

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	GAS INTERCONNECTOR GREECE-NORTH MACEDONIA GRPART
<u>Promoter and financial intermediary</u>	HELLENIC GAS TRANSMISSION SYSTEM OPERATOR SA
<u>Country of implementation</u>	Greece
<u>Summary project description</u>	<p>The project consists of the Greek section of the Greece-North Macedonia gas interconnector, which comprises the construction of a 750 mm in diameter, 55 Km long underground high-pressure gas transmission pipeline, which will run between Nea Messimvria in Greece to Greece/ North Macedonia border 4Km east of Evzonoi. Starting from Nea Messimvria, the routing crosses Thessaloniki and Kilkis Prefectures in a north-northwest direction. A border metering station will be erected on Greek territory.</p> <p>The project was grandfathered by the Bank's Management Committee in August 2019, hence before the approval of the Bank's new Energy Lending Policy. The project has been classified as a Project of Mutual Interest ("PMI") by the Ministerial Council of the Energy Community. In addition to being a PMI, the project has been included in the European Commission's ministerial level initiative to increase interconnectivity in Central and Southeastern Europe (CESEC). It is also included in Greece's National Energy and Climate Plan and in North Macedonia's green scenario of her energy strategy.</p> <p>As the first high-pressure gas pipeline connecting Greece and North Macedonia, the interconnection will significantly increase the energy security of North Macedonia, which is currently fully dependent on one import route and a single supplier and will also contribute to optimizing the use of the Greek national gas transmission system. By constructing another import route, the project will create competition between supply sources in North Macedonia and will decrease vulnerability in case of a disruption of supply.</p> <p>The interconnector can secure gas supplies in case of shortage from gas transiting Bulgaria, delivering gas supplies from Greece to North Macedonia, as well as increase market competition through a connection</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 [...].

to increasingly diversified natural gas market in Greece. Currently gas prices in North Macedonia are 17% higher than the average in the region, and 40% higher if adjusted for purchasing power parity.

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy		High
Cross-cutting objectives		
EIB Cohesion Priority Regions / Economic and Social Cohesion		100.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		100.00%
Development and modernization of energy infrastructure (in particular interconnections, smart grids at distribution level, energy storage and synchronisation of networks)		100.00%

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		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.

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 the development and modernization of energy infrastructure (in particular interconnections, smart grids at distribution level, energy storage and synchronisation of networks) the operation will finance the Greek section of the cross-border gas interconnection between Greece and the Republic of North Macedonia, an EU candidate country. It will address the objective of supporting less-developed regions and transition regions as 100% of the operation will be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

This project supports the strengthening of the EU's economic, social and territorial cohesion. Security of supply can be considered a public good. Being an interconnector, the project will also contribute to the enhancement of effective market competition mechanisms through market integration and diversification of supply. The operation will address a market failure and a suboptimal investment situation linked to the unavailability of long-term financing in the Greek market for capital intensive projects with a long economic life. The EIB loan will be in line with the economic life of the financed assets and will facilitate the timely implementation of the project.

The project is expected to be classified under the EIB Special Activities category, in particular taking into account that the envisaged EIB financing with EFSI support will be unsecured. As such, the EIB would not be able to provide such type of long-term financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The availability of large and affordable long-term debt financing from the EIB will contribute to the operation's viability since the EIB, acting as a cornerstone financier of this project, will provide a quality stamp on the project crowding-in other lenders into the financing structure.

This will be the first operation of EIB with the promoter following the change in its shareholding.

Set of indicators related to the macroeconomic environment

Greece - Economic environment

Economic Performance

	GR 2018	EU 2018	US 2018	GR 2001-2007
GDP per capita (EUR, PPS)	20,846.64	30,935.11	43,569.11	26,491.58
GDP growth (%)	1.93	1.97	2.86	4.06
Potential GDP growth (%)	-0.77	1.60	2.24	3.48
Output gap (% of potential GDP)	-6.40	0.62	0.74	2.65
Unemployment Rate (%)	18.50	6.60	3.90	9.64
Unemployment Rate (%) - Y/Y change (% points)	-2.40	-0.60	-0.20	-0.37
Bank-interest rates to non-financial corporations (%)	3.46	1.26	--	4.57
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.90	-0.06	--	-0.23
Investment rate (GFCF as % of GDP) - Total	11.07	20.54	20.84	24.08
Investment rate (GFCF as % of GDP) - Public	3.03	2.86	3.31	5.35
Investment rate (GFCF as % of GDP) - Private	8.04	17.68	17.53	18.73

Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	15.37	15.39	15.08	16.95	17.53
Energy consumption from renewables - distance to EU 2020 target (%)	2.63	2.61	2.92	1.05	2.47
Energy dependence (%)	66.20	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	77.20	77.50	76.80	--	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)	23.70	23.70	23.50	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	-1.00	-1.00	-1.20	--	59.70

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Land transport and transport via pipelines (% of total VA)	1.94	1.85	1.88	1.88	2.28
Employment in Land transport and transport via pipelines (% of total employment)	2.64	2.54	2.61	2.58	2.73

- 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	15.11.2020
End of works	15.11.2023
Project investment cost [MEUR]	51.40 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	50.10 MEUR
External EFSI multiplier	2.00
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	10.00 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]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	485 person years
Employment during operation - new permanent jobs [FTE]	2 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.