

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

<b>PROJECT PRESENTATION</b>	
<b>Project name</b>	PLYSA FOREST FIRE EXTINCTION FLEET
<b>Promoter and financial intermediary</b>	AIR NOSTRUM LINEAS AEREAS DEL MEDITERRANEO SA
<b>Country of implementation</b>	Spain
<b>Summary project description</b>	<p>Due to global warming and other man-induced impacts, forest fires have been increasing in both number and intensity. Incidence is expected to continue growing in forested areas in warmer and dryer climate zones such as those prevalent in Southern Europe.</p> <p>The impact of forest fires in the EU is devastating with approximately 8.5 million ha burned in the 2000-2017 period, resulting in c. 470,000 ha burnt per year. These fires have resulted in 611 fatalities over the same period with an impact of c. EUR 54bn on the EU economy. It is estimated that in a scenario of increasing greenhouse gases emissions, the economic impact of fires in Greece, Spain, France, Italy and Portugal may increase to over EUR 5bn a year by 2070-2100.</p> <p>The large majority of forest fires consist of early stage fires affecting less than 1 hectare. It is critical that these fires are extinguished quickly before they develop into larger fires. Between 2008 and 2018, the average number of such early stage fires in Spain averaged about 8,000 per year. These fires can take place in remote mountainous areas, making light aircraft the fastest and most cost efficient means of reaching and extinguishing them.</p> <p>The project aims at expanding the fleet of fire-fighting light aircraft. The Promoter, PLYSA, plans to purchase up to 30 newly built light water carrying aircraft during the 2019-2024 period. The project consists of financing the purchase and deployment of these aircraft. PLYSA commenced operations during 2018 and operates under the aegis of Air Nostrum, beneficiary under two previously approved EIB operations (bank guaranteed or intermediated), a sister company to PLYSA, and one of Europe's largest regional passenger airlines.</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 aircraft included in the project will be based in small airfields across Spain, which are owned and operated by regional governments. The aircraft will be deployed to the Southern hemisphere during winter months, which is standard business practice in the sector. At later stage, operations would be extended to other EU countries (Portugal, France, Italy, Greece and the Balkans) and to Northern Africa.

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
Climate Action	100.00%
EIB Cohesion Priority Regions / Economic and Social Cohesion	30.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Environment and resource efficiency	100.00%
Climate change actions	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 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 of supporting environment and resource efficiency, in particular through projects that support fight against climate change, the project will aim at providing the most efficient firefighting services to the regional authorities, primarily in Spain. In a second phase, the project will also contribute to the ability to support emergency fire-fighting efforts in other nearby countries, strengthening fire-fighting capacity in forested areas of the EU and complementing the EC's efforts in articulating a response to natural fire disasters. The project will be therefore fully eligible for the EIB climate action objective. Equally the operation will address the objective of supporting less-developed regions and transition regions as up to 30% of the operation is expected to 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 operation addresses clear market failure in the provision of aircraft financing for firefighting activities in the context of legally limited short-term contracts launched by public to fight increasingly destructive forest fires in Spain, which not only damage the scarce forest resources, but pose a danger to the population, creates severe economic losses, damage the infrastructures and expose large areas to rapid and severe soil erosion. At the same time, the niche market made of small companies operating firefighting services via air is financially underserved and often faces a sub-optimal investment situation due to the high capital investments needed.

The operation falls under the Special activity category, in particular because it will finance a recently created company with a loan at a tenor longer than the one currently available to the promoter in the market, to sustainably match the economic life of the new equipment purchased. 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.

In this context, the EIB's financing will send an important signal to the market on the economic and financial viability of the project and of the broader investment plan of the borrower, providing for a really good example of what EIB can do, with the support of EFSI, to finance a project which would provide a direct, tangible value added for the EU citizenship as a whole. As such, it is expected to crowd-in additional private sector financing and to support more flexible financing terms for the borrower in order to complete its funding plan.

The Borrower would be a new counterparty to the Bank.

## Set of indicators related to the macroeconomic environment

### Spain - Economic environment

#### Economic Performance

	ES 2018	EU 2018	US 2018	ES 2001-2007
GDP per capita (EUR, PPS)	28,497.70	30,935.11	43,569.11	29,209.95
GDP growth (%)	2.58	1.97	2.86	3.56
Potential GDP growth (%)	1.17	1.60	2.24	3.58
Output gap (% of potential GDP)	0.88	0.62	0.74	2.75
Unemployment Rate (%)	14.40	6.60	3.90	9.99
Unemployment Rate (%) - Y/Y change (% points)	-2.10	-0.60	-0.20	-0.34
Bank-interest rates to non-financial corporations (%)	1.69	1.26	--	3.79
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.13	-0.06	--	-0.05
Investment rate (GFCF as % of GDP) - Total	21.22	20.54	20.84	28.72
Investment rate (GFCF as % of GDP) - Public	2.11	2.86	3.31	4.15
Investment rate (GFCF as % of GDP) - Private	19.11	17.68	17.53	24.57

#### Air

	2014	2015	2016	2017	EU (latest available)
Airport infrastructure investment as % of GDP	0.03	0.03	0.03	--	--
Passengers transport by air (number)	165,354,382.00	174,652,503.00	193,872,037.00	209,824,089.00	1,043,120,656.00
Goods transport by air (Tonnes)	593,902.00	594,393.00	639,237.00	742,443.00	16,315,002.00

#### General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Warehousing and support activities for transportation (% of total VA)	1.71	1.77	1.71	1.72	1.64
Employment in Warehousing and support activities for transportation (% of total employment)	1.04	1.03	1.02	1.05	1.21

- 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	01.01.2019
End of works	31.12.2024
Project investment cost [MEUR]	48.38 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	46.78 MEUR
External EFSI multiplier	2.34
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	28.38 MEUR
Quick start (% of expenditure during 2015-2018) [%]	17.00 %
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% Contribution to climate change adaptation (transversal)
Employment during construction - temporary jobs [person years]	0 person years
Employment during operation - new permanent jobs [FTE]	32 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.