

**Feedback on the public consultation on the  
Connecting Europe Facility (CEF) in Transport, Energy and Digitalisation**

Vienna, 28<sup>th</sup> of May 2025

**About the Association of Public Enterprises and Public Enterprises**

*Our goal is to make high-quality services of general interest accessible and affordable for everyone. To this end, the Association of Public Enterprises and Public Enterprises (VÖWG) promotes the exchange of knowledge and the networking of companies and organisations providing services of general interest with institutions from politics, business and science, especially in the areas of the energy industry, public transport, water supply, wastewater disposal, waste management, economic and financial governance, housing, social services and health care as well as education. In addition to organising information and networking events, we also prepare legislative initiatives at national and EU level for our members in order to provide them with the best possible support in the provision of their essential services.*

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## Strengthening Services of General Interest through CEF

The Connecting Europe Facility (CEF) is an important funding instrument, that plays a key role in safeguarding and modernising Europe's [services of general interest](#). In an era marked by climate risks, geopolitical tensions, digital transformation, and social inequality, CEF must be strengthened to act as a driver for sustainable infrastructure, cohesion, and resilience.

VÖWG represents over 120 public and municipal companies in Austria operating in areas deemed systemically important such as energy supply, public transport, water and waste management, municipal and limited-profit housing, healthcare, education and digital infrastructure. These companies are responsible for ensuring social, ecological and economic resilience at a local level, and thus guaranteeing the security of supply for millions of citizens across Austria.

For VÖWG, therefore it is of utmost importance that the Connecting Europe Facility is continued and significantly expanded beyond 2027 in order to effectively deliver on EU's climate and connectivity goals, strengthen competitiveness, and ensure security of supply.

In the following opinion, we will focus on the strengths, challenges and weaknesses of the CEF Programme.

- **CEF Transport:** To achieve the EU aims of cutting GHG emissions by 55% by 2030 and transport emissions by 90% by 2050, increasing the modal share of the greenest transport modes is essential. To meet the objectives of the TEN-T regulation and the European Green Deal, stronger investment in railways, urban mobility, and multimodal hubs is urgently needed.
- **CEF Energy:** To meet growing infrastructure needs and accelerate the energy transition, significantly increased funding through CEF Energy is essential. The programme must prioritise the modernisation and digitalisation of electricity grids, support cross-border energy integration, and ensure funding for distribution networks.
- **CEF Digitalisation:** Supporting the development of a sovereign European cloud is a strategic necessity to enhance digital sovereignty, secure critical infrastructure, and ensure resilience across the EU. CEF should enable trusted, GDPR-compliant, and interoperable cloud solutions operated within Europe, particularly for use in sensitive and security-relevant sectors. This will strengthen Europe's capacity to lead a secure and independent digital transformation.

## Continuation and Expansion of CEF

The Connecting Europe Facility (CEF) has a total budget of €33.71 billion for the current EU Multiannual Financial Framework (2021-2027), which is allocated across the three key sectors: €25.81 billion for transport (including €11.29 billion for cohesion countries), €5.84 billion for energy, and €2.07 billion for digitalization. These funds have played a crucial role in advancing Europe's cross-border infrastructure, supporting the green and digital transitions, and enhancing energy connectivity.

However, given the scale of current and future challenges, this funding remains far below what is needed. The European Commission estimated in its [2020](#) and [2024](#) assessments that an additional 2% of GDP in annual investments will be needed between 2021 and 2030 to meet the EU's 2030 climate targets. This estimate aligns broadly with analyses from respected institutions like the [International Energy Agency](#), [International Renewable Energy Agency](#) and [Bloomberg New Energy Finance](#). Furthermore, this additional annual investment need is also underscored in the [Draghi report](#) on European competitiveness. The significant gap highlights the urgent need not only to continue the CEF programme beyond 2027, but also to significantly increase its budget.

A stronger and broader CEF would serve as a key instrument in strengthening Europe's resilience,

which is essential in the face of growing geopolitical instability. At the same time, an expanded CEF can drive economic growth by modernising infrastructure, boosting efficiency and supporting quality employment. However, EU-wide networks are implemented locally. The EU's climate objectives, the green transition and the digital transformation rely on public and municipal companies delivering essential services across Europe. These companies face increasing financial pressure due to rising costs, regulatory demands, and structural challenges. For many of these actors, EU funding – especially through programmes like the Connecting Europe Facility – is often the only way to finance long-term investments, drive innovation, and support transformation.

## CEF Transport

The next CEF must support public and municipal enterprises in building secure and connected transport networks, while also accelerating the decarbonisation of transport to meet EU's climate goals. To deliver on these objectives, the following points are key priorities from the perspective of VÖWG.

- **Increasing the CEF Budget**

To meet the EU's decarbonisation and infrastructure modernisation goals and considering the ambitious [Trans-European Transport Network \(TEN-T\) regulation](#), **a significant and sustained increase in CEF Transport budget is essential**. The majority, 70%, of the current CEF Transport budget was allocated in the first three years. This frontloading issue leaves many crucial projects unfunded. Therefore, the budget within the current and upcoming MFF should be increased.

- **Completion of TEN-T**

The completion of TEN-T should be a **core goal of the next CEF**, with the core network targeted for completion by 2030. This process includes addressing aging infrastructure, ensuring climate resilience, and delivering cross-border, multimodal connections. The CEF should provide targeted funding to accelerate progress, fill missing links, and meet the regulatory requirements. Moreover, strengthening urban nodes is essential to ensure connectivity and to fully realise the benefits of the TEN-T network across Europe.

- **Digitalisation of Railway Infrastructure**

The rail sector needs full support for digital innovation to boost capacity, efficiency, and interoperability. The timely realisation of Europe's digital transformation in the rail sector depends on the availability and efficient use of financial resources at both national and EU levels. **Funding priorities must include European Rail Traffic Management System (ERTMS), Future Rail Mobile Communication (FRMCS), Digital Capacity Management (DCM), and Digital Automatic Coupling (DAC)**. These investments will future-proof Europe's rail network and enable seamless, cross-border rail operations—especially for freight.

- **Ensure Inclusive Funding Eligibility**

The funding eligibility criteria should be broadened to allow for wider participation and fully unlock the potential of CEF Transport.

- **Urban Public Transport (UPT) Inclusion**

Urban public transport is vital in decarbonising mobility and supporting multimodal integration, particularly in urban nodes along the TEN-T network. This includes trams, metros, and local railways. The revised TEN-T regulation requires that airports in or near urban nodes with more than 4 million annual passengers

be connected to rail. Despite its crucial role, urban public transport remains underfunded and largely excluded from direct CEF support. Only 1% of the CEF Transport budget went to local public transport. **Urban public transport must be fully integrated into CEF priorities through a dedicated facility or more inclusive criteria to support climate and connectivity goals.** This could be realised in creating an Urban Mobility Facility specifically dedicated to financing urban transport infrastructure and mobility solutions. Moreover, UPT projects should be eligible without member state approval.

- **Support for Regional and Small-Scale Projects**

To increase effectiveness of CEF Transport, **CEF should lower minimum funding thresholds and ensure smaller operators and regional actors can access support**, enhancing equity and broad participation. Projects below €1 million are currently less likely to be funded despite their strategic importance.

- **Maintenance Funding**

Finally, **CEF should allocate substantial resources for the maintenance, modernisation, and replacement of existing infrastructure to ensure resilience and longevity.** For public transport operators, often the majority financial burden stems from maintenance and modernisation. Moreover, long-term funding is needed to sustain operational infrastructure and prevent service degradation.

- **Vehicle Funding**

To generate synergies and economies of scale, we strongly advocate that **vehicle procurement, particularly for clean technologies, should be eligible for funding.** Currently, zero-emission vehicle procurement is not supported under CEF Transport. Including vehicles alongside infrastructure would stimulate clean mobility markets and maximize climate impact.

- **Equal Level Playing Field in Financing AFIF**

Currently, many municipal companies are excluded from funding, since Alternative Fuels Infrastructure Facility (AFIF) requires for 10% private financing. This rule discourages some municipal companies that are not legally able to access private financing from applying.

## **CEF Energy**

The next CEF Energy should not only be increased in scope and budget but also significantly simplified in its application process. Moreover, the following list outlines the key priorities from the perspective of VÖWG.

- **Support for Distribution System Operators (DSOs)**

The current CEF programme places significant emphasis on transmission network infrastructure, while distribution networks are only implicitly included - this is insufficient. Local electricity grids, managed by Distribution System Operators (DSOs), are essential enablers of decarbonisation, local flexibility, and citizen-led energy initiatives. They also play a critical role in integrating renewable energy sources, ensuring grid stability, and supporting electrification.

To build a secure, resilient, and efficient EU energy system, **distribution networks must be explicitly integrated into the scope of the CEF Energy programme.** This includes ensuring their continued eligibility for funding and introducing targeted support for smart grid deployment and local energy resilience. The next CEF Energy programme should

recognise and reinforce the strategic role of DSOs and distribution-specific measures that are benefiting multiple countries.

- **Recognition of cross-border effects beyond physical interconnections**

CEF should continue to support projects that generate **systemic cross-border benefits** even if they are physically situated within the borders of only one Member State. In today's evolving energy landscape, the physical location of infrastructure is less important than the regional value and functionality it provides to the wider EU energy system. Projects involving **flexibility services, energy storage, smart grids**, or participation in **balancing markets** can offer critical support for cross-border energy flows and market integration, regardless of where they are located. CEF funding criteria should evolve to reflect these systemic contributions more explicitly. Projects that strengthen the flexibility and adaptability of the grid—regardless of their geographic scope—should be eligible for support. This will ensure that Europe builds a modern energy infrastructure capable of meeting climate goals while maintaining security of supply and market efficiency.

- **Addressing Structural Challenges in Rural and Urban Areas**

The next CEF Energy should respond to the specific infrastructure challenges faced by rural and urban areas.

- **Strengthening Rural Infrastructure**

In rural regions in particular, the profitability of infrastructure transformation is often not immediately apparent – for example due to lower population density or higher investment costs per connection. Nevertheless, these regions play a central role in the success of the energy transition and security of supply. In order to compensate for structural disadvantages, the **special funding requirements of rural Distribution System Operators should be specifically recognized within the framework of the CEF.**

- **Inclusion of Urban Energy Projects**

There is currently a structural funding gap at EU level for large-scale urban energy infrastructure projects, such as district heating and geothermal energy. These projects are often excluded from CEF Energy support due to their lack of cross-border impact, despite their strategic relevance for decarbonisation. To accelerate the green transition in cities, **CEF Energy should be made more inclusive and allow funding for urban projects regardless of their geographic location.**

## **CEF Digitalisation**

Considering the increasing relevance of digital infrastructure for Europe's resilience and autonomy, the Connecting Europe Facility (CEF) Digitalisation **programme must not only be continued but substantially scaled up in ambition and funding.** Sovereign cloud infrastructure has so far remained underfunded under current CEF instruments. To close this gap, the next CEF Digitalisation programme should define the **development of a cloud infrastructure supporting European digital sovereignty as a priority objective.** Funding should be strategically directed towards projects that comply with European data protection and cybersecurity standards, promote open and interoperable technologies, and support the creation of resilient, distributed cloud architectures within Europe.

- **Protecting Critical Infrastructure through Digital Sovereignty**

Critical infrastructure – from energy supply, healthcare, financial systems, transport to public administration – are the backbone of our society. However, their increasing

digitalisation also makes them vulnerable to external dependencies and cyber risks. Using cloud services that operate outside of European jurisdictions poses significant risks in terms of data protection, data sovereignty, and national security. A sovereign European cloud enables **compliance with EU legal standards (e.g. GDPR)** and ensures **strategic control over data**.

- **Building Resilient and Interoperable Cloud Architectures**

Core goals of CEF Digitalisation are cross-border cooperation and infrastructure interoperability. A sovereign European cloud can form the **foundation of a federated digital ecosystem** that enables **secure data exchange across Member States**. Existing initiatives such as GAIA-X offer early blueprints but require scale, integration, and direct CEF support to serve real critical infrastructure needs.

- **Supporting Open Standards and Technological Innovation**

Public investment in sovereign European cloud solutions strengthens the Single Market, fosters innovation, and supports European technology providers. It builds trust and long-term planning certainty for businesses, research institutions, and administrations. **CEF should prioritise cloud architectures based on openness, modularity, and compatibility with EU values and legal frameworks.**

## Conclusion and Outlook

The Connecting Europe Facility (CEF) must remain a cornerstone of the European Union's investment strategy beyond 2027. To maximise its effectiveness and to ensure the EU meets its climate targets while strengthening resilience, the programme should be significantly expanded in scope and funding.

To improve accessibility and impact, the application process must be drastically simplified, administrative burdens must be reduced and funding rates increased. The CEF should also be inclusive of smaller-scale and local projects, which play a critical role in achieving EU objectives. Furthermore, the next CEF must address existing gaps between different EU funding instruments and provide long-term planning security and financial reliability for beneficiaries.

Public and municipal enterprises are key contributors to the implementation of European objectives, whether in the area of infrastructure, social services or sustainable transformation. A financial instrument such as the Connecting Europe Facility (CEF) that recognises and strategically supports this role can significantly enhance the EU's resilience and generate meaningful improvements in the daily lives of its citizens.

## Inhaltliche Verantwortung

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