



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	WALBRZYCH URBAN REVITALIZATION
<u>Promoter or financial intermediary</u>	CITY OF WALBRZYCH
<u>Country of implementation</u>	Poland
<u>Summary project description</u>	<p>The proposed municipal framework loan will support eligible schemes to be implemented over the period 2018 to 2024, coherent with the City of Walbrzych (the City) development strategy (approved in 2014 for the period until 2020) and closely following the Municipal Revitalization Plan for Walbrzych for 2016-2025. The project is also consistent with low emission and social development sectorial strategies.</p> <p>After 1990, the City experienced industrial decline with majority of coal mines and coke plants closing down. Unemployment exceeded 30% and people started to migrate to other cities. The City faced negative social challenges and even bigger disparities between districts that, due to lack of funds, deteriorated further. However, since 2005, the re-industrialization policy of the City, partly supported by the State, resulted in gradual reduction of unemployment and general improvement of the business climate. Nevertheless, the City still has to overcome the negative effect of economic crisis on the population and the social infrastructure. In 2015 Walbrzych together with Łódź and Bytom were selected as the three most deprived industrial areas in Poland and were included in the National Strategic Intervention Programme covered by the pilot revitalisation project. This influenced directions of the City Revitalisation Strategy and of the City's long-term investment plan.</p> <p>The need to revitalize the City centres will be addressed by the second revitalization program, which will be financed by this project. The City also needs to carefully plan for development in the context of a shrinking population, which is a new topic for many Polish cities. A proposed URBIS advisory support will help the City to carry out this turn-around programme in a planned manner, sharing experience from other de-populating or declining industrial cities in Europe, which have had similar challenges (a good example being St. Etienne in France).</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 [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Environment and resource efficiency	100.00%
Sustainable urban and rural development	100.00%

Pillar 2

Quality and soundness of the project	Excellent
1. Overall strategic intent and investment quality	[...]
2. Promoter capacity	[...]
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	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.*

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 supporting environment and resource efficiency, the operation shall support sustainable urban development in the City of Walbrzych in Poland, a region fully eligible under the EU Cohesion Policy. Walbrzych belongs among the Polish cities, which suffered the hardest consequences of the economic transition in the nineties. This is one of the three cities (together with Lodz and Bytom) that are in most urgent need of a comprehensive revitalisation. After 1990, the coal industry in the region experienced a rapid decline, which resulted in soaring unemployment, shrinking municipal budget and a pressing need to find alternative ways of ensuring sustainable growth. The City's mining legacy weighted heavily on its socio-economic potential resulting in unprecedented growth of unemployment and emigration of 20% of the population.

Thanks to EFSI, this is the first time the EIB supports the City of Walbrzych, making it also the first EFSI operation directly with a Polish municipality. The EIB loan with EFSI support aims at financing a multi-scheme investment programme spanning until 2024. Individual sub-projects included in the programme concern mainly: (i) the revitalisation of deprived areas, (ii) the renovation of urban streets and other public space and (iii) the renovation of social infrastructure facilities. The investments are in line with the City's Municipal Revitalisation Plan for 2016-2025 as well as with low emission and social development sectoral strategies.

The complex socio-economic situation of Walbrzych has a direct impact on its financial standing leading to market failures and sub-optimal investment situations as the City lacks adequate financial resources to cope with these challenges. The operation shall generate positive externalities by upgrading urban infrastructure that will benefit 115,000 inhabitants of this post-industrial City. It will have significant spill-off effects by reinforcing the socio-economic potential of the second largest City in the Lower Silesia Region, which has historically supported other smaller communities located in the area. As a result, the project supports the strengthening of the EU's economic, social and territorial cohesion.

The operation is expected to fall under the EIB's Special Activity category taking into account the effective subordination of the EIB loan extended under EFSI and the long tenor matching the economic life of investments. EU grants available for this project constitute less than 2% of the total investment costs. The EIB financing will thus strengthen the financial profile by providing long-term visibility on the City's debt structure. Moreover, due to its subordinated element, EIB financing will provide comfort to other financiers with a clear catalytic effect.

The municipality will also benefit from support under URBIS, a facility managed by the EIB under the European Investment Advisory Hub (EIAH). Support will be provided to enable the City to stimulate and manage its growth. It will finance a set of institutional activities aimed at increasing the City's ability to plan its development in the context of declining population. The City aims to increase its ability to efficiently manage infrastructure and spatial planning and to reduce potential negative impact on the residents. This assignment will be the first of its kind carried out in Poland

Set of indicators related to the macroeconomic environment

Poland - Economic environment

Economic Performance

	PL 2016	EU 2016	US 2016	PL 2001-2007
GDP per capita (EUR, PPS)	20,365	29,440	42,615	14,639
GDP growth (%)	2.7	1.9	1.6	4.1
Potential GDP growth (%)	2.7	1.3	2.1	3.8
Output gap (% of potential GDP)	-0.29	-0.75	-0.03	-1.9
Unemployment Rate (%)	5.5	8.2	4.7	16.4
Unemployment Rate (%) - Y/Y change (% points)	-1.4	-0.8	-0.3	-1.2
Bank-interest rates to non-financial corporations (%)	3.7	1.4	1.8	6.3
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.05	-0.21	-1.4	0.47
Investment rate (GFCF as % of GDP) - Total	18.1	19.7	19.6	19.6
Investment rate (GFCF as % of GDP) - Public	3.3	2.7	3.4	3.3
Investment rate (GFCF as % of GDP) - Private	14.7	17.0	16.2	16.3

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Construction (% of total)	--	--	--	--	5.9
Employment in Construction (% of total)	--	--	--	--	6.6

Urban development

	2013	2014	2015	2016	EU (latest available)
Urban population as % of total population	60.6	60.6	60.5	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	33.1	35.2	--	--	22.5
Unemployment rate - Cities (%)	9.4	7.9	6.5	6.2	9.1
Unemployment rate - Towns and suburbs (%)	11.1	9.9	8.3	6.7	8.3
Unemployment rate - Rural areas (%)	11.0	9.8	8.1	6.9	8.4
At risk poverty rate - Cities (%)	10.6	9.6	9.6	--	16.7
At risk poverty rate - Towns and suburbs (%)	12.9	14.7	15.6	--	16.0
At risk poverty rate - Rural areas (%)	25.0	24.1	24.8	--	19.8
Severe housing deprivation rate - Cities (%)	9.6	8.7	9.1	--	4.8
Severe housing deprivation rate - Towns and suburbs (%)	7.0	6.8	8.2	--	4.0
Severe housing deprivation rate - Rural areas (%)	12.3	10.6	11.2	--	6.2
Households level of internet access - Cities (%)	76.0	79.0	79.0	82.0	88.0
Households level of internet access - Towns and suburbs (%)	71.0	74.0	74.0	80.0	86.0
Households level of internet access - Rural areas (%)	67.0	71.0	73.0	79.0	80.0

- 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	01.01.2018
End of works	31.12.2024
Project investment cost	57.34 MEUR
EIB/EFSI eligible investment mobilised	56.40 MEUR
External EFSI multiplier	2.02
External EIB (non-EFSI) multiplier	
Amount of private financing	0.00 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)	0.68 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	1,346 person years
Employment during operation - new permanent jobs	21 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.