



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	NOORDWEST HOSPITAL
<u>Promoter or financial intermediary</u>	STG NOORDWEST ZIEKENHUISGROEP
<u>Country of implementation</u>	The Netherlands
<u>Summary project description</u>	<p>The Netherlands has one of the highest per capita health care expenditures in the world, and the growing healthcare needs of its rapidly ageing population might further exacerbate that problem. Through the Dutch Health Insurance Act (Zorgverzekeringswet - Zvw) that came into force in 2006, the Dutch government intends to reform the country's health care market and make health care more efficient. To this end, it has introduced regulated competition for both health insurance and healthcare provision. Further objectives include optimising the level of concentration and specialisation of providers, increasing transparency of healthcare spending, as well as maximising quality and cost-effectiveness of health care. The process of adapting infrastructure and service delivery model to the reform objectives by individual providers is still ongoing in the country.</p> <p>In the Netherlands, there are six types of institutions that provide hospital or medical specialist care: (i) university hospitals, (ii) non-university major "top-clinical" hospitals, (iii) general hospitals, (iv) day care clinics, (v) trauma centres, and (vi) narrow-specialised hospitals. Noordwest Ziekenhuisgroep (Noordwest Hospital Group, the promoter) is a private non-profit regional healthcare provider with "top clinical" status and hospitals located in Alkmaar and Den Helder, as well as outpatient centres in Heerhugowaard, Limmen, Schagen and Texel in the Dutch region of Noord Holland. Noordwest has developed its own strategic investment program aiming to adapt its model of care and infrastructure to the reform objectives, to improve the quality of health care services whilst at the same time minimising operational costs.</p> <p>The project supports the redevelopment plan of Noordwest and consists of:</p> <ul style="list-style-type: none"> i) Phase 1 of the construction (acute care axis) of the new hospital in Alkmaar and acquisition of medical equipment; ii) The rehabilitation of the Den Helder hospital; and iii) The upgrade of the Noordwest's electronic medical record system.

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	
Climate Action	42.50%
EFSI	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	6.00%
Projects that are in line with Horizon 2020	6.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	42.50%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	42.50%
EFSI: Human capital, culture and health	51.50%
Other human capital, culture and health	51.50%

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	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 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

This operation finances the construction and renovation of existing hospital facilities as well as the purchase of medical equipment and the upgrading of the record system of a top clinical/non-University Hospital Group. The contribution of this operation is therefore in alignment with the EFSI objective of health and support of innovative health solutions and increases EFSI support towards social infrastructure.

This operation is additional in respect to the EFSI regulation and addresses a sub-optimal investment situation as can be demonstrated by the following aspects:

The Dutch authorities aimed at enhancing the healthcare sector and healthcare spending by introducing several regulatory reforms. These reforms triggered a switch from a budget to a performance based revenue system, the re-designing of the basic insurance packages and caused the Ministry of Health to be no longer involved in investment decisions causing healthcare providers being obliged to obtain adequate financing themselves. Due to a significant reduction in the availability of a loan guarantee by the WfZ, obtaining adequate financing has become increasingly difficult from commercial banks as well as from public authorities.

The operation represents significant risks, which cause this operation to fall into the Special Activity category of the EIB. This is primarily due to the combination of the de facto subordination of the EIB loan due to the 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 Group.

While significantly enhancing the project's financing profile, the EIB loan will also contribute to the diversification of the funding structure in regard to the maturity profile and creditor base.

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 conservative, private sector investors.

Such a loan, due to the overall risk profile to the proposed financing, could not have been provided at the same terms and conditions by the EIB without the support of the EFSI guarantee. Stichting Noordwest Ziekenhuisgroep will be a new client for the EIB and this operation will have a strong signalling effect for investments under EFSI in the social sector, demonstrating the availability of long-term non-guaranteed financing by the EIB and should have a strong stimulus impact on co-financiers for the sector at a time when financing options are experiencing constraints.

Set of indicators related to the macroeconomic environment

Netherlands - Economic environment

Economic Performance

	NL	EU	US	NL
	2018	2018	2018	2001-2007
GDP per capita (EUR, PPS)	37,509	29,440	42,615	37,307
GDP growth (%)	2.2	1.9	1.6	2.0
Potential GDP growth (%)	1.3	1.3	2.1	2.1
Output gap (% of potential GDP)	-0.76	-0.75	-0.03	-0.41
Unemployment Rate (%)	5.4	8.2	4.7	4.7
Unemployment Rate (%) - Y/Y change (% points)	-1.2	-0.8	-0.3	0.09
Bank-interest rates to non-financial corporations (%)	1.2	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.07	-0.21	-1.4	-0.06
Investment rate (GFCF as % of GDP) - Total	19.8	19.7	19.6	21.3
Investment rate (GFCF as % of GDP) - Public	3.4	2.7	3.4	4.0
Investment rate (GFCF as % of GDP) - Private	16.4	17.0	16.2	17.3

General Sector Indicators

	2013	2014	2016	2018	EU (latest available)
Value added in Human health activities (% of total)	--	--	--	--	5.3
Employment in Human health activities (% of total)	--	--	--	--	--

Health

	2013	2014	2016	2018	EU (latest available)
Life expectancy (years)	81.4	81.8	81.6	--	80.6
Healthy life years at birth (Males)	61.4	63.3	--	--	61.4
Healthy life years at birth (Females)	57.5	59.0	--	--	61.8
Old age dependency ratio (65+/ 15-64 years)	25.5	26.4	27.2	27.8	29.3
Perinatal mortality per 1,000 live births	3.8	--	--	--	--
Hospital beds per 100,000 inhabitants	--	--	--	--	550.3

- 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	30.06.2022
Project investment cost	257.10 MEUR
EIB/EFSI eligible investment mobilised	257.10 MEUR
External EFSI multiplier	2.14
External EIB (non-EFSI) multiplier	
Amount of private financing	37.10 MEUR
Quick start (% of expenditure during 2015-2018)	
Co-financing with national promotional banks	100.00 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	430.00 MWh/a
Climate Action indicator	42.50% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	1,130 person years
Employment during operation - new permanent jobs	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.