

## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	ITALIAN ENERGY EFFICIENCY FUND II
<b><u>Promoter and financial intermediary</u></b>	FONDO ITALIANO PER L'EFFICIENZA ENERGETICA SGR SPA
<b><u>Country of implementation</u></b>	Italy, Regional - EU countries
<b><u>Summary project description</u></b>	<p>The proposal is for the Bank to invest in the Italian Energy Efficiency Fund II ("IEEF II" or the "Fund"), an investment fund with a target size of EUR 175m. The Fund is expected to provide equity to energy service companies ("ESCOs") for energy efficiency ("EE") projects and to a lesser extent to renewable energy ("RE") projects and projects relating to low carbon mobility, smart cities and digitalisation.</p> <p>The Fund will be managed by Fondo Italiano per l'Efficienza Energetica SGR S.p.A. ("SGR" or the "Fund Manager"), a management company founded in 2014 and based in Rome. The Fund Manager has successfully raised in 2016, the first Italian equity fund dedicated to EE projects, IEEF I ("Fund I" or the "Predecessor Fund").</p>

<sup>1</sup> 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	Significant
<b>Cross-cutting objectives</b>	
Climate Action	92.50%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	7.50%
Other research, development and innovation	7.50%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	72.50%
Expansion of the use or supply of renewable energy	20.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	52.50%
EFSI: development of transport infrastructures, and equipment and innovative technologies for transport	20.00%
Smart and sustainable urban mobility projects (targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents)	20.00%

### 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 sustainability<sup>2</sup>;*
- (iv) "Employment" i.e. the project's direct employment effect;*
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".*

<sup>2</sup> 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	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.*

## **Pillar 4 - Complementary indicators**

### ***Additionality***

In line with the EFSI objectives of developing the energy sector in accordance with the Energy Union priorities and developing transport infrastructures and equipment and innovative technologies for transport, the operation will provide equity to energy service companies ("ESCOs") for energy efficiency ("EE") projects and to a lesser extent to renewable energy ("RE") projects and projects relating to low carbon mobility, smart cities and digitalisation. The operation will be fully contributing to the EIB Climate Action objective.

The project addresses several major market failures in the energy efficiency and renewable energy market. EE and small-scale RE projects reduce carbon and air pollution externalities. Equally EE and small-scale RE projects contribute towards increasing security of energy supply by reducing dependency on energy imports. Also, EE projects suffer from relatively high transaction costs, due to their fragmented nature. Overall these market failures are typically not internalised in the investment rationale of private financiers. Consequently, this leads to a sub-optimal investment situation where insufficient financing flows to EE and small-scale RE projects. Specifically ESCOs have generally no or limited access to commercial bank finance.

The operation will be an equity investment and as such falls under EIB Special Activities. The riskiness of the equity investment is driven mainly by the focus on the equity financing of innovative and risky projects. 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 is expected to be a first close investor in the Fund. This will result in a quality stamp on the Fund proposal that is expected to crowd-in private sector financing. EIB financing is expected to increase the investors' confidence in the Fund proposal. The EIB involvement is also likely to have an indirect crowding-in effect. The operation may serve as an example for other fund managers to follow.

## 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	31,924.98
GDP growth (%)	0.86	1.97	2.86	1.17
Potential GDP growth (%)	0.46	1.60	2.24	1.05
Output gap (% of potential GDP)	-0.12	0.62	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	-0.43
Bank-interest rates to non-financial corporations (%)	1.05	1.26	--	3.81
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.09	-0.06	--	0.02
Investment rate (GFCF as % of GDP) - Total	17.97	20.54	20.84	21.07
Investment rate (GFCF as % of GDP) - Public	2.11	2.86	3.31	2.88
Investment rate (GFCF as % of GDP) - Private	15.86	17.68	17.53	18.19

#### Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	17.08	17.53	17.42	18.27	17.53
Energy consumption from renewables - distance to EU 2020 target (%)	3.81	3.28	2.98	2.47	2.47
Energy dependence (%)	75.90	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	88.10	89.40	90.00	--	90.00
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	--	--	--	--	141.83
Primary energy consumption (Million Tonnes of Oil Equivalent)	1,508.60	1,531.90	1,542.70	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	25.60	48.90	59.70	--	59.70

#### Environment and Climate

	2014	2015	2016	2017	EU (latest available)
GHG emissions level (emissions in 1990=100)	82.52	84.48	--	--	77.88
Employment in the environmental goods and services sector	4,197,000.00	4,401,000.00	4,451,000.00	--	4,451,000.00
Resource productivity (Euro per kilogram, chain linked volumes (2010))	3.66	3.69	3.69	--	2.07
GHG emissions in non-ETS sectors (base year=100)	85.80	87.30	88.50	89.20	89.20
GHG emissions in non-ETS sectors, distance to EU 2020 target	-4.90	-3.40	-2.20	-1.50	-1.50
Value added in the environmental goods and services sector (% of total VA)	2.23	2.29	2.35	--	2.27
Employment in the environmental goods and services sector (% of total employment)	21.99	22.82	22.74	--	22.74

## General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Construction (% of total VA)	5.28	5.27	5.27	5.37	5.37
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.91	1.86	1.86	1.82	1.82
Value added in Manufacture of machinery and equipment n.e.c. (% of total VA)	2.36	2.36	2.39	2.40	1.86
Value added in Warehousing and support activities for transportation (% of total VA)	1.95	1.85	1.92	1.64	1.64
Employment in Construction (% of total employment)	6.48	6.36	6.32	6.33	6.33
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.56	0.54	0.54	0.35	0.54
Employment in Manufacture of machinery and equipment n.e.c. (% of total employment)	1.89	1.88	1.90	1.90	1.33
Employment in Warehousing and support activities for transportation (% of total employment)	1.50	1.52	1.54	--	1.21

## Transport (General)

	2014	2015	2016	2017	EU (latest available)
Volume of passenger transport relative to GDP (Index 2000=100)	102.40	106.50	--	--	96.00
Volume of freight transport relative to GDP (Index 2000=100)	90.40	90.10	--	--	90.10
Share of GHG emissions from transport (% of total GHG emissions)	28.13	27.39	27.77	--	27.62

## Regional - EU countries - Economic environment

### Economic Performance

	EU 2018	EU 2018	US 2018	EU 2001-2007
GDP per capita (EUR, PPS)	30,935.11	30,935.11	43,569.11	29,363.37
GDP growth (%)	1.97	1.97	2.86	2.28
Potential GDP growth (%)	1.60	1.60	2.24	2.10
Output gap (% of potential GDP)	0.62	0.62	0.74	0.93
Unemployment Rate (%)	6.60	6.60	3.90	8.56
Unemployment Rate (%) - Y/Y change (% points)	-0.60	-0.60	-0.20	-0.26
Bank-interest rates to non-financial corporations (%)	1.26	1.26	--	3.90
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.06	-0.06	--	-0.02
Investment rate (GFCF as % of GDP) - Total	20.54	20.54	20.84	21.39
Investment rate (GFCF as % of GDP) - Public	2.86	2.86	3.31	3.05
Investment rate (GFCF as % of GDP) - Private	17.68	17.68	17.53	18.33

## Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	16.19	16.72	17.02	17.53	17.53
Energy consumption from renewables - distance to EU 2020 target (%)	3.81	3.28	2.98	2.47	2.47

Energy dependence (%)	53.50	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	88.10	89.40	90.00	--	90.00
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	--	--	--	--	141.83
Primary energy consumption (Million Tonnes of Oil Equivalent)	1,508.60	1,531.90	1,542.70	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	25.60	48.90	59.70	--	59.70

## Environment and Climate

	2014	2015	2016	2017	EU (latest available)
GHG emissions level (emissions in 1990=100)	77.39	77.88	--	--	77.88
Employment in the environmental goods and services sector	4,197,000.00	4,401,000.00	4,451,000.00	--	4,451,000.00
Resource productivity (Euro per kilogram, chain linked volumes (2010))	1.96	2.02	2.07	--	2.07
GHG emissions in non-ETS sectors (base year=100)	85.80	87.30	88.50	89.20	89.20
GHG emissions in non-ETS sectors, distance to EU 2020 target	-4.90	-3.40	-2.20	-1.50	-1.50
Value added in the environmental goods and services sector (% of total VA)	2.23	2.27	2.27	--	2.27
Employment in the environmental goods and services sector (% of total employment)	21.99	22.82	22.74	--	22.74

## General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Construction (% of total VA)	5.28	5.27	5.27	5.37	5.37
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.91	1.86	1.86	1.82	1.82
Value added in Manufacture of machinery and equipment n.e.c. (% of total VA)	1.74	1.84	1.84	1.86	1.86
Value added in Warehousing and support activities for transportation (% of total VA)	1.66	1.63	1.62	1.64	1.64
Employment in Construction (% of total employment)	6.37	6.34	6.32	6.33	6.33
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.56	0.54	0.54	--	0.54
Employment in Manufacture of machinery and equipment n.e.c. (% of total employment)	1.31	1.33	--	--	1.33
Employment in Warehousing and support activities for transportation (% of total employment)	1.19	1.21	--	--	1.21

## Transport (General)

	2014	2015	2016	2017	EU (latest available)
Volume of passenger transport relative to GDP (Index 2000=100)	96.40	96.00	--	--	96.00
Volume of freight transport relative to GDP (Index 2000=100)	90.40	90.10	--	--	90.10
Share of GHG emissions from transport (% of total GHG emissions)	26.44	26.74	27.62	--	27.62

- 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 indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	30.04.2020
End of works	30.03.2024
Project investment cost [MEUR]	175.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	359.10 MEUR
External EFSI multiplier	7.18
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	125.00 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]	296,700.00 MWh/a
Climate Action indicator	20.00% Mitigation - Renewable Energy (transversal) / 52.50% Mitigation - Energy Efficiency (transversal) / 20.00% Mitigation - Transport (transversal)
Employment during construction - temporary jobs [person years]	1,431 person years
Employment during operation - new permanent jobs [FTE]	93 FTE

<sup>3</sup> 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.