

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	KRAKOW TRAMWAY PPP
<u>Promoter and financial intermediary</u>	THE CITY OF KRAKOW
<u>Country of implementation</u>	Poland
<u>Summary project description</u>	<p>The project is located in Krakow, the second largest city in Poland, with a population of 770,000 inhabitants (2016). The urban mobility plan of the city aims to improve public transport, minimise private car use and develop a sustainable multimodal transport network. The city has experienced a rapid growth in private car ownership (10% increase between 2013 and 2015) and hence investment in public transport is critical to achieve sustainable transport objectives.</p> <p>The project will enable the city to replace some bus routes along the newly created tram corridor, thus contributing to reduction of CO2 emissions, improving road safety, reducing passenger travel time and making public transport more attractive thus contributing to sustainable transport.</p> <p>The project scope consists of the construction of new section of tramline of about 4.5 km. The project will also construct 9 pairs of standard length tram stops, 6 reduced length stops, 500 m tram tunnel, expansion of the terminus and reconstruction of approximately 10 km of affected adjacent roads.</p> <p>The project is to be procured using a PPP structure transferring responsibility to a private sector partner to Design Build, Finance and Operate (DBFO) the project under an availability based payment mechanism. This will be the first DBFO tramway construction project in Poland.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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		
EIB Cohesion Priority Regions / Economic and Social Cohesion		100.00%
Climate Action		100.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: development of transport infrastructures, and equipment and innovative technologies for transport		100.00%
Smart and sustainable urban mobility projects (targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents)		100.00%

Pillar 2

Quality and soundness of the project		Acceptable
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 developing transport infrastructures, equipment and innovative technologies for transport, the operation will finance the construction of a new tram line in the city of Krakow. 100% of the project will contribute to the EIB Climate Action objective. Equally the operation will address the objective of supporting less-developed regions and transition regions as 100% of the operation is expected to be deployed in a Cohesion region. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The project will support the shift of traffic to more sustainable transport modes and will reduce related negative transport externalities. This urban public transport project will also contribute to developing the market for the deployment of alternative fuel vehicles and associated infrastructure, which is subject to network economies.

The EIB financing is expected to have a strong catalytic effect as the sizable EIB support is expected to function as an anchor loan in the financing package of each bidder, which should facilitate the winning bidder reaching financing close in a timely matter. At the same time, the EIB will ensure that its own contribution is limited to the necessary level to maximise the added value to the project Sponsors and in turn to the public authority. Given the long loan tenor requested, private-sector funding alternatives are limited as there are a limited number of other private investors willing to invest in long-term PLN-denominated transactions at affordable terms. Therefore the procuring authority and bidders consider EIB as a cornerstone lender and are seeking an early involvement of the Bank.

The financing will fall under EIB Special Activity category due to the higher risks related in particular to the long tenor, the construction phase, typical of PPP structures, and the non-recourse nature of the financing. The EIB would not be able to support this project during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The project will be the first of its kind to feature the procurement of municipal infrastructure through a long term availability-based PPP. Depending upon the final outcome of the bid, the transaction may involve new clients for the Bank.

Set of indicators related to the macroeconomic environment

Poland - Economic environment

Economic Performance

	PL 2018	EU 2018	US 2018	PL 2001-2007
GDP per capita (EUR, PPS)	22,207.82	30,935.11	43,569.11	14,869.99
GDP growth (%)	5.15	1.97	2.86	4.10
Potential GDP growth (%)	3.81	1.60	2.24	3.75
Output gap (% of potential GDP)	2.10	0.62	0.74	-2.64
Unemployment Rate (%)	3.80	6.60	3.90	16.31
Unemployment Rate (%) - Y/Y change (% points)	-0.50	-0.60	-0.20	-1.21
Bank-interest rates to non-financial corporations (%)	3.60	1.26	--	6.29
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.22	-0.06	--	0.47
Investment rate (GFCF as % of GDP) - Total	18.18	20.54	20.84	19.60
Investment rate (GFCF as % of GDP) - Public	4.68	2.86	3.31	3.32
Investment rate (GFCF as % of GDP) - Private	13.51	17.68	17.53	16.28

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Warehousing and support activities for transportation (% of total VA)	1.99	2.01	1.89	--	1.64
Employment in Warehousing and support activities for transportation (% of total employment)	0.83	0.91	0.96	1.13	1.21

Transport (General)

	2014	2015	2016	2017	EU (latest available)
Volume of passenger transport relative to GDP (Index 2000=100)	81.50	79.50	--	--	96.00
Volume of freight transport relative to GDP (Index 2000=100)	131.70	131.20	--	--	90.10
Share of GHG emissions from transport (% of total GHG emissions)	12.16	12.76	14.08	--	27.62

Urban development

	2014	2015	2016	2017	EU (latest available)
Urban population as % of total population	60.57	60.54	60.53	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	35.20	--	--	--	22.50
Unemployment rate - Cities (%)	7.90	6.50	5.20	4.30	7.60
Unemployment rate - Towns and suburbs (%)	9.90	8.30	6.70	5.20	6.80
Unemployment rate - Rural areas (%)	9.80	8.10	6.90	5.40	6.00
At risk poverty rate - Cities (%)	9.60	9.60	10.90	9.80	16.70
At risk poverty rate - Towns and suburbs (%)	14.70	15.60	14.40	13.60	15.70
At risk poverty rate - Rural areas (%)	24.10	24.80	23.90	20.10	18.90

Severe housing deprivation rate - Cities (%)	8.70	9.10	--	--	1.70
Severe housing deprivation rate - Towns and suburbs (%)	6.80	8.20	--	--	1.90
Severe housing deprivation rate - Rural areas (%)	10.60	11.20	--	--	1.10
Households level of internet access - Cities (%)	79.00	79.00	82.00	85.00	91.00
Households level of internet access - Towns and suburbs (%)	74.00	74.00	80.00	81.00	89.00
Households level of internet access - Rural areas (%)	71.00	73.00	79.00	79.00	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	01.01.2022
End of works	31.12.2024
Project investment cost [MEUR]	88.39 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	81.30 MEUR
External EFSI multiplier	2.47
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	54.83 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	100.00% Mitigation - Transport (transversal)
Employment during construction - temporary jobs [person years]	1,325 person years
Employment during operation - new permanent jobs [FTE]	15 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.