

EFSI Operation Scoreboard¹

| PROJECT PRESENTATION | |
|---|--|
| <u>Project name</u> | VENICE CLEAN URBAN TRANSPORT FLEET RENEWAL |
| <u>Promoter and financial intermediary</u> | AZIENDA VENEZIANA DELLA MOBILITA SPA |
| <u>Country of implementation</u> | Italy |
| <u>Summary project description</u> | <p>Due to its location, the public transport of Venice is made of a network of more than 1,000 km of bus lines on the mainland, which is complemented by a network of 230 km of navigation routes connecting the historical centre and the surrounding islands of the lagoon. The two networks are fully integrated in a comprehensive multimodal network of urban and suburban public transport services.</p> <p>The transport operator is currently facing key challenges in the provision of public transport services. On the land transport side, the bus fleet has now reached an average age of almost 14 years. Its replacement has therefore become imperative in order to maintain high standards of service quality. On the navigation side, the fleet is under pressure to constantly meet increasing demand. This situation has led to such high operating loads that the planned vessel maintenance cycles cannot be fully performed, making it increasingly difficult to meet the required public service contract requirements.</p> <p>The Project intends to address the above issues and includes two distinct sets of investments. For land transport, the Project includes the replacement of 253 old buses with 208 new buses, including 30 electric buses and related charging infrastructure on the island of Lido as well as the necessary adaptation of the depot for electric operations and provision of on-street charging stations. For navigation, the Project includes the acquisition of 27 new vessels and retrofitting of 15 existing vessels to convert current traditional propulsion systems to a hybrid diesel-electric propulsion as well as the replacement of floating berths (45 new pontoons and 91 new footbridges). These investments will be complemented by the upgrading and integration of the ticketing system on both land and navigation networks.</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 [...].

The investments in bus fleet renewal are expected to improve the quality of public transport services, maintain the public transport share and reduce environmental pollution by reducing the diesel share of the bus fleet from 91% to 70% by 2023 and increasing the share of alternative fuels and electric from 9% to 30% in 2023. In this respect, the Project is the natural continuation of the city's efforts already started with the construction of the first tramway line, supported by the Bank under operation TRAMVIA DI VENEZIA, which entered into service in 2015 with satisfactory outcomes. The investments in navigation are expected to address operational and maintenance pressures for the navigation fleet, meeting its obligations under the public service contract and reducing the environmental pollution of its fleet by retrofitting part of its fleet with Stage V hybrid engines.

PROJECT PILLAR ASSESSMENT

Pillar 1

| Contribution to EU policy | Significant |
|--|-------------|
| Cross-cutting objectives | |
| Climate Action | 55.00% |
| EFSI | |
| Contribution to EFSI | 100.00% |
| EFSI: development of transport infrastructures, and equipment and innovative technologies for transport | 100.00% |
| Smart and sustainable urban mobility projects (targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents) | 100.00% |

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

This operation addresses the EFSI objective of smart and sustainable urban mobility by allowing the Promoter to proceed with a partial fleet renewal by purchasing new buses (including electric, hybrid and alternative fuel buses), retrofitting part of the naval fleet as well as the purchase of new vessels (including with hybrid engines). The operation is expected to reduce pollution, which is considered as one of the main causes of floods, erosion and loss of habitats and biodiversity in the lagoon of Venice. The operation will also improve the service reliability, comfort and safety of passengers. This operation contributes to the Italian National Sustainable Mobility Strategy Plan for the renewal of the bus fleet of regions and metropolitan cities with low environmental impact vehicles. Circa 55% of the operation is expected to contribute to the Climate Action objective.

The operation addresses the market failure faced by the Promoter due to restrictions imposed on local authorities in granting a guarantee. The limited capacity of the Promoter to incur additional indebtedness combined with reduced availability of State / Region funding readily available to cover in a timely manner a fleet investment programme has resulted in a sub-optimal investment situation that the EFSI operation will allow to tackle.

The operation falls under EIB Special Activities, in particular due to lack of direct support from the Municipality of Venice, the length of the tenor and the unsecured format of the loan. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The operation is expected to contribute to attracting private financing to the Promoter's overall activities. The support of the EIB highlights the strategic importance and political commitment to implement this Project, as it fits well within the transport policies of the EU.

The operation is expected to benefit from EU grant funding under the European Regional Development Fund ("ERDF"). The operation is expected to be proposed under the Connecting Europe Facility - Transport Blending Facility, where potential funding would reduce other source of public sector funding.

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 Warehousing and support activities for transportation (% of total VA) | -- | -- | -- | -- | 1.60 |
| Employment in Warehousing and support activities for transportation (% of total employment) | -- | -- | -- | -- | 1.20 |

Transport (General)

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|--|--------|-------|------|------|-----------------------|
| Volume of passenger transport relative to GDP (Index 2000=100) | 102.00 | -- | -- | -- | 97.90 |
| Volume of freight transport relative to GDP (Index 2000=100) | 62.10 | 61.50 | -- | -- | 89.70 |
| Share of GHG emissions from transport (% of total GHG emissions) | 28.39 | -- | -- | -- | 27.11 |

- 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 | 01.01.2018 |
| End of works | 30.06.2025 |
| Project investment cost [MEUR] | 146.46 MEUR |
| EIB/EFSI eligible investment mobilised [MEUR] | 122.20 MEUR |
| External EFSI multiplier | 2.04 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing [MEUR] | 0.00 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 | 55.00% Mitigation - Transport (transversal) |
| Employment during construction - temporary jobs [person years] | 990 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.