



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

<b><u>PROJECT PRESENTATION</u></b>	
<b><u>Project name</u></b>	ITALIAN URBAN DEVELOPMENT FUNDS PROGRAMME
<b><u>Promoter or financial intermediary</u></b>	SPECIAL PURPOSE ENTITY(IES)/FUND, ACCEPTABLE BANK(S)
<b><u>Country of implementation</u></b>	Italy
<b><u>Summary project description</u></b>	<p>The operation, structured as a set of Framework Loans (hereafter “Framework Loans” or “Sub-operations”) to Urban Development Funds (“UDF”, established as special purpose vehicles managed by financial intermediaries) - grouped under a Programme Loan mechanism of Global Authorisation - will finance new eligible schemes in the sectors of urban development and energy efficiency (“EE”) / renewable energy (“RE”) in three EIB Cohesion Priority Regions in Italy: Sardinia, Campania and Sicily. The types of schemes to be supported are generally of a small nature (under EUR 25m) and are expected to include (i) for urban development: refurbishment and renovation of public buildings, urban infrastructure (including sport facilities), brownfield remediation and redevelopment, urban mobility, tourism infrastructure and office space, municipal schools, health facilities, etc.; (ii) for EE and RE: schemes may include building renovations/retrofits as well as small scale energy schemes such as communal heating and on-the-roof solar photovoltaic installations.</p> <p>The final beneficiaries will be legal persons, SMEs and/or public or private institutions.</p> <p>The commonality across the Sub-operations under this Programme Loan include geography, sectors addressed, EIB JESSICA (Joint European Support for Sustainable Investment in City Areas) involvement in the past programming period and being region-promoted efforts to increase investment in the sectors.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].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	100.00%
Climate Action	25.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	25.00%
Expansion of the use or supply of renewable energy	15.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	10.00%
EFSI: Environment and resource efficiency	75.00%
Sustainable urban and rural development	75.00%

### Pillar 2

Quality and soundness of the project	Good
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 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***

This operation is structured as a set of Framework Loans to UDFs to provide financing in the sectors of urban development and EE/RE in three regions of Italy: Sardinia, Campania and Sicily. The regions are less-developed/transition regions. The operation will contribute to the EFSI objective of supporting the development of the energy sector in accordance with the Energy Union priorities, through the expansion of the use or supply of RE, EE and energy savings, as well as environment and resource efficiency, and through sustainable urban and rural development. Additionally, this operation supports the EFSI objective of supporting less developed and transition regions. The projects financed by the UDFs are expected to have a positive impact on climate change mitigation, in particular through EE improvements in existing buildings to be refurbished and redeveloped in the urban areas, and through the production of RE.

The operation takes place in a context where the targeted regions are faced with a severe lack of investments, both when compared with the Centre and North of Italy as well as with the rest of Europe. The operation is addressing a sub-optimal investment situation as commercial banks are not able to provide long-term funding to the envisaged projects as their equity requirements do not allow the financing. This situation has also conditioned new investments in the areas of sustainable urban development and EE/RE, where potential project promoters – both local authorities and private entities – face difficulties in obtaining adequate funding.

The operation has a high risk profile and is expected to be classified under the EIB Special Activities category, in particular due to the risk profile of the underlying assets and the complexity of the proposed de-linked structure of the transaction.

This EFSI transaction will enable the promotion of a broad variety of mainly small-scale urban infrastructure and EE/RE projects in three EIB Cohesion Priority Regions of Italy, which would otherwise not be able to receive funding. It will support public institutions and their investment stimulus to the public and private sector as it will allow them to anticipate the re-utilisation of returns to financial instruments funded by European Structural and Investment Funds.

The EFSI-backed EIB participation will also crowd-in the private banking sector given that the UDFs will be required to provide co-financing to the project schemes. The operation benefited from strong involvement of dedicated financial instruments teams in the EIB.

## 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 Construction (% of total)	--	--	--	--	5.9
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Employment in Construction (% of total)	--	--	--	--	6.6
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6



## Italy - Economic environment

### Urban development

	2013	2014	2015	2016	EU (latest available)
Urban population as % of total population	68.7	68.8	69.0	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	28.7	26.8	--	--	22.5
Unemployment rate - Cities (%)	12.9	13.1	12.5	12.4	9.1
Unemployment rate - Towns and suburbs (%)	11.8	12.6	11.8	11.5	8.3
Unemployment rate - Rural areas (%)	12.6	13.1	12.2	11.8	8.4
At risk poverty rate - Cities (%)	18.3	18.5	19.3	--	16.7
At risk poverty rate - Towns and suburbs (%)	18.0	18.4	20.3	--	16.0
At risk poverty rate - Rural areas (%)	25.4	24.8	20.2	--	19.8
Severe housing deprivation rate - Cities (%)	9.7	10.4	11.3	--	4.8
Severe housing deprivation rate - Towns and suburbs (%)	8.4	8.7	8.6	--	4.0
Severe housing deprivation rate - Rural areas (%)	7.2	9.1	9.2	--	6.2
Households level of internet access - Cities (%)	72.0	74.0	78.0	81.0	88.0
Households level of internet access - Towns and suburbs (%)	68.0	74.0	75.0	79.0	86.0
Households level of internet access - Rural areas (%)	65.0	69.0	72.0	74.0	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 indicators<sup>3</sup>

### Key project characteristics

	Expected at PCR
Start of works	09.04.2018
End of works	31.12.2023
Project investment cost	450.00 MEUR
EIB/EFSI eligible investment mobilised	337.50 MEUR
External EFSI multiplier	2.25
External EIB (non-EFSI) multiplier	
Amount of private financing	300.00 MEUR
Quick start (% of expenditure during 2015-2018)	2.50 %
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	15.00% Mitigation - Renewable Energy (transversal) / 10.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	1,820 person years
Employment during operation - new permanent jobs	0 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.