BRIEFING - May 2025

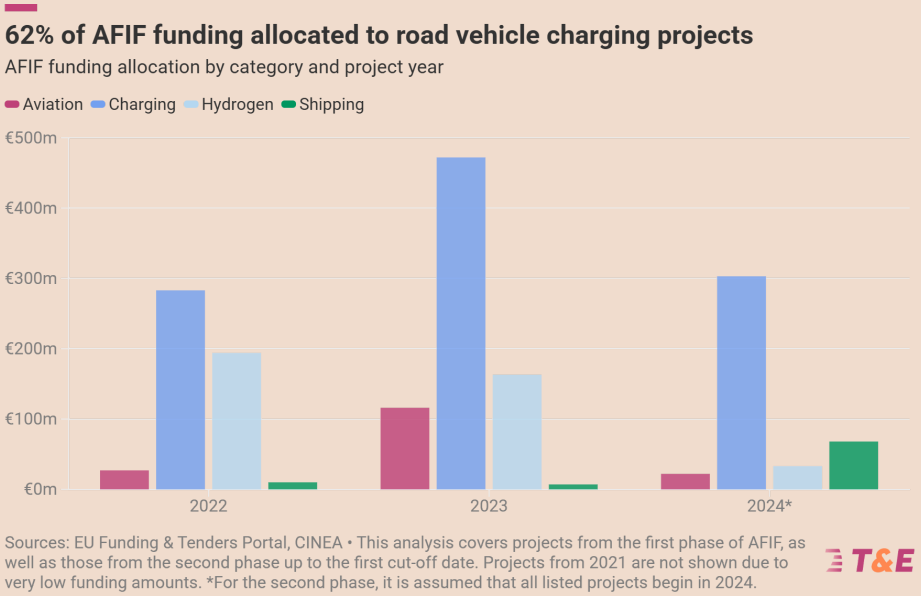
Plugging the gap

How to close the AFIF funding gap in 2026/2027

Summary

The Alternative Fuels Infrastructure Facility (AFIF) is a key EU funding instrument supporting the rollout of public charging and alternative fuel infrastructure across Europe, particularly for road transport. Managed centrally by CINEA under the Connecting Europe Facility (CEF), it has proven efficient, predictable, and aligned with AFIR targets.

With €2.3 billion allocated between 2021–2025 (€578 million remaining after February 2025), most funding has so far supported public EV charging (62%, both LDV and HDV) and hydrogen refueling (23%), though the latter offers limited impact per euro spent given its very limited role in the road sector.



The AFIF funds will be likely exhausted after the cut-off in June 2025 (small amounts may remain for the final cut-off in March 2026). This creates a looming funding gap for 2026–2027 which risks stalling infrastructure deployment during a critical phase of uptake of electric light and heavy duty vehicles. **The EU must urgently secure €1.25 billion to bridge this gap,** ideally through remaining funds in existing instruments like the Recovery and Resilience Facility (RRF), European Regional Development Funds (ERDF) or the Cohesion Fund (CF), to maintain progress toward the 2025 and 2030 AFIR goals. **An initiative to fill the AFIF-gap should be a priority for Commissioner Tzitzikostas' Sustainable Transport Investment Plan (STIP)**.

Funds should be focused on deploying HDV charging along the TEN-T, closing the remaining TEN-T gaps in the LDV charging network (mainly in Southern, Central and Eastern countries), strengthening the LDV network where needed (urban nodes, large stations along the TEN-T) and all associated grid connections and battery energy storage systems. Furthermore, the Commission should provide flexibility for project deadlines to allow CPOs to fully implement projects and absorb the allocated funds.

1. The Alternative Fuels Infrastructure Facility (AFIF)

1.1 The AFIF: overview

The Alternative Fuels Infrastructure Facility (AFIF) was created in 2021 as a subprogram of the EU's Connecting Europe Facility (CEF). The facility's aim is to fund alternative fuels infrastructure for road, shipping, rail and aviation. Like all CEF funding, AFIF is centrally managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA).

The AFIF has proven to be an effective financing model for public charging. In particular T&E T&E supports the AFIF as a funding model as it:

- Is relatively simple with a fixed unit contribution for LDVs (see table below) and predictable (multi-annual);
- Aligns with the EU's AFIR targets charging coverage targets, supporting Member States in meeting their charging infrastructure targets by focusing on the targets gaps;
- Is centrally managed at the EU level - coherent, harmonised and non discriminatory and facilities large cross-border projects;
- It also contributes to cohesion objectives with dedicated earmarking for Cohesion countries and higher unit contributions (+50%, see table below).

The need for a banking partner to be involved has however limited applications in some cases where applicants were not granted a loan or terms were unfavorable.

Charging points				Grid connection	
Min 150 kW		Min 350 kW		Grid connection	
General	Cohesion	General	Cohesion	General	Cohesion
€20,000	€30,000	€40,000	€60,000	€20,000	€30,000

Table 1: Financial per unit contribution

In addition to unit contribution (focusing mostly on LDVs), the second phase of AFIF (AFIF 2), is largely based on co-funding and MW charging points (unit contributions only accounted for 31% of the spendings). Co-funding is based on actual costs covering: up to 30% for eligible costs related to works, vessels, and equipment and up to 70% for the same costs if located in outermost EU regions.

€2.3 billion available over 5 years

AFIF's first phase ("AFIF 1") from 2021-2023 had a total budget of €1.575 billion of which €375 million were earmarked for the EU's cohesion countries. By the end of 2023, €1.3 billion had been spent in five funding rounds. The remaining budget was increased to €1 billion for the second phase 2024-25 ("AFIF 2").

In February 2025, the Commission announced that a total investment of €422 million was spent in the first funding round (or "cut-off") of the second phase. The second cut-off for the second phase will be in June 2025, where the remaining budget of approximately €578 million in funding will be available. After that date, any remaining AFIF funding will be available for a third cut-off in March 2026. In total, €2.3 billion are being made available over 5 years.

1.2 Analysis of AFIF past support

T&E has analysed the past funding rounds to understand what projects benefited from AFIF's support. In total, 167 projects (128 in the first phase and 39 in the second phase) have benefited from AFIF support during the period 2021-2024 during the two funding phases. The first phase covers the period 2021-2023 while the second phase only covers projects approved in 2024 (we assume the associated projects start in 2024).

Distribution per transport mode

Over the period 2021-2024 (i.e. excludes the final rounds with a cut off in June 2025 and March 2026), public charging for light- and heavy duty vehicles received more than 60% of the total funding (€1.1 billion out of €1.7 billion), followed by hydrogen refueling stations (HRS) with 23% (€400 million). Shipping projects received 5% in total, but scaled up recently to 16% of projects in the last round (combining both shore side charging and hydrogen-based fuels like ammonia and methanol). The rest of the funding supported alternative fuel infrastructure projects for airport ground-operations, rail and public transport.

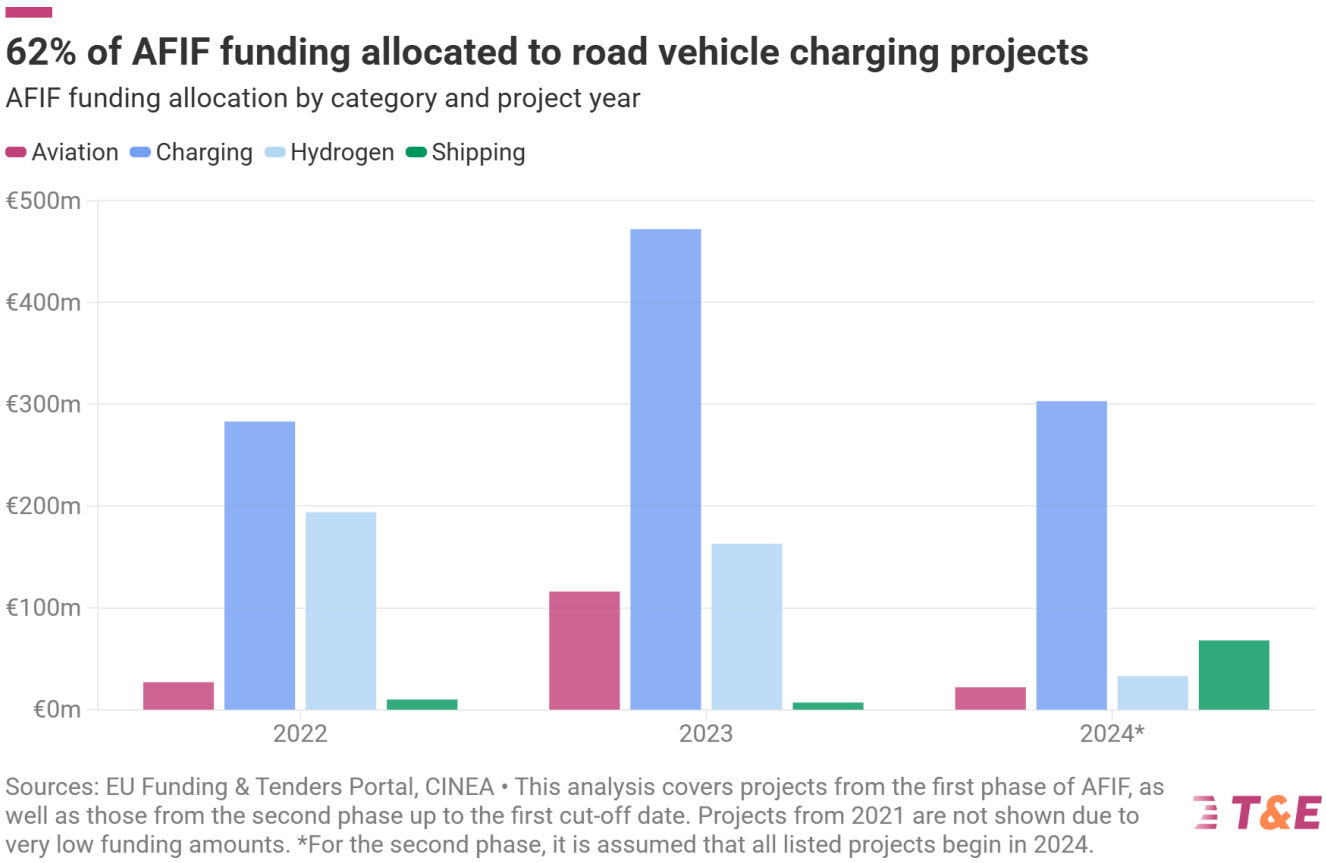


Figure 2: AFIF funding distribution by category

Why the EU should not spend money on hydrogen infrastructure for road vehicles

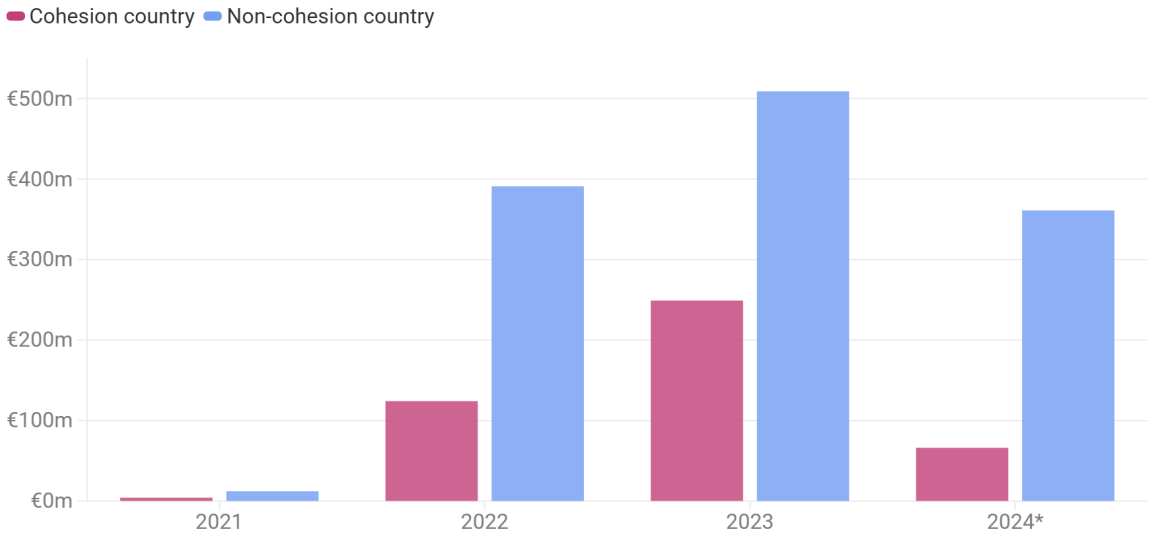
Spending around €400 million on hydrogen refuelling infrastructure for road vehicles is not a sound use of public funds, as hydrogen has little to no role to play in road decarbonisation. Hydrogen powered vehicles are significantly less energy-efficient than battery-electric alternatives. Despite years of investment, hydrogen use in road transport remains limited, with little uptake and high operational costs. Direct electrification via BEVs already has a well-developed ecosystem and is rapidly scaling across Europe. Public money should prioritise electrification as it delivers a greater climate impact per euro spent.

Geographic distribution

The countries that received the most funding are France, Italy, and Spain, accounting for around 55% of the total (€1 billion out of €1.7 billion). This includes the second phase which is not broken down per country (money allocated to the country coordinator). In total 26% of the money went to cohesion countries during the period 2021-2024 (29% in the first phase and 16% in the first round of the second phase). Amongst Cohesion countries, Poland and Portugal received the most.

Cohesion countries received 26% of AFIF funding

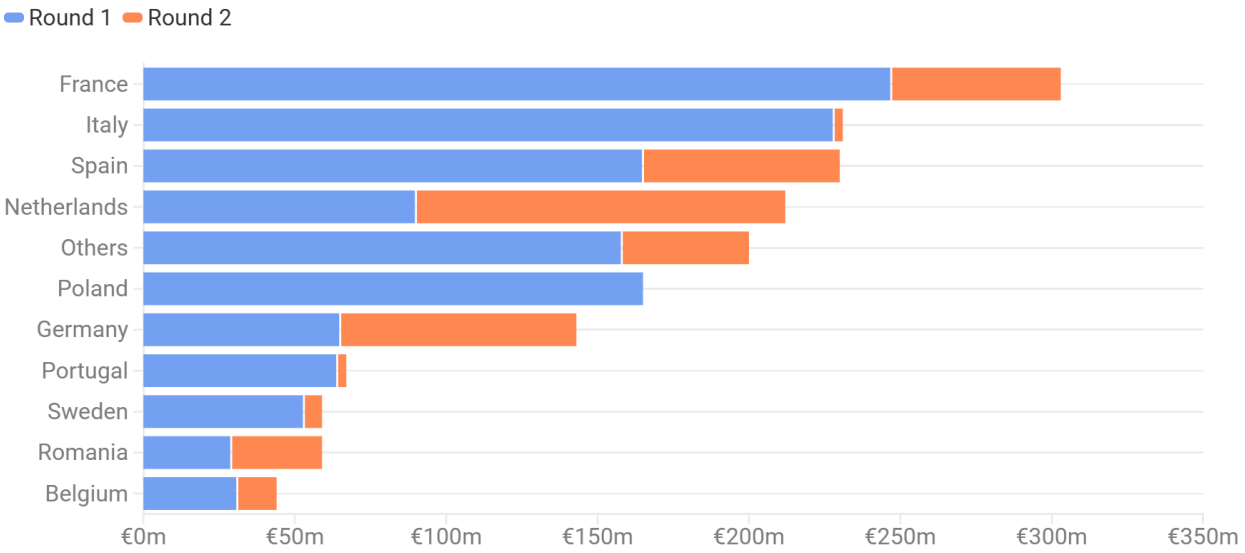
AFIF funding allocation by cohesion status and project year



Sources: EU Funding & Tenders Portal, CINEA • This analysis covers all projects from the complete first phase of AFIF, as well as those from the second phase up to the first cut-off date. *For the second phase, it is assumed that all listed projects begin in 2024 and only the country coordinators are being considered.

France, Italy, Poland and Spain receive most funding in the first AFIF round

Country-by-country comparison of allocated funding in rounds one and two



Source: EU Funding & Tenders Portal • For the second funding round, only the amount allocated to the country coordinator is shown; for the first funding round, the project-wise breakdown per country is displayed. Countries listed as "Others" (< €25m): Finland, Hungary, Greece, Latvia, Slovakia, Denmark, Estonia, Slovenia, Czechia, Croatia, Lithuania, Malta, Bulgaria, Ireland, Austria, Luxemburg.

1.3 AFIR coverage gaps

AFIF has proven to be an effective tool in meeting critical infrastructure needs along the EU's Trans-European Transport Network (TEN-T) supporting deployment of public charging points towards meeting the targets set out in the Alternative Fuels Infrastructure Regulation (AFIR).

Thanks in part to AFIF support, the TEN-T network is fully covered with LDV ultra fast public chargers in most Western and Northern EU countries. Ambitious charging frameworks in countries like France and Germany, ensured the TEN-T network has been covered in just a couple of years. Based on charging network analysis from the end of 2024, around 70% of the TEN-T Core network was covered with appropriate ultra-fast chargers and 11 EU countries already met the AFIR coverage targets for the TEN-T Core by the end of 2025.

Gaps remain in Southern and Eastern countries, but the past experience from Western countries shows that with the right policies and funding, these gaps can be rapidly closed. Once the second funding phase is completed and the projects implemented, it is expected that the map below will look different as more projects will be completed.

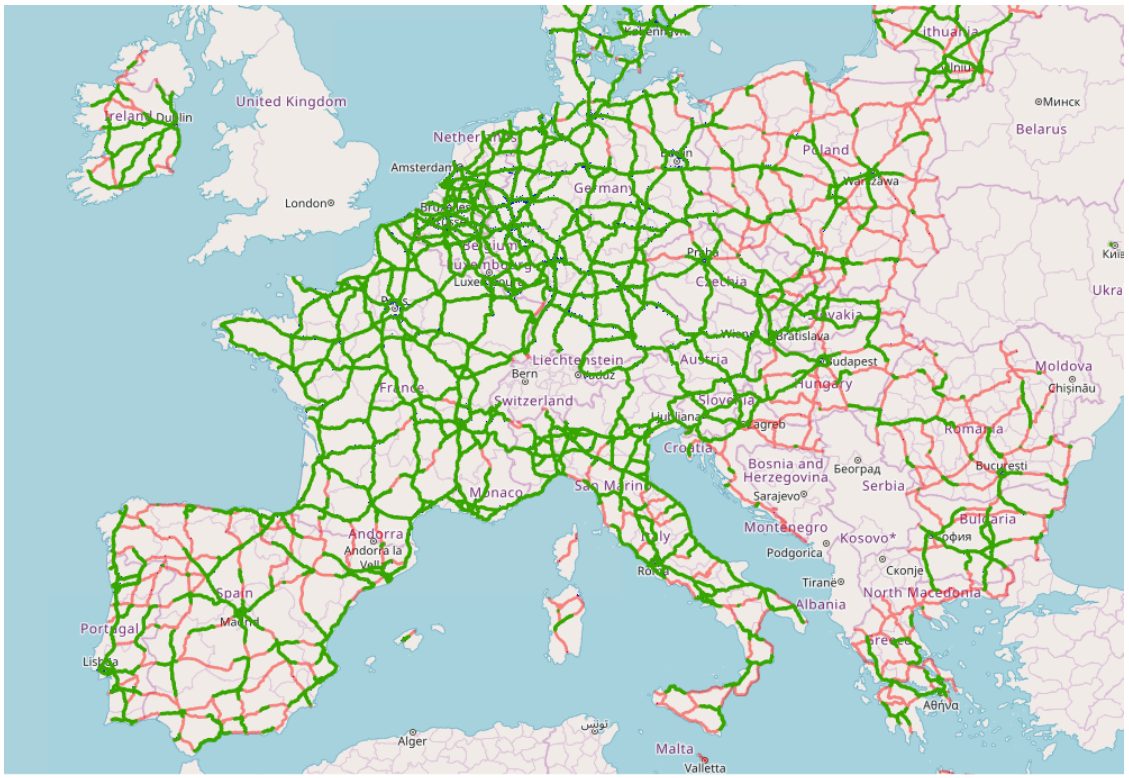


Figure 3: EU map of the TEN-T network coverage in ultra-fast EV chargers (May 2025). Source: TENtec

Future AFIF funding rounds will be essential to cover the remaining LDV TEN-T charging gaps and in particular achieve the AFIR TEN-T network charging coverage targets for LDVs: coverage of the TEN-T Core network by 2025 and the comprehensive network by 2030.

2. Closing the 2025-2027 gap in AFIF

2.1. €1.25 billion needed to close the gap for charging

Despite its success, AFIF funds are expected to be nearly exhausted in the next round in June 2025. This creates a funding gap from mid 2025 to the end of 2027, whilst these are critical years to ramp-up charging infrastructure for cars and trucks. From 2028 onwards, the EU is expected to have a new Multiannual Financial Framework (MFF) in place which could bring new funding under CEF for public charging infrastructure.

To support a continuous deployment of charging infrastructure across the EU in this critical phase, new funding is required in 2026 and 2027 to ensure a continued smooth deployment of charging infrastructure for light and heavy duty vehicles in particular along the TEN-T road networks.

Given the financial needs in terms of grid upgrades and deployment of the heavy duty charging network, T&E estimates that €500 million per year would be required to fill the gap, or €1.25 billion euros for public charging infrastructure projects only (total from mid-2025 to end 2027). €500 million corresponds roughly to the amount spent in 2023 while taking into account the high investment needs in the next years to close the remaining LDV charging gaps and start deploying the Core TEN-T network for HDV charging. For comparison, funding for charging was €472 million in 2023, and around €300 million in 2024.

The EU should prepare now how to close the gap. We cannot simply wait for the future EU multi-annual budget which starts in 2028. Without an alternative funding source, the development of public charging infrastructure through EU-funding risks drying up completely, potentially undermining some Member States' capability to achieve the AFIR targets. The AFIF programme was very successful so far, by having a central pool of EU funding for charging infrastructure that can be deployed in large cross-borders projects in one application.

An initiative to fill the AFIF-gap should be a priority for Commissioner Tzitzikostas' Sustainable Transport Investment Plan (STIP).

Where to allocate future AFIF funds?

Given that the main gaps in LDV charging coverage along the TEN-T network are in Cohesion countries—and that their share of EU AFIF funding declined in 2024 compared to 2023—it is essential to ensure a fairer allocation of funds to these regions to secure balanced road charging coverage across the Union.

Future funding rounds should be focused on deploying HDV charging along the TEN-T, closing the remaining TEN-T gaps in the LDV charging network (mainly in Southern, Central and Eastern countries), strengthening the LDV network where needed (urban nodes, large stations along the

TEN-T) and all associated grid connections and battery energy storage systems. Furthermore, the Commission should provide flexibility for project deadlines to allow CPOs to fully implement projects and absorb the allocated funds. See TENtec Eligibility map for charging infrastructure (second round AFIF 2).

Optimise spending efficiency of current projects

Delays in the realisation of projects under AFIF 1 (e.g. due to lengthy grid connection processes and permitting process) places some projects at risk of an obligation to reimburse the funds to the European Commission. Extending the current AFIF 1 project deadlines (as it is in AFIF 2) would allow CPOs to fully implement the projects and absorb already allocated funds. As the process for creating new consortia and approving their funding is time intensive, the EU Commission should maximise the spending efficiency of past projects by simply granting a deadline extension for projects already running which would risk losing funds and not being fully realised.

2.2. Funding sources to close the gap

To address the impending funding shortfall in 2026-2027, several options are highlighted below.

1. Remaining CEF: Since AFIF is part of the CEF, this would be the first logic source, but it appears that CEF transport funds as a whole are almost fully used, with less than €4.6 billion out of the total €25.8 billion funds for 2021-27 left. Hence, it is unlikely that sufficient CEF Transport money is available to replenish AFIF given its broader focus on building new or upgrading existing transport infrastructure across Europe as well as military mobility.
2. Remaining RRF: Another option is to leverage the Recovery and Resilience Facility (RRF), which still has significant unspent funds (€343 billion, including €159 billion in grants according to the RRF Scoreboard as of April 2025). By amending their National Recovery and Resilience Plans (NRRPs), Member States could redirect funds toward public charging infrastructure along the TEN-T network. The Commission should issue guidance to Member States on how to revise their NRRPs to best achieve Union goals. This guidance should strongly advise investing in charging infrastructure to ensure AFIR compliance. However, this approach would involve national-level management, which lacks the streamlined and centralised oversight offered by CINEA. This does not tackle the absorption issue and lack of administrative capacity in various Member States to support the deployment of public charging infrastructure.
3. Unspent ERDF and CF: Another possibility is to use unspent resources under the European Regional Development Funds (ERDF) and the Cohesion Fund (CF). With a majority of the ERDF and CF budget still to be spent until the end of 2027, Member States could allocate a larger share to charging infrastructure, while preserving their capacity to invest in other priority areas in support of cohesion, environmental and social

objectives. The recently established Strategic Technologies for Europe Platform (STEP) could serve as a vehicle to channel these funds toward projects that align with AFIF goals. This approach would be primarily focused on lower-income regions and Member States.

2.3. How to channel the money towards charging?

To alleviate administrative burden, Europe could provide Member States with the possibility to channel national resources into an enhanced version of AFIF.

One option is to replicate the InvestEU Member States' compartment approach, where Member States can directly add funds to the InvestEU guarantee by creating a "Member State compartment". This means channeling a part of their funds under the RRF, CF or ERDF to this compartment. In turn, using resources from the compartment, InvestEU provides financial support to projects in line with national priorities. In the context of AFIF, this means Member States allocating either RRF, CF or ERDF funds to CINEA before it launches a call for proposals open to charging projects on their territory.

A second source of inspiration is the 'Grants-as-a-service' approach under the EU Innovation Fund. The Grants-as-a-Service scheme enables Member States to finance additional projects participating in the new call for proposal for battery projects after the Innovation Fund's budget has been fully allocated. It is an easy way for Member States to support projects located in their territory without having to set up a separate national call for proposals. Based on commitments from Member States to dedicate resources to finance projects on their territories, CINEA would organise a call for proposals for charging projects. Ultimately, Member States would pool a portion of their structural or RRF funds to finance them.

Such a system would retain the efficiency and predictability of AFIF while allowing Member States to finance projects on their territory using a tested framework. However, this requires Member States to cede some control over their funds, which could be politically sensitive.

Annex

Methodology

The projects have been split into 4 categories:

- Charging: only covering road vehicles (cars, vans, buses and trucks)
- Hydrogen refuelling: only covering road vehicles (cars, vans, buses and trucks) and two airport projects for airside and landside activities.
- Shipping: shore side charging of ships, and hydrogen-based fuel (ammonia and e-methanol) refuelling infrastructure
- Aviation: shore side charging infrastructure for planes

In the rare occurrences where there is more than one category, the total amount is split in equal parts. There is one project which supports LNG refueling bunkering infrastructure (in Italy in 2022) which has been allocated under shipping.

The projects' descriptions mention whether infrastructure is built only for LDV/HDV, or whether a project does both, but not what the split is between LDV and HDV when a project does both.

In the first funding phase, allocation of funds are distributed across countries, while in the second phase, only the coordinating country is indicated. The geographical split information in the second phase is therefore less accurate as the breakdown is not available and the full project is allocated to the coordinating country.

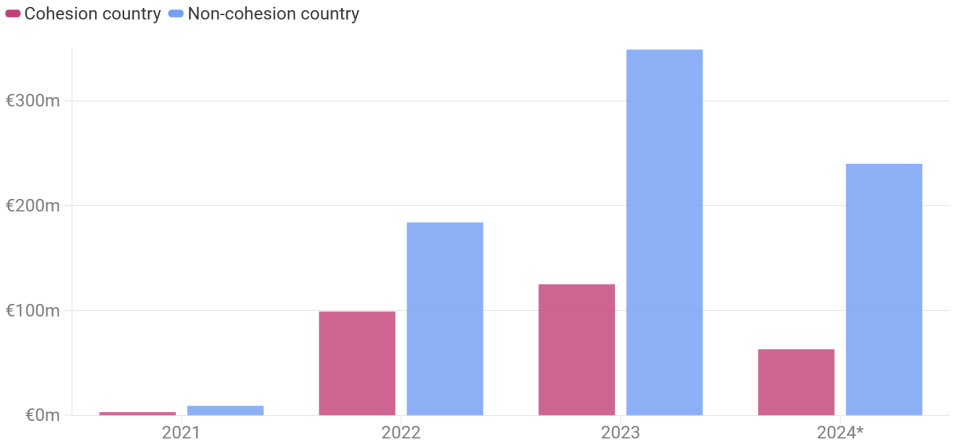
While project start dates were available for the first funding phase, no such information was provided for the second phase. To address this gap and ensure a continuous timeline, it has been assumed that all second phase projects started in 2024.

For the analysis of the regional split between cohesion and non-cohesion countries, the EU's list of countries eligible for Cohesion Fund support in the 2021-2027 period has been used.

Regional and country split for charging projects only

Cohesion countries received 27% of AFIF funding for charging projects

AFIF charging funding allocation by cohesion status and project year



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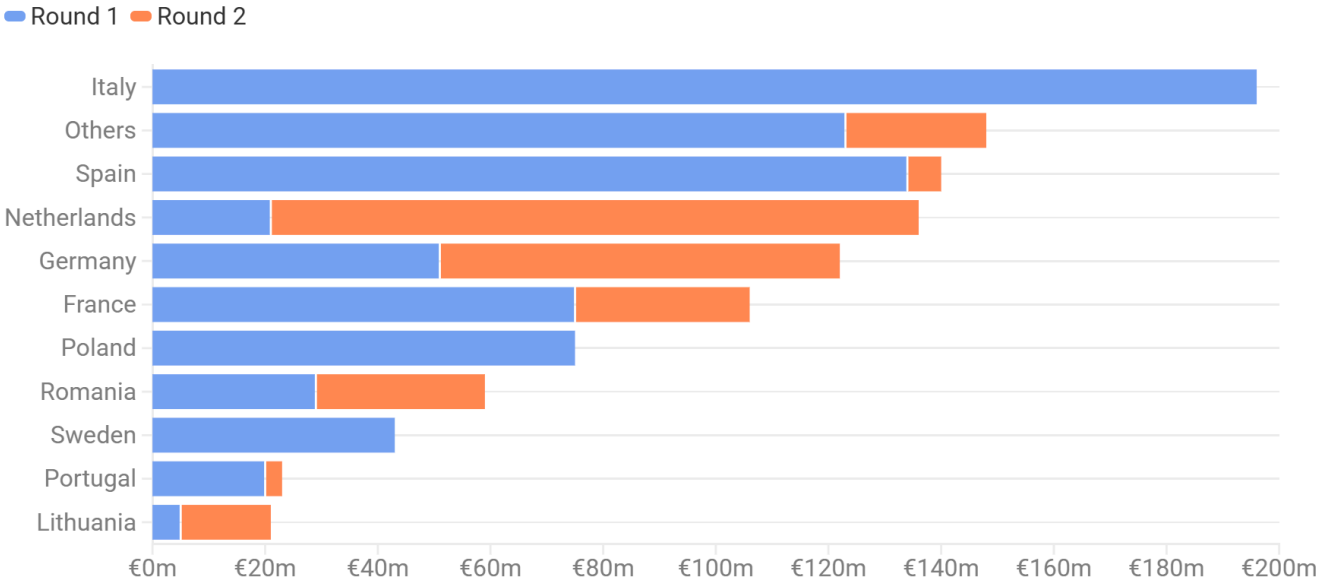
Italy receives most charging funding

Country-by-country comparison of allocated funding for charging projects in rounds one and two



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