

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

PROJECT PRESENTATION	
<b>Project name</b>	FONDS TOURISME COTE D AZUR
<b>Promoter and financial intermediary</b>	M CAPITAL PARTNERS SAS
<b>Country of implementation</b>	France
<b>Summary project description</b>	<p>Côte d'Azur is among the three most active French areas as regards tourism. Each year, Region Sud, which encompasses three touristic hotspots (Provence, Southern Alps and Côte d'Azur), hosts about 30 million visitors and the vast majority of them stay in or travel through Côte d'Azur. The tourism industry is a vibrant and well-diversified ecosystem around cultural sites, beach resorts, country and mountain sites etc. The tourism industry contributes to maintaining over 141,000 jobs and to an annual output of EUR 19bn, representing around between 15 and 20% of the GDP.</p> <p>Nonetheless, like in other areas in France, tourism businesses from Côte d'Azur, especially SMEs, have reached the conclusion that they must boost their attractiveness (notably towards younger populations), strengthen their service offering, innovate and adapt to tomorrow's tourism trends in the wider context of a need to develop greener and more resource-efficient activities.</p> <p>Early 2020, Caisse d'Epargne Côte d'Azur, a regional bank particularly exposed to the tourism industry, and M Capital, the fund manager, expressed interest in a debt fund targeting the tourism operators of the region.</p> <p>With the Covid-19 crisis, this initiative has become even more relevant and the Metropole Nice Côte d'Azur as well as the Chamber of Commerce of Nice Côte d'Azur have decided to also support it.</p> <p>Tourism is indeed one of the sectors most impacted by the Covid-19 crisis, with travel bans and forced closures of hotels, vacation sites and restaurants leading to an abrupt economic halt. As an industry with thin liquidity buffers, its ability to generate adequate cash flows and comply with normal payment schedules has been severely damaged. Various</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 [...].

national and European initiatives aiming at protecting the economy have been set up recently. Nevertheless, the intensity of the crisis is such that beyond the alleviation of short-term liquidity issues, the industry's fundamental challenges will persist and even be worsened. Tourism businesses will become more vulnerable and delay further their investment plans. Obsolescence of infrastructure, loss of clientele to more innovative areas, need for developing greener / new / innovative touristic experience etc. will remain true after the crisis.

Fonds Tourisme Cote d'Azur aims at fostering investment in the touristic capacities in Côte d'Azur by providing forms of subordinated loans that are not offered by commercial banks or targeting borrowers not easily considered, in particular flexible secured or unsecured loans, participating loans, convertible bonds, inter alia.

This operation is in line with EU policies regarding tourism, which encourage a more sustainable, responsible and qualitative tourism. Developing newer touristic experiences is indeed of growing interest, as many believe that the recovery from the Covid-19 crisis must underpin new types consumption that reduce unsustainable ways of travelling, generation of excessive waste and large carbon footprints inter alia.

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
Climate Action	7.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Human capital, culture and health	100.00%
Tourism	100.00%

### Pillar 2

Quality and soundness of the project	Good
1. Overall strategic intent and investment quality	[...]
2. Promoter capacity	[...]
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 providing support to the tourism sector, the project will seek to support investment to modernise tourism facilities and strengthen the development of the key sector for the economy of the Côte d'Azur region by way of subordinated lending and quasi equity-type investment. The Fund will target both public-sector and private entities involved in the wider tourism segment in the Côte d'Azur region.

The operation tackles a market failure represented by the limited access to finance for public and private promoters operating in the tourism sector. As a matter of fact, the large number of small and micro-enterprises operating in the sector often lack sufficient own resources and financial stability, which in turn limits their capacity to invest. This leads the entities to sub-optimal investment situation as they face challenges in accessing credit, since commercial banks tend to consider these projects as too risky to provide loans at conditions that are acceptable and sustainable for these entrepreneurs. In addition, the projects financed by the Fund are expected to generate positive externalities, mainly due to the increased attractiveness of the region as a tourism destination, which in turn will foster tourism revenues for public and private companies operating along the whole tourism value chain. Investments in obsolete infrastructures and existing buildings is also likely to entail positive environmental externalities in terms of energy savings and CO2 emissions, even though these impacts are difficult to quantify at this stage.

The operation falls under EIB Special Activities, in particular because of the subordinated nature of the loans provided by the Fund and the limited security provided by the junior tranche of the Fund. Also the entities receiving finance from the Fund are likely to be first-time borrowers and as such represent additional risk factors. The EIB's financing will allow the Fund to provide attractive long term funding to the projects, accompanied by longer tenors and higher risk-taking capacity. 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's contribution will help the Fund to reach critical mass. EIB's involvement will expand considerably the investment capacity of the Fund by catalysing further private and public resources to the benefit of the underlying projects.

The French National Promotional Banks, Caisse des Dépôts et Consignations (CDC) and Bpifrance, are expected to collaborate with the Fund manager and co-invest in individual opportunities alongside the Fund's investments (but they are not expected to invest in the Fund itself).

The operation is presented as a possible Investment Platform under EFSI.

## Set of indicators related to the macroeconomic environment

### France - Economic environment

#### Economic Performance

	FR 2018	EU 2018	US 2018	FR 2001-2007
GDP per capita (EUR, PPS)	31,988.40	30,935.11	43,569.11	31,052.71
GDP growth (%)	1.58	1.97	2.86	1.90
Potential GDP growth (%)	1.21	1.60	2.24	1.78
Output gap (% of potential GDP)	0.36	0.62	0.74	1.69
Unemployment Rate (%)	8.90	6.60	3.90	8.50
Unemployment Rate (%) - Y/Y change (% points)	-0.20	-0.60	-0.20	-0.19
Bank-interest rates to non-financial corporations (%)	1.37	1.26	--	3.53
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.03	-0.06	--	0.00
Investment rate (GFCF as % of GDP) - Total	22.92	20.54	20.84	21.76
Investment rate (GFCF as % of GDP) - Public	3.39	2.86	3.31	3.91
Investment rate (GFCF as % of GDP) - Private	19.53	17.68	17.53	17.84

#### General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Accommodation and food service activities (% of total VA)	2.64	2.65	2.77	2.84	2.95
Employment in Accommodation and food service activities (% of total employment)	4.28	4.28	4.32	4.41	5.07

#### Urban development

	2014	2015	2016	2017	EU (latest available)
Urban population as % of total population	79.29	79.52	79.75	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	18.20	--	--	--	22.50
Unemployment rate - Cities (%)	11.50	11.70	11.30	10.40	7.60
Unemployment rate - Towns and suburbs (%)	12.10	12.10	12.00	10.30	6.80
Unemployment rate - Rural areas (%)	7.60	7.70	7.50	7.70	6.00
At risk poverty rate - Cities (%)	14.20	13.90	14.20	14.30	16.70
At risk poverty rate - Towns and suburbs (%)	15.20	15.30	15.90	16.30	15.70
At risk poverty rate - Rural areas (%)	11.60	12.60	12.10	10.80	18.90
Severe housing deprivation rate - Cities (%)	3.50	3.30	--	--	1.70
Severe housing deprivation rate - Towns and suburbs (%)	2.20	2.20	--	--	1.90
Severe housing deprivation rate - Rural areas (%)	0.80	1.10	--	--	1.10
Households level of internet access - Cities (%)	85.00	84.00	87.00	89.00	91.00
Households level of internet access - Towns and suburbs (%)	81.00	81.00	85.00	83.00	89.00
Households level of internet access - Rural areas (%)	81.00	82.00	85.00	85.00	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 indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.10.2020
End of works	31.10.2024
Project investment cost [MEUR]	261.99 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	209.59 MEUR
External EFSI multiplier	6.99
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	180.49 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	50.00 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	7.00% Contribution to climate change adaptation (transversal)
Employment during construction - temporary jobs [person years]	1,106 person years
Employment during operation - new permanent jobs [FTE]	3 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.