



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

<b><u>PROJECT PRESENTATION</u></b>	
<b><u>Project name</u></b>	SGI - GAS NETWORK DEVELOPMENT
<b><u>Promoter or financial intermediary</u></b>	SOCIETA GASDOTTI ITALIA SPA (SGI SPA)
<b><u>Country of implementation</u></b>	Italy
<b><u>Summary project description</u></b>	<p>The Project consists of the construction and operation of two DN600 gas transport pipelines 114 and 35 km long located in the Abruzzo, Molise and Marche regions on the Eastern coast of Central Italy. The Project develops [...] the Promoter's transmission network stretching along the Adriatic regions of Italy, and is an integral part of the Promoter's wider infrastructure plan (the "Loop") to increase the security of supply, operational safety and flexibility of its network.</p> <p>The Project also includes IT components aimed at creating, among others, a new SCADA system for better and more secure operations of the transport infrastructure, and at increasing the Promoter's cybersecurity.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	76.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	50.00%
Other development of the energy sector in accordance with the Energy Union priorities	50.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	50.00%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	50.00%

### Pillar 2

Quality and soundness of the project	Acceptable
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.*

### 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.*

<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 objectives of (i) developing the energy infrastructure in accordance with the Energy Union priorities and (ii) supporting entities having up to 3,000 employees, the operation aims at increasing the security of supply, avoiding demand curtailment, improving the integration of gas storage sites with the national gas transport network and enhancing flexibility and safety of gas supply operations in Central and Southern Italy. At the same time, as most of the investments are located in Molise and Abruzzo, regions eligible under the EU Cohesion Policy, the operation will also contribute to the Union priorities on convergence and social cohesion. The operation shall spur employment and economic activity in these cohesion regions and in the areas in Central Italy affected by the earthquake in 2016.

Thanks to EFSI, under this operation, the EIB continues its support to SOCIETA GASDOTTI ITALIA (SGI), an Italian small Mid-Cap company that owns and operates a gas transmission network of ca. 1,600 km in Central and Southern Italy. This project is part of SGI's ten-year investment plan developed in line with the National Energy Strategy to improve the capacity, long-term security and flexibility of the national gas network. The operation represents the second of three phases in the SGI's plan to develop [...] the network of gas pipelines stretching along the Adriatic regions of Italy. The first phase of the plan was also possible thanks to EFSI support. The project also enhances the cybersecurity of the operator of this strategic infrastructure for economy and society.

The operation addresses clear market failures and sub-optimal investment situation faced by smaller companies in the energy sector, which is inherently risky. EFSI support enables the EIB to bridge the SGI's long-term funding gap, helping the promoter in the deployment of national critical infrastructure, enhancing the security of supply of SGI's gas network in Central and Southern Italy [...].

The operation is expected to fall under the Special Activities category taking in account the required longer tenure and subordination of the EIB financing, which provides a strong signal to the market and additional comfort to other financiers, crowding them in to SGI's current and future investment programs.

This operation could not have been financed under the same conditions without the EFSI guarantee. The operation is complex, featuring, inter alia, the involvement of a pool of commercial banks and, potentially, of the National Promotional Bank Cassa Depositi e Prestiti (CDP) alongside the EIB. EIB advisory shall support the financing structure of the investment and therefore be of particular value to a small Mid-Cap company such as SGI.

## Set of indicators related to the macroeconomic environment

### Italy - Economic environment

#### Economic Performance

	IT 2016	EU 2016	US 2016	IT 2001-2007
GDP per capita (EUR, PPS)	28,097	29,440	42,615	31,501
GDP growth (%)	0.88	1.9	1.6	1.2
Potential GDP growth (%)	-0.33	1.3	2.1	1.1
Output gap (% of potential GDP)	-1.7	-0.75	-0.03	1.3
Unemployment Rate (%)	11.8	8.2	4.7	7.6
Unemployment Rate (%) - Y/Y change (% points)	0.2	-0.8	-0.3	-0.44
Bank-interest rates to non-financial corporations (%)	1.1	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.33	-0.21	-1.4	0.02
Investment rate (GFCF as % of GDP) - Total	17.0	19.7	19.6	21.1
Investment rate (GFCF as % of GDP) - Public	2.1	2.7	3.4	2.9
Investment rate (GFCF as % of GDP) - Private	14.9	17.0	16.2	18.2

### Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	16.7	17.1	17.5	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	0.3	-0.1	-0.5	--	3.3
Energy dependence (%)	76.8	75.9	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	84.4	79.3	82.4	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	116.8	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	153.2	143.8	149.6	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	-4.8	-14.2	-8.4	--	46.6

### General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6

- 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**

	<b>Expected at PCR</b>
Start of works	01.01.2018
End of works	31.12.2022
Project investment cost	200.50 MEUR
EIB/EFSI eligible investment mobilised	187.70 MEUR
External EFSI multiplier	2.09
External EIB (non-EFSI) multiplier	
Amount of private financing	110.50 MEUR
Quick start (% of expenditure during 2015-2018)	4.50 %
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)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	520 person years
Employment during operation - new permanent jobs	2 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.