



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	OPEN FIBER ULTRA-BROADBAND DEVELOPMENT PLAN
<u>Promoter or financial intermediary</u>	OPEN FIBER SPA
<u>Country of implementation</u>	Italy
<u>Summary project description</u>	The Project concerns the roll-out of an optical fibre access network (Fibre To The Building/Home) in at least 271 Italian cities in the in the Clusters A (Next Generation Access black area) and B (Next Generation Access grey area). The network will provide wholesale open access to enable licensed retail operators to offer ultra-high speed broadband services of up to 1,000 Mbps. The Project will be implemented from 2018 until 2023. By 2023, the Project will pass about 9.5m households, representing nearly 40% of all Italian households.

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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	18.00%
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 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

The Project contributes to the “Digital Agenda for Europe” flagship initiative of the Europe 2020 strategy and the complementary “Connectivity for a European Gigabit Society” initiative through further development and expansion of the Next Generation Network (NGN) infrastructure to reach the targets of high-speed broadband access for all European citizens by 2020 and 2025.

In line with the objective of the EU Digital Single Market, the proposed operation responds to the EFSI objective of deploying high-speed telecommunication infrastructure and will do so in 271 cities. It will therefore support high-speed connectivity and address Italy’s ‘digital divide’. It will have a substantial positive impact on employment in terms of jobs supported within their intervention area and jobs directly created during the buildout phase. Approximately 18% of capex will be realised in Cohesion regions, where the gap of Ultra Broadband/Broadband services is even more acute than the national average. In supporting these regions, the Project will contribute to the Union priorities on convergence and social cohesion.

The operator 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 including the productivity of SMEs and better access to e-services by households. 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. This operation could not have been financed under the same conditions without the EFSI guarantee.

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 and financial support for the Project. Given the strategic importance of the Project, an involvement of the Italian Promotional Bank (CDP) through the EFSI EIB-CDP Large Infrastructure Investment Platform is highly likely (in addition to the support already provided as 50% shareholder of the operator) as well as possible national or EU contributions for broadband access in rural and less densely populated municipalities.

Advisory support has been provided by EIB in order to design the complex and unique features of the Project entailing a hybrid structure between a corporate loan and a no-recourse project finance transaction. The EIB advice on the structure appears instrumental for the successful closing of the financing by crowding-in financiers, and consequently for the timing implementation of the initiative.

Set of indicators related to the macroeconomic environment

Italy - Economic environment

Economic Performance

	IT 2016	EU 2016	US 2016	IT 2001-2007
GDP per capita (EUR, PPS)	28,097	29,440	42,615	31,501
GDP growth (%)	0.89	1.9	1.6	1.2
Potential GDP growth (%)	-0.33	1.3	2.1	1.1
Output gap (% of potential GDP)	-1.7	-0.75	-0.03	1.3
Unemployment Rate (%)	11.8	8.2	4.7	7.6
Unemployment Rate (%) - Y/Y change (% points)	0.2	-0.8	-0.3	-0.44
Bank-interest rates to non-financial corporations (%)	1.1	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.33	-0.21	-1.4	0.02
Investment rate (GFCF as % of GDP) - Total	17.0	19.7	19.6	21.1
Investment rate (GFCF as % of GDP) - Public	2.1	2.7	3.4	2.9
Investment rate (GFCF as % of GDP) - Private	14.9	17.0	16.2	18.2

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)	--	32.6	35.5	38.3	52.3
Fixed broadband subscriptions (lines) per 100 people	23.1	23.6	24.6	25.0	32.7
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	20.8	0.36	0.44	--	0.71
Mobile broadband subscriptions per 100 population	61.6	71.6	82.8	85.4	83.9
Internet bandwidth (kb/s per user)	27.0	31.0	32.0	--	--

- 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	01.01.2018
End of works	31.12.2023
Project investment cost	3,803.60 MEUR
EIB/EFSI eligible investment mobilised	3,346.50 MEUR
External EFSI multiplier	9.56
External EIB (non-EFSI) multiplier	
Amount of private financing	1,725.00 MEUR
Quick start (% of expenditure during 2015-2018)	19.00 %
Co-financing with national promotional banks	625.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	40,000 person years
Employment during operation - new permanent jobs	160 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.