

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	SMALL-MEDIUM SIZED UTILITIES PROGRAMME LOAN
<u>Promoter and financial intermediary</u>	ACCEPTABLE CORPORATE(S)
<u>Country of implementation</u>	Italy
<u>Summary project description</u>	<p>The proposed operation is structured as a Programme loan (PL) that will fund the investment programmes of Italian utilities providing regulated and semi-regulated services in the water, solid waste and energy sectors. The PL builds on the successful implementation of two similar operations "Medium Sized Utilities Programme Loan" and "Italian Small Water Utilities Programme Loan".</p> <p>The PL will primarily be targeting small to medium size utilities facing significant investment gaps and difficulties in accessing long-term finance for assets that typically have long economic life. In particular, the following types of works will be included: (i) electricity distribution networks; (ii) water abstraction, treatment and distribution facilities, (iii) wastewater collection and wastewater treatment schemes; (iv) waste collection, recycling, treatment and disposal facilities; (v) district heating facilities and co-generation plants; and, (vi) municipal public lighting for energy saving purposes.</p> <p>Energy related projects (in particular development of district heating generation capacity) will only be included to the extent compatible with the upcoming new Energy Lending Policy of the Bank. It is expected that the major part of the investments will be related to the provision of integrated water services.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy		Moderate
EFSI		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		30.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)		15.00%
Development and modernization of energy infrastructure (in particular interconnections, smart grids at distribution level, energy storage and synchronisation of networks)		15.00%
EFSI: Environment and resource efficiency		70.00%
Projects and infrastructures in the field of environmental protection and management		70.00%

Pillar 2

Quality and soundness of the project		Good
1. Growth		[...]
2. Promoter capabilities		[...]
3. Sustainability		[...]
4. Employment		[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability²;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

Pillar 3

EIB Technical and financial contribution to the project		Significant
1. Financial contribution		[...]
2. Financial facilitation		[...]
3. Advice		[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 - Complementary indicators

Additionality

In line with the EFSI objectives related to environment and resource efficiency as well as the development of the energy sector in accordance with the Energy Union priorities, the proposed operation will finance small and medium sized utilities across Italy implementing capex investments in waterworks (water and wastewater facilities), energy (electricity distribution), district heating, public lighting, and waste collection and treatment facilities. The proposed Programme Loan (PL) is expected to contribute to EIB's Climate Action objective. In addition, the operation is expected to be deployed in Cohesion regions. As such, it will address the objective of supporting transition regions and will contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities.

The PL addresses the market failure and sub-optimal investment situation related to the infrastructure gap and substantial underfunding in Italy's utility infrastructure by financing Italian small and medium sized mono- and multi-utilities, which experience lasting difficulties in accessing long-term funding at acceptable terms. More specifically, investments are expected to generate positive externalities in the form of improved public health and environmental benefits (e.g. reduced impact on climate from pollution of water bodies, a more rational use of water resources or increased recycling and reduced disposal of solid waste). The operation will also increase security of energy supply.

The sub-operations are expected to fall under the EIB's Special Activities category in particular due to the longer tenor of the EIB loan compared to the existing debt. Without the EFSI support, these sub-operations would not be carried out (or at least not to the same extent and within the same timeframe).

The financing provided by the EIB with the support of EFSI is expected to provide a quality stamp on the projects and crowd-in additional private and public sector financing. The individual sub-operations may benefit from financing provided by the Italian National Promotional Bank, Cassa Depositi e Prestiti. The promoters may also be provided with advisory services by the EIB.

Most of the borrowers will be new clients of the Bank.

Set of indicators related to the macroeconomic environment

Italy - Economic environment

Economic Performance

	IT 2018	EU 2018	US 2018	IT 2001-2007
GDP per capita (EUR, PPS)	29,550.74	30,935.11	43,569.11	31,924.97
GDP growth (%)	0.85	1.96	2.85	1.16
Potential GDP growth (%)	0.46	1.60	2.23	1.05
Output gap (% of potential GDP)	-0.11	0.61	0.74	1.55
Unemployment Rate (%)	10.40	6.60	3.90	7.64
Unemployment Rate (%) - Y/Y change (% points)	-0.50	-0.60	-0.20	-0.42
Bank-interest rates to non-financial corporations (%)	1.05	1.26	--	3.81
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.08	-0.06	--	0.02
Investment rate (GFCF as % of GDP) - Total	17.96	20.54	20.84	21.06
Investment rate (GFCF as % of GDP) - Public	2.11	2.85	3.30	2.87
Investment rate (GFCF as % of GDP) - Private	15.85	17.68	17.53	18.18

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.76	1.59	1.59	1.52	1.81
Value added in Sewerage, waste management, remediation activities (% of total VA)	0.66	0.63	0.62	--	0.68
Value added in Water collection, treatment and supply (% of total VA)	0.26	0.27	0.32	--	0.26
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.36	0.35	0.35	0.34	0.53
Employment in Sewerage, waste management, remediation activities (% of total employment)	0.67	0.69	0.68	--	0.54
Employment in Water collection, treatment and supply (% of total employment)	0.13	0.13	0.15	--	0.18

Waste-water

	2014	2015	2016	2017	EU (latest available)
Population connected to urban wastewater collecting systems (%)	--	--	--	--	--
Population connected to independent wastewater treatment plants (%)	--	--	--	--	--

Water

	2014	2015	2016	2017	EU (latest available)
Water exploitation index (%)	--	--	--	--	--
Water abstracted for the purpose of public water supply (% of total gross abstraction)	--	--	--	--	--
Population connected to public water supply (%)	--	--	--	--	--

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007
- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics	Expected value at PCR
Start of works	01.01.2019
End of works	31.12.2026
Project investment cost [MEUR]	1,200.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	1,200.00 MEUR
External EFSI multiplier	6.00
External EIB (non-EFSI) multiplier	0.00
Amount of private financing [MEUR]	700.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	4,860 person years
Employment during operation - new permanent jobs [FTE]	0 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.