



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	KARAVANKE TUNNEL SAFETY UPGRADE
<u>Promoter or financial intermediary</u>	DRUZBA ZA AVTOCESTE V REPUBLIKI SLOVENIJI DD
<u>Country of implementation</u>	Slovenia
<u>Summary project description</u>	<p>The cross-border project concerns the refurbishment of the existing tube and construction of a second tube of the Karavanke Tunnel (Slovene: Predor Karavanke; German: Karawankentunnel). The tunnel links the Slovenian A2 motorway with the Austrian A11 motorway in the southern Alpine Karavanke mountain range and is located on the comprehensive TEN-T network.</p> <p>The Karavanke Tunnel was initially planned as a double-tube tunnel. However, only a single tube was constructed in 1991 due to low traffic forecasts at that time. The existing single tube operates with bi-directional traffic over a significant length (7.9 km). The tunnel represents a bottleneck on the corridor insofar as the sections either side of the tunnel are divided dual two-lane carriageway built to Trans European Motorway standard.</p> <p>The tunnel is subject to a mandatory safety upgrade requirement by April 2019, in accordance with the EC Directive 2004/54/EC on minimum safety requirements for tunnels in the Trans-European Road Network. In this case, the Directive requires the establishment of a transverse ventilation system and appropriate emergency facilities - including escape tunnels – requirements that the current setup fails to meet.</p> <p>Moreover, due to pronounced seasonal traffic peaks, regular congestion occurs on this key axis connecting Central and South-Eastern Europe. The provision of additional capacity through the realization of the initially planned second tube is the appropriate response to address this bottleneck.</p> <p>In February 2015, the relevant authorities in Austria and Slovenia signed a Memorandum of Understanding defining the respective scope of works for each party on their own territory.</p> <p>Preparatory studies were financed with Connecting Europe Facility (CEF) resources and further CEF funds for construction works on the Slovenian side were approved in 2016 for EUR 11.7m in aggregate.</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
EFSI	
Contribution to EFSI	100.00%
EFSI: development of transport infrastructures, and equipment and innovative technologies for transport	100.00%
Projects and horizontal priorities eligible under Regulations (EU) No 1315/2013 and (EU) No 1316/2013	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	Moderate
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 provides additionality as it will resolve a cross border bottleneck on the comprehensive TEN-T corridor between two EU Member States, a key objective under the EFSI Regulation, also providing a connection between the Baltic Adriatic and Mediterranean core TEN-T corridors. As one of the main objectives of the project is to enhance road safety the project also supports sustainable transport solutions in line with European policy objectives. The project is also prioritised within Slovenia's investment plan for the sector.

The project will improve a weak link that will yield benefits across the wider road network in Slovenia, Austria and indirectly neighbouring countries, in particular in time savings and road safety improvements. It will also contribute to the reduction of congestion and the associated negative externalities.

The operation addresses a sub-optimal investment situation and a market gap as there is a significant under-investment in cross-border infrastructure linking EU countries in the TEN-T network primarily due to limited financial resources. Furthermore, the project has difficulties in accessing adequate financing from the market, in particular in the absence of a supporting state guarantee.

The EIB financing will fall under EIB Special Activity Risk category, which could not have been carried out by the EIB without the EFSI support due to the underlying risks of the operation. In particular, the EIB under EFSI will offer long term financing which is likely to be also subordinated to those of other investors.

The EIB financing will have a strong catalytic effect as the sizable EIB support is expected as anchor lender, which should facilitate reaching financing close. However, the EIB will ensure that its own contribution is limited to the necessary level to attract and crowd-in further financing from commercial banks. SID Bank, the Slovenian National Promotional Bank, is likely to co-finance the project. The project has also received Connecting Europe Facility (CEF) grants, for both studies and construction works. The foreseen EIB loan will complement the CEF grants.

Set of indicators related to the macroeconomic environment

Slovenia - Economic environment

Economic Performance

	SI 2017	EU 2017	US 2017	SI 2001-2007
GDP per capita (EUR, PPS)	25,335	29,900	43,098	25,099
GDP growth (%)	3.1	2.0	1.5	4.0
Potential GDP growth (%)	2.1	1.7	2.2	3.4
Output gap (% of potential GDP)	1.4	-0.19	-0.03	2.1
Unemployment Rate (%)	5.6	7.3	4.1	6.2
Unemployment Rate (%) - Y/Y change (% points)	-2.4	-0.9	-0.6	-0.21
Bank-interest rates to non-financial corporations (%)	2.0	1.3	2.4	4.1
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.6	-0.04	0.4	0.68
Investment rate (GFCF as % of GDP) - Total	18.5	20.1	19.7	26.5
Investment rate (GFCF as % of GDP) - Public	2.9	2.7	3.2	4.0
Investment rate (GFCF as % of GDP) - Private	15.5	17.3	16.5	22.5

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Warehousing and support activities for transportation (% 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)	105.1	103.9	--	--	97.9
Volume of freight transport relative to GDP (Index 2000=100)	130.8	131.2	139.9	--	99.7
Share of GHG emissions from transport (% of total GHG emissions)	31.3	34.0	--	--	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	01.01.2019
End of works	31.12.2025
Project investment cost	202.44 MEUR
EIB/EFSI eligible investment mobilised	180.00 MEUR
External EFSI multiplier	2.00
External EIB (non-EFSI) multiplier	
Amount of private financing	50.00 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)	11.70 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	1,700 person years
Employment during operation - new permanent jobs	2 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/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.