

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

PROJECT PRESENTATION	
<b>Project name</b>	EIFFEL ENERGY TRANSITION COVID-19 TOP-UP
<b>Promoter and financial intermediary</b>	EIFFEL INVESTMENT GROUP SAS
<b>Country of implementation</b>	Regional - EU countries
<b>Summary project description</b>	<p>The proposal is for the Bank to invest in Eiffel Energy Transition Covid-19 Top-Up ("Top-Up Fund"), an infrastructure debt fund with a target size of EUR 150m, under the European Fund for Strategic Investments ("EFSI"). The Fund will provide finance to support European developers to build small-medium renewable (mostly solar PV and onshore wind, with opportunistic investments in small-scale hydro, geothermal and energy storage) and energy efficiency projects (e.g. building energy management, building heating and cooling systems).</p> <p>The Top-Up Fund is a parallel vehicle to be established alongside the Eiffel Energy Transition Fund ("EETF", or the two funds together the "Fund"), in which the Bank is an investor. This parallel vehicle would constitute a top-up to EETF, following identical investment strategy and governance structure.</p> <p>EETF is an innovative debt fund providing predominantly bridge funding to renewable energy and energy efficiency project, so that developers can accelerate the development of the assets. Due to the relatively short nature of the bridge loans (12 months on average), EETF can re-invest proceeds returned by developers. This recycling of the initial capital substantially increases the cumulative footprint of EETF.</p> <p>The rationale of the Top-Up Fund is the increased funding requirement for development stage renewable energy and energy efficiency projects due to the disruption caused by the COVID-19 in project cycles and lending markets. This disruption has two immediate impacts on EETF's business model: i) reduced pace at which EETF's capital is being re-invested due to longer period required by developers to arrange the take-out of the Fund's bridge finance; and ii) increased interest from developers towards EETF's product.</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 [...].

The Fund Manager estimated to provide funding for at least another 1,700 projects throughout EETF's remaining life, but due to the slowdown in the pace of capital recycling it is estimated ceteris paribus to realise c. 400 less projects. The Top-Up Fund at target size (EUR 150m) would allow to deliver on original target number of projects, and support additional c. 150 projects that are looking for funding alternatives caused by the disruption in the lending markets.

To address this funding gap, the Fund Manager has reached out to EIB and a number of other private investors of EETF, to seek a short-term response in realigning EETF's size with the new lending requirements.

The proposed transaction has been launched with the aim to address the market disruption caused by the COVID-19 pandemic on the development and financing of small and medium sized greenfield renewable energy projects in Europe. Therefore, the proposal is presented as EIB's fast response to address the adverse consequences of the COVID-19 pandemic on private businesses.

The operation would contribute to the EU 2030 RE objectives by supporting investments in RE electricity generation capacity and energy efficiency projects located mostly in Europe.

At the end of the investment period, a total CAPEX of ca. EUR 559 million in EIB-eligible projects is expected to have been mobilised resulting from the Fund's involvement.

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy		High
<b>Cross-cutting objectives</b>		
Climate Action		100.00%
EIB Cohesion Priority Regions / Economic and Social Cohesion		15.00%
<b>EFSI</b>		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		100.00%
Expansion of the use or supply of renewable energy		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 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".

### 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.

<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 4 - Complementary indicators**

### ***Additionality***

In line with the EFSI objective to support the development of the energy sector in accordance with the EU priorities and namely, the expansion of the use or supply of renewable energy, the operation is addressing a gap in the affordable and adequate financing for early-stage investments in renewable energy (RE) and energy efficiency (EE). The operation is expected to contribute 100% to the EIB's Climate Action objective. Equally the operation will address the objective of supporting less developed regions and transition regions as up to 15% of the operation is expected to be deployed in Cohesion regions. The operation will thus also contribute to the EU priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

As for its predecessor fund, successfully deployed by the promoter, the operation addresses major market failures. In the RE and EE segments, with particular regard to the lack of riskier alternatives and flexibility in financing the development of mainly small-scale projects in their early-stage development across the EU. Due to the fragmented nature of this market and the riskier profile of such operations, small RE developments as well as EE developments still suffer from the lack of financing alternatives and the scarcity of specialised financing counterparties, hence this market suffers from a structural suboptimal investment situation. This is even more so due to the increasingly risky economic environment stemming from the COVID-19 lockdowns.

The operation will be an equity type investment in the Fund, and as such falls under EIB Special Activities. The equity investment at fund level represents a significant risk. The Fund's investment would provide much needed funding support, which will be repaid conditional to the reaching of the final-stage development of sub-projects (i.e. typically through a more traditional project finance refinancing), even more so as a response to the COVID-19 negative effects on the risk appetite for investment in these sectors. 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. The substantial EIB commitment will send a positive signal to existing and new institutional investors, and will likely allow the Fund Manager to reach a sustainable fund size in a timely manner. The EIB was approached by the Fund Manager given the previous successful experience in setting up the inaugural fund with the support of EFSI under the same terms and scope of investment. The long-term presence of the EIB is considered as (i) a valuable asset, (ii) a continued endorsement by a respected European player with long-term experience in the segment and (iii) a solid investor contributing to a diversified investor base.

## Set of indicators related to the macroeconomic environment

### 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

#### General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.91	1.86	1.86	1.82	1.82
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.56	0.54	0.54	--	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 indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.10.2020
End of works	02.10.2023
Project investment cost [MEUR]	150.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	559.00 MEUR
External EFSI multiplier	13.98
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	85.00 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]	
Climate Action indicator	100.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs [person years]	1,400 person years
Employment during operation - new permanent jobs [FTE]	110 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.