

## Measure 73: Funding of infrastructure in the New EU Member States

### First page:

<p><i>Policy Package:</i> 2C: Rail pricing, taxation and financing</p>
<p><i>Measure 73:</i> Make provision in the Community's future financial perspective for adequate public funding of infrastructure in the new member countries</p>
<p><i>What is the problem being addressed ?</i> (see also Measure 45) In order to speed up and to render effective the implementation of priority projects covered by European interest, the total amount of Community aid may exceptionally reach 20 % of the total investment cost. To avoid uncertainties slowing down project development, legal commitment shall be multiannual and budgetary commitments shall be met in annual instalments. At least 55% of funding is devoted to railways (including combined transport) and a maximum of 25% to roads: From 2000 onwards, ISPA (Instrument for structural policies for pre-accession) has taken over financing from Phare to fund projects in the 10 New Member States providing good connection between the trans-European transport network (TEN-T) and the pan-European transport corridors (TINA-network) and interconnections between national networks and links from them to the TEN-T. Additionally, a small part of the budget will be allocated to fund preparatory studies and technical assistance directly related to projects being funded. All investment projects assisted by ISPA have a national contribution. The projects must be financially sustainable to cover future operating and maintenance costs. An initial estimate of the costs of construction and restoration of this network up to 2015 was EUR 91.5 billion, 48 % for the road network and 40.5 % for rail. In 2000 and 2001, the European Commission has approved a total of 169 ISPA projects so far, amounting to EUR 6 billion, of which the EU will finance almost EUR 4 billion (64.4 %). Of these projects, 64 correspond to transport projects, (61.4 %), equally shared between rail and road.</p>
<p><i>Measure's costs and benefits:</i> According to COM(2003) 564 final, the total TEN-T transport network will require EUR 220 billion up to 2020, of which EUR 80 billion by 2006, whose EUR 91 billion are necessary to build the priority infrastructure projects in the New Member states. ISPA has a budget of € 452 million for Bulgaria and Romania in 2004. (Until 2003 the overall annual budget for the 10 countries of Central and Eastern Europe was € 1.1 Billion.)</p>
<p><i>Legislative implementation at the EU level:</i> Regulation (EC) No 807/2004 of the European Parliament and of the Council of 21 April 2004 amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks.</p>
<p><i>What are the objectives ?</i> The provisions of the new regulation should contribute to speed up the process of implementation of the TEN-T networks and to provide incentives to investors.</p>
<p><i>Interactions with other WP measures:</i> Due to the large modal application of the measure 73, links with many measures can be identified for specific segments of the transport market. The most significant interactions are with measures 27 – Motorways of the sea; measure 36 - Eliminating bottlenecks in inland waterway transport; measure 44 – TEN projects; measure 45 – Funding of TENs; measure 57 – Infrastructure charging; measure 72 – TEN Infrastructure in the candidate countries.</p>

**Second page:**

*Output indicators:*

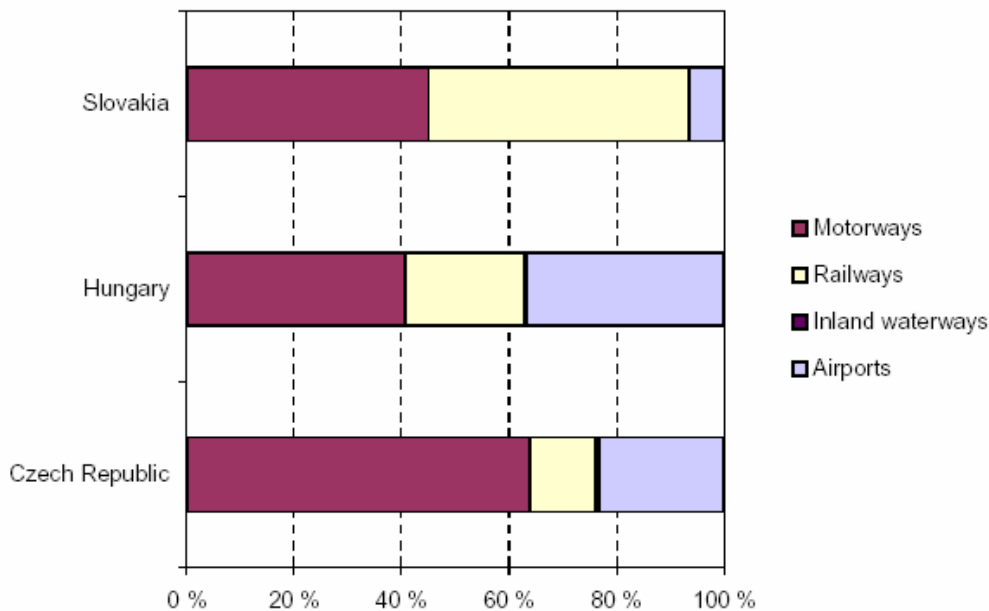
The Commission shall submit an annual report on the activities carried out under this regulation to the European Parliament, the Council, the Economic and Social Committee and to the Committee of the Regions for their appraisal. This report shall contain an evaluation of the results achieved with Community aid in different fields of application, in terms of original objectives, as well as a chapter on the substance and implementation of current multi-annual programmes.

Particular attention should be devoted to:

- Projects considered for financial support of 20% from the European Commission.
- Level of investment planned and realised in a given time frame.
- budget diversions compared to the original financial plans.

The largest share of TEN-T investments is allocated to road, followed by rail and airports (see Figure below).

**Figure 3: Total cumulative gross investments in TEN-T infrastructure (1993–95)**



NB: Inland waterways not included for Slovakia.

Source: ECMT, 1999.

Between 1993 and 1995, the TEN-T network in the accession countries took up a significant part of transport infrastructure investments (see table below).

**Table 4: Share of cumulative TEN-T investments in cumulative total gross investments in transport infrastructure (1993–95)**

Unit: %	Czech Republic	Hungary	Poland	Slovakia
Motorways	123	100	100	54
Railways	17	64	33	86
Inland waterways	100	100	:	:
Airports	100	100	:	100

NB: Total TEN-T investment in motorways in the Czech Republic is higher than total gross investments in motorways, because total gross transport investments do not include investments in TEN-T.

Source: ECMT, 1999.

Investments in inland waterways and airports in the Czech Republic, Hungary, Poland and Slovakia concern TEN-T investments only. On the contrary, investments in rail infrastructure which forms part of the TEN-T represents a relatively small part of total investments in rail infrastructure.

*Outcome indicators: intermediate impacts on market variables*

The market indicators for this measure are those already described for funding the TEN-T programme in general (Measure 45)

*Outcome indicators: final impacts on transport users and non users*

The external and internal impacts for this measure are those already described for funding the TEN-T programme in general (Measure 45)