

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
Project name	FRANCE INVESTISSEMENT TOURISME 2
Promoter and financial intermediary	BPIFRANCE INVESTISSEMENT
Country of implementation	France
Summary project description	<p>France Investissement Tourisme 2 ("the Fund") is an initiative of the French National Promotional Bank (NPB) Bpifrance taken in response to the Covid-19 crisis and focusing on an industry particularly impacted: tourism. Travel bans and forced closures of hotels, vacation sites, restaurants and cultural sites have led to an abrupt economic halt of European tourism with prolonged effects post-lockdown. The economic recovery of the sector is not expected before 2022 or 2023, with financial instability and difficulties to mobilise funding for investment until then. In addition, the tourism industry now faces transitional challenges to address new requirements and operate whilst insuring the health and well-being of both guests and employees.</p> <p>However, even before the crisis, a large number of French tourism operators needed to address the emergence of new forms of touristic demand and the obsolescence of their infrastructure, which contribute to a loss of clientele to more innovative regions and operators. Due to perceived risks regarding the tourism industry, among which its seasonality and cyclicity, operators, the vast majority of which being SMEs, lack the own resources and financial stability to access the necessary credit in order to upgrade or expand. This market gap has widened with the Covid-19 crisis.</p> <p>Managed by Bpifrance Investissement, a fund manager fully owned and controlled by Bpifrance, the Fund aims at providing a response to these difficulties. For an NPB, these issues are all the more critical as tourism represents 7.2% of France's GDP: tourism receipts reached EUR 157bn in 2019, including EUR 59bn from foreign tourists. Touristic activities employ about one million persons directly and another million indirectly.</p> <p>EIB has been approached to support this operation. It will help the Fund reach critical mass, send a strong signal of independence to prospective</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 [...].

co-investors (as EIB would be the only large investor not linked to the French state) and accelerate the financing of a number of projects.

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	25.00%
EFSI	
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. 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 providing support to the tourism sector, the project will seek to support private investments of small French tourism operators affected by the Covid-19 effects through equity investments. The aim will also be the innovation and modernisation of tourism facilities in order to transform and migrate such facilities to the latest standards. In addition, the operation will address the objective of supporting less-developed regions and transition regions as up to 25% of the operation is expected to be deployed in French Cohesion regions. It will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The Fund tackles a market failure represented by the scarce equity capital available to SMEs and small midcaps operating in the tourism sector. Apart from their small size, these companies lack sufficient own resources and financial stability, which in turn limits their capacity to borrow from commercial banks or attract other investors, or at least not at sustainable terms. These aspects provide for a generalised sub optimal investment situation for French tourism operators. In addition, the Fund investments will contribute to generate positive externalities, due to the increased attractiveness of the affected tourism destinations. EU's strategies regarding tourism encourage a more sustainable, responsible and higher quality tourism. These forms of touristic experiences are indeed of growing interest, as many believe that the recovery must underpin new types of consumption reducing unsustainable ways of travelling, generation of excessive waste, and carbon footprints inter alia.

The operation is expected to fall under EIB Special Activities, in particular because of the riskier nature of the equity investments provided by the Fund. In addition, the entities targeted by the Fund are those mostly hit by the Covid-19 economic consequences, and in many instances, they would be opening their capital for the first time to a financial investor. 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, accelerating on the fundraising to reach the target fund size. The operation will also contribute to catalysing further private resources, such as commercial bank financing, with a long-term investment perspective, to the benefit of the underlying projects' sustainability. The EIB financing will send a strong signal to prospective future private co-investors in the Fund and to investors in the underlying projects.

Two French NPBs, Bpifrance and Caisse des Dépôts et Consignations, will support the Fund alongside other private investors. The operation hence is presented as a possible Investment Platform under EFSI. Bpifrance Investissement, controlled by Bpifrance, will act as Fund manager.

This would be the Bank's first dedicated equity investment in the tourism sector. This operation will strengthen, EIB's exposure to the sector in France, after two first regional-scale debt operations made 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 Financial service activities, except insurance and pension funding (% of total VA)	3.12	2.96	2.76	--	3.22
Employment in Financial service activities, except insurance and pension funding (% of total employment)	1.55	1.54	1.51	1.48	1.46

SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	22.62	21.18	13.44	9.30	17.54
Availability of Private equity (Thousand euro)	10,505,407.49	11,635,801.38	12,312,852.94	13,479,544.10	67,350,185.55
Availability of Venture Capital (Thousand euro)	573,948.07	796,019.65	847,653.02	1,261,503.11	6,100,548.37

Tourism (Accommodation)

	2014	2015	2016	2017	EU (latest available)
Employment in accommodation sector as share of total employment (%)	0.82	0.91	1.01	0.96	1.23
Value added by accommodation sector (% of VA in the business economy)	1.04	1.06	1.00	1.10	1.24

- 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	
End of works	
Project investment cost [MEUR]	240.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	691.20 MEUR
External EFSI multiplier	11.52
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	40.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	140.00 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]	0.00 MEUR
Energy efficiencies realised [MWh/a]	
Climate Action indicator	
Employment during construction - temporary jobs [person years]	
Employment during operation - new permanent jobs [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.