



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	NETZ ELBE SPREE ROLLING STOCK
<u>Promoter or financial intermediary</u>	LAND SACHSEN-ANHALT; LAND MECKLENBURG-VORPOMMERN; LAND BERLIN & LAND BRANDENBURG
<u>Country of implementation</u>	Germany
<u>Summary project description</u>	<p>This operation will finance newly purchased rolling stock for the winning bidders of the presently pending tender for the public transport contracts on Netz Elbe Spree (NES). The NES network provides regional rail services in Berlin and the three surrounding federal states Mecklenburg-Vorpommern, Brandenburg and Sachsen-Anhalt. Under the tender, there are four lots to provide rail services on 17 regional railway lines and the BER airport rail express (FEX) to the new airport. The lines contribute significantly to commuter rail for the wider Berlin area and for other cities served.</p> <p>The tender for the services is issued by the federal state of Berlin and the three surrounding federal states Brandenburg, Mecklenburg-Vorpommern and Sachsen-Anhalt (the public transport authorities or PTAs). The tender is led by Verkehrsverbund Berlin Brandenburg (VBB), which has Berlin and Brandenburg as owners. More than 90% of the train km will be in these two states.</p> <p>None of the potential winning bidders can win more than two of the four lots. Also, lots 1 and 2 cannot be combined. The tender allows deployment of new and used vehicles. The Bank will only finance newly purchased vehicles from any winning bidder that would use financing provided by the Bank.</p> <p>A re-deployment guarantee (RDG) is offered by the PTAs for new vehicles. The RDG would cover a period of 24 years (equal to two public service contract periods of 12 years). The RDG is available to all bidders and supports the promoter's objective of enabling effective competition by lowering barriers to entry from capital cost for rolling stock.</p> <p>Most of the trains now deployed on the network are mid-life and will have to be re-deployed elsewhere, if the incumbents lose their public service networks in the tendering process.</p> <p>The exact number of trains to be deployed will be determined by the bidders. Based on the requested rail services, the Services estimate that the combined fleet will be more than 100 double deck electric trains (most likely Electric Multiple Units (EMUs)) and almost 50 single deck electric trains. Furthermore, around 10 trains are needed for non-electrified parts of the network, where now</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 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 [...].

	diesel multiple units (DMUs) are deployed. Bidders can choose to offer DMUs again, however offers may include alternatively fueled trains with electric drive-trains that draw energy from, for instance, a hydrogen fuel cell battery.
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PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy		High
Cross-cutting objectives		
Climate Action		100.00%
EIB Cohesion Priority Regions / Economic and Social Cohesion		76.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: development of transport infrastructures, and equipment and innovative technologies for transport		100.00%
TEN-T railway infrastructure and other rail projects		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 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 sustainability²;
- (iv) "Employment" i.e. the project's direct employment effect.

Pillar 3

EIB Technical and financial contribution to the project		Moderate
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.

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

The project will increase the quality of rail services and, thereby, promote sustainable transport solutions in line with the EFSI thematic objective of development of transport infrastructures, equipment and innovative technologies for transport (with a particular focus on railway infrastructure as well as sustainable urban mobility, targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents).

The financing will also contribute towards EFSI's climate action target and the general shift towards a less carbon-intensive economy. Moreover, the project will improve the quality of transport in the Länder around Berlin, which are transition regions as per EU's Cohesion Policy (it is expected that approximately 75 per cent of the project's activities would take place in cohesion regions).

The project will contribute to address the existing sub-optimal investment situation for the development of and investment in sustainable transport modes. Thanks to the EFSI support, the EIB will participate in this operation offering a long tenor, which is aligned with the economic life of the assets being financed. The availability of financing also provides certainty for bidders, the tendering authorities and other providers of financing.

The financing is expected to fall under EIB's Special Activities risk categorisation (to be determined at financial close and will depend on the final risk profile of the financing). The financing is based on a structured finance solution.

Set of indicators related to the macroeconomic environment

Germany - Economic environment

Economic Performance

	DE 2016	EU 2016	US 2016	DE 2001-2007
GDP per capita (EUR, PPS)	36,232	29,440	42,615	32,614
GDP growth (%)	1.9	1.9	1.6	1.4
Potential GDP growth (%)	1.8	1.3	2.1	1.3
Output gap (% of potential GDP)	-0.15	-0.75	-0.03	-0.27
Unemployment Rate (%)	3.9	8.2	4.7	9.4
Unemployment Rate (%) - Y/Y change (% points)	-0.5	-0.8	-0.3	0.06
Bank-interest rates to non-financial corporations (%)	1.3	1.4	1.8	4.1
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.15	-0.21	-1.4	-0.04
Investment rate (GFCF as % of GDP) - Total	20.0	19.7	19.6	19.9
Investment rate (GFCF as % of GDP) - Public	2.1	2.7	3.4	2.0
Investment rate (GFCF as % of GDP) - Private	17.9	17.0	16.2	17.9

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Warehousing and support activities for transportation (% of total)	--	--	--	--	1.6
Employment in Warehousing and support activities for transportation (% of total)	--	--	--	--	1.2

Rail

	2013	2014	2015	2016	EU (latest available)
Rail infrastructure investment as % of GDP	0.15	0.15	--	--	--
Passengers transport by rail (Billion passenger-kilometre)	89.6	89.5	--	--	428.2
Goods transport by rail (Billion tonne-kilometre)	112.6	112.6	--	--	877.7

- 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 indicators³

Key project characteristics

	Expected at PCR
Start of works	01.01.2019
End of works	09.12.2024
Project investment cost	1,300.00 MEUR
EIB/EFSI eligible investment mobilised	1,300.00 MEUR
External EFSI multiplier	3.25
External EIB (non-EFSI) multiplier	
Amount of private financing	900.00 MEUR
Quick start (% of expenditure during 2015-2018)	0.00 %
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	100.00% Contribution to climate change adaptation (transversal)
Employment during construction - temporary jobs	5,600 person years
Employment during operation - new permanent jobs	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.