

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	WROCLAW TRAMWAY
<u>Promoter and financial intermediary</u>	MIEJSKIE PRZEDSIĘBIORSTWO KOMUNIKACYJNE SP ZOO WE WROCLAWIU
<u>Country of implementation</u>	Poland
<u>Summary project description</u>	<p>The project is a component of the Sustainable Development Plan for Public Transport in the City of Wrocław ("the City"), approved by the City Council in December 2016. This plan aims to improve public transport services by increasing tram services, building new tramlines and modernising the tram fleet to reduce the detrimental impact of transport on the environment. In addition, the plan aims to constrain road traffic in the city centre and build "Park & Ride" car parks at the edges of the city. Provision of public transport is outsourced by the City to MIEJSKIE PRZEDSIĘBIORSTWO KOMUNIKACYJNE SP ZOO WE WROCLAWIU ("MPK"), a fully owned subsidiary of the City. MPK published its own investment strategy in January 2020, and this operation aims to finance the investments in rolling stock that are the cornerstone of MPK's strategy.</p> <p>The project consists of:</p> <ul style="list-style-type: none"> - the purchase of 132 new trams to replace current obsolete trams and improve the service level, - the modernisation of 74 trams that are in need of major overhaul, - the modernisation of 4 rectifier stations. <p>MPK currently operates a fleet of approximately 240 trams, of which a bit more than half are at the end of their economic and physical life (older than 30 years). This lending operation will significantly improve the average age and quality of the public transport fleet in the City. The new trams will have larger percentage of low floor space, better access for physically disabled passengers, improved cabin lighting, improved seats, air conditioning, better operating characteristics and lower maintenance costs.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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		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		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 renewal and modernisation of the tram fleet of the Wroclaw municipal public transport company. 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 help to address market failures as it supports the shift of traffic to more sustainable transport modes and reduces related negative transport externalities. It also supports the strengthening of the EU's economic, social and territorial cohesion. The Borrower has been facing a suboptimal investment situation that has delayed the renewal of its rolling stock for years, due to insufficient availability of external funding.

The operation is expected to fall under the EIB Special Activities category. This is mainly due to the public service contract the Borrower and the Municipality, which will expire before the full repayment of the loan. It will also reflect the structural subordination to other borrowers as well as overall weaker financial standing of the Borrower. Due to these features, the EIB would not be able to provide such type of financial support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The requested long tenor of the EIB financing will strengthen the Promoter's financial profile providing long-term visibility on its debt structure. This will result in a quality stamp on the project that is expected to crowd-in private sector lenders. The EIB financing is expected to increase the commercial lenders' confidence in the operation and confirm their own engagement in the financing of some other projects in the future.

The EIB financing will also allow to leverage the ESIF and national grants provided to the operation.

The operation will be the first for the EIB with the Promoter.

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 Land transport and transport via pipelines (% of total VA)	3.69	3.92	4.05	--	2.28
Employment in Land transport and transport via pipelines (% of total employment)	4.03	3.98	4.05	4.20	2.73

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

- 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	18.05.2017
End of works	30.12.2025
Project investment cost [MEUR]	227.38 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	189.00 MEUR
External EFSI multiplier	1.66
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	36.90 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]	38.45 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]	2,695 person years
Employment during operation - new permanent jobs [FTE]	100 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.