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Christian-Albrechts
University of Kiel (DE)

Free University of Amsterdam (NL)

Workgroup for Infrastructure Policy,
Berlin University of Technology (DE)

Hebrew University of Jerusalem (IL)

Tampere University of Technology (FI)

Transport & Mobility Leuven (BE)

AdPC (BE)

Institute for Transport Planning and Traffic Engineering,
University of Vienna (AT)

Aristotle University of Thessaloniki (EL)

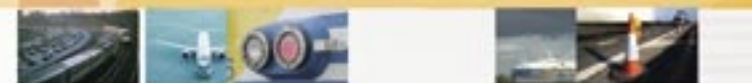
Büro für Raumforschung, Raumplanung
und Geoinformation (DE)

Project website:

<http://www.econ.kuleuven.be/funding/>



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FUNDING INFRASTRUCTURE: *guidelines for Europe*



Funded by the
6th FRAMEWORK PROGRAMME PRIORITY (6.2)
(Sustainable surface transport)

Context

The trans-European transport network (TEN-T) includes 30 priority axes, which are predicted to cost €225 billion. The White Paper “European Transport Policy for 2010: Time to Decide” raises the difficulty of mobilising capital as one of the main obstacles to carrying out infrastructure projects. Recent EU research projects have covered optimal pricing of existing infrastructure and good use of transport revenue in the presence of social marginal cost pricing. In this project the emphasis is placed on optimal charging and investment to fund new infrastructure.

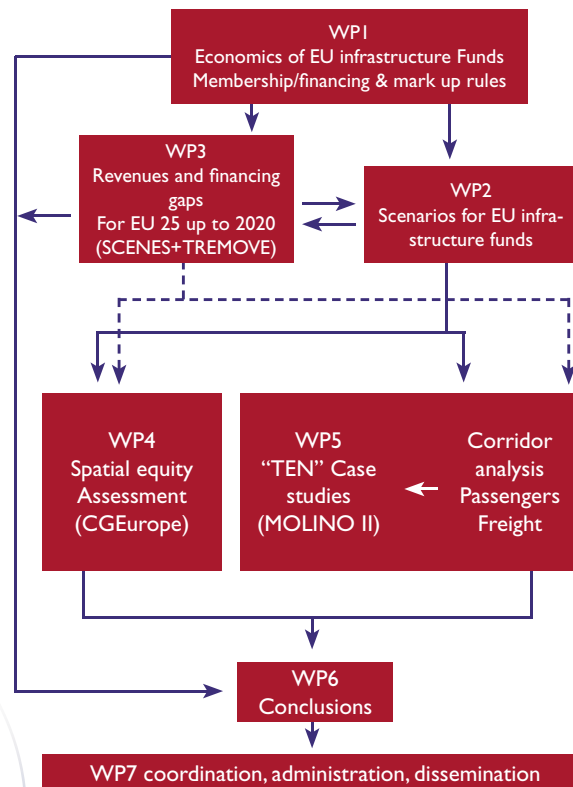
OBJECTIVES

The principal aim of the FUNDING research project is to develop a scientifically sound approach to the funding of large transport infrastructure investments in the EU. Two different avenues are explored for the funding of these investments. The first is the creation of an EU transport infrastructure fund financed by mark-ups on transport activities. The second is the use of mark-ups on the users’ costs charged by the infrastructure suppliers that make the investment.

A number of alternative scenarios are formulated that range between heavy reliance on a European fund and low mark-ups and, at the other extreme, a small role for the European fund and an important role for the internal funding of investments via mark-ups. These scenarios are adjusted as a function of the financing gaps that are calculated for the horizon 2020 by mode and country given the accepted TEN investments.

Different models are used to test the performance of the alternative infrastructure fund and mark-up scenarios: a multi-modal spatial general equilibrium model of the EU; two models that study the freight and passenger transport models; and a multi-modal pricing and investment assessment model, which is applied to five important “TEN” infrastructure projects. This case study approach will enable the effect of infrastructure fund scenarios on each of the investment projects to be examined in terms of financial structure, advancing or delaying the investment decisions, the pricing decisions and on welfare.

PROJECT STRUCTURE



RESEARCH IMPACT

The main research lines are:

- The economics of transport infrastructure funds
- The use of state-of-the-art research to calculate the financing gap per mode, region and period of time for the EU member states
- The extension of the theory on funding investments by the incorporation of a more detailed analysis of network aspects, quality aspects, uncertainty issues and the division of power between several governments and operators.
- The analysis of the political economy aspects of European infrastructure funds.
- The testing of these new theoretical insights by means of multi-modal models for passengers and freight
- The evaluation of the efficiency effects of different pricing rules and revenue uses on a European-wide scale and of the distribution of these effects across a large number of regions in the EU25.

CASE STUDIES

Five representative TEN-T axes are selected, which include the following elements:

- Cross-border infrastructure
- Different transport modes
- Passenger and freight transport
- Pan-European scope

Infrastructure funding scenarios for the five TEN-T axes are assessed using MOLINO II, supported by an EU freight corridor model and an EU passenger transport corridor model.