regions**
- ✓ **Project related to freight should involve actors such as freight forwarders**
- ✓ **EU added value is shown.**

6.3 Who can apply?

Applicants eligible for CEF funding can be:

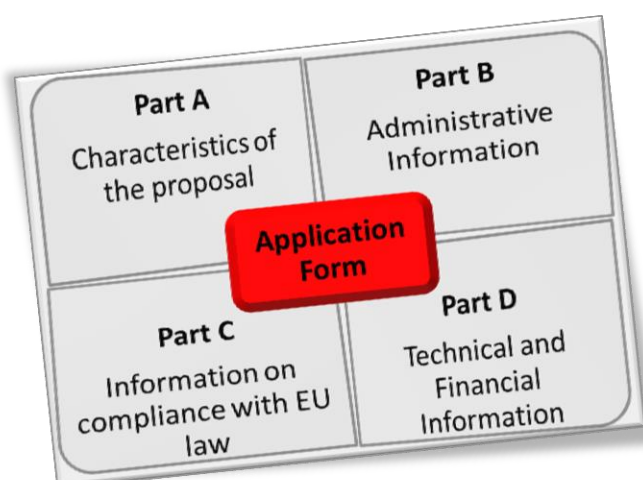
- One or more EU Member States (a consortium is highly recommended)
- International Organisations, Joint Undertakings, Public or Private Undertakings, Bodies established in Member States (condition to have the agreement of the Member States concerned by the proposal)
- Neighbouring countries or entities established in neighbouring countries (condition to have the agreement of a Member State concerned by the proposal and of their national ministry (if applicable). This would be the case for CH or NO, for example.

6.4 When & How do I submit an application?

Successful projects have to respect the deadline as well as the application requirement and criteria. The application includes four main parts which require information on:

- ✓ Characteristics of the proposal
- ✓ Administrative information on operation and financial capacity
- ✓ Compliance with EU law
- ✓ Action and activities in detail and award criteria

Currently it is foreseen that for Part C (as shown in the figure to the right) the application has to show not only compliance with certain EU Laws, but also be supported with a signature from the relevant Member State.



In May 2014 UIP submitted to DGMOVE a proposal for list of criteria for the call description for projects related to noise reduction. However, there is still a need to discuss with the EC the best way to fulfil the requirements set in the four parts.

To read more on CEF Calls for Freight Service, Noise, and Telematics Applications visit:

http://inea.ec.europa.eu/en/cef/cef_transport/apply_for_funding/2014-cef-transport-annual-call.htm

The deadline for submission of applications for Annual Calls under CEF is 26 February 2015 at 17.00!

7

What is HORIZON 2020?

HORIZON 2020 is the new Research and Innovation Programme following Framework Programme 7 (FP7). In the context of transport it will co-fund projects in smart transport, infrastructure, and new generation vehicles. It is also the EU framework supporting Research and Innovation activities in the Joint Undertaking Shift2Rail.

7.1

What should I know more when applying for projects under HORIZON 2020?

All projects of interest have to be submitted via a two stage process, as shown in the table below.

| | |
|-----------------|--|
| Stage 1: | Proposal outline (15 pages) |
| Stage 2: | Detailed proposal following three criteria: Excellence, implementation, impact |

7.2

How do I know the topic areas under HORIZON 2020?

The topic areas are usually proposed by the Sector and approved by DG Research. The Sector position is represented through ERRAC (European Rail Research Council) who provides long-term strategies for research and innovation in rail transport. HORIZON 2020 has already launched its 2014/2015 calls for R&I projects as shown above.

UIP is a participant in ERRAC where recently a new proposal for priority topic areas for forthcoming HORIZON 2016/2017 calls was drafted. Although HORIZON 2020 Projects represent visions in the far future, it is important to make place for innovative opportunities that will support the freight market and the business of the Wagon Keepers.

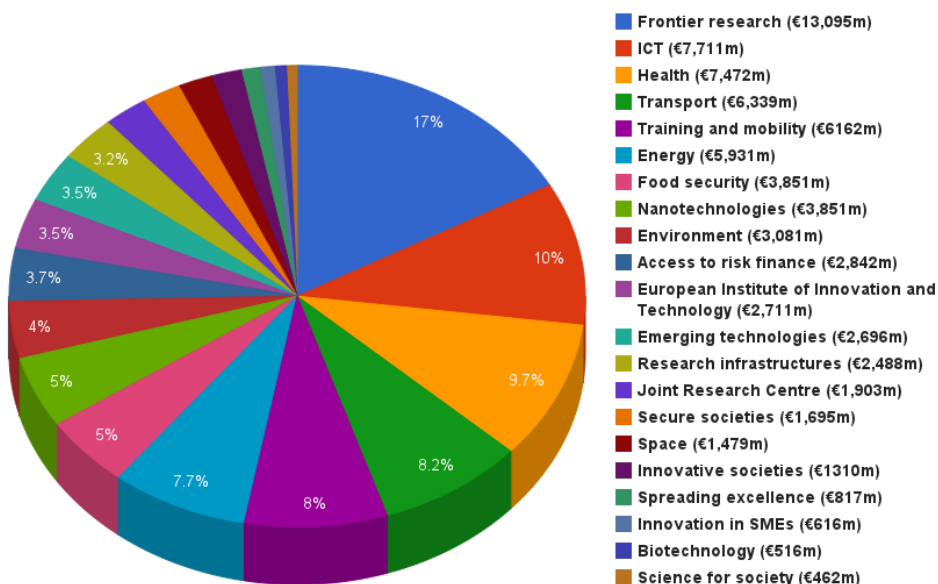
7.3

In terms of Budget, what is committed under the HORIZON 2020?

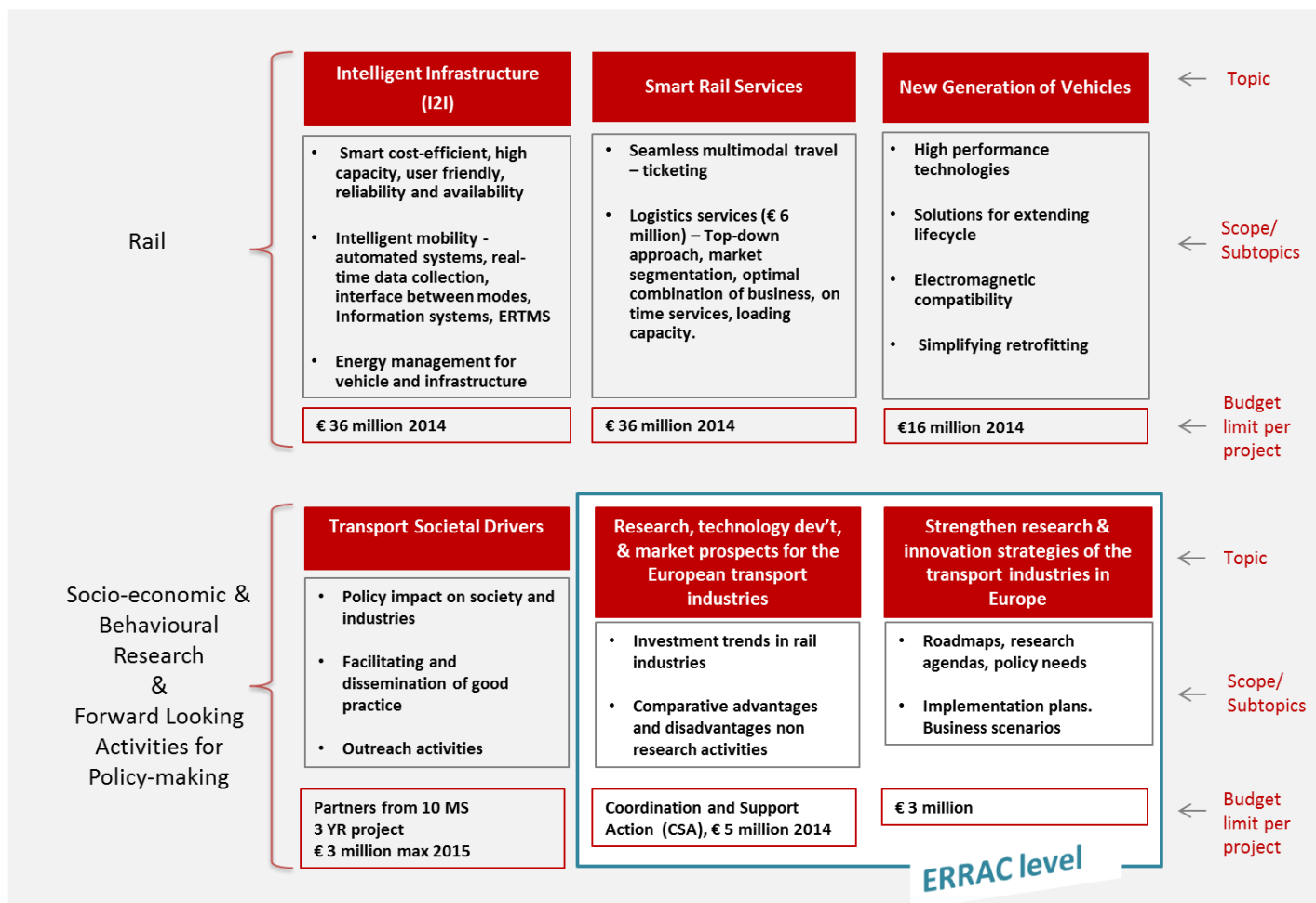
For 2014 approximately € 9,331 million are estimated commitment for all projects under Horizon 2020.

From those € 80 Million Euros are committed for transport, from which € 52 million Euros are for rail alone.

Horizon 2020



Below is the breakdown of general topics and allocated budget for the whole HORIZON 2020 Period.



SHIFT2RAIL which was adopted by the European Council on June 16, 2014 is a newly set up Joint Undertaking (JU) as a private Public Partnership that will manage the EU Research activities in rail transport between 2015 and 2021. It brings together EU and Sector funding to support innovative technology solutions to increase the efficiency and performance of rail transport and complete the development of the Single European railway Area (SERA).

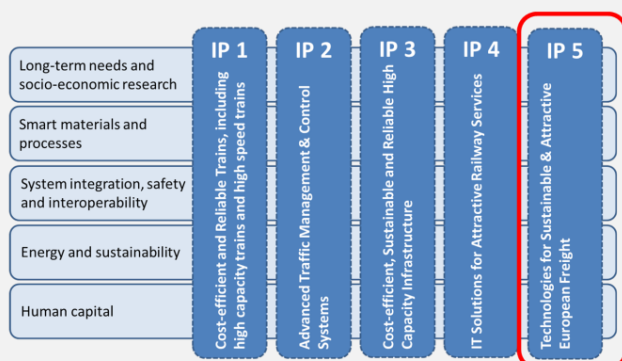
Currently Shift2Rail includes its Founding Members of the Joint Undertaking which are the European Union plus eight representatives of the rail industry: Alstom, Ansaldo STS, Bombardier, Construcciones y Auxiliar de Ferrocarriles (CAF), Siemens and Thales, Network Rail and Trafikverket. To allow for a full representation of the sector (including RUs, other rail actors, SMEs, and research organisations), additional members will be selected through an open call for Associate Membership.

The following three key objectives are defined and supported within five Innovation Programmes (IP) in a system-based approach:

- Enhancing the Capacity/User demand of the European rail system,
- Improving the Reliability/Quality of service of the European rail system, and,
- Reducing the Lifecycle costs and improving the competitiveness of the European rail system.

IP5 has a specific focus in freight services and freight rolling stock design. The projects are selected through a defined call process and approved by a governance body involving the Joint Undertaking and the European Commission.

SHIFT2RAIL Innovation Programmes A System Approach



IP5: Technologies for Sustainable and Attractive European Rail Freight

| Objectives | | Areas |
|--|--|--|
| Improved services and customer quality | Improved reliability | |
| | Enhanced capacity | Freight Electrification, Brake and Telematics |
| Reduced system costs | Customer Experience | |
| | Lower investments costs | Access and Operation |
| Enhanced interoperability | Reduced operating costs | Wagon design |
| | Externalities | Novel Terminal, Hubs, Marshalling yards, Sidings |
| Simplified business processes | Respect and adaptation of TSIs | New Freight Propulsion Concepts |
| | Removal of open-points | Business Analytics |
| | Improved standardisation | |
| | Simplified certification and authorisation | |

- Demonstration activities
- (Pre-deployment stage)

8.1

In terms of Budget, what is committed under Shift2 Rail?

The budget for Shift2Rail, which is set for 7 years, involves contributions from the European Commission and a financial commitment by its Joint Undertaking members, who are either Founding Members or Associate Members.

Indicative Budget for 7 Years (2014-2021)

| | |
|---|-----------------------------------|
| Shift2Rail Budget (million EUR) | 920.00 |
| Total Union contribution (million EUR) | 450.00 |
| Contribution to operational costs (million EUR) | 436.50 |
| Contribution to administrative costs (million EUR) | 13.50 |
| Total commitment from members other than the Union (million EUR) | 470.00 |
| Contribution to operational costs (million EUR) | 336.50 |
| Contribution to administrative costs (million EUR) | 13.50 |
| Additional activities (million EUR) | 120.00 |
| Total Founding Member commitment (million EUR) | 270.00 |
| Total Associate Member commitment (million EUR) | 200.00 |
| | <i>Individual or a Consortium</i> |

8.2

How can I launch a project under SHIFT2RAIL?

Projects can be considered under nominated calls through Associate Membership or open calls. Associate Membership requires initial financial and/or resource commitment. Open calls allows for applicants who are not members of the Joint Undertaking to launch projects as long as they are within the objectives of the Innovation Programmes.

To read more on SHIFT2RAIL and conditions for participation, please visit:

<http://www.shift2rail.org/reference-documents/>

The Frequently Asked Questions is developed by UIP for its Members

Contact:

Maria Price, DPhil. (Oxon)

Manager European Affairs

UIP International Union of Wagon Keepers, a.i.s.b.l.

Ave. Herrmann Debroux 15A

B-1160 Brussels

tel: +32 2 672 8847

mob: +32 471342474

fax: +32 2 672 8114

@: maria.price@uiprail.org, <http://www.uiprail.org>