

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	EIFFEL BIOGAS FUND
<u>Promoter and financial intermediary</u>	EIFFEL INVESTMENT GROUP SAS
<u>Country of implementation</u>	France, Regional - EU countries
<u>Summary project description</u>	<p>The proposal is for the Bank to invest in the Eiffel Biogas Fund (the "Fund"), an infrastructure fund with a target size of EUR 200m. The Fund is expected to invest equity mainly in the production of biomethane gas, as well as transport, distribution or storage equipment related to biomethane (at least 75%) and to a lesser extend in the production of other renewable gases, such as biohydrogen, as well as ancillary transport, distribution or storage equipment related to those other renewable gases (up to 25%). The Fund will mainly invest in France (at least 60%) and up to 40% can be invested in other EU member states and EFTA countries.</p> <p>The Fund will be managed by Eiffel Investment Group SAS, a French asset manager, that was founded in 2008 as an asset management division of the Louis Dreyfus group and spun-off mid-2011, backed by Jacques Veyrat's Impala Group.</p> <p>The Fund held its first close in December 2019 and its second close in February 2020. While EIB started the initiative and strongly contributed to structure it, it will only join the third closing due to its stringent and hence more time-consuming due diligence.</p> <p>Indeed, the EIB has put first and second close investors at ease with a riskier investment strategy (compared to traditional infrastructure assets) of the Fund, which targets new technologies and innovative projects and corresponds to a different risk profile from what traditional infrastructure investors and their investment teams are used to.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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		
Climate Action		100.00%
EIB Cohesion Priority Regions / Economic and Social Cohesion		60.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy		100.00%
Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy		100.00%

Pillar 2

Quality and soundness of the project		Excellent
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		High
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 objective of sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy, the operation will provide equity and debt finance to developers of biomethane and renewable gases such as bio hydrogen, their production facilities, as well as transport, distribution or storage equipment. This will contribute to the transition towards a carbon neutral economy by the provision of a non-intermittent renewable energy source. The operation will fully contribute to the EIB Climate Action objective.

The project addresses several major market failures in the nascent biogas market. The operation eases financial constraints for project developers that arise from information asymmetries caused by the lack of track record for such project promoters on this nascent sector as well as, high screening costs for small investments. The proposed operation addresses a market failure and suboptimal investment situation faced by project developers, without adequate access to long-term equity financing. Investment funds currently display little interest in the biomethane industry, given the relatively small scale of projects and their variability in terms of the feedstock used, their legal and financial structure, their organisational model.

The operation will be an equity investment as such falls under EIB Special Activities. The riskiness of the equity investment is driven mainly by technology and regulatory risk, as well as the energy transition focus. 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 has been involved with the fund since inception. It has brought a quality stamp on the Fund proposal that helped to crowd-in private sector financing. EIB financing helped 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. Equally, the Caisse des dépôts et de Consignations (CDC), the French National Promotional Bank is expected to be a cornerstone investor.

This is one of the first funds in Europe targeting investments in generation of biogas (biomethane and biohydrogen) from agricultural residues and by products and will be the first EIB fund operation in this new segment.

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	31,052.71
GDP growth (%)	1.58	1.97	2.86	1.90
Potential GDP growth (%)	1.21	1.60	2.24	1.78
Output gap (% of potential GDP)	0.36	0.62	0.74	1.69
Unemployment Rate (%)	8.90	6.60	3.90	8.50
Unemployment Rate (%) - Y/Y change (% points)	-0.20	-0.60	-0.20	-0.19
Bank-interest rates to non-financial corporations (%)	1.37	1.26	--	3.53
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.03	-0.06	--	0.00
Investment rate (GFCF as % of GDP) - Total	22.92	20.54	20.84	21.76
Investment rate (GFCF as % of GDP) - Public	3.39	2.86	3.31	3.91
Investment rate (GFCF as % of GDP) - Private	19.53	17.68	17.53	17.84

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

- 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	31.12.2023
Project investment cost [MEUR]	200.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	642.60 MEUR
External EFSI multiplier	12.85
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	110.00 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]	0.00 MEUR
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	100.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs [person years]	2,800 person years
Employment during operation - new permanent jobs [FTE]	241 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.