



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	LISBON CLIMATE ADAPTATION DRAINAGE SYSTEM
<u>Promoter or financial intermediary</u>	CAMARA MUNICIPAL DE LISBOA
<u>Country of implementation</u>	Portugal
<u>Summary project description</u>	<p>The catchment area to benefit from the project investment has a population of around 721,000 inhabitants. The Metropolitan Area of Lisbon comprising Lisbon and several adjacent municipalities, has had a population growth from around 2.5 million in 1981 (approximately 24% of the Portuguese population) to around 2.8 million currently. This growth of population has put increasing pressure on the existing drainage system.</p> <p>During the current decade, there has also been a strong growth of tourist numbers in Portugal and, in particular, in Lisbon. As an illustration, in 2017 the city received around 6 million tourists (of which 4 million foreigners).</p> <p>During the same period, Lisbon has suffered from an increase in the intensity and number of extreme flood events. These events not only negatively affect the tourism industry, but more importantly cause long lasting detrimental effects to the City population, its property and heritage.</p> <p>In line with the above events, Lisbon has developed and approved the Lisbon Drainage Master Plan 2016-2030. This plan includes recommendations regarding a number of structural interventions in the City, of which the most important are two main drainage tunnels and ancillary facilities ("the Project"). The Project is designed to minimise the recurring and increasing problem of flooding and at the same time increase infrastructure resilience in specific vulnerable areas of the city, including parts of the historical city centre.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	
Climate Action	40.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Environment and resource efficiency	100.00%
Projects and infrastructures in the field of environmental protection and management	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

The project of major drainage works in Lisbon contributes to the EU and EFSI Policy Objective of Environment and Resource Efficiency, as the investments are to be implemented in the field of environmental protection and management. This operation will have positive impacts on the environment by minimising the recurring and increasing problem of flooding and at the same time improving vulnerable areas of the city, including parts of the historical city centre. This project will therefore contribute to increasing the resilience of Lisbon infrastructure towards extreme climate change events.

The positive impact of the project on both Lisbon population and touristic activity will have a catalytic effect on the rest of the country, including on cohesion regions outside of Lisbon. As such, the project should contribute to the economic, social and territorial cohesion of other less developed Portuguese regions, which are still the majority of the territory of the country.

The project presents higher risk than normally accepted by the EIB for this type of operation and is expected to be classified one notch above the EIB's Special Activities category, in particular due to the unsecured structure, very long tenor, well in excess of other lenders to the City of Lisbon. Due to the expected riskiness of the operation, the loan could not have been provided to the same extent by the EIB without EFSI support.

The EIB support is crucial to address the lack of this crucial infrastructure for the city and its population. Furthermore, the economic life of flood protection infrastructure is significantly longer than the tenor of loans typically available on domestic capital markets. The project therefore responds to a market failure by supporting investments in flood management and protection, which generate positive externalities in the form of public health and environmental benefits. The EIB financing with EFSI support allows the City of Lisbon to tackle its sub-optimal investment situation.

The EIB financing will have a catalytic effect on private investment, as the EIB's participation in the project will show evidence to commercial banks and the capital markets that long term financing, through EIB, is available to support long-term investments of the City of Lisbon, as well as other Portuguese municipalities. This could in turn facilitate the financing of the investments postponed by the Portuguese municipalities for budgetary reasons during the crisis.

The operation is a sub-project of the framework loan with the City of Lisbon under the EFSI operation LISBON URBAN RENEWAL HOUSING CLIMATE FL approved by the EIB Board of Directors in July 2016.

Set of indicators related to the macroeconomic environment

Portugal - Economic environment

Economic Performance

	PT 2016	EU 2016	US 2016	PT 2001-2007
GDP per capita (EUR, PPS)	22,541	29,440	42,615	22,808
GDP growth (%)	1.4	1.9	1.6	1.2
Potential GDP growth (%)	0.37	1.3	2.1	1.4
Output gap (% of potential GDP)	-0.62	-0.75	-0.03	0.15
Unemployment Rate (%)	10.2	8.2	4.7	7.8
Unemployment Rate (%) - Y/Y change (% points)	-2.0	-0.8	-0.3	0.56
Bank-interest rates to non-financial corporations (%)	2.3	1.4	1.8	4.6
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.28	-0.21	-1.4	-0.05
Investment rate (GFCF as % of GDP) - Total	14.8	19.7	19.6	24.1
Investment rate (GFCF as % of GDP) - Public	1.5	2.7	3.4	4.2
Investment rate (GFCF as % of GDP) - Private	13.3	17.0	16.2	19.9

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Sewerage, waste management, remediation activities (% of total)	-	-	-	-	0.7
Value added in Water collection, treatment and supply (% of total)	-	-	-	-	0.3
Employment in Sewerage, waste management, remediation activities (% of total)	-	-	-	-	0.5
Employment in Water collection, treatment and supply (% of total)	-	-	-	-	0.2

Waste-water

	2013	2014	2015	2016	EU (latest available)
Population connected to urban wastewater collecting systems (%)	-	-	-	-	-
Population connected to independent wastewater treatment plants (%)	-	-	-	-	-

Water

	2013	2014	2015	2016	EU (latest available)
Water exploitation index (%)	-	-	-	-	-
Water abstracted for the purpose of public water supply (% of total gross abstraction)	-	-	-	-	-
Population connected to public water supply (%)	-	-	-	-	-

- 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	01.03.2017	
End of works	20.12.2021	
Project investment cost	133.60 MEUR	
EIB/EFSI eligible investment mobilised	133.60 MEUR	
External EFSI multiplier	2.06	
External EIB (non-EFSI) multiplier		
Amount of private financing	43.60 MEUR	
Quick start (% of expenditure during 2015-2018)	1.90 %	
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	40.00% Contribution to climate change adaptation (transversal)	
Employment during construction - temporary jobs	1,000 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.