



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	ABBANOIA WATER INVESTMENTS
<u>Promoter or financial intermediary</u>	ABBANOIA SPA
<u>Country of implementation</u>	Italy
<u>Summary project description</u>	<p>The proposed project concerns the 2018-2022 water and wastewater investment programme of Abbanoia S.p.A. ("Abbanoia", or the "Promoter"), a publicly owned utility providing Integrated Water Services (i.e. IWS) in the service area known as Ambito Territoriale Ottimale (ATO) della Regione Sardegna, corresponding to the autonomous Region of Sardinia (the "RAS"). The project consists of numerous small to medium size investments aimed at upgrading and optimising the existing water production, transfer and distribution systems as well as the wastewater collection and treatment works.</p> <p>The water and wastewater systems managed by Abbanoia are highly fragmented. This is due to the characteristics of the territory, mountainous and sparsely populated, and the nature of operators previous to Abbanoia, whose jurisdiction was limited to local/municipal areas. The lack of connections between the different systems and the obsolescence of the infrastructure has considerably affected the Promoter's operational efficiency, which has amongst the highest level of water leakage in Italy. Furthermore, the territory suffers from recurrent drought episodes, which affect the agriculture sector in particular but also the supply of potable water, notably in summer during the peak touristic season.</p> <p>In order to accelerate the transition towards more sustainable and efficient IWS, the Promoter has developed a large-scale investment project aimed at upgrading and rationalizing the water and wastewater systems. The project is part of the 5-year rolling investment programme approved by the local regulator EGAS (Ente di Governo dell'Ambito Sardegna). Key objectives are to reduce water losses, increase the availability of water resources and improve the overall quality and reliability of IWS, particularly in the face of climate related risks.</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	High
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
Climate Action	37.00%
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

In line with the EFSI objective of support of environment and resource efficiency as well as the objective to support less developed regions, this operation will promote an improvement of the water quality, general health of the population in the RAS. The project will address investments in respect to the water supply with the aim of reducing the networks leakages and water losses, increasing the availability of water resources; and upgrading and/or expanding the water and wastewater networks and treatment plants and their IT systems. The project will be fully deployed in a Cohesion region and hence will contribute to the Union priorities on convergence and social cohesion. In addition, the operation will support EFSI's climate action target.

The operation will support investments in water and wastewater infrastructure, which generate positive externalities in the form of public health and environmental benefits, notably through avoided pollution of surface and ground water. Furthermore, the economic life of water and wastewater infrastructure is significantly longer than the tenor of loans that are typically available on domestic capital markets, thereby contributing to addressing a financial market failure. The borrower is facing a sub-optimal investment situation as access to financing available to support this project is not readily available and prevents it from deploying its investments under the scale and timeline that would be appropriate.

The operation falls under the Special Activity category of the EIB, in particular taking into account that the envisaged EIB financing with EFSI support will be an unsecured loan which will present a longer tenor than other lenders creating a further structural subordination. 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 will be providing long-term financing with an unsecured structure which is expected to result in a quality stamp on the project. This shall help crowding-in private sector financing. EIB financing is expected to increase commercial lenders confidence in the operation and confirm their own engagement in the financing. The EIB financing under EFSI will also allow to complement the grant finance provided inter alia by the European Structural Investment Funds (ESIF), which is key to the overall financing scheme of the operation.

The operation will be the first for the EIB with the Promoter.

The EIB is expected to provide Technical Advisory support to the operation via the European Investment Advisory Hub (EIAH).

Set of indicators related to the macroeconomic environment

Italy - Economic environment				
Economic Performance				
	IT	EU	US	IT
	2018	2018	2018	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

General Sector Indicators					
	2013	2014	2016	2018	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	2016	2018	EU (latest available)
Population connected to urban wastewater collecting systems (%)	--	--	--	--	--
Population connected to Independent wastewater treatment plants (%)	--	--	--	--	--

Water					
	2013	2014	2016	2018	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	01.01.2018
End of works	31.12.2022
Project investment cost	824.00 MEUR
EIB/EFSD eligible investment mobilised	651.00 MEUR
External EFSD multiplier	3.26
External EIB (non-EFSD) multiplier	
Amount of private financing	96.78 MEUR
Quick start (% of expenditure during 2015-2018)	19.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	164.87 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	41,789.00 MWh/a
Climate Action indicator	27.00% Contribution to climate change adaptation (transversal) / 10.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	4,768 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.