



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	ACQUE VERONESI WATER INFRA UPGRADE
<u>Promoter or financial intermediary</u>	ACQUE VERONESI SCARL
<u>Country of implementation</u>	Italy
<u>Summary project description</u>	<p>The proposed project concerns the 2018-2021 water investment programme of Acque Veronesi (AV), a publically owned utility providing Integrated Water Services (i.e. IWS) in the service area known as ATO (Ambito Territoriale Ottimale) Veronese, corresponding to the administrative borders of the Province of Verona in the Veneto Region. AV is the main operator of IWS in the ATO, serving 77 municipalities in the framework of an in-house concession granted in 2006 and expiring in 2031. The Promoter's activities are under the supervision of (i) the local authority (i.e. Consiglio di Bacino Veronese), an entity under public law representing the municipalities of the Province, and (ii) the national economic regulator (i.e. ARERA).</p> <p>The 30-year master plan of the ATO (Piano d'Ambito – PdA) is the planning framework of the proposed operation. The initial PdA was approved in 2006 and revised in 2011. The investment needs for the 2013-2042 period are estimated at EUR 520 m with priority given to investments in wastewater collection and treatment (78% of total CAPEX). The proposed operation will contribute to accelerate the implementation of the PdA in order to achieve compliance with relevant EU standards for drinking water and wastewater treatment, and to improve the overall efficiency of the systems.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	8.00%
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, this operation will promote an improvement of the water quality, general health of the population in the Province of Verona. 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. 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 riskiness of the operation is right above the limit of the EIB Special Activity category. The riskiness is mainly due to unsecured structure of the loan, the long tenor as well as the absence of guarantees from shareholders. 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 operation will be the first direct loan for the EIB with the Promoter.

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

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Water collection, treatment and supply (% of total)	--	--	--	--	0.3
Employment in Water collection, treatment and supply (% of total)	--	--	--	--	0.2

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	01.01.2018
End of works	31.12.2021
Project investment cost	115.02 MEUR
EIB/EFSD eligible investment mobilised	106.00 MEUR
External EFSD multiplier	3.53
External EIB (non-EFSD) multiplier	
Amount of private financing	30.00 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	8.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	737 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. If applicable, a difference between the amount of Project investment costs and EIB/EFSD eligible investment mobilised might derive from the fluctuation of the underlying exchange rate.