



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	FONDS TOURISME OCCITANIE
<u>Promoter or financial intermediary</u>	M CAPITAL PARTNERS SAS
<u>Country of implementation</u>	France
<u>Summary project description</u>	<p>The Occitanie region was created from the merger of two former French regions, Languedoc-Roussillon and Midi-Pyrénées, following the 2015 French territorial reform. With its Mediterranean coastline of 250 km, a very diverse landscape as well as eight UNESCO World Heritage Sites, Occitanie benefits from several assets as a touristic destination. The economic impact of the tourism sector on the region is significant, accounting for approximately 10% of the regional GDP.</p> <p>However, the sector presents significant weaknesses that hinder the full exploitation of its potential. Whilst the region benefits from a significant accommodation capacity (more than 3m beds), it is dominated by secondary residences (approximately 76% of availability capacity) and the remaining is not sufficiently diversified and modernised and does not cater for all the segments of demand. The non-residential accommodation is mostly constituted of three to four star camping sites (61% of available beds) and two to three star hotels mostly in urban and coastal areas. Moreover, the occupation rate of existing accommodation is relatively low (approximately 40%) and tourists are mostly domestic, which entails a negative impact on their expenditure. The impact of the large share of secondary residences in the region, particularly on coastal areas, should also be considered, since this type of accommodation generally serves a small and captive portion of all potential demand. Finally, given the importance of coastal and beach tourism, the sector is characterised by a very high seasonality.</p> <p>The regional authorities of Occitanie ("the Region") are aiming to push for a further diversification and upgrade of the existing offer, though a dedicated action plan (<i>Schéma Régional de Développement du Tourisme et des Loisirs de la Région Occitanie</i>), focusing mainly on innovation and internationalisation, territorial balance, competitiveness and responsiveness to changes in touristic demand. However, available public and private resources are rather limited, due to a combination of public budget constraints and the risk-aversion of</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 [...].

commercial banks to support private sector companies, especially SMEs, in their investment projects.

Against this background, the regional authorities aim at creating an investment platform called Fonds Tourisme Occitanie ("FTO") dedicated to the promotion of tourism investments and managed by a professional investment firm. Organised as a debt fund, FTO will provide various forms of subordinated loans to public and private players operating in the Region's tourism value chain. These would include standard secured or unsecured loans, participating loans, convertible bonds inter alia.

In the Occitanie Region, tourism infrastructure and services used to be largely dependent upon public funding which tends to be scarce nowadays. The inception of FTO is a way for the Region to optimize the use of its public funds, making financing of SMEs or projects in the tourism sector more bankable, and thus fostering a broader role of the private sector in the financing of projects.

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	38.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Human capital, culture and health	100.00%
Tourism	100.00%

Pillar 2

Quality and soundness of the project	Excellent
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 up to 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;*
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".*

Pillar 3

EIB Technical and financial contribution to the project	High
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 up to 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 providing support to the tourism sector, the project will seek to support investment to modernise tourism facilities and strengthen the development of a key sector for the economy of the Occitanie region by way of subordinated and quasi-equity lending. To that purpose, Fonds Tourisme Occitanie (FTO) will target both public-sector and private entities involved in the wider tourism sector in the Occitanie region. The operation will also address the objective of supporting less-developed regions and transition regions as circa 38% of the operation is expected to be deployed in a Cohesion area. The operation will thus also contribute to the Union priorities on convergence and social cohesion, and help to reduce regional disparities by supporting investment.

The operation tackles a market failure represented by the limited access to finance for public and private promoters operating in the tourism sector. As a matter of fact, the large number of SMEs operating in the sector often lack sufficient own resources and financial stability. This leads them to sub-optimal investment situations as they face challenges in accessing credit, since commercial banks tend to consider these projects as too risky to provide loans at conditions that are acceptable and sustainable. In addition, the projects financed are expected to generate positive externalities, mainly due to the increased attractiveness of the region as a tourism destination, which in turn will foster tourism revenues for public and private companies operating along the whole tourism value chain. Investments in obsolete infrastructures and existing buildings is also likely to entail positive environmental externalities in terms of energy savings and CO₂ emissions, even though these impacts are difficult to quantify at this stage.

The operation is expected to fall under EIB Special Activities, in particular because of the subordinated nature of the loans provided by FTO and the limited security provided by FTO's junior tranche. In addition, the entities receiving finance from FTO are likely to invest for the development of new and innovative activities, which will result in higher risks for FTO. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The subordinated nature of EIB's funding combined with public and private resources will contribute to catalyse additional private investment and traditional bank financing. Thanks to FTO, touristic projects in Occitanie will benefit from funding fitting their needs: longer maturities than what the market is able to offer, grace periods in line with construction phase etc. As a frequent and well-documented cause for underinvestment, touristic projects have difficulties in accessing adequate financing, in particular due to their long-term nature, the lack of public resources and a frequent mismatch between their level of risk and the risk appetite of private investors and lenders.

Both FTO and its manager, M Capital Partners, will be new counterparts for the EIB, and EIB's exposure to the tourism sector in France will increase through this operation.

EIB has provided advice on structuring of FTO. EIB is also expected to support the establishment of an environmental and social impact assessment and monitoring system to be applied to projects financed by FTO.

The operation is presented as a possible Investment Platform under EFSI.

Set of indicators related to the macroeconomic environment

France - Economic environment				
Economic Performance				
	FR	EU	US	FR
	2017	2017	2017	2001-2007
GDP per capita (EUR, PPS)	31,168	29,996	43,470	30,411
GDP growth (%)	2.2	2.4	2.2	1.9
Potential GDP growth (%)	1.2	1.6	2.0	1.8
Output gap (% of potential GDP)	-0.34	0.08	0.04	1.7
Unemployment Rate (%)	9.1	7.3	4.1	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.8	-0.9	-0.6	-0.19
Bank-interest rates to non-financial corporations (%)	1.4	1.3	2.4	3.5
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.16	-0.04	0.4	0
Investment rate (GFCF as % of GDP) - Total	22.5	20.2	20.5	21.8
Investment rate (GFCF as % of GDP) - Public	3.4	2.7	3.3	3.9
Investment rate (GFCF as % of GDP) - Private	19.1	17.4	17.2	17.8

Environment and Climate					
	2013	2014	2016	2016	EU (latest available)
GHG emissions level (emissions in 1990=100)	90.3	85.4	--	--	77.1
Employment in the environmental goods and services sector	442,422	--	--	--	4,171,000
Resource productivity (Euro per kilogram, chain linked volumes (2010))	2.6	2.7	2.8	--	2.0
GHG emissions in non-ETS sectors (base year=100)	87.6	84.6	87.4	--	86.5
GHG emissions in non-ETS sectors, distance to EU 2020 target	1.6	-1.4	1.4	--	-4.2
Value added in the environmental goods and services sector (% of total VA)	1.7	--	--	--	2.3
Employment in the environmental goods and services sector (% of total employment)	--	--	--	--	21.3

General Sector Indicators					
	2013	2014	2016	2016	EU (latest available)
Value added in Accommodation and food service activities (% of total)	--	--	--	--	2.9
Value added in Creative, arts and entertainment activities; libraries, archives, museums and other cultural activities; gambling and betting activities (% of total)	--	--	--	--	--
Value added in Sports activities and amusement and recreation activities (% of total)	--	--	--	--	--
Employment in Accommodation and food service activities (% of total)	--	--	--	--	4.7
Employment in Creative, arts and entertainment activities; libraries, archives, museums and other cultural activities; gambling and betting activities (% of total)	--	--	--	--	1
Employment in Sports activities and amusement and recreation activities (% of total)	--	--	--	--	0.7

SME/midcap					
	2013	2014	2016	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	24.2	22.6	21.2	13.4	20.9
Availability of Private equity (Thousand euro)	8,902,096	10,753,230	11,899,967	12,456,799	50,091,574
Availability of Venture Capital (Thousand euro)	639,937	570,907	796,020	816,630	4,035,807

France - Economic environment
Tourism (Accommodation)

	2013	2014	2015	2016	EU (latest available)
Employment in accommodation sector as share of total employment (%)	0.84	0.82	0.91	1.0	1.2
Value added by accommodation sector (% of VA in the business economy)	1.1	1.0	–	–	1.2

Urban development

	2013	2014	2015	2016	EU (latest available)
Urban population as % of total population	79.1	79.3	79.5	–	–
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	22.9	18.2	–	–	22.5
Unemployment rate - Cities (%)	11.1	11.5	11.7	11.3	9.1
Unemployment rate - Towns and suburbs (%)	11.4	12.1	12.1	12.0	8.3
Unemployment rate - Rural areas (%)	7.5	7.6	7.7	7.5	8.4
At risk poverty rate - Cities (%)	14.1	14.2	13.9	–	16.7
At risk poverty rate - Towns and suburbs (%)	15.9	15.2	15.3	–	16.0
At risk poverty rate - Rural areas (%)	11.9	11.6	12.6	–	19.8
Severe housing deprivation rate - Cities (%)	3.2	3.5	3.3	–	4.8
Severe housing deprivation rate - Towns and suburbs (%)	1.3	2.2	2.2	–	4.0
Severe housing deprivation rate - Rural areas (%)	1.1	0.8	1.1	–	6.2
Households level of Internet access - Cities (%)	84.0	85.0	84.0	86.0	88.0
Households level of Internet access - Towns and suburbs (%)	79.0	81.0	81.0	85.0	86.0
Households level of Internet access - Rural areas (%)	80.0	81.0	82.0	84.0	80.0

- 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	01.05.2019
End of works	31.01.2028
Project investment cost	333.33 MEUR
EIB/EFSI eligible investment mobilised	241.60 MEUR
External EFSI multiplier	4.03
External EIB (non-EFSI) multiplier	
Amount of private financing	181.67 MEUR
Quick start (% of expenditure during 2015-2018)	
Co-financing with national promotional banks	50.00 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	
Employment during construction - temporary jobs	1,454 person years
Employment during operation - new permanent jobs	8 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 mobilised might derive from the fluctuation of the underlying exchange rate.