



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	RENEWABLE ENERGY RISK SHARING FRANCE II
<u>Promoter or financial intermediary</u>	PRIVATE ENTITY(IES)
<u>Country of implementation</u>	France
<u>Summary project description</u>	<p>Since 2015, France has reinvigorated its support to the development of renewable energy (RE) with the approval of the energy reform. Thanks to recent supportive policy developments (including the 2030 target of 40% renewable electricity), the French RE market has gained momentum. This is particularly the case for photovoltaic and onshore wind sectors, where about 15 GW of new projects are expected to be implemented over the next 4 to 5 years. Given the size of the French market, this has created room for an increased Bank's support to the RE market in France.</p> <p>In 2017, the Bank developed a new financing offer for local banks of the French market, combining unfunded, linked, risk-sharing agreements and standard intermediated loans, and hence responding to their expressed need to mitigate risk concentrations on the most active sponsors' of mid-sized renewable energy – notably wind and solar – projects in France. Since then, several other financial institutions not involved in the first operation have expressed their strong interest in developing a similar financing partnership with the Bank.</p> <p>In this context, the present operation replicates the scheme developed in the framework of the previous Renewable Energy Risk Sharing France operations signed in 2017.</p> <p>It will support the implementation of wind energy and photovoltaic projects in France with mostly private (and possibly public) final beneficiaries. The loan and the guarantee will be intermediated by financial institutions. [...]</p> <p>The risk-sharing guarantee intends to provide credit risk protection to selected Financial Intermediaries in order to support their lending capacity towards promoters implementing renewable energy projects with investment costs.</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		
Climate Action		100.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		100.00%
Expansion of the use or supply of renewable energy		100.00%

Pillar 2

Quality and soundness of the project		Good
1. Overall strategic intent and investment quality	[...]	
2. Promoter capacity	[...]	
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

Between 2010 and 2015, renewable energy installed capacity in France was below national projected targets leading to a sub-optimal investment situation in this crucial environment sector. Since 2015, the pace has increased, but still needs to be accelerated so as to meet the planned projections and reach 2020-2030 European targets.

The timely deployment in the next 4 years of the current challenging pipeline of onshore wind and photovoltaic projects in France is therefore essential. In that respect, the capacity of the banking market to support mid-sized promoters, which don't have sufficient own resources to finance and develop their projects, is key. At the same time, in a context of increased capital requirements constraints, the build-up of risk concentrations on the most active promoters is forcing financial institutions to conservatively manage their origination volumes, especially when it comes to higher risk (i.e. capital intensive) activities such as project finance. This situation, if not addressed, could jeopardize the ability of financial institution to support the renewable energy sector.

The present operation will offer to the market an innovative instrument allowing financial institutions to transfer part of their increasing risk exposure on renewable energy projects and promoters' balance sheet. It will release significant additional private sector financing, as it enables the financial intermediary to increase its own financing capacity, which will in turn invest further own resources in this sector. Thus, thanks to EFSI, the Bank is able to support the challenging pipeline of renewable energy projects in the next 4 years and to bridge the investment gap in that crucial sector.

The operation is in line with the EFSI objective of developing the energy sector and in accordance with the EU priorities and namely, the expansion of the use or supply of renewable energy.

The structures of the solar and wind energy projects currently being contemplated in France and potentially eligible under this operation typically display a higher risk profile than EIB's standard operations. As a consequence, the operation falls under the Special Activity category.

Due to the expected riskiness of the operation, the operation could not have been done to the same extent by the EIB without EFSI support.

Set of indicators related to the macroeconomic environment

France - Economic environment

Economic Performance

	FR 2016	EU 2016	US 2016	FR 2001-2007
GDP per capita (EUR, PPS)	30,910	29,440	42,615	30,572
GDP growth (%)	1.2	1.9	1.6	1.9
Potential GDP growth (%)	1.1	1.3	2.1	1.8
Output gap (% of potential GDP)	-1.3	-0.75	-0.03	1.9
Unemployment Rate (%)	10.1	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.1	-0.8	-0.3	-0.19
Bank-interest rates to non-financial corporations (%)	1.2	1.4	1.8	3.5
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.19	-0.21	-1.4	0
Investment rate (GFCF as % of GDP) - Total	21.9	19.7	19.6	21.7
Investment rate (GFCF as % of GDP) - Public	3.4	2.7	3.4	3.9
Investment rate (GFCF as % of GDP) - Private	18.4	17.0	16.2	17.8

Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	14.1	14.7	15.2	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	8.9	8.3	7.8	--	3.3
Energy dependence (%)	48.0	46.1	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	94.5	90.2	92.0	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	143.0	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	246.0	234.8	239.4	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	26.1	14.9	19.5	--	46.6

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6

- 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	01.09.2018
End of works	01.09.2022
Project investment cost	1,800.00 MEUR
EIB/EFSD eligible investment mobilised	1,710.00 MEUR
External EFSD multiplier	5.70
External EIB (non-EFSD) multiplier	0.00
Amount of private financing	900.00 MEUR
Quick start (% of expenditure during 2015-2018)	6.00 %
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)	0.00 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	100.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs	3,133 person years
Employment during operation - new permanent jobs	282 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.