

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	TERGOOI HILVERSUM HOSPITAL DEVELOPMENT
<u>Promoter and financial intermediary</u>	STG TERGOOI
<u>Country of implementation</u>	Netherlands
<u>Summary project description</u>	<p>In 2006, the two general hospitals Ziekenhuis Gooi-Noord and the Ziekenhuis Hilversum merged into a single provider, subsequently named Tergooi. With about 2,600 employees, 332 inpatient and 101 day-care beds on two sites in Blaricum and Hilversum, Tergooi provides mainly general and some specialised hospital care for the population in and around Hilversum (250,000 people, 85% market share) and partly to a further population of about 220,000 people living further apart.</p> <p>Being a general hospital in an area with a growing senior population, most of Tergooi's patients are older citizens with co-morbidities. Consequently, the highest demand is focused on the departments of gerontology, oncology and cardiovascular diseases. Since the share of population above 65 is in Hilversum (21.5%) higher than the average in the Netherlands (19.2%), it is expected that the demand for such care will increase faster compared to the overall population. The ageing population challenge is coupled with the growing pressure from the government's side on healthcare providers to keep spending within statutory limits.</p> <p>With an ageing population and a budget that only increases according to national average, Tergooi hospital needs to improve its efficiency to ensure that in future they can provide same level of services to their population as it is provided today. Therefore the promoter developed - in close cooperation with the healthcare insurers and local authorities - a mid- to long-term development plan (Visie 20231) for a better and more efficient provision of the necessary care in particular for the steadily growing group of patients with chronic diseases. According to this plan, certain medical services that no longer will require a hospitalisation (about 20% of the current workload) will be provided through a network of regional medical centres and ambulatory service at the place of residence instead of transferring the patients into the hospital.</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 [...].

The cornerstone of this strategy is the replacement of the acute hospital buildings in Hilversum (built in 1970 and extended in 1990) and Blaricum (inaugurated in 1990) with a new and smaller facility that can be operated more efficiently. With the transfer of about 20% of the current hospital workload to the ambulatory services, the hospital will be able to focus more on acute medical treatments, which require generally less staff and less space for inpatient treatments.

Tergooi has an important role in the COVID-19 response in the region. In mid-March 2020, the number of ICU units were increased from 10 to 20 and specially equipped for treating critical coronavirus cases. Between mid-March and mid-May 2020, 160 coronavirus patients have been hospitalised of which 30 patients required intensive care.

Providing modern healthcare in state-of-the-art facilities will support the promoter in facing future pandemics such as the current COVID-19. Specific investments in medical equipment, laboratories and inventory, as well as the upgrade of facilities can help the Promoter to address challenges faced by the current COVID-19 pandemic (and future ones). Furthermore, the Bank's loan will help to ensure that necessary long-term investments can still be pursued despite the near term focus on dealing with the immediate fall-out from the pandemic. Overall, the project shall contribute to increased resilience of the health system to pandemics such as the current Covid-19.

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
Climate Action	71.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Human capital, culture and health	100.00%
Innovative health solutions	100.00%

Pillar 2

Quality and soundness of the project	Excellent
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 supporting human capital, culture and health, this operation finances renovation and consolidation of two general hospitals in one new building in the Gooi and Vechtstreek region of the Netherlands. In addition, the hospital is expected to perform better than required by the national NZEB legislation, which would reduce the yearly CO₂ of the healthcare sector. Approximately 71% of the operation is expected to contribute to EIB's Climate Action objective.

As a hospital investment, this project addresses the sub-optimal investment situation in the European health infrastructure, attributable to market failures these investments exhibit due to either their public good nature or the large health externalities they generate. Additionally, aiming at optimising the healthcare spending, the Dutch authorities introduced several regulatory reforms, These triggered a switch from a budget to a performance based revenue system and a re-designing of the basic insurance packages. As a result, the credit risk profile of the hospital sector changed and obtaining adequate financing in the market has become increasingly difficult.

The operation represents significant risks and therefore it falls into the Special Activity category of the EIB. This is primarily due to its long tenor and the general pressure on the revenues due to the reduced public budget in the healthcare sector, which makes the EIB loan repayment dependent on the performance related revenues of the hospital. 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 participation as an anchor investor will confer a strong signal to the market through its seal of approval. This signalling will give confidence to private sector investors as well as promotional institutions co-financing this operation.

This operation will have a strong signalling effect demonstrating the availability of long-term non-guaranteed financing by the EIB and should have a strong stimulus impact on other investors in the health sector. The national promotional bank, Bank Nederlandse Gemeenten, is expected to also participate in the financing of the project.

The Borrower will be a new client for the EIB.

Set of indicators related to the macroeconomic environment

Netherlands - Economic environment

Economic Performance

	NL 2018	EU 2018	US 2018	NL 2001-2007
GDP per capita (EUR, PPS)	39,650.24	30,935.11	43,569.11	38,443.32
GDP growth (%)	2.67	1.97	2.86	2.00
Potential GDP growth (%)	1.80	1.60	2.24	2.09
Output gap (% of potential GDP)	1.08	0.62	0.74	-0.52
Unemployment Rate (%)	3.60	6.60	3.90	4.70
Unemployment Rate (%) - Y/Y change (% points)	-0.80	-0.60	-0.20	0.09
Bank-interest rates to non-financial corporations (%)	1.01	1.26	--	3.82
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.19	-0.06	--	-0.06
Investment rate (GFCF as % of GDP) - Total	20.94	20.54	20.84	21.27
Investment rate (GFCF as % of GDP) - Public	3.40	2.86	3.31	3.96
Investment rate (GFCF as % of GDP) - Private	17.55	17.68	17.53	17.30

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Human health activities (% of total VA)	5.00	4.94	4.96	4.88	5.10
Employment in Human health activities (% of total employment)	6.40	6.32	6.27	6.23	6.06

Health

	2014	2015	2016	2017	EU (latest available)
Life expectancy (years)	81.80	81.60	81.70	81.80	80.90
Healthy life years at birth (Males)	63.30	61.10	62.80	62.30	63.50
Healthy life years at birth (Females)	59.00	57.20	57.80	57.50	64.00
Old age dependency ratio (65+/ 15-64 years)	26.40	27.20	27.80	--	29.30
Perinatal mortality per 1,000 live births	3.69	3.55	--	--	4.02
Hospital beds per 100,000 inhabitants	--	351.81	343.89	332.06	504.30

- 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	01.08.2019
End of works	31.12.2022
Project investment cost [MEUR]	330.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	330.00 MEUR
External EFSI multiplier	4.70
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	205.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	45.00 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]	13,124.00 MWh/a
Climate Action indicator	71.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs [person years]	1,680 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.