

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
Project name	TELECOM MALTA BROADBAND EVOLUTION
Promoter and financial intermediary	GO PLC
Country of implementation	Malta
Summary project description	<p>The project supports the promoter, which is the second largest fixed broadband provider in Malta, to increase the reach of its Fibre-To-The-Home (FTTH) network to be able to provide symmetrical speeds of up to 1Gbps to its customers and to upgrade its mobile network.</p> <p>By providing FTTH services based on the Gigabit Passive Optical Networks technology, the promoter will be able to provide better services to the areas covered. The fibre based technology allows for a variety of new services, including new symmetric products with 1Gbps download and upload speeds. This represents a step change compared with the current asymmetric services (with lower upload than download speeds) provided by the promoter's copper network as well as the competitor's Hybrid Fibre Coaxial cable network.</p> <p>The FTTH part of the project will nearly double the coverage of the promoter's existing FTTH network. At completion, it is expected to cover over 157,000 HH's (households) - representing close to 60% of the Maltese HH's, from 84,000 at the end of 2018 - representing around 30% of the Maltese HH's. For the implementation of FTTH the promoter will install over 2,300 linear km of fibre, install 122 street cabinets, over 1,300 manholes and splitters and over 11,200 Optical Distribution Frames. During the project implementation period, the promoter will perform over 30,000 connections of new customers. A small part of the project cost (5%) relates to investments in network capacity enhancement of the mobile network as well as to the preparation of the core mobile network for the future deployment of a 5G network.</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 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Development and deployment of information and communication technologies	100.00%
Telecommunications infrastructures of high speed	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 up to four indicators, as relevant, among which:

- (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	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 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 the development and deployment of information and communication technologies, through telecommunications infrastructures of high speed the proposed operation will allow the promoter to deploy further its Fibre-to-the-Home ("FTTH") high speed broadband network in Malta. This will contribute to achieving the EU Gigabit society objectives, concretely the target to enable all European households, rural or urban, to have access to Internet connectivity offering at least 100 Mbps, upgradeable to Gigabit speed by 2025. The operation will also concern a mobile capacity upgrade, upgrades to the core network as well as IT systems which will contribute to making the network ready for 5G. Equally, the operation will address the objective of supporting less-developed regions and transition regions as 100% of the operation will be deployed in a Cohesion region. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The operation addresses a market failure caused by the fact that the economic lifetime of digital infrastructure exceeds the tenor of loans that are typically available on domestic financial markets. The operation is expected to generate positive network externalities by enabling more users to benefit from the access to information, digital services and better communications. Furthermore, the operation will generate further externalities to other sectors of the economy supporting innovation and competitiveness including the productivity of SMEs and better access to e-services by households. The operation also addresses a sub-optimal investment situation of a privately owned company, with limited access to financial markets or commercial banks for similar long-term financing to cover the full investment needs. The EIB intervention under EFSI is expected to ensure the acceleration of the project implementation.

The operation falls under the EIB Special Activities, in particular due to the important size of the investments, the relatively small size of the market as well as the intense competition and market maturity. 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 EIB financing is expected to have a strong catalytic effect on private financiers. EIB support for the Project will have a significant "signalling effect" in attracting private investment, as the EIB loan will provide a quality stamp increase the commercial lenders confidence and financial support for the Project.

This will be the first operation under EFSI Infrastructure and Innovation Window that will be fully deployed in Malta and only the second EFSI operation in Malta overall.

Set of indicators related to the macroeconomic environment

Malta - Economic environment

Economic Performance

	MT 2018	EU 2018	US 2018	MT 2001-2007
GDP per capita (EUR, PPS)	30,677.24	30,935.11	43,569.11	23,688.49
GDP growth (%)	6.55	1.96	2.85	2.31
Potential GDP growth (%)	6.31	1.60	2.23	2.47
Output gap (% of potential GDP)	1.33	0.61	0.74	0.35
Unemployment Rate (%)	3.50	6.60	3.90	6.92
Unemployment Rate (%) - Y/Y change (% points)	-0.50	-0.60	-0.20	-0.15
Bank-interest rates to non-financial corporations (%)	5.16	1.26	--	6.72
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	2.70	-0.06	--	--
Investment rate (GFCF as % of GDP) - Total	18.82	20.54	20.84	20.65
Investment rate (GFCF as % of GDP) - Public	2.87	2.85	3.30	4.02
Investment rate (GFCF as % of GDP) - Private	15.95	17.68	17.53	16.62

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Telecommunications (% of total VA)	--	--	--	--	1.25
Employment in Telecommunications (% of total employment)	--	--	--	--	0.46

Information and communications technology

	2014	2015	2016	2017	EU (latest available)
The Digital Economy and Society Index (DESI) (composite index)	46.06	49.87	52.35	54.96	52.25
Fixed broadband subscriptions (lines) per 100 people	35.29	35.89	37.21	39.39	32.65
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	100.00	99.99	99.95	99.95	83.14
Mobile broadband subscriptions per 100 population	52.53	62.15	65.93	--	83.89
Internet bandwidth (kb/s per user)	3.00	3.00	--	--	--

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" 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 value at PCR
Start of works	01.01.2019
End of works	31.12.2021
Project investment cost [MEUR]	57.62 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	54.52 MEUR
External EFSI multiplier	1.95
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	29.62 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	450 person years
Employment during operation - new permanent jobs [FTE]	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/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.