

ASSESSMENT OF FUNDING OPPORTUNITIES FOR THE DEPLOYMENT OF INTERGREEN-NODES

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Index

1. Introduction	2
2. Connecting Europe Facility (CEF).....	2
2.1. Funding 2014-2020	2
2.2. Outlook 2021-2027	3
2.3. The InterGreen perspective.....	3
3. Horizon	3
3.1. Horizon 2020	4
3.2. Horizon Europe	4
3.3. The InterGreen perspective.....	5
4. Interreg.....	5
4.1. Interreg V.....	5
4.2. Interreg VI.....	6
4.3. The InterGreen perspective.....	6
5. Just Transition Fund.....	6



1. Introduction

Over the last years, several new trouble spots have been added to the always-complicated struggle over the future direction of the EU. With the recent election of a new Commission, the emergence of alliances for and against budget expansion, and the economic impacts of the ongoing Coronavirus pandemic, uncertainty is on the rise. However, it seems to be clear that the political direction of European politics will be heavily influenced by the European Green Deal, affecting most policy areas and reshaping the entity to achieve a greenhouse gas neutral Union by 2050.

All aspects will have a role in the outcome of EU's Multiannual Financial Framework (MFF) for 2021-2027 and therefore directly impact funding opportunities, be it through budgetary shifts or new political alignments of programs. This paper aims at assessing these under current and future perspective, as well as lining out the funding needs for greening nodes.

2. Connecting Europe Facility (CEF)

The Connecting Europe Facility (CEF) is a fund that aims to “enable projects of common interest to be prepared and implemented within the framework of the trans-European networks [TEN] policy in the sectors of transport, telecommunications and energy”¹.

At the heart of the funding preconditions is the requirement for projects to be of common interest. This means they must contribute to at least two TEN-T objectives, concern the core or comprehensive network, be economically viable on a basis of cost-benefit-analysis (not for studies) and demonstrate European added value. The TEN-T objectives are laid out in Regulation (EU) 1315/2013 and can be summarized under the keywords Cohesion, Efficiency, and Sustainability with the fourth objective being the increase of benefits for its users.

2.1. Funding 2014-2020

Funding is available for Studies and Works. The former will be funded with a 50% rate, for the latter the rate varies between 20% and 40%. Additionally, the type of works is further specified within the regulation. Works on inland waterways and ports are mentioned as well as the development of multimodal logistics platforms, with the former receiving funding up to 40% for bottlenecks and cross-border connections. Additionally, works for actions supporting new technologies and innovation are included in the funding eligibilities².

Annex II of Regulation (EU) 1315/2013 defines a list of nodes as part of the core network, which also includes urban nodes with their ports, with urban node being “an urban area where the transport infrastructure of the trans-European transport network, such as ports including passenger terminals, airports, railway stations, logistic platforms and freight terminals located in and around an urban area, is connected with other parts of that infrastructure and with the infrastructure for regional and local traffic”³. However, only “actions implementing transport infrastructure in nodes of the core network”⁴ were eligible for receiving CEF-funding.

¹ Art. 3 Regulation (EU) 1316/2013.

² Art. 10 Regulation (EU) 1316/2013.

³ Art.3 (p) Regulation (EU) 1315/2013

⁴ Art.7 2 (f) Regulation (EU) 1316/2013



2.2. Outlook 2021-2027

Current (April 2019) proposals would bring a reduction of the General and Cohesion fund envelopes for the 2021-2027 TEN-T budget of CEF by around 10% to €21.384 million⁵. The addition of a military mobility line for dual civil-military use transport infrastructure is currently discussed, which would add 5.767 €millions from the security and defence budget.⁶

The available funds should also be spent in harmony with the broader goals of the Commission: “In transport, the focus would shift to decarbonisation and making transport connected, sustainable, inclusive, safe and secure. The budget would reflect this rebalancing: 60 % of transport resources would go to the development of basic infrastructure and 40 % to modernising the existing network.”⁷ These 40% could a wide range of topics like alternative fuels, multimodality and innovation. Additionally, joint work programmes are proposed to target synergies between at least two of the three sectors of TEN.

In general, eligibility for funding will be expanded. Art.9 of the CEF Regulation draft now offers two categories of actions that can receive funding in the transport sector:

- a) “Actions relating to efficient, interconnected, interoperable and multimodal networks for the development of railway, road, inland waterway and maritime infrastructure”⁸,
- b) “Actions relating to smart, interoperable, sustainable, multimodal, inclusive, accessible, safe and secure mobility”⁹.

Each category is followed by a subset of conditions. Most importantly, category a) offers funding for the implementation of the core network, but also extends include “actions relating to cross border links and missing links, such as those listed in Part III of the Annex to this Regulation, as well as urban nodes, multimodal logistics platforms, maritime ports, inland ports, rail-road terminals and connections to airports of the core network”¹⁰. Most notable inclusion in category b) are actions relating to interoperability barriers, especially in urban nodes¹¹.

2.3. The InterGreen perspective

The main strength of the CEF funding is the close connection to the TEN-T network and its regulation. At its center, funding still focusses on the core network, however this is broadened by the inclusion of urban nodes within the legislation. Additionally, actions are also eligible for multimodal logistics platforms, ports, and rail-road terminals. Through this entry point, InterGreen topics can be funded as they work towards efficiency, interconnectedness, interoperability, and multimodality. This resonates highly with themes around last mile transport and the need for modern solutions along the transportation chain with regard to the implementation of green solutions.

3. Horizon

Horizon is a funding program to support the research and innovation activities within the EU, especially if they involve activities that cannot be undertaken by a single actor alone. Participants can apply to calls regarding specific subjects, e.g. battery life circles.

⁵ EPRS Briefing: EU Legislation in Progress. Connecting Europe Facility 2021-2027 (April 2019), p.5.

⁶ This, however, seems to be a highly controversial part in budget negotiations:

<https://www.euractiv.com/section/global-europe/news/europes-military-mobility-latest-casualty-of-eu-budget-battle/>

⁷ EPRS Briefing: CEF, p.5

⁸ CEF Regulation draft 2018/0228(COD) Art.9 2.a (May 2019)

⁹ CEF Regulation draft 2018/0228(COD) Art.9 2.b (May 2019)

¹⁰ CEF Regulation draft 2018/0228(COD) Art.9 2.a (i) (May 2019)

¹¹ CEF Regulation draft 2018/0228(COD) Art.9 2.b (va) (May 2019)

3.1. Horizon 2020

Regulation (EU) 1291/2013 establishes Horizon 2020, and Regulation (EU) 1290/2013 defines the rules for participation and dissemination. For the 2014-2020 period, funds of €74.828 million were available, distributed between three pillars: Excellent science (€24.232 million), Industrial Leadership (€16.466 million), and Societal challenges (€28 629 million). It covered preparatory, monitoring, control, audit and evaluation activities, in particular studies and meetings of experts. The calls covered a wide range of transportation topics, especially alternative fuels¹².

Funding quota are set at 70% for actions cofinancing and innovation actions but can be up to 100% for actions relation to research.¹³

3.2. Horizon Europe

The upcoming 2021-2027 period will be funded with €94.100 million, together with additions from the Commission and Euratom to reach the symbolic number of €100.000 million.

The three pillar-system will stay in place, with slight adjustments: “The 'open science' pillar (€25.800 million) would continue to focus on excellent science and high-quality knowledge. [...] The 'global challenges and industrial competitiveness' pillar (€52.700 million) would directly support research relating to societal challenges, [...]. The 'open innovation' pillar (€13.500 million) would aim at making Europe a frontrunner in market-creating innovation via the European Innovation Council (€10.000 million), which would become a one-stop shop for innovators”¹⁴.

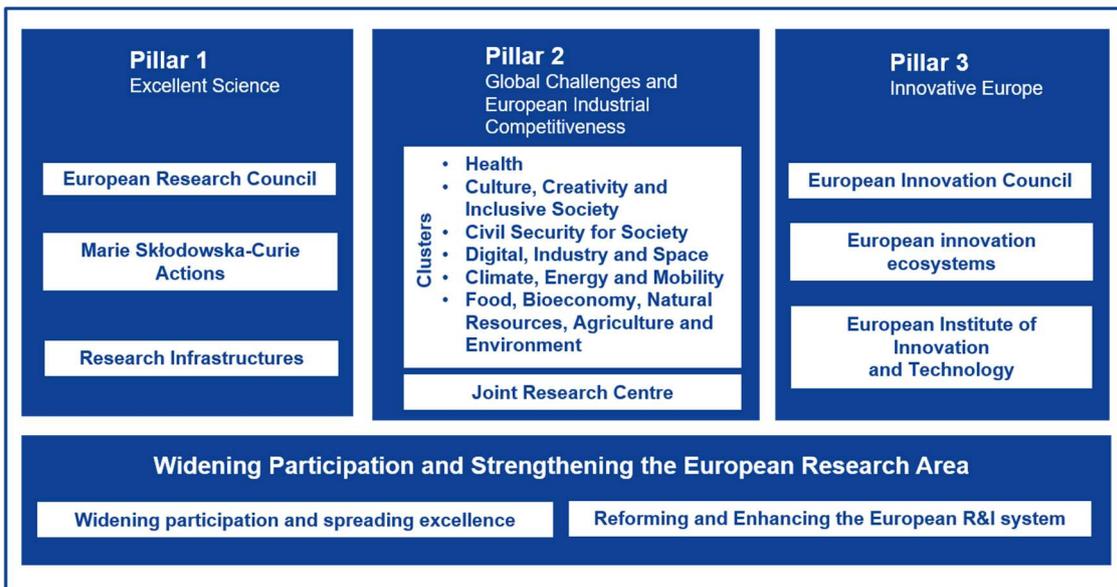


Figure 1 The proposed three pillars of Horizon Europe with their specific programs and clusters. https://ec.europa.eu/info/horizon-europe-next-research-and-innovation-framework-programme_en (April 2020)

Another aspect of the new Horizon program will be the implementation of missions. These are specific targets on which funding will be focussed. Those missions will be updated through the program time.¹⁵

¹² <https://ec.europa.eu/programmes/horizon2020/h2020-sections>

¹³ https://ec.europa.eu/research/participants/docs/h2020-funding-guide/grants/applying-for-funding/find-a-call/what-you-need-to-know_en.htm

¹⁴ EPRS Briefing: EU Legislation in Progress. Horizon Europe (May 2019), p.4.

¹⁵ https://ec.europa.eu/info/horizon-europe-next-research-and-innovation-framework-programme/missions-horizon-europe_en



3.3. The InterGreen perspective

Central for research and innovation regarding InterGreen topics will be the Climate, Energy and Mobility cluster. For transport, this is set to “[s]ignificantly contribute to net-zero greenhouse gas emissions and reduced air pollutants in and across all transport modes protecting human health and achieving at the same time strengthened global competitiveness of the European transport sector, through the development and usage of new technological solutions in all transport modes.”¹⁶ Further specifications will be set with specific topical calls.

Of particular interest for InterGreen-Nodes are the newly introduced missions, in particular “Adaptation to climate change including societal transformation” and “Climate-neutral and smart cities”. However, timelines, scope and specific calls for the missions are still to be determined. This task lays at the Mission Boards who will produce a draft report in May 2020 and hand final recommendations to the Commission in September¹⁷. A close look should be given for a better understanding how InterGreen-related research and projects can be funded under these missions.

4. Interreg

Interreg a program under the European Regional Development Fund (ERDF), which itself is one of the five European structural and investment (ESI) funds. European territorial cooperation is part of EU’s cohesion policy. Of key importance is also the Common Provisions Regulation (CPR) that sets procedural and contextual provisions.

4.1. Interreg V

Roughly €10.100 million were assigned to Interreg for the 2014-2020 period. They were divided up between three pillars: Interreg A (Cross-border cooperation), Interreg B (transnational cooperation) and Interreg Europe with the specific programs Urbact III, Interact III and ESPON. Interreg projects could receive a funding of up to 85% of their budget. The 2014-2020 CPR (Regulation (EU) 1303/2013) lays out out 11 policy objectives of the ERDF, which also applied to Interreg:



Figure 2 Fig. 2 Policy Objectives of the 2013-2020 ERDF.

https://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/ (April 2020)

¹⁶ Orientations towards the first Strategic Plan for Horizon Europe, 2019, p.87
https://ec.europa.eu/info/files/orientations-towards-first-strategic-plan-horizon-europe_en

¹⁷ https://ec.europa.eu/info/horizon-europe-next-research-and-innovation-framework-programme/mission-area-adaptation-climate-change-including-societal-transformation_en
https://ec.europa.eu/info/horizon-europe-next-research-and-innovation-framework-programme/mission-area-climate-neutral-and-smart-cities_en



4.2. Interreg VI

The forthcoming budget will likely see a decline of Interreg funding, with current estimates of approximately €8.430 million. This will also lead to a redistribution of budget proportions between the various cooperation components. Another important effect is the proposed reduction of funding quotas: “The Commission is also proposing a reduction in the ERDF co-financing rate for Interreg programmes (from up to 85% in the 2014 to 2020 period to 70% maximum in the post-2020 period). A higher rate would however be possible for cooperation at the EU’s external borders”¹⁸. Additionally, the current proposals plan to change the current Interreg regime into a five-pillar structure:

1. Cross-border-cooperation (formerly Interreg A), focus on land borders
2. Transnational and maritime cooperation (formerly Interreg B), with added maritime cooperation
3. Outermost region cooperation (new)
4. Interregional cooperation (formerly Interreg Europe, Urbact III, Interact III, ESPON), but limited to two out of four programs
5. Interregional innovation investments, esp. smart specialisation strategies (new)¹⁹

Similarly, there will be a reduction of the policy objectives, where especially the Political Objectives 1 and 2 reflect the Commissions political focus points:

“PO 1: A smarter Europe, through innovation, digitisation, economic transformation and support for small and medium-sized businesses.

PO 2: A greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change.

PO 3: A more connected Europe, with strategic transport and digital networks.

PO 4: A more Social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare.

PO 5: A Europe closer to citizens, by supporting locally led development strategies and sustainable urban development across the EU.”²⁰

4.3. The InterGreen perspective

The future funding period sees more pillars for Interreg while funding is bound to decrease. Additionally, the inclusion of the Political Objective relating to transport (PO 3) as focus of the programme seems uncertain. However, the strong focus on climate change and the European Green Deal offers possibilities to implement InterGreen topics in almost all other political objectives too. PO 1 is open for digitalisation and innovation in transport. Transport project that work to the reduction of greenhouse gas emissions can be placed under PO 2. Sustainable urban and rural development in PO 5 can be linked to transport and mobility as well. However, as the Interreg programs have to focus on two political objectives, there is a significant risk that transports projects and related projects to regional development which are not directly linked to “green” and “innovative” will be not addressed in the next funding period.

5. Just Transition Fund

The Just Transition Fund (JTF) is a new proposal by the Commission to help regions that are affected by the efforts to reduce greenhouse gas emissions, e.g. the end to coal mining. It is part of a Just Transition

¹⁸ EPRS Briefing: EU Legislation in Progress. European territorial cooperation (Interreg) 2021-2027 (Jan. 2019), p.5.

¹⁹ EPRS Briefing Interreg, p.4.

²⁰ EPRS Briefing: EU Legislation in Progress. Common Provisions Regulation (March 2019), p.4.



Mechanism with participation from InvestEU and the European Investment Bank²¹. The JTF budget is set to €7.500 million but should reach up to €30-50.000 million with ERDF and ESF+ contributions and national co-financing. The main condition to eligibility is the identification as most affected region and the installation of a territorial just transition plan by national and regional authorities.²²

With a perspective on greening nodes, the most interesting part of JTF funding could be named in Art. 4 2 d) of the draft regulation, which lines out JTF support for “investments in the deployment of technology and infrastructure for affordable clean energy, as well as in greenhouse gas emissions reduction, energy efficiency, and renewable energy”²³.

²¹ https://ec.europa.eu/regional_policy/en/newsroom/news/2020/01/14-01-2020-financing-the-green-transition-the-european-green-deal-investment-plan-and-just-transition-mechanism

²² https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_24

²³ Just Transition Fund Regulation draft 2020/0006 (COD) p.14.

Annex: Summarising overview

Name	Type	Themes regarding Transport and Green Nodes		Funding rates		Relevance for InterGreen-Nodes
		2014-2020	2021-2027	2014-2020	2021-2027	
CEF	Grants, loans Programme for investment	Completion of the TEN Core Network: all modes, terminal infrastructure, clean fuels deployment, digitalisation	Completion of the TEN Core Network (60%) Innovation and modernisation of the network (40%)	Studies: 50% Works: 20-40%	Studies: 50% Works: up to 30 %, up to 50% in cross-border sections, up to 70% in outermost regions	TEN-T core network Urban nodes Logistics platforms, ports, rail-road-terminals Efficiency Interconnectedness Interoperability Multimodality Last mile transport
Horizon	Grants	Research and Innovation Sections: ‘Secure, clean and integrated transport’, as well as ‘Future and emerging technologies’	Research and Innovation Introduction of Missions that focus on specific societal challenges: ‘Climate Change/societal transformation’ and ‘climate-neutral and smart cities’	70% for cofinancing and innovation actions Up to 100% for actions relation to research	Up to 100% of direct costs	Transport Cluster New mission focus Emissions reduction Competitiveness New technologies Climate neutral cities
InterregB	Grants	Innovation Low Carbon Transport	(likely) PO 1: A smarter Europe PO 2: A greener, Carbon free Europe	Up to 85%	Up to 70%	Digitalisation and Innovation in transport Reduction of greenhouse gas emissions issues of circular economy
Just Transition Fund	Grants, Guarantees, loans	-	Help to transform regions heavily impacted by climate change regulations (e.g. end of coal mining). Support to establish new perspectives, industries and infrastructures	-	Money must be matched with budget from ERDF and national investments	Societal and economic transformation of affected regions Fossil fuel phase out Green Energy