

Conclusions

Prêts Relance Tourisme (PRT)

INVEU-ICR-0012-2023 – Sustainable Infrastructure Window

Short description of the financing or investment operation and its objectives

Type of the final recipients	Special Purpose Vehicle/Project Company SMEs (including Micro Enterprise) Public sector entity/ Public-sector type entity Mixed entities, such as PPPs and private companies with a public purpose
Countries of implementation	France including Overseas Countries and Territories (French Polynesia; New Caledonia; Saint Barthélemy; Saint Pierre and Miquelon; Wallis and Futuna)
Implementing partner	Caisse des Dépôts et Consignations (CDC)

This Framework Operation will focus on tourism infrastructure including leisure parks, hotels, museums, etc. Sub-projects will contribute to InvestEU objectives – to strengthen European economies by investing in long term assets and sustainable infrastructure – as well as the French recovery and resilience plan objectives – to support the recovery of the tourism sector. PRT is a recovery instrument, combined with green transformation.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 24 March 2023 for the above-mentioned Framework Operation while retaining the right to approve separately sub-projects of at least EUR 3 million as per Art. 24 (6) of Regulation (EU) 2021/523. This right may be waived in the future.

While being a major contributor to French economy (almost 9% of GDP and 2 million jobs), the tourism sector has been hit hard by the covid-19 crisis (-50% revenue generated by international tourism in France in 2020). In some regions, tourism represents a higher share of economic activity. This sector needs support to recover, and the recovery must enhance a more sustainable model, in particular for infrastructure.

The covid-19 crisis has unveiled four weaknesses of the French tourism industry:

- Labor shortage, both in quality and quantity.
- Insufficient business resilience and quality of service.
- Low sustainability and digitization.
- Need to better preserve and enhance the heritage.

The market failure is complex and requires a variety of solutions, financial or else. The French State has designed a 10-year plan to address these challenges, and CDC is part of the initiative with its new PRT offer, created in 2020.

Conclusions

In terms of additionality, savings loans (*prêts sur fonds d'épargne*) are proposed with very long tenors, up to 80 years, which is unique on the market. More specifically, the maturity of PRT loans can reach 50 years, which remains above commercial banks.

In addition, CDC will participate in the risk-sharing mechanism supporting underlying loans, thus making an exception to its statutory requirements and accepting higher risk levels compared to the levels normally accepted by CDC.

Generally commercial banks wait for CDC's decision to finance a project before deciding to finance it too; CDC's decision catalyses the others. When the total amount of loans for the sub-project exceeds EUR 5 M, a minimum 50% co-financing is required by CDC from the project promoter. This implies crowding-in private co-financing.

The IC encourages to carefully cover sustainability in their broad meaning in the sub-projects.