

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	SUSTAINABLE SECURITIES FUND
<u>Promoter and financial intermediary</u>	ALTERNATIVE CAPITAL PARTNERS SGR SPA
<u>Country of implementation</u>	Italy
<u>Summary project description</u>	<p>The proposed operation concerns an equity investment in Sustainable Securities Fund (the "Fund"), an investment fund with a target size of EUR 150m. The Fund will invest in energy efficiency ("EE") projects, through energy service companies ("ESCOs"), and small utility scale renewable energy ("RE") projects in Italy.</p> <p>The Fund's objective is to provide debt financing to ESCOs to develop EE projects, notably public lighting, improvement of heating/cooling systems, and photovoltaic solar panels integrated in buildings. The Fund will also finance small utility scale RE projects, namely wind, solar energy, and biomethane production.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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%
EFSI		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		
Expansion of the use or supply of renewable energy		70.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)		30.00%

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

In line with the EFSI objective of development of the energy sector in accordance with the EU priorities and namely, energy efficiency and energy savings, the innovative debt fund operation will provide debt finance to ESCOs to implement EE and small-scale decentralised RE investments. This will increase the efficiency of energy use and integrating RE in the built environment. The operation will be fully contributing to the EIB Climate Action objective.

The project addresses several major market failures in the energy efficiency market. EE and small-scale RE projects reduce carbon and air pollution externalities. This is a social benefit which is not internalized by private investors. 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 cost, due to their fragmented nature and in many cases are also hampered by split incentives (e.g. between tenants and landlords). 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 in a debt fund and as such falls under EIB Special Activities. The riskiness of the equity investment is driven mainly by the innovative strategy in a subsector relatively unknown to investors as well as the first time characteristics of the investment advisor team. 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.

This will be the first operation for the EIB with the promoter. Equally this will be one of the first investments for the EIB in a debt fund targeting ESCOs.

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 (%)	-0.08	-0.53	-0.42	-1.27	2.47
Energy dependence (%)	75.90	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	79.30	82.40	81.80	--	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)	143.80	149.60	148.40	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	-14.20	-8.40	-9.60	--	59.70

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Construction (% of total VA)	4.83	4.76	4.74	4.68	5.37
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.77	1.59	1.59	1.53	1.82
Employment in Construction (% of total employment)	6.48	6.36	6.27	6.22	6.33
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.36	0.36	0.35	0.35	0.54

- 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	28.02.2020
End of works	30.11.2023
Project investment cost [MEUR]	150.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	186.55 MEUR
External EFSI multiplier	4.66
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]	137,880.00 MWh/a
Climate Action indicator	70.00% Mitigation - Renewable Energy (transversal) / 30.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs [person years]	487 person years
Employment during operation - new permanent jobs [FTE]	38 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.