



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	NATIONAL BROADBAND PLAN
<u>Promoter or financial intermediary</u>	State of Ireland through the Department of Communications, Climate Action and Environment ("DCCA") and the National Development Finance Agency ("NDFA"), both departments of the Irish Government
<u>Country of implementation</u>	Ireland
<u>Summary project description</u>	<p>The National Broadband Plan (NBP) is a Government policy initiative that aims to deliver high-speed broadband to every citizen and business in Ireland. This plan includes State intervention to provide high-speed broadband to those parts of the country where the commercial sector will not invest. The project relates to the part of the Plan to provide Next Generation Access (NGA) high speed broadband wholesale services access to households that are financially not profitable for commercial investment alone.</p> <p>The project covers currently around 542 000 households (HHs) (approx. 80% residential HHs and 20% commercial premises), the so-called Intervention Area (IA). The definition of the households covered by the project is the result of a mapping (against defined technical, deployment and financial / economic criteria) and a public consultation process initiated in 2013 and takes into account existing and future roll-out plans of internet service providers, investors and operators. The coverage of the IA, to the granularity level of individual households, has been made publicly available and can be consulted on-line.</p> <p>[...]</p> <p>The final implementation details of the project (including elements such as the final technical solution, the scope and the final project costs) are largely dependent on the result of the ongoing public tendering process negotiations between the promoter and the Enet SEE Consortium. The elements for the final evaluation of the project will be available during stage II of the due diligence.</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	Significant
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	Acceptable
1. Growth	[...]
2. Promoter capabilities	[...]
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	Significant
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

In line with the objective of the EU Digital Single Market, the proposed operation responds to the EFSI objective of deploying telecommunication infrastructure of high speed, and will do so in so-called “white areas” of Ireland, i.e. areas lacking an existing telecommunication infrastructure located mainly in rural and coastal areas far from the main cities. It will therefore address the ‘digital divide’ between the urban and rural areas of Ireland (which currently has some of the most pronounced differences in broadband coverage between urban and rural areas in Europe). It will have a very positive impact on employment in terms of jobs supported within the intervention area and jobs directly created during the buildout phase and the remainder of the 25-year contract.

The operation addresses a number of market failures related to the generation of positive network externalities by enabling more users to benefit from the access to information, digital services and better communications. The project generates further externalities to other sectors of the economy supporting innovation and competitiveness, for instance by supporting smart farming, the productivity of SMEs in rural areas or better access to e-services by households in these regions. The project will also have positive environmental impact by facilitating remote working. In addition, the operations tackles a number of financial market failures, as commercial operators have no incentives in investing in those areas due to the level of costs and risks associated (implementation risks, take up risks) with low expected returns. Moreover, commercial lenders are also constrained in their capacity to provide the volume of affordable financing necessary for the project to be economically viable (requiring in particular long term maturities), in particular when considering the underlying risks.

The EIB, thanks to the support of EFSI, will be able to provide a sizeable long term loan falling under the EIB Special Activity risk category. Absent of EFSI, the EIB could only have intervene in support of the Irish government financing, but not by providing direct financing to the project vehicle to the same extent.

The EIB financing will 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 and potentially facilitate access to capital markets of the project and increase the commercial lenders’ confidence in and financial support for the project. It will result in minimising the potential size of public subsidies (from the Irish government and ERDF).

Set of indicators related to the macroeconomic environment

Ireland - Economic environment

Economic Performance

	IE 2016	EU 2016	US 2016	IE 2001-2007
GDP per capita (EUR, PPS)	52,943	29,440	42,615	37,478
GDP growth (%)	5.2	1.9	1.6	5.4
Potential GDP growth (%)	5.0	1.3	2.1	5.2
Output gap (% of potential GDP)	1.8	-0.75	-0.03	2.1
Unemployment Rate (%)	6.9	8.2	4.7	4.6
Unemployment Rate (%) - Y/Y change (% points)	-2.0	-0.8	-0.3	0.19
Bank-interest rates to non-financial corporations (%)	2.4	1.4	1.8	4.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.12	-0.21	-1.4	0.16
Investment rate (GFCF as % of GDP) - Total	29.3	19.7	19.6	27.0
Investment rate (GFCF as % of GDP) - Public	1.8	2.7	3.4	3.9
Investment rate (GFCF as % of GDP) - Private	27.5	17.0	16.2	23.1

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Telecommunications (% of total)	--	--	--	--	1.5
Employment in Telecommunications (% of total)	--	--	--	--	--

Information and communications technology

	2013	2014	2015	2016	EU (latest available)
The Digital Economy and Society Index (DESI) (composite index)	--	46.5	51.2	54.8	52.3
Fixed broadband subscriptions (lines) per 100 people	26.2	27.5	28.4	28.9	32.7
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	54.0	0.71	0.8	--	0.71
Mobile broadband subscriptions per 100 population	67.5	81.8	96.4	95.6	83.9
Internet bandwidth (kb/s per user)	20.0	20.0	16.0	--	--

- 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	[...]
End of works	[...]
Project investment cost	[...]
EIB/EFSI eligible investment mobilised	[...]
External EFSI multiplier	[...]
External EIB (non-EFSI) multiplier	[...]
Amount of private financing	[...]
Quick start (% of expenditure during 2015-2018)	[...]
Co-financing with national promotional banks	[...]
Co-financing with structural funds (ESIF)	[...]
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	[...]
Climate Action indicator	[...]
Employment during construction - temporary jobs	[...]
Employment during operation - new permanent jobs	[...]

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.