

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	RESEAU LIAIN - TRES HAUT DEBIT AIN
<u>Promoter and financial intermediary</u>	SYNDICAT INTERCOMMUNAL D'ENERGIE ET DE E-COMMUNICATION DE L'AIN
<u>Country of implementation</u>	France
<u>Summary project description</u>	<p>The project relates to the design and roll-out of a publicly owned passive fibre fibre to the home (FTTH) broadband network PIN ("Public initiative network" or "Réseau d'Initiative Publique" or "RIP") in the Ain department, France. The Project increases the coverage of the promoter's existing FTTH network by 202 000 households, from 115 000 to 317 000, to cover 100% of the Households in the Department currently not served by commercial operators and where no operator is planning to deploy its network in the near future (the so-called "white spots"). Investments across this area are, in the absence of public subsidies, commercially unviable given the high rolling out costs resulting from the relatively low population density and broadband penetration observed in these areas.</p> <p>The design of the project foresees the construction of around 16 000 km of linear fibre, 42 Optical nodes (NROs) and of 660 street cabinets. The project also includes the roll-out of a backbone network to connect the NROs, a backbone network to connect 5 existing Central Offices as well as the active equipment needed to provide active services, such as the RF over Fibre services.</p> <p>The promoter, the public sector SIEA (Syndicat Intercommunal d'Energie et de e-communication de l'Ain) has decided not to make use of any type of Public-Private Partnership structure as it is common for most of the RIP projects being implemented in France. Instead, the promoter is contracting the design and construction of the network under a conventional works and services contracts and will perform the operation and commercialisation of the network and services within its own organisation.</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 [...].

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 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

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.

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 400 municipalities of AIN which are currently not adequately 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 implementation 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.

Therefore, this operation is considered risky and will be classified as under the EIB Special Activity risk category. This is mainly due to unsecured form, the long-term tenor, the non-profit nature and relatively weak credit standing of the borrower due to a limited budgetary capacity of its 393 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, or not to the same extent, 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 operation, 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 second financing to a syndicate in the broadband sector in France.

Set of indicators related to the macroeconomic environment

France - Economic environment

Economic Performance

	FR 2018	EU 2018	US 2018	FR 2001-2007
GDP per capita (EUR, PPS)	31,988.40	30,935.11	43,569.11	31,052.70
GDP growth (%)	1.58	1.96	2.85	1.90
Potential GDP growth (%)	1.21	1.60	2.23	1.77
Output gap (% of potential GDP)	0.35	0.61	0.74	1.68
Unemployment Rate (%)	8.90	6.60	3.90	8.50
Unemployment Rate (%) - Y/Y change (% points)	-0.19	-0.60	-0.20	-0.18
Bank-interest rates to non-financial corporations (%)	1.37	1.26	--	3.53
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.02	-0.06	--	0.00
Investment rate (GFCF as % of GDP) - Total	22.92	20.54	20.84	21.75
Investment rate (GFCF as % of GDP) - Public	3.38	2.85	3.30	3.91
Investment rate (GFCF as % of GDP) - Private	19.53	17.68	17.53	17.84

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Telecommunications (% of total VA)	1.25	1.26	1.27	1.18	1.25
Employment in Telecommunications (% of total employment)	0.43	0.41	0.40	0.39	0.46

Information and communications technology

	2014	2015	2016	2017	EU (latest available)
The Digital Economy and Society Index (DESI) (composite index)	43.49	46.22	42.96	45.55	52.25
Fixed broadband subscriptions (lines) per 100 people	39.26	40.48	41.53	42.49	32.65
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	42.60	44.80	47.01	51.88	83.14
Mobile broadband subscriptions per 100 population	64.35	78.68	80.70	--	83.89
Internet bandwidth (kb/s per user)	17.00	12.00	--	--	--

- 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	01.01.2019
End of works	31.12.2022
Project investment cost [MEUR]	273.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	269.00 MEUR
External EFSI multiplier	2.24
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	40.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	40.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	4.00 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]	800 person years
Employment during operation - new permanent jobs [FTE]	10 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.