

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	PORTUGAL SOLID WASTE INVESTMENT PLAN
<u>Promoter and financial intermediary</u>	EMPRESA GERAL DO FOMENTO SA
<u>Country of implementation</u>	Portugal
<u>Summary project description</u>	<p>Managing solid waste effectively and efficiently remains a challenge in Portugal. In fact, incineration (with energy recovery) represents 21% of total waste treated, while landfilling represents 49%, which is much higher than the EU average of 28%. In this context, one of the main challenges consists of the implementation of EU environmental policy in Portugal, improving waste management and developing the potential of the circular economy. Portugal has to make substantial effort to achieve sound waste management throughout the country. However, the combined recycling and composting rate for municipal waste in 2014 was at 30% (of which 16% recycling and 14% composting), markedly below the EU average of 44%. Portugal must therefore further invest in recycling in the coming years in order to reach the EU 2020 recycling target.</p> <p>The project concerns the 2019-2021 investment programme of the promoter EMPRESA GERAL DO FOMENTO SA ("EGF"), aiming at modernising its waste treatment facilities and increasing its recycling capacity. It consists of a number of investments geographically dispersed throughout the service areas covered by EGF and its 11 subsidiaries.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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		High
Cross-cutting objectives		
EIB Cohesion Priority Regions / Economic and Social Cohesion		90.00%
Climate Action		55.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: Environment and resource efficiency		100.00%
Projects and infrastructures in the field of environmental protection and management		50.00%
Sustainable urban and rural development		16.00%
Climate change actions		34.00%

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".

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 3

EIB Technical and financial contribution to the project	Moderate
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.

Pillar 4 - Complementary indicators

Additionality

In line with the EFSI objective of supporting projects and infrastructures in the field of environmental protection and management, this operation will finance an improvement of the solid waste infrastructure across Portugal, reducing direct GHG emissions from bio-waste and substituting the use of natural gas of fossil origin. The project aims at contributing to achieving compliance with the EU regulation as per the Waste Framework and Landfill Directives and the Circular Economy package. The project is also a stepping-stone towards the implementation of PERSU 2020, the Portuguese National Plan on Urban Waste Management. As such, 55% of the operation is expected to contribute to EIB's Climate Action objective. The operation will also address the objective of supporting transition regions as 90% of the operation is expected to be deployed in Cohesion regions. The operation will thus contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities.

The operation will support investments in waste infrastructure, which generate positive externalities in the form of environmental protection, public health and renewable energy generation. Furthermore, the economic life of waste infrastructure is significantly longer than the tenor of loans that are typically available from commercial banks, thereby contributing to addressing a financial market failure. In addition, the borrowers are facing a sub-optimal investment situation, as access to financing at conditions similar to those offered by the EIB is not readily available and prevents the borrowers from deploying their investment plan at the scale and timeline that would be appropriate.

The operation falls under the Special Activity category of the EIB, in particular taking into account the long tenor and the absence of a State guarantee. 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 EIB will be providing long-term financing which is expected to result in a quality stamp on the project. This shall help crowding-in financing from the public and private sector. The EIB financing is also expected to increase other lenders' confidence in the operation and confirm their own engagement in the financing.

The operation is expected to benefit from ESIF grants.

Set of indicators related to the macroeconomic environment

Portugal - Economic environment

Economic Performance

	PT 2018	EU 2018	US 2018	PT 2001-2007
GDP per capita (EUR, PPS)	23,782.76	30,935.11	43,569.11	23,148.80
GDP growth (%)	2.13	1.96	2.85	1.20
Potential GDP growth (%)	1.57	1.60	2.23	1.44
Output gap (% of potential GDP)	1.21	0.61	0.74	0.00
Unemployment Rate (%)	6.60	6.60	3.90	7.80
Unemployment Rate (%) - Y/Y change (% points)	-1.30	-0.60	-0.20	0.55
Bank-interest rates to non-financial corporations (%)	2.33	1.26	--	4.55
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.80	-0.06	--	-0.05
Investment rate (GFCF as % of GDP) - Total	17.05	20.54	20.84	24.06
Investment rate (GFCF as % of GDP) - Public	1.96	2.85	3.30	4.15
Investment rate (GFCF as % of GDP) - Private	15.08	17.68	17.53	19.90

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Sewerage, waste management, remediation activities (% of total VA)	0.63	0.65	0.67	--	0.68
Employment in Sewerage, waste management, remediation activities (% of total employment)	0.59	0.59	0.60	--	0.54

Solid waste

	2014	2015	2016	2017	EU (latest available)
Waste generated (kg per capita)	1,381.00	--	1,427.00	--	4,968.00
Municipal waste treated (% of total generated)	100.00	96.16	94.91	95.33	98.60
Municipal waste - Landfill (% of total treated)	48.98	48.43	47.00	49.58	23.50
Municipal waste - Incineration (% of total generated)	20.67	19.73	19.39	19.71	28.13
Municipal waste - Recycling (% of total generated)	16.24	14.21	14.29	11.49	29.62
GHG emissions from waste (% of total)	9.43	8.87	--	--	3.13

- 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	16.12.2019
End of works	17.12.2021
Project investment cost [MEUR]	224.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	183.00 MEUR
External EFSI multiplier	2.44
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	116.00 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]	33.00 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 - Waste and Wastewater GHG reduction
Employment during construction - temporary jobs [person years]	260 person years
Employment during operation - new permanent jobs [FTE]	397 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.