



COPING WITH FUNDING NEEDS & ENSURING FINANCIAL SUSTAINABILITY, POLICY MEASURES – D.T3.2.5

Final Draft

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1) Introduction

The presented study was commissioned by the Central European Transport Corridor European Grouping of Territorial Cooperation (hereinafter the CETC-EGTC). The study was created in connection with the implementation of the international project *REIF - Regional Infrastructure for Railway Freight Transport - Revitalised*. This study concerns the railway infrastructure of the TEN-T Core Network Corridor Baltic Sea-Adriatic Sea and the Baltic Sea-Adriatic Sea Rail Freight Corridor (parts not overlapping with the TEN-T network). In addition to the Baltic Sea-Adriatic Sea corridor, the North Sea-Baltic Sea Core Network Corridor also plays an important role in flows between Poland and other European countries, as well as in transit flows.

The aim of D.T3.2.5 is to define a financial and organizational framework for completion of projects listed in earlier stages, i.e.: Priority list of actions, Policy measures and Roadmap "New rail infrastructure/ services 2030". The following initiatives will be assessed further:

- 1. Construction of railway link Szczecin Podjuchy Most - Dziewoklicz:** a new railway link would greatly improve capacity of the Szczecin Railway Junction for freight trains. It would allow for better traffic segregation of traffic flows between two directions, one being the Port of Szczecin and the other being the northern part of Szczecin with several large chemical plants.
- 2. Electrification of line 408 on section Szczecin Gumieńce - PL/DE border and line 409 on section Szczecin Gumieńce - PL/DE border:** this is a part of base TEN-T network connecting Szczecin area with Berlin and German hinterland in general. The stretch between Angermünde and Szczecin Gumieńce is currently not electrified. A conjoined effort of DB Netz and PKP PLK would result in full track electrification, which will in turn greatly improve the efficiency and competitiveness of freight railway transport.
- 3. Construction or reconstruction of loading tracks (OIU) on several stations:** the task refers to 28 locations spread throughout Westpomerania. A completion of this



effort would improve the accessibility of rail freight for nearby plants, therefore increasing the competitiveness of rail transport in the supply of bulk materials (wood, grain, aggregate, coal, scrap, etc.).

4. **Feasibility study for the extension of the Szczecin Railway Junction:** a deeper analysis is required for detailed identification of existing bottlenecks and the needs of shippers and carriers. The aim is to be able to form specific recommendations for the reconstruction of infrastructure, which in turn will improve its accessibility for its users.

A particularly strong emphasis was put onto the following aspects:

- Financial sustainability - securing adequate funding throughout projects' timeline,
- Possible REIF partner contributions supporting completion of the aforementioned investments, including legal and financial measures, as well as lobbying-like activities.

2) Funding needs and financial sustainability

Number and name of intervention: A.1 Construction of railway link Szczecin Podjuchy Most - Dziewoklicz	
Priority area	A. Construction and reconstruction of railway lines
Total cost to realize the measure/intervention	12m-15m EUR gross
State of financing	0%
Financial scheme	Recommended financial scheme: FEnKS (European Funds for Infrastructure, Climate and Environment): funds allocated within EU Multiannual Financial Framework (MFF) 2021-2027 and governed by European Regional Development Fund. <ul style="list-style-type: none"> ➤ European: FEnKS (85%) ➤ National: PKP PLK budget subsidised by PL National Budget (15%)
Policy measure	<u>Policy measure:</u> Completion of the project is compliant with Regulation (EU) No 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight. <i>Compliant with EU Cohesion Policy, Priority 3: a more connected Europe by enhancing mobility.</i> <u>Regulatory action:</u> Funding application to be carried out by PKP PLK S.A.
Possible obstacles	<ul style="list-style-type: none"> ➤ Adverse geological conditions on the construction site ➤ Interference with investments planned as part of the Odra-Vistula Flood Management Project (OVFMP)



Responsible entity	PKP Polskie Linie Kolejowe S.A.
REIF partner contributions	Facilitating the process of land buyout in cooperation with State Forests

Number and name of intervention: B.4 Electrification of line 408 on section Szczecin Gumieńce - PL/DE border and line 409 on section Szczecin Gumieńce - PL/DE border	
Priority area	B. Improvement of track parameters
Total cost to realize the measure/intervention	15m-20m EUR gross
State of financing	~10% (secured financing for design works as of January 2022)
Financial scheme	<p>Recommended financial scheme: Connecting Europe Facility 2.0, a financial instrument under Cohesion Fund.</p> <ul style="list-style-type: none"> ➤ European: Connecting Europe Facility 2.0 (85%) ➤ National: PKP PLK budget subsidised by PL National Budget (15%)
Policy measure	<p>Policy measure: Regulation (EU) 2021/1153 establishing the Connecting Europe Facility indicates that <i>an amount of EUR 1 384 000 000 (in 2018 prices) will be used for the completion of missing major cross-border railway links between Member States (...).</i></p> <p>Regulatory action: Application for funding under CEF 2.0 framework (PKP PLK)</p>
Possible obstacles	<ul style="list-style-type: none"> ➤ Necessity of proper coordination of actions between PKP PLK and DB Netz in order to avoid technical inconsistencies (as have been witnessed in the case of Węglińiec-Horka border crossing) ➤ A long, total track closure on border crossings Szczecin Gumieńce - Tantow / Grambow will hinder the development of rail freight traffic in the region ➤ Financing for essential construction works is yet to be secured
Responsible entity	PKP PLK S.A.
REIF partner contributions	Supporting the role of freight rail transport by



	promoting investment activities
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<p>Number and name of intervention: C.1 Construction or reconstruction of loading tracks (OIU) within the following stations: Łobez, Chociwel, Trąbki, Stargard Kluczewo, Złocieniec, Chojna, Krzywín Gryfiński, Gryfino, Bierzwnik, Dolice, Kolin, Reptowo, Ustronie Morskie, Płoty, Dalecino, Grzmiąca, Karlino, Dygowo, Szczecin Niebuszewo, Trzebież Szczeciński, Kamień Pomorski, Szczecin Gumieńce, Dębno Lubuskie, Dołuje, Pyrzyce, Myslibórz, Barlinek, Pełczyce</p>	
Priority area	C.1 Local investments
Total cost to realize the measure/intervention	30m-40m EUR gross
State of financing	0%
Financial scheme	<p>Financing can be secured through the Multiannual Program (2019-2023) for Supporting Infrastructure Managers, including maintenance and construction works. The Program is backed by Polish state budget.</p> <ul style="list-style-type: none"> ➤ National: PKP PLK budget subsidised by PL National Budget (100%)
Policy measure	<p><u>Policy measure:</u> Resolution 1/2021 of the Polish cabinet establishing the Multiannual Program indicates explicitly the need to recover a dense network of loading tracks governed by PKP PLK</p> <p><u>Regulatory action:</u> Preparation and implementation of adequate construction works (PKP PLK)</p>
Possible obstacles	Reluctance of PKP PLK to carry out the construction works at proposed scale, mostly driven by the need to maintain the rebuilt infrastructure properly in the future, which is both cost- and staff-consuming.
Responsible entity	PKP Polskie Linie Kolejowe S.A.
REIF partner contributions	<ul style="list-style-type: none"> ➤ Lobbying-like activities in PKP PLK (both Szczecin branch - Railway Lines Plant in Szczecin and an Investment Center) aimed at including the aforementioned locations into PKP PLK's investment plan ➤ Investigating current needs of recipients and senders in the area in terms of loading infrastructure. This can be done within a separate study.



Number and name of intervention: D.1. Feasibility study for the extension of the Szczecin Railway Junction	
Priority area	D. Feasibility studies
Total cost to realize the measure/intervention	0,5m-0,8m EUR gross
State of financing	0%
Financial scheme	<p>Option A: co-financing via framework agreement with PKP PLK</p> <ul style="list-style-type: none"> ➤ National: PKP PLK budget (50%) ➤ Regional: Region budget (50%) <p>Option B: Possible financing within Interreg Central Europe initiative</p> <ul style="list-style-type: none"> ➤ European: Interreg Central Europe (80%) ➤ Regional: Region budget (20%)
Policy measure	<p>Policy measure: Consistent with <i>Interreg Central Europe Programme 2021-2027</i>, Specific Objective 3.1, <i>Improving transport connections of rural and peripheral regions in central Europe</i>.</p> <p>Regulatory action: Establishing written agreement between Westpomeranian Region and PKP PLK aimed at designing and concluding the feasibility study, submitting application for funding within Interreg framework (Option B only).</p>
Possible obstacles	<ul style="list-style-type: none"> ➤ Interference with the project of Szczecin Metropolitan Railway (including lines No. 406, 273, 351) ➤ Impeded cooperation between the Region and PKP PLK due to the latter having already established investment priorities until 2030
Responsible entity	Westpomeranian Region, PKP Polskie Linie Kolejowe S.A.
REIF partner contributions	<ul style="list-style-type: none"> ➤ Establishing written agreement between Westpomeranian Region and PKP PLK aimed at designing and concluding the feasibility study ➤ Co-financing of the study works ➤ Active involvement in the process of concluding the study through consulting its findings and results



3) Conclusion

The aforementioned investments have been indicated as having the highest priority among proposed actions. One project (B.4) is being currently realized in its early stage. As of January 2022, the EU financial schemes supporting infrastructure investments in MFF 2021-2027 have not been fully launched. However, taking current climate and infrastructural policies into account, it is assumed that achieving financial sustainability for indicated projects is highly plausible.

A biggest hurdle that will be faced during roadmap implementation would be cooperation between the Westpomeranian Region (REIF partner) and PKP PLK S.A., main beneficiary and entity responsible for completion and further maintenance of projects. A divergence of objectives and interests between the two entities is almost certain, therefore a further dialogue aimed at establishing common objectives is necessary.

The Westpomeranian Region is an active stakeholder that can provide significant contributions to the investment process as a whole, particularly through following actions:

- Co-financing investment projects wherever eligible,
- Applying administrative measures facilitating the completion of projects (e.g. participating in land buyout, issuing permits and approvals),
- Acting as an intermediary between the Infrastructure Manager (PKP PLK) and final senders/recipients of goods carried by rail to ensure mutual understanding of each party's needs,
- Active involvement in the investment process, e.g. participating in site meetings.