



EFSI Operation Scoreboard¹

| PROJECT PRESENTATION | |
|--|---|
| <u>Project name</u> | CLEAN URBAN TRANSPORT PROGRAMME LOAN SPAIN |
| <u>Promoter or financial intermediary</u> | PUBLIC ENTITY(IES) |
| <u>Country of implementation</u> | Spain |
| <u>Summary project description</u> | <p>Transport sector is one of the main contributors to CO₂ emissions. Energy consumption of public transport in urban areas is mainly driven by the type of engines of public buses and the fuel they consume. Recent studies suggest that although certain Spanish cities have been experimenting with alternative fuels, some of them with EIB support, there is substantial room for improvement. Containing emissions from the transport sector is a key objective of the Global Covenant of Mayors Initiative, whose purpose is to promote and support actions to combat climate change and move to a low emission, resilient society.</p> <p>This operation will support the transition to cleaner fuels utilization throughout the Spanish geography contributing to lower CO₂ emissions and cleaner air, especially relevant for big urban areas affected by high pollution levels, as Madrid.</p> <p>In addition, the modal shift towards a lower use of the private vehicle and the electrification of public buses would represent a substantial energy saving.</p> <p>Following the global economic crisis, Spain's economy suffered an economic recession that lasted from 2008 until 2013, and which, among other consequences, had an impact on public transport investments in Spain. Many municipalities reduced, or in some cases even cancelled, their investment in bus fleet renewals. This has translated into ageing fleets, with many vehicles on the road which are beyond their economic life. There is thus a clear need for an accelerated renewal of the bus fleets in order to modernise and improve them. Within the next years, important investments in bus fleets renewals are expected to take place. In addition, the different public transport operators contacted said to have a policy of substituting their diesel buses with CNG, hybrid and/or electric buses.</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 [...].

| | |
|--|---|
| | <p>To support these investment efforts, a Programme Loan ("PL" or "Programme") is proposed. The sub-operations under this Programme loan are expected to be fleet replacements and old/age expired vehicles. This is not limited to the renewal and improvement of urban public bus transport fleets, since also associated maintenance vehicles, the construction of associated infrastructure (software, IT systems and charging and refuelling stations), as well as the adaptation of existing depots for the vehicles, will be considered under this Programme loan.</p> <p>Some of the projects that will be supported with this operation are expected to be located in Convergence Regions, enhancing cohesion across the European Union and reduce regional disparities.</p> <p>The operations will be straightforward. Therefore, this Programme pilots a streamlined process to allow medium to big cities (those having fleets of more than 150 buses with approximately at least 400,000 inhabitants) to have direct access to EIB finance for bus fleet renewal.</p> <p>Borrowers are likely to be public and private transport operators, or other owners of the assets.</p> |
|--|---|

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 | | 15.00% |
| EFSI | | |
| Contribution to EFSI | | 100.00% |
| EFSI: development of transport infrastructures, and equipment and innovative technologies for transport | | 100.00% |
| Smart and sustainable urban mobility projects (targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents) | | 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 | | 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 EU and EFSI objectives, this project will address the development of transport infrastructure, equipment and innovative technologies for transport through smart and sustainable urban mobility projects targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents. The project is expected to allow for the renewal and improvement of public transport, will contribute to reduced pollution and noise, as well as low-carbon transport. In addition, the investments will have the capacity to improve the quality of public transport service, helping thus reduce reliance on private cars and maintain and/or increase public transport share. The project therefore contributes to sustainable transport and climate change mitigation, in line with the EIB's Transport Lending Policy and will be included within the Cleaner Transport Facility as it promotes the deployment of new cleaner technology in transport. The operation will contribute to the EU's and EIB's objectives on Climate Action.

As to risk profile, EFSI support will enable an operation that could not have been carried out by EIB before. The operation is expected to be classified under the EIB Special Activities category, in particular due to the unsecured structure and long tenor.

This operation is addressing a sub-optimal investment situation in the transport sector caused by the fact that: (i) private operators generate low free cash flow and the investment needs are in mismatch with their stand-alone financing capacity in the market, and (ii) in the context of a strict budgetary framework, loans to public sector companies cannot be expected to benefit from guarantees from regional or local governments.

In this context, the sector has problems in accessing adequate financing from the market for the high investment needs relative to promoters' size and credit profile. The project could not have been considered for financing by the EIB without the EFSI support.

Thanks to the EFSI support and in particular thanks to the availability of longer maturities, higher risk taking capacity and subordination characteristics, it is expected that the project will be able to attract financing from the private sector. The EIB loan will have a strong signalling effect towards the market on the soundness of the projects.

Some of the projects that will be supported with this operation are expected to be located in Convergence Regions, enhancing cohesion across the European Union and reduce regional disparities.

The promoters will be given the possibility to benefit from technical and/or financial support for the preparation and implementation of the relevant projects given by the European Investment Advisory Hub (EIAH) and to resort to technical assistance provided by the EIB, for instance under ELENA (European Local Energy Assistance) in case of energy efficiency-related projects.

The operation will essentially target new clients for the Bank, but repeat clients will not be excluded.

Set of indicators related to the macroeconomic environment

Spain - Economic environment

Economic Performance

| | ES 2016 | EU 2016 | US 2016 | ES 2001-2007 |
|---|------------|------------|------------|-----------------|
| GDP per capita (EUR, PPS) | 26,818 | 29,440 | 42,615 | 28,562 |
| GDP growth (%) | 3.2 | 1.9 | 1.6 | 3.6 |
| Potential GDP growth (%) | 0.39 | 1.3 | 2.1 | 3.6 |
| Output gap (% of potential GDP) | -1.8 | -0.75 | -0.03 | 2.9 |
| Unemployment Rate (%) | 16.4 | 8.2 | 4.7 | 10.0 |
| Unemployment Rate (%) - Y/Y change (% points) | -2.3 | -0.8 | -0.3 | -0.33 |
| Bank-interest rates to non-financial corporations (%) | 1.6 | 1.4 | 1.8 | 3.8 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | -0.41 | -0.21 | -1.4 | -0.05 |
| Investment rate (GFCF as % of GDP) - Total | 19.9 | 19.7 | 19.6 | 28.7 |
| Investment rate (GFCF as % of GDP) - Public | 1.9 | 2.7 | 3.4 | 4.1 |
| Investment rate (GFCF as % of GDP) - Private | 18.0 | 17.0 | 16.2 | 24.6 |

General Sector Indicators

| | 2013 | 2014 | 2015 | 2016 | EU (latest available) |
|---|------|------|------|------|-----------------------|
| Value added in Land transport and transport via pipelines (% of total) | -- | -- | -- | -- | 2.3 |
| Value added in Warehousing and support activities for transportation (% of total) | -- | -- | -- | -- | 1.5 |
| Employment in Land transport and transport via pipelines (% of total) | -- | -- | -- | -- | -- |
| Employment in Warehousing and support activities for transportation (% of total) | -- | -- | -- | -- | -- |

Transport (General)

| | 2013 | 2014 | 2015 | 2016 | EU (latest available) |
|--|------|------|------|------|-----------------------|
| Volume of passenger transport relative to GDP (Index 2000=100) | 95.7 | 92.1 | -- | -- | 97.9 |
| Volume of freight transport relative to GDP (Index 2000=100) | 82.8 | 83.4 | 86.5 | -- | 89.7 |
| Share of GHG emissions from transport (% of total GHG emissions) | 35.4 | 36.1 | -- | -- | 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 indicators³

Key project characteristics

| | Expected at PCR |
|---|--|
| Start of works | 03.09.2018 |
| End of works | 31.12.2021 |
| Project investment cost | 400.00 MEUR |
| EIB/EFSI eligible investment mobilised | 400.00 MEUR |
| External EFSI multiplier | 2.00 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing | 150.00 MEUR |
| Quick start (% of expenditure during 2015-2018) | |
| 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 | 100.00% Mitigation - Transport (transversal) |
| Employment during construction - temporary jobs | 0 person years |
| Employment during operation - new permanent jobs | 0 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.