



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	GIRONDE HAUT MEGA
<u>Promoter or financial intermediary</u>	SYNDICAT MIXTE GIRONDE NUMERIQUE
<u>Country of implementation</u>	France
<u>Summary project description</u>	<p>The project relates to the design and rollout of a publicly owned fibre broadband network Public Initiative Network ("PIN") in the rural areas of the Gironde department, in France. The objective of the project is to deploy a Fibre to the Home ("FTTH") network covering nearly 410 000 households as well as fibre-based connectivity to public and enterprise sites. The access networks will be deployed in areas where private operators are not present with very high speed broadband services due to lack of commercial interest.</p> <p>The Promoter is the public entity syndicat mixte ouvert (SMO) Gironde Numérique ("SMGN"), a public entity created to ensure the roll-out and operation of high and very high speed infrastructures over its territory. The promoter has decided to implement the project through a Public Private Partnership (PPP), more specifically under a concession agreement type structure called "Délégation de Service Public" (DSP). The contract has been awarded to Orange, the incumbent operator in France (formerly France Telecom), as the private partner (the concessionaire) who will be, through a Special Purpose Vehicle (SPV), in charge of the design, financing, implementation and operation of the above-mentioned FTTH project components.</p> <p>Investments to the project will be made both by the concessionaire, Orange, and the public Promoter, SMGN. The project will be funded by a combination of external European, National and Regional grants and contributions from SMGN's members, which will be channelled through SMGN to the SPV.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	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 in reaching the objective of making broadband speeds of over 30 Mbps available to everyone, and over 100 Mbps to 50% of the population, in the EU by 2020. Furthermore, the project is aligned with the Gigabit Society targets set for 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 circa 350 municipalities of Gironde which are currently not served by high speed broadband services, helping to provide high-speed connectivity and addressing the area’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.

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 operation is very risky and will be classified under the EIB Special Activity risk category. This is mainly due to unsecured form, the long-term tenor, the relatively weak credit standing of the borrower due to a limited budgetary capacity of its 37 members, riskiness of the underlying operation (construction risk, take-up risk, technology replacement risk). 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 the operation. 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 increase the commercial lenders confidence and financial support for the Project. Given the strategic importance of the Project, a loan from the French National Promotional Bank (CDC) is expected, as well as possible national, regional and EU grants for broadband access in rural and less densely populated municipalities.

This will be the first operation for the EIB with the borrower. This would be the first financing to a syndicate in the broadband sector in France.

Set of indicators related to the macroeconomic environment

France - Economic environment				
Economic Performance				
	FR 2016	EU 2016	US 2016	FR 2001-2007
GDP per capita (EUR, PPS)	30,910	29,440	42,615	30,572
GDP growth (%)	1.2	1.9	1.6	1.9
Potential GDP growth (%)	1.1	1.3	2.1	1.8
Output gap (% of potential GDP)	-1.3	-0.75	-0.03	1.9
Unemployment Rate (%)	10.1	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.1	-0.8	-0.3	-0.19
Bank-interest rates to non-financial corporations (%)	1.2	1.4	1.8	3.5
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.19	-0.21	-1.4	0
Investment rate (GFCF as % of GDP) - Total	21.9	19.7	19.6	21.7
Investment rate (GFCF as % of GDP) - Public	3.4	2.7	3.4	3.9
Investment rate (GFCF as % of GDP) - Private	18.4	17.0	16.2	17.8

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)	-	43.5	46.2	48.5	52.3
Fixed broadband subscriptions (lines) per 100 people	38.0	39.3	40.5	41.1	32.7
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	40.9	0.43	0.45	-	0.71
Mobile broadband subscriptions per 100 population	53.3	64.4	78.7	80.7	83.9
Internet bandwidth (kb/s per user)	25.0	17.0	12.0	-	-

- 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	01.03.2018	
End of works	28.02.2023	
Project investment cost	401.00 MEUR	
EIB/EFSI eligible investment mobilised	393.50 MEUR	
External EFSI multiplier	6.56	
External EIB (non-EFSI) multiplier		
Amount of private financing	286.50 MEUR	
Quick start (% of expenditure during 2015-2018)		
Co-financing with national promotional banks	10.00 MEUR	
Co-financing with structural funds (ESIF)	7.50 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	2,800 person years	
Employment during operation - new permanent jobs	13 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.