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## Council adopts regulation on the Connecting Europe Facility

Today's Transport, Telecommunications and Energy Council adopted the Connecting Europe Facility (CEF), the future **funding** instrument for the **trans-European networks (TEN)** in the fields of **transport, energy and telecommunications** ([76/13](#); statements: [16096/13 ADD1](#) + [ADD2](#))<sup>1</sup>.

The regulation establishing the CEF determines the conditions, methods and procedures for the Union's financial contribution to TEN projects. It replaces the existing legal bases for TEN funding.

The CEF's overarching objective is to help create **high-performing** and **environmentally sustainable interconnected networks** across Europe, thereby contributing to economic growth and social and territorial cohesion within the Union.

In accordance with the next multi-annual financial framework (MFF), the **overall CEF budget for 2014-2020** is **EUR 33 242 259 000**. Of this, EUR 26 250 582 000 (including EUR 11 305 500 000 to be transferred from the Cohesion Fund) is allocated to the transport sector, EUR 5 850 075 000 to the energy sector and EUR 1 141 602 000 to the telecommunications sector. Additional investment from private and public sources may be leveraged through the use of innovative financial instruments such as project bonds.

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<sup>1</sup> The United Kingdom abstained.

# P R E S S

The EU will contribute to the financing of projects at different rates depending on the sector and the type of action concerned. To be eligible for aid from the CEF, the projects must be in line with the requirements set out in the CEF regulation and in the sector-specific guidelines.

- The **guidelines for the energy sector** have already been adopted and published in the EU's Official Journal ([regulation 347/2013](#)).
- The **transport guidelines** were adopted by the Council at the same meeting as the CEF (42/23).
- The **telecommunications guidelines** have been endorsed by the member states' Permanent Representatives ([16063/13](#)) but still need to be formally approved by the European Parliament and by the Council.

#### **More about CEF provisions:**

The contribution from the CEF to innovative financial instruments may not exceed 10% of the overall CEF budget. The project bond initiative will start progressively in 2014 and 2015, with full implementation depending on an independent evaluation of the initial phase. The ceiling for subordinated debt financing has been set at 30% of the total amount of senior debt.

As to whether value added tax (VAT) should be an eligible cost for grants under the CEF, the regulation stipulates that the VAT rules of the Cohesion Fund will apply to funding coming from this Fund and that other funding under the CEF will be subject to the VAT rules of the EU's Financial Regulation. This means that VAT that is not recoverable under national legislation will be eligible under certain conditions.

In the transport sector, co-financing is extended to components of the new air traffic management system SESAR and actions improving accessibility to transport infrastructure for disabled persons. The list of eligible projects will include actions implementing transport infrastructure in nodes of the core network, studies for cross-border priority projects and actions relating to the comprehensive network that are intended to bridge missing links or contribute to the deployment of the European Rail Traffic Management System (ERTMS) on principal routes of rail freight corridors. In addition, indicative percentages have been set for the distribution of funds to specific transport objectives, and core network corridors will be aligned with the existing rail freight corridors.

As regards the energy sector, EU financial assistance is to be provided as a priority in the form of financial instruments, where appropriate, so as to enhance the multiplier effect of this aid. Furthermore, ending energy isolation, eliminating energy bottlenecks and completing the internal energy market will be priorities in the first two annual work programmes. The particular importance of electricity projects is also underscored.

The provisions on telecommunications reflect the agreement by the European Council on the budget for this sector.

Finally, stronger emphasis has been put on synergies across the three sectors covered by the CEF, for instance by providing that the Commission will launch at least one multi-sectoral call for proposals.

