



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

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	ARCUS EUROPEAN INFRASTRUCTURE FUND 2
<b><u>Promoter and financial intermediary</u></b>	ARCUS EUROPEAN INVESTMENT MANAGER LLP
<b><u>Country of implementation</u></b>	Regional – EU Countries
<b><u>Summary project description</u></b>	<p>The proposal is for the Bank to invest in Arcus European Infrastructure Fund 2, a pan-European infrastructure fund with a target size of EUR 1.25bn. The Fund aims to invest in renewable energy and energy efficiency, in energy transmission and interconnection and flexible gas-fired generation, transport and telecommunications sectors in Europe. The Fund will invest in greenfield projects, as well as in small and medium size infrastructure operating companies implementing significant capital expenditure programs, such as capacity expansion, upgrades and new investments. The Fund will invest, as a minimum, twice the amount of capital invested by EIB in EIB-eligible investments. At least 60% of the EIB commitments will be invested in the EU Member States and at least 80% in the EU and neighbouring countries.</p> <p>The operation is innovative and of high value added given its distinctive “buy and grow” strategy formulated around key long-term trends in infrastructure development: decarbonisation, urbanisation and smart data usage that will contribute to redefine the existing business model of infrastructure investment in Europe and will further develop the rollout of smart technologies in cities. The differentiating factor of the Fund’s investment strategy is its particular focus on technology-enabled infrastructure assets interlinked across its target sectors. The Fund will pioneer private investments in innovative technology such as battery storage, flexible gas-fired generation and energy interconnectors that are expected to play an important role in the transition of the EU’s energy system. The Fund will invest in “atypical” transportation projects that result from the evolution of the EU transportation landscape towards energy efficiency, alternative fuels, intelligent integrated transport systems, autonomous vehicles and optimised logistics. In addition, the Fund will also seek broadband investment opportunities in line with the EIB’s eligibility criteria, thus contributing to fill in the widening broadband gap, especially in rural areas. A sizeable EIB investment at first close will send a very strong signal and thus help mobilise private investments, critical for the Fund to reach its target size.</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 the 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	Significant
<b>Cross-cutting objectives</b>	
Climate Action	40.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	50.00%
Expansion of the use or supply of renewable energy	20.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	10.00%
Development and modernization of energy infrastructure (in particular interconnections, smart grids at distribution level, energy storage and synchronisation of networks)	10.00%
Other development of the energy sector in accordance with the Energy Union priorities	10.00%
EFSI: development of transport infrastructures, and equipment and innovative technologies for transport	30.00%
TEN-T railway infrastructure and other rail projects	15.00%
Projects and horizontal priorities eligible under Regulations (EU) No 1315/2013 and (EU) No 1316/2013	15.00%
EFSI: Development and deployment of information and communication technologies	20.00%
Broadband network	20.00%

### 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 four indicators which include:*

- (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.*

<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 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 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.*

### **Pillar 4 – Complementary indicators**

#### ***Additionality***

This operation will support a number of EFSI objectives in the field of renewable energy, energy storage, as well as transport infrastructure, in particular for the decarbonisation and digitalisation of transport, and in the field of telecommunication infrastructure by supporting the development of broadband, for instance in rural areas. The operation will have a strong impact on employment, long term growth as well as for climate change mitigation.

This operation will address a number of market failures in the energy, transport and telecommunication markets in Europe, related in particular to the non-internalisation of positive externalities of the underlying projects by private financiers. In concrete terms, these failures manifest themselves in a relative scarcity of financing, in particular equity funding, for new renewable energy projects, and even more so for less mature segments – such as battery storage and less mature renewable technologies – which face the additional complication of unfamiliarity among many investors and a high perceived risk.

The EIB equity investment in this new Fund, therefore falling under the EIB Special Activity risk category, would not have been possible to the same extent without the support of the EFSI guarantee due to the underlying project risks. Moreover, absent of EFSI, the EIB could not have provided such a substantial size of investment, which was however requested in order to act as an anchor investors to attract other financiers, resulting in a high multiplier effect. Moreover, the EIB investment is important for the successful deployment of the Fund, as an early mover in some more innovative segments, may help to reduce the risk perception of these market segments and unlock interest from other investors as well.

## Set of indicators related to the macroeconomic environment

### Regional - EU countries - Economic environment

#### Economic Performance

	EU 2016	EU 2016	US 2016	EU 2001-2007
GDP per capita (EUR, PPS)	29,440	29,440	42,615	28,710
GDP growth (%)	1.9	1.9	1.6	2.3
Potential GDP growth (%)	1.3	1.3	2.1	2.1
Output gap (% of potential GDP)	-0.75	-0.75	-0.03	1.0
Unemployment Rate (%)	8.2	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.8	-0.8	-0.3	-0.26
Bank-interest rates to non-financial corporations (%)	1.4	1.4	1.8	3.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.21	-0.21	-1.4	-0.02
Investment rate (GFCF as % of GDP) - Total	19.7	19.7	19.6	21.4
Investment rate (GFCF as % of GDP) - Public	2.7	2.7	3.4	3.1
Investment rate (GFCF as % of GDP) - Private	17.0	17.0	16.2	18.3

#### Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	15.2	16.1	16.7	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	4.8	3.9	3.3	--	3.3
Energy dependence (%)	53.1	53.5	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	91.6	88.0	89.3	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	141.7	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	1,570	1,508	1,530	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	86.9	25.3	46.6	--	46.6

#### Environment and Climate

	2013	2014	2015	2016	EU (latest available)
GHG emissions level (emissions in 1990=100)	80.3	77.1	--	--	77.1
Employment in the environmental goods and services sector	4,171,000	4,164,000	--	--	4,164,000
Resource productivity (Euro per kilogram, chain linked volumes (2010))	1.9	2.0	2.0	--	2.0
GHG emissions in non-ETS sectors (base year=100)	88.1	85.0	86.5	--	86.5
GHG emissions in non-ETS sectors, distance to EU 2020 target	-2.6	-5.7	-4.2	--	-4.2
Value added in the environmental goods and services sector (% of total VA)	2.3	2.3	--	--	2.3
Employment in the environmental goods and services sector (% of total employment)	22.1	21.8	--	--	21.8

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial corporations" 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



**Regional - EU countries - Economic environment**
**General Sector Indicators**

	2013	2014	2015	2016	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Value added in Telecommunications (% of total)	--	--	--	--	1.5
Value added in Warehousing and support activities for transportation (% of total)	--	--	--	--	1.6
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6
Employment in Telecommunications (% of total)	--	--	--	--	0.5
Employment in Warehousing and support activities for transportation (% of total)	--	--	--	--	1.2

**Information and communications technology**

	2013	2014	2015	2016	EU (latest available)
The Digital Economy and Society Index (DESI) (composite index)	--	43.2	46.3	49.4	52.3
Fixed broadband subscriptions (lines) per 100 people	29.8	31.0	32.2	32.7	32.7
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	61.9	0.68	0.71	--	0.71
Mobile broadband subscriptions per 100 population	63.7	72.0	80.7	83.9	83.9
Internet bandwidth (kb/s per user)	--	--	--	--	--

**Transport (General)**

	2013	2014	2015	2016	EU (latest available)
Volume of passenger transport relative to GDP (Index 2000=100)	97.9	97.9	--	--	97.9
Volume of freight transport relative to GDP (Index 2000=100)	91.1	89.9	89.7	--	89.7
Share of GHG emissions from transport (% of total GHG emissions)	25.9	27.1	--	--	27.1

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial corporations" 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 at PCR
Start of works	31.03.2018
End of works	31.03.2023
Project investment cost	1,250.00 MEUR
EIB/EFSI eligible investment mobilised	2,736.00 MEUR
External EFSI multiplier	21.90
External EIB (non-EFSI) multiplier	
Amount of private financing	1,125.00 MEUR
Quick start (% of expenditure during 2015-2018)	20.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	0.00 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	20.00% Mitigation - Renewable Energy (transversal) / 10.00% Mitigation - Energy Efficiency (transversal) / 10.00% Mitigation - Transport (transversal)
Employment during construction - temporary jobs	7,500 person years
Employment during operation - new permanent jobs	700 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.