

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	ACTION LOGEMENT - ONV
<u>Promoter and financial intermediary</u>	OPERATEUR NATIONAL DE VENTE (ONV)
<u>Country of implementation</u>	France
<u>Summary project description</u>	<p>The Project comprises the renovation of around 32,000 existing social housing units with the objective to enable French social housing companies to build around 80,000 new social housing units by providing them own funds from the proceeds of the sale of the renovated social housing units. These units are bought by ONV (Opérateur National de Vente) from social housing entities (SHEs) and, once sold by these SHEs to ONV, a leverage of between 2 and 3 is expected to enable the social housing entities to build new social housing units (ratio cost/own funds between 2 and 3 due to debt leverage and subsidies).</p> <p>The social housing market in France in recent years was characterised by a lack of supply (2 056 844 registered requests and 477 954 allocations in 2017) coupled to increasing constraints in the construction of new social housing units, in particular in financial terms (increase of land acquisition costs by 53% between 2005 and 2011 and simultaneous decrease of public subsidies). The objective of the Project is to implement a new financial model, underpinned by legislation and social housing policy, which is less dependent on public financing than prevailing models at a time of fiscal constraints at the local and national level in France.</p> <p>According to the legal framework, the Project also contributes through the sale, on a carefully planned basis, to the social tenants or other people to enhance social inclusion through mixed neighborhoods.</p> <p>The operation ensures a suitable justification for new construction in response to demand, the conformity with municipal and urban regeneration and development plans and strategies as well as the contribution of the rehabilitated housing to enhancing social inclusion through mixed neighborhoods. This will be achieved through (i) strategic asset management agreements signed, as a legal requirement, between the social housing companies, the Municipality and the State, (ii) local</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 [...].

urban planning documents (namely Plan Local d'Urbanisme and Plan Local de l'Habitat), (iii) ONV guidelines for operations and sales and (iv) the convention between ONV and the SHEs which have to be submitted to the Bank as a condition of disbursement.

The Project will comprise financing the French public policy driven ONV, for the refurbishment works, including for energy efficiency improvement, of social housing units it acquires in bulk from SHEs. The Project Investment Cost excludes the acquisition of the housing units to be refurbished.

The Project will therefore significantly contribute to (1) enhancing the supply of social housing, which the private sector alone fails to adequately provide; (2) promoting social mix in areas where the public sector managed process of sale of housing takes place; (3) energy efficiency and associated climate action benefits and (4) cohesion for a part of the units in the portfolio.

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy		High
Cross-cutting objectives		
EIB Cohesion Priority Regions / Economic and Social Cohesion		59.00%
Climate Action		50.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		50.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)		50.00%
EFSI: Environment and resource efficiency		50.00%
Sustainable urban and rural development		50.00%

Pillar 2

Quality and soundness of the project		Good
1. Overall strategic intent and investment quality		[...]
2. Promoter capacity		[...]
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 objectives related to sustainable urban and rural development as well as energy efficiency and energy savings (with a focus on reducing demand through refurbishment of buildings), the operation will support the refurbishment of existing social housing units in France, thus significantly improving their energy efficiency. Approximately 50% of the operation is expected to contribute to EIB's Climate Action objective. In addition, 59% of the operation is expected to be deployed in Cohesion regions. As such, the operation will address the objective of supporting transition regions and will thus contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities.

The operation addresses the market failures of insufficient investments into energy efficiency rated refurbishment of social housing as well as into construction of new social housing in France. The operation will enable increase in the provision of social housing, particularly in high demand areas for which there are long waiting lists due to lack of provision by the private sector, compensating also the decrease of public financing support to the housing sector due to fiscal constraints. Despite the obvious need for long-term financing, such financing at acceptable conditions is not readily available to the borrower, as a result of which the borrower faces a sub-optimal investment situation.

The operation is expected to fall under EIB special activities in particular due to the unsecured characteristic and the long tenor 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.

By offering long-term financing to the borrower, EIB provides a quality stamp on the project that could crowd-in additional private sector financing. The EIB has also provided the borrower with financial as well as technical advice to help them finalize the financial, economic and public policy model of the operation.

This will be the first operation for the Bank with the borrower.

Set of indicators related to the macroeconomic environment

France - Economic environment

Economic Performance

	FR 2018	EU 2018	US 2018	FR 2001-2007
GDP per capita (EUR, PPS)	31,988.40	30,935.11	43,569.11	31,052.70
GDP growth (%)	1.58	1.96	2.85	1.90
Potential GDP growth (%)	1.21	1.60	2.23	1.77
Output gap (% of potential GDP)	0.35	0.61	0.74	1.68
Unemployment Rate (%)	8.90	6.60	3.90	8.50
Unemployment Rate (%) - Y/Y change (% points)	-0.19	-0.60	-0.20	-0.18
Bank-interest rates to non-financial corporations (%)	1.37	1.26	--	3.53
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.02	-0.06	--	0.00
Investment rate (GFCF as % of GDP) - Total	22.92	20.54	20.84	21.75
Investment rate (GFCF as % of GDP) - Public	3.38	2.85	3.30	3.91
Investment rate (GFCF as % of GDP) - Private	19.53	17.68	17.53	17.84

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Construction (% of total VA)	5.71	5.48	5.44	5.48	5.36
Employment in Construction (% of total employment)	6.64	6.46	6.27	6.21	6.32

Urban development

	2014	2015	2016	2017	EU (latest available)
Urban population as % of total population	79.28	79.52	79.75	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	18.20	--	--	--	22.50
Unemployment rate - Cities (%)	11.50	11.70	11.30	10.40	7.60
Unemployment rate - Towns and suburbs (%)	12.10	12.10	12.00	10.30	6.80
Unemployment rate - Rural areas (%)	7.60	7.70	7.50	7.70	6.00
At risk poverty rate - Cities (%)	14.20	13.90	14.20	14.30	16.70
At risk poverty rate - Towns and suburbs (%)	15.20	15.30	15.90	16.30	15.70
At risk poverty rate - Rural areas (%)	11.60	12.60	12.10	10.80	18.90
Severe housing deprivation rate - Cities (%)	3.50	3.30	--	--	1.70
Severe housing deprivation rate - Towns and suburbs (%)	2.20	2.20	--	--	1.90
Severe housing deprivation rate - Rural areas (%)	0.80	1.10	--	--	1.10
Households level of internet access - Cities (%)	85.00	84.00	87.00	89.00	91.00
Households level of internet access - Towns and suburbs (%)	81.00	81.00	85.00	83.00	89.00
Households level of internet access - Rural areas (%)	81.00	82.00	85.00	85.00	85.00

- 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	01.01.2020
End of works	31.12.2024
Project investment cost [MEUR]	599.51 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	557.60 MEUR
External EFSI multiplier	1.48
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	224.01 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]	90,000.00 MWh/a
Climate Action indicator	50.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs [person years]	4,250 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.