

EFSI Operation Scoreboard¹

| PROJECT PRESENTATION | |
|---|---|
| <u>Project name</u> | MADEIRA NEW CENTRAL HOSPITAL |
| <u>Promoter and financial intermediary</u> | REGIAO AUTONOMA DA MADEIRA |
| <u>Country of implementation</u> | Portugal |
| <u>Summary project description</u> | <p>The proposed operation consists of the construction and equipment of the New Central Hospital in Funchal, Madeira, Portugal ("NCH" or "the Project").</p> <p>The Project aims to improve the quality of the medical services provided and the working environment in the hospital facilities in the region. The total investment cost of the project consists of: i) Construction of the hospital building; ii) Acquisition of equipment (general, medical and clinical) and iii) Construction of technical buildings and parking.</p> <p>The need for a new hospital in Madeira results from the progressing obsolescence of the two existing hospitals in the archipelago, namely Hospital Dr. Nélio Mendonça and Hospital dos Marmeleiros. These hospitals are operating at full capacity, with limited expansion possibilities, and are facing increasing difficulties to satisfy the evolving healthcare needs of the population.</p> <p>The Project entails the substitution of the above-mentioned two existing hospitals (which will be progressively discontinued) by the NCH, which is expected to be fully capable to meet the region's healthcare needs and provide an adequate response to the population evolving necessities. The NCH will provide medical services to around 255,000 people and will have 565 beds. It will comprise hospitalisation units, outpatient services, emergencies, diagnostics and therapy services.</p> <p>The NCH will support the improvement of the quality and efficiency of medical services (in particular by a significant upgrade to modern standards of the hospital infrastructure and equipment), while contributing to the financial and operational viability of the regional health care system.</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 Project is expected to produce significant economic and social benefits, notably by upgrading the supply of healthcare services to respond to the needs of the population (both permanent local residents and tourists). The NCH will also improve the efficiency and effectiveness in the delivery of healthcare services in the archipelago, by replacing two outdated hospitals and by concentrating all units in one modern central facility.

The participation of the Bank will not only provide the Autonomous Region of Madeira with the adequate financing structure to implement the Project but it will also demonstrate EIB's capacity to finance EFSI operations in outermost regions, as this would be the first EFSI project to be financed in an outermost region of Portugal. Hence, EIB support to this Project will be in line with the EU strategy for the outermost regions and contribute to bridge the geographical distance with these strategic points located around the world but inhabited by European citizens, thus projecting Europe's presence and values in the globalised world.

PROJECT PILLAR ASSESSMENT

Pillar 1

| Contribution to EU policy | | High |
|---|--|---------|
| Cross-cutting objectives | | |
| EIB Cohesion Priority Regions / Economic and Social Cohesion | | 100.00% |
| EFSI | | |
| Contribution to EFSI | | 100.00% |
| EFSI: Human capital, culture and health | | 80.00% |
| Other human capital, culture and health | | 80.00% |
| EFSI: Less-developed regions and transition regions | | 20.00% |
| Less-developed regions and transition regions as listed respectively in Annex I and Annex II of Commission Implementing Decision 2014/99/EU | | 20.00% |

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 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 | | 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 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 and the development of less-developed regions and transition regions, this operation finances the construction and equipment of the new Madeira Central Hospital that will replace two existing hospitals in the Madeira Region. The operation will address the objective of supporting less-developed regions and transition regions as 100% of the operation will be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The proposed operation addresses a suboptimal investment situation in the public healthcare sector related the insufficient long-term funding available from commercial banks to match the project requirements and to budgetary restrictions in the context of the debt and fiscal consolidation both at State and Regional level that led to strong cost containment measures in the health sector, preventing public healthcare providers from having the adequate financial resources to modernize, expand and, in some cases, even appropriately maintain the current infrastructures. With a long tenor that will match the economic life of the assets, the EIB financing will be addressing this suboptimal investment situation. Financing the proposed project will generate positive externalities through the provision of health services that benefit the society at large and the broader economy.

The project is expected to be classified under the EIB Special Activities category. The loan will be unsecured and carry a longer tenor than other lenders, creating structural subordination. As such, the EIB would not be able to provide such type of long-term financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The financing provided by the EIB is expected to provide a quality stamp on the project and crowd-in additional private and public sector financing.

Set of indicators related to the macroeconomic environment

Portugal - Economic environment

Economic Performance

| | PT 2018 | EU 2018 | US 2018 | PT 2001-2007 |
|---|------------|------------|------------|-----------------|
| GDP per capita (EUR, PPS) | 23,782.76 | 30,935.11 | 43,569.11 | 23,148.80 |
| GDP growth (%) | 2.13 | 1.96 | 2.85 | 1.20 |
| Potential GDP growth (%) | 1.57 | 1.60 | 2.23 | 1.44 |
| Output gap (% of potential GDP) | 1.21 | 0.61 | 0.74 | 0.00 |
| Unemployment Rate (%) | 6.60 | 6.60 | 3.90 | 7.80 |
| Unemployment Rate (%) - Y/Y change (% points) | -1.30 | -0.60 | -0.20 | 0.55 |
| Bank-interest rates to non-financial corporations (%) | 2.33 | 1.26 | -- | 4.55 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | 0.80 | -0.06 | -- | -0.05 |
| Investment rate (GFCF as % of GDP) - Total | 17.05 | 20.54 | 20.84 | 24.06 |
| Investment rate (GFCF as % of GDP) - Public | 1.96 | 2.85 | 3.30 | 4.15 |
| Investment rate (GFCF as % of GDP) - Private | 15.08 | 17.68 | 17.53 | 19.90 |

Health

| | 2014 | 2015 | 2016 | 2017 | EU (latest available) |
|---|--------|--------|--------|--------|-----------------------|
| Life expectancy (years) | 81.30 | 81.30 | 81.30 | 81.60 | 80.90 |
| Healthy life years at birth (Males) | 58.30 | 58.20 | 59.90 | 60.10 | 63.50 |
| Healthy life years at birth (Females) | 55.40 | 55.00 | 57.40 | 57.00 | 64.00 |
| Old age dependency ratio (65+/ 15-64 years) | 30.30 | 31.10 | 31.80 | -- | 29.30 |
| Perinatal mortality per 1,000 live births | -- | -- | -- | -- | 4.02 |
| Hospital beds per 100,000 inhabitants | 331.91 | 336.84 | 339.33 | 339.34 | 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 | [...] |
| End of works | 01.06.2024 |
| Project investment cost [MEUR] | 320.58 MEUR |
| EIB/EFSI eligible investment mobilised [MEUR] | 301.95 MEUR |
| External EFSI multiplier | 2.01 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing [MEUR] | 74.08 MEUR |
| Quick start (% of expenditure during 2015-2018) [%] | |
| Co-financing with national promotional banks [MEUR] | 0.00 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] | 0.00 MWh/a |
| Climate Action indicator | |
| Employment during construction - temporary jobs [person years] | 2,175 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.