

Ricardo-**AEA**

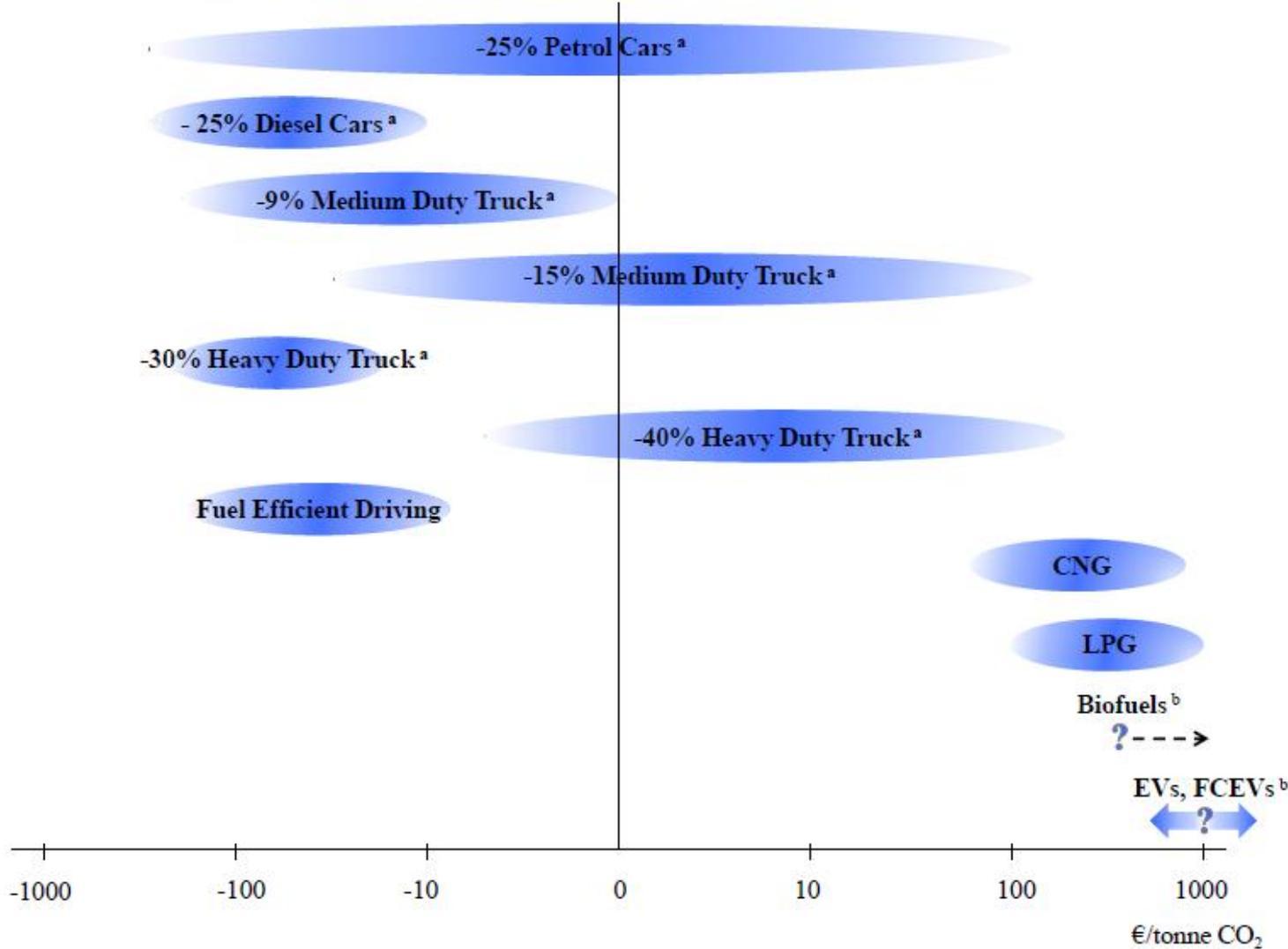
EU funding for GHG reduction measures in transport

James Harries, Ricardo-**AEA**

- Choosing which measures to implement
- Barriers to implementation
- Multiannual Financial Framework - the framework for funding
- Cohesion policy
- Other funding options

Which measures to fund?

Figure 1: Indicative ranges of short term (2020) abatement costs of various technical and behavioural GHG reduction options for passenger cars and HGVs

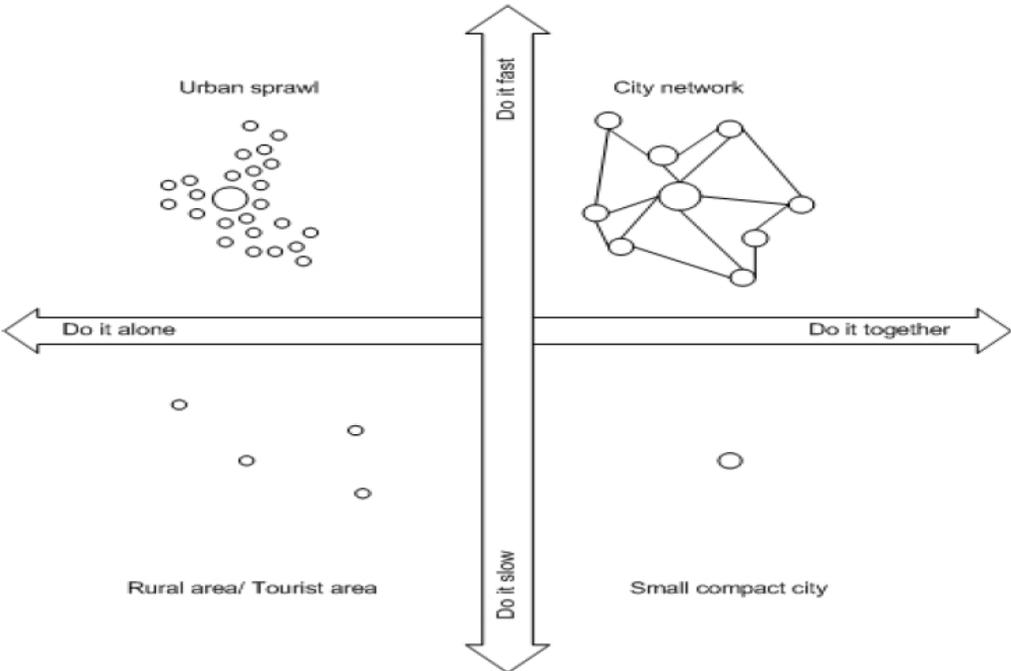


Source: <http://www.eustransportghg2050.eu/cms/assets/Uploads/Reports/EU-Transport-GHG-2050-II-Task-8-FINAL-29July12.pdf>

Member State circumstances and context

JRC Technical Report – quantifying the effects of sustainable urban mobility plans

- <http://ftp.jrc.es/EURdoc/JRC84116.pdf>



Measure	City Network	Urban Sprawl	Tourist / Rural	Small
Investment and maintenance, including safety, security and accessibility	LOW	MED	LOW	LOW
Public transport coverage (line density, stop density, walking distances between stops) & public transport frequencies.	LOW	LOW	MED	MED
Interoperable ticketing and payment systems	LOW	LOW	LOW	LOW
Taxi Services (individual and collective)	LOW	LOW	LOW	MED
Dedicated walking and cycling infrastructure investment and maintenance & Bike sharing schemes	LOW	MED	LOW	LOW
Improvement of the efficiency of city logistics by the use of ICT	MED	LOW	LOW	LOW
Measures to improve the energy efficiency and environmental performance of vehicles and/or use of alternative modes.	MED	LOW	MED	LOW

Institutional / political

Unclear procedures and/or complex interactions and lack of coordination between the various authorities involved

Lack of enforcement

Financial / economic

High upfront investment costs, with long payback periods, to improve/extend public transport network

Competing needs for public monies

Technical

Poor IT capability

Immature/unproven technology

Informational / capacities

Lack of real-time information on public transport

Lack of awareness and information regarding fuel efficient technologies and vehicles

Social / behavioural / cultural

Perception of public transport

Safety

- Integration approach – using all EU funds
- Objective - At least 20 % of EU budget 2014-20 to be spent on action over climate change – core element of "greening" the EU budget
- Specific earmarked contributions only for some EU funds, for other funds, relevant contribution
- Climate tracking - giving an indicative estimate of spending related to climate change (mainstreaming)
- Art. 8 of Common Provisions Regulation on promoting sustainable development of the EU
- Simplification of rules

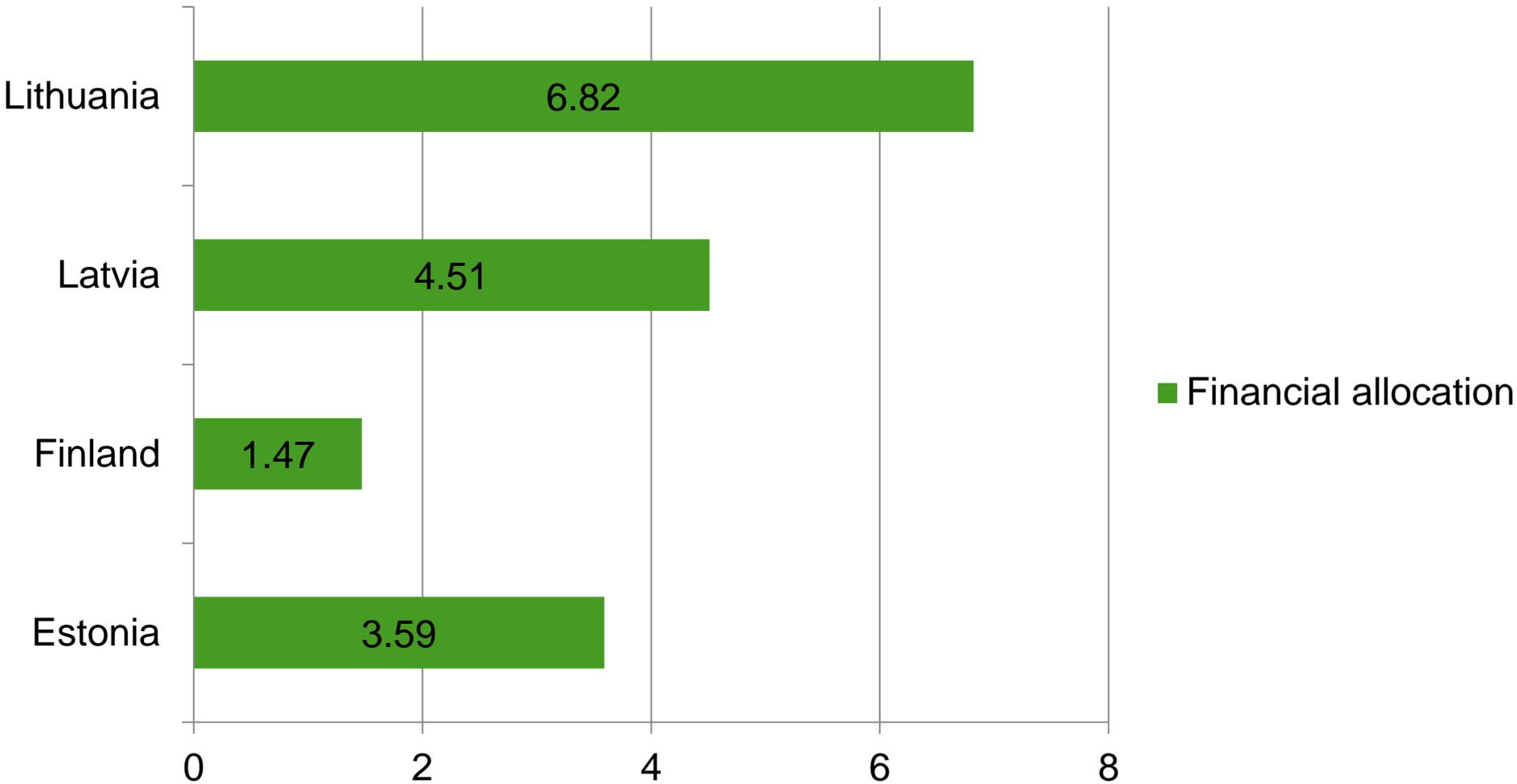
Cohesion policy

Implementing Europe 2020 goals

- Europe 2020, the "Strategy for smart, sustainable and inclusive growth" includes important environmental and climate change goals to be reached by 2020
 - Reduce greenhouse gas emissions by 20% compared to 1990
 - Increase the share of renewable energy sources to 20%
 - 20% increase in energy efficiency
- Cohesion Policy is one of the key policies helping Member States and the European Union to reach those goals.



Financial allocation



Source: http://ec.europa.eu/regional_policy/what/future/eligibility/index_en.cfm

Europe 2020

1. Research and innovation
2. Information and Communication Technologies
3. Competitiveness of Small and Medium-Sized Enterprises (SME)
- 4. Shift to a low-carbon economy**
5. Climate change adaptation and risk management and prevention
6. Environmental protection and resource efficiency
- 7. Sustainable transport and disposal of congestion on major network infrastructure**
8. Employment and support for labour mobility
9. Social inclusion and poverty reduction
10. Education, skills and lifelong learning
11. Increased institutional capacity and effectiveness of public administration

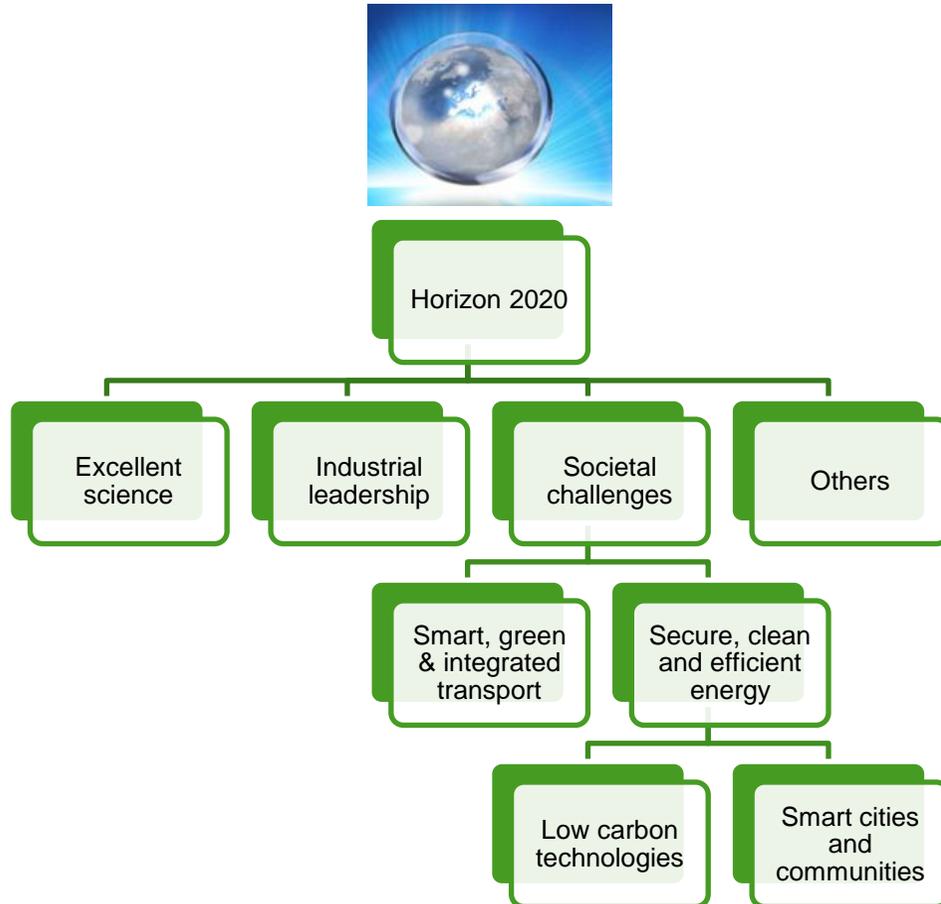
Main direct investments



Investment priorities relevant for low carbon transport (Art.5 of the European Regional Development Fund (ERDF) and Art.4 of the Cohesion Fund Regulations)

- TO4 Shift to a low-carbon economy
 - promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures
- TO7 Sustainable transport and disposal of congestion on major network infrastructure
 - developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;
 - developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures;

Other funding options



- Smart, green & integrated transport – budget of €6.339 billion for the period 2014-2020.
- 4 key objectives:
 - resource efficient transport that respects the environment
 - better mobility, less congestion, more safety and security
 - global leadership for the European transport industry
 - socio-economic and behavioural research and forward looking activities for policy making
- 3 calls for proposals:
 - Mobility for growth
 - Green vehicles
 - Small businesses and fast track innovation for transport

Current calls for proposals – Mobility for Growth 2014-15 (28 Aug 2014), Green Vehicles 2014 (28 Aug 2014)

Mobility for Growth

- **Road**
 - e.g. advanced bus concepts for increased efficiency
 - Technologies for low emission powertrains
- **Rail**
 - New generation of rail vehicles
 - Intelligent infrastructure
- **Logistics**
- **ICT**

Green Vehicles

- Next generation Lithium-ion batteries
- Future natural gas powertrains
- Electric two-wheelers
- Powertrain control for heavy-duty vehicles
- Electric vehicles and integration into the grid
- Optimised energy management in electric vehicles

Small businesses and fast track innovation for transport

- Small business innovation research for transport
- Fast track to innovation

For more information: http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-transport_en.pdf



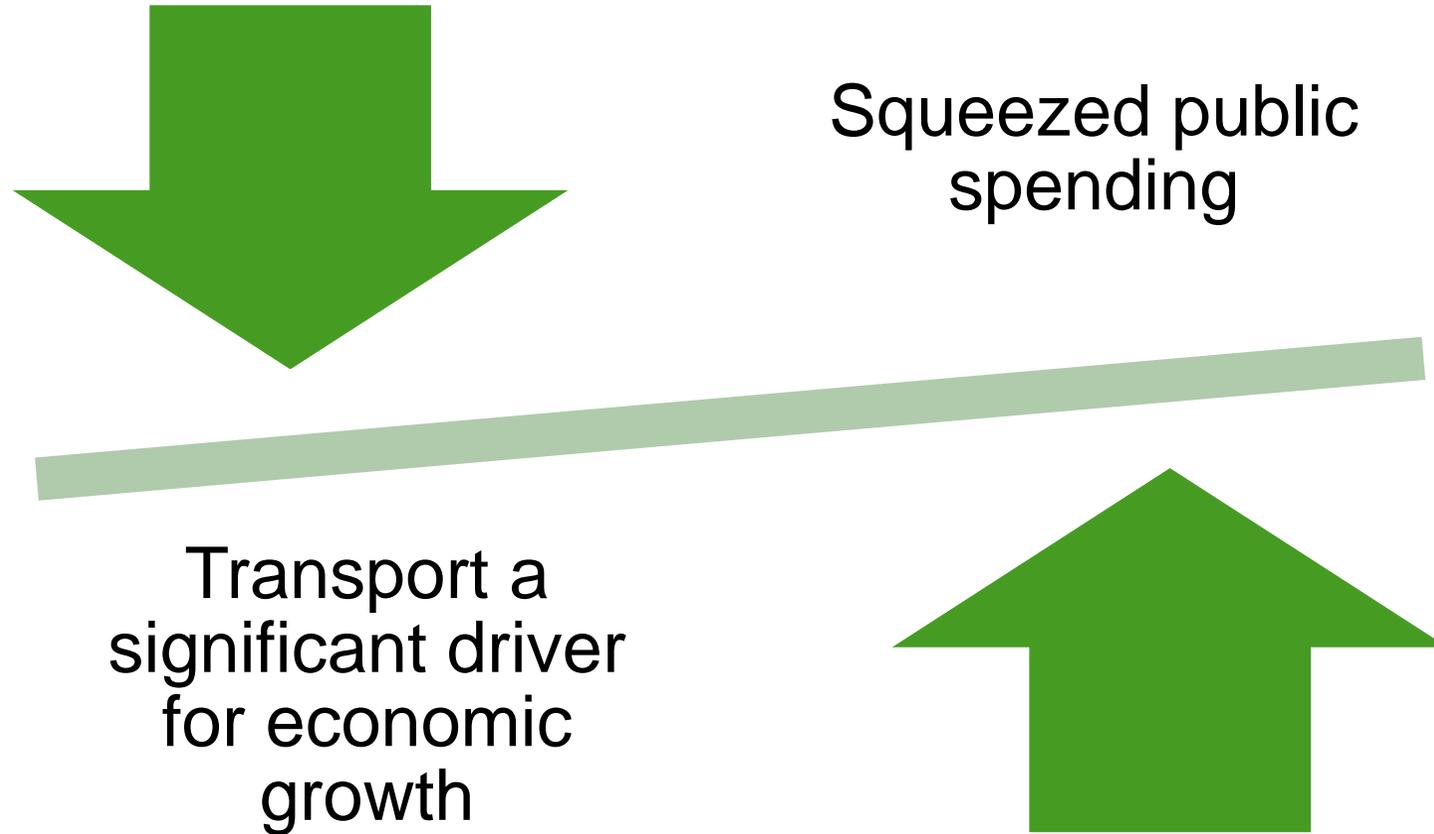
- The EU's funding instrument for the environment and climate
- €3.4bn for period 2014-2020. Two sub-programmes:
 - Environment (environment and resource efficiency, nature and biodiversity, and governance and information) = €2.6 bn (75% of total)
 - Climate Action (adaptation, mitigation and governance and information) = €864 m (25% of total)
- At least 81% of funding on projects (technical assistance, capacity building, preparatory projects etc) & no more than 19% on grants and other types of funding.
- Co-financing needed at different rates (generally 55% to 100%)



- Under the Connecting Europe Facility (CEF), €26.25 billion will be made available from the EU's 2014-2020 budget to co-fund TEN-T projects in the EU Member States.
- Of this amount, €11.305 billion will be available only for projects in Member States eligible for the Cohesion Fund.
- Rules for awarding EU financial support, priority projects and the maximum limits of EU co-financing per type of project are set out in the CEF Regulation.
- Jan 2014 Commission Communication sets out priorities and available funds, including:
 - European Rail Traffic Management System (€800-1100m)
 - New technologies and innovation for all modes (€250-400m)
 - Sustainable Freight Transport Services (€150-200m)
 - Projects to connect the trans-European transport network with infrastructure networks of neighbouring countries (€50-100m)

- Interreg (part of ERDF) – priority 2 = Environment & risk prevention, sub-theme = Energy and sustainable transport (e.g. promoting the use of improved collective and non-motorised modes in conjunction with mobility management schemes)
- Successor to Marco Polo - ease road congestion and its attendant pollution by promoting a switch to greener transport modes for European freight traffic
- URBACT II - a European exchange and learning programme (*) promoting sustainable urban development
- CIVITAS - launched in 2002 to redefine transport measures and policies in order to create cleaner, better transport in cities. Runs until 2016. Cities can apply.
- ELENA - Maximising investment in sustainable energy. Run by EIB. E.g. electric vehicles in Madrid.

Financing public transport measures



→ So what can be done?

1. Earmarking of proceeds:
 - a) Polluter pays principle, e.g. urban tolls, congestion/pollution charging, parking charges, workplace parking levies, taxes on fuel
 - b) Beneficiary pays principle – land-value capture, e.g. betterment taxes, tax increment finance etc. Case study example – versement transport in France.
2. Working with the private sector:
 - a) Banks, private investors, urban developers, business
 - b) Public-private partnerships
3. Optimising debt financing, e.g. rating procedures, debt notes, fiscal leases etc.
4. Enhancing revenue management – move from flat fare to smarter fares, e.g. time-of-day charging or distance-based charging, charging for premium services, loyalty scheme discounts etc.
5. Setting and adjusting fares – more regular and systematic review.
6. Exploring secondary revenue sources, e.g. advertising, retail, property development, telecommunication systems etc.

James Harries

Ricardo-AEA Ltd
The Gemini Building
Fermi Avenue
Harwell, Didcot,
OX11 0QR

T: 01235 75 3272
E: james.harries@ricardo-aea.com
W: www.ricardo-aea.com