



# **Broadband tools, strategy and policy of the EC in the new programming period**

**Bratislava, 11 November 2014**

**Nicolae Ticau  
Policy Officer  
Broadband Policy Unit (CNECT B5)  
DG Communications, Networks Content and Technology**



# Part 1

## **Broadband deployment Where do we stand now?**



# Digital Agenda for Europe (DAE) 2010-2020

- Over 100 actions for the Commission and Member States to fully exploit the potential of ICT and broadband
- 3 targets on Broadband:
  - Basic broadband for all citizens by 2013
  - Coverage: Next Generation Networks (NGN) (30 Mbps or more) for all by 2020;
  - Uptake: 50% of households having 100 Mbps subscriptions or higher by 2020.

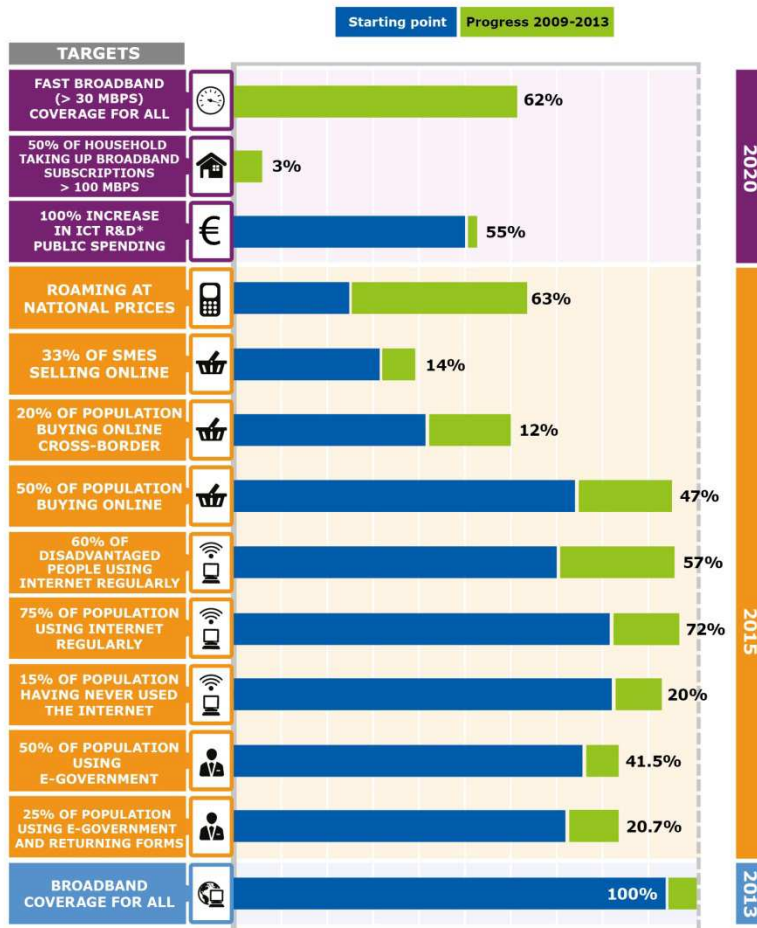


# Broadband targets EU Digital Agenda



## Progress

### DIGITAL AGENDA TARGETS



\*R&D: Research & Development

Source: European Commission, Digital Agenda Scoreboard 2014

- **Basic broadband** target **achieved** in autumn 2013
- **Challenges** ahead for **fast and ultra-fast broadband** coverage and take-up 2020 targets
- "close to target" in areas such as eGov, internet usage and partly eCommerce



## **Part 2**

# **EU policies and the way forward**



# How will the BB targets be met?

- Because of its strategic importance, the EU is supporting the upgrade and deployment of new broadband networks in several ways:
  - Regulatory initiatives;
  - Policy initiatives;
  - Financial support





## Connected Continent - vision

- Contribute to a **single market** based on freedoms of providers and consumers to act across borders, leading to **gradual market integration**
- Build on current legislation with **focused measures** against identified barriers
- Maintain market regulation based on **competition principles**
- Safeguard **open Internet**, leaving space for innovation
- Enable benefits of **economies of scale** to be passed to consumers **without prejudicing efficient operators of any size**
- **Minimal governance changes** to ensure collaborative, strategic European approach



# The planned legislative measures

## Single consumer space

- Harmonised end-user rights
- Open Internet: net neutrality
- Phasing out roaming

## European inputs for high-speed broadband

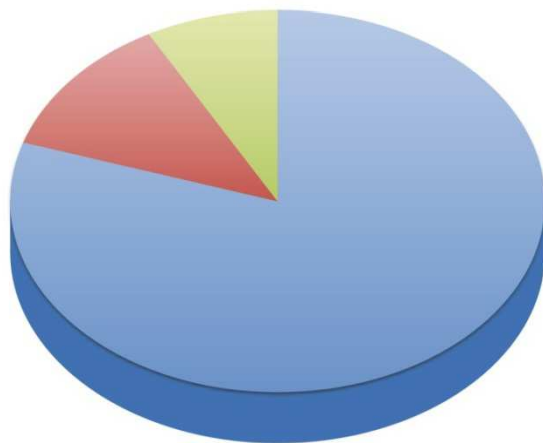
- Wireless: spectrum coordination; facilitating small cells
- Fixed: European virtual access products



## Cost reduction Directive

- Adoption of broadband cost reduction Directive by EP in first reading on 3 April 2014; transposition 1 January 2016

### **Rolling out high-speed communication networks is expensive and cumbersome**



- Civil engineering
- Internal connections
- Equipment, wiring, etc.

- Up to 80% of the costs are linked to civil engineering
- These costs are unnecessarily high due to the presence of various bottlenecks and economic inefficiencies.
- As a result: grey and white areas often too expensive to cover.




## BB Cost Reduction: objectives

**Better use of existing infrastructure and more transparency, incl. cross-utility**

**Improved coordination of civil engineering**

**Simplify permit granting process**

**Buildings ready for access to high-speed internet**



**Reduce costs of broadband rollout by 20 to 30% and make it easier**



## Public financing

- Where the market cannot deliver, local, regional, and national authorities will have to close the financing gap
- Main financing instruments:
  - Connecting Europe Facility (CEF): Some complementary EU support by means of financial instruments
  - 2014 - 2020: ICT a priority in the European Structural and Investment Funds (ESIF)



## ESIF funding for broadband

- A significant share of the EU budget is spent on **cohesion policy** with ICT (incl. broadband) being one of multiple objectives
- Budgetary period **(2007 – 2013)**:
  - c. €2.3bn allocated to broadband, c. €14.5bn to ICT
  - Further resources from Rural Development Funds (c. €688m )
- **2014 - 2020**: ICT is one of four "**concentration themes**" in the European Regional Development Fund (ERDF) — negotiations ongoing: **provisional budget in the area of 15bn EUR for ICT, 5.7 of which are for broadband (EAFRD+ERDF).**
- Towards substantial increase in ICT and broadband spending if MS:
  - select ICT/broadband as spending priority
  - build an executable investment pipeline (NBPs)



## CEF - Context

- **Ambitious Commission proposal** for 2014-2020 MFF
- Broadband component drastically decreased
- Final compromise: **€150 million for broadband**, of which 1/3 for networks above 100 Mbps
- **Objective:** support the "efficient flow of private and public investments (...)"
- Two main ways: financial support and technical assistance





## Joint EU/EIB support

- CEF financial support cannot take the form of a grant and can only be allocated via the EIB
- CEF support takes the form of credit enhancement. Concept is to take part of the investment risk, thus improving risk profile for other investors/providers of financing
- Credit enhancement can be done through loans, guarantees or project bonds
- CEF credit enhancement can also be combined with the ESIFs





European  
Commission

## **Part 3**

# **Our mission(s)**



## An important moment

- DSM among the new Commission's top priorities + €300 billion package in preparation including Broadband
- New legal framework?
- CEF ready for service
- ESIFs almost finalised
- New tools (CCI,EBP & BB investment guide) to inform, share and advise







# The Juncker Commission

- The Digital Single Market and Broadband Infrastructure are among the top priorities
- Reflected in a new structure:
  - Günther H. Oettinger: Commissioner in charge of digital economy & society
  - Andrus Ansip: VP in charge of digital single market
  - Jyrki Katainen: VP in charge of jobs, growth, investment and competitiveness



# Günther H. Oettinger mission

Digital Economy and Society



- Contribute to the jobs, growth and investment package to be presented within the first three months of the Commission's mandate.
- Focus on supporting the deployment of a high-quality, digital network infrastructure, underpinning all sectors of the economy across borders, progressively on a continental scale.



# Andrus Ansip mission

VP Digital single market



- Support the project to present the jobs, growth and investment package.
- States that "The package should help to mobilise additional public and private investment for infrastructure such as broadband networks."



# Jyrki Katainen mission

VP Jobs, Growth, Investment, and Competitiveness



- Work to deliver swiftly, within the first three months of the Commission's mandate, the jobs, growth and investment package.
- States that "this should allow us to mobilise up to EUR 300 billion in additional public and private investment in the real economy over the next three years."



# Corina Crețu mission

Regional policy



- Pay particular attention to the contribution that the funds under your responsibility can make to completing the Digital Single Market.



European  
Commission

# Part 4

# Our tools



# Building a pipeline: The Connected Communities Initiative

- Objective: help local communities preparing projects for bankability assessment (TA)
- Connected Communities is a pre-screening exercise to detect potential projects and feed pipeline building





## CCI: how does it work

- Every project idea put forward by a local community, managing authority, territorial entity in the EU-28 is eligible. The project has to have a part financed through debt (no 100% grant).
- What will be delivered? CCI is a call for expression of interest, retained projects will go to the TA platform which will deliver funding for covering TA activity. No project funding under CCI is envisaged. Project funding will be given by the EIB under the CEF programme. Provision of TA under CCI does not entail directly or necessarily CEF support
- Press release: [http://europa.eu/rapid/press-release\\_IP-14-819\\_en.htm](http://europa.eu/rapid/press-release_IP-14-819_en.htm)
- Application form: <https://ec.europa.eu/digital-agenda/en/node/70418>







## CCI : Timeline overview

- We closed the Connected Communities first call for expression of interest on 15<sup>th</sup> of October
- In less than 3 months (summer included) we got more than 100 applications (currently under assessment) from 24 MS, beyond our expectations
- Most of the applications are from small communities and towns. This demonstrates that there is need for connectivity out there
- After the first phase is completed, a second phase will open, to refine the information provided under the first phase and complement it. The second phase will be opened until 31 December 2014. Then the projects will be evaluated by European Commission and World Bank experts and will obtain project-specific feedback (tentative date for this is 28 February 2015). The best projects will then receive a proposal of technical assistance.





# CCI : First phase is under progress

The projects will be grouped into these categories:

- **Drawing Board:** the project is not mature enough. Project proposals in this group will be invited to join the online community to discuss the project further if they wish to do so.
- **Intervention logic:** the project proposal has identified the main stakeholders (project promoters, financiers), with a general idea about areas to be covered, technology and costs. Project proposals in this group will be invited to submit additional information and relevant documents under the second phase and will be enrolled in the online community to discuss the project further.
- **Business plan:** a comprehensive business plan already exists and the main stakeholders have been identified, although some aspects are under developed and have to be clarified; and a tentative budget is included. Project proposals in this group will be invited to submit additional information and relevant documents under the second phase and will be enrolled in the online community, with a view to giving technical assistance.



# Broadband investment guide



- New version (22/09/2014) updates the guidelines published in 2011.
- Aims to help local, regional and national authorities to develop long-term broadband development plans, advises regarding the tools and methodologies.
- Available online: <http://ec.europa.eu/digital-agenda/en/news/broadband-investment-guide>

# Broadband investment guide – Investment Models

- MA
- Open market actors

Public-run municipal  
network

Public  
design, build  
and operate

Joint venture

- MA (ownership)
- Neutral operator
- Open market actors

Private-run municipal  
network

Public  
outsourcing

- Neutral operator
- Citizen coop

Community broadband

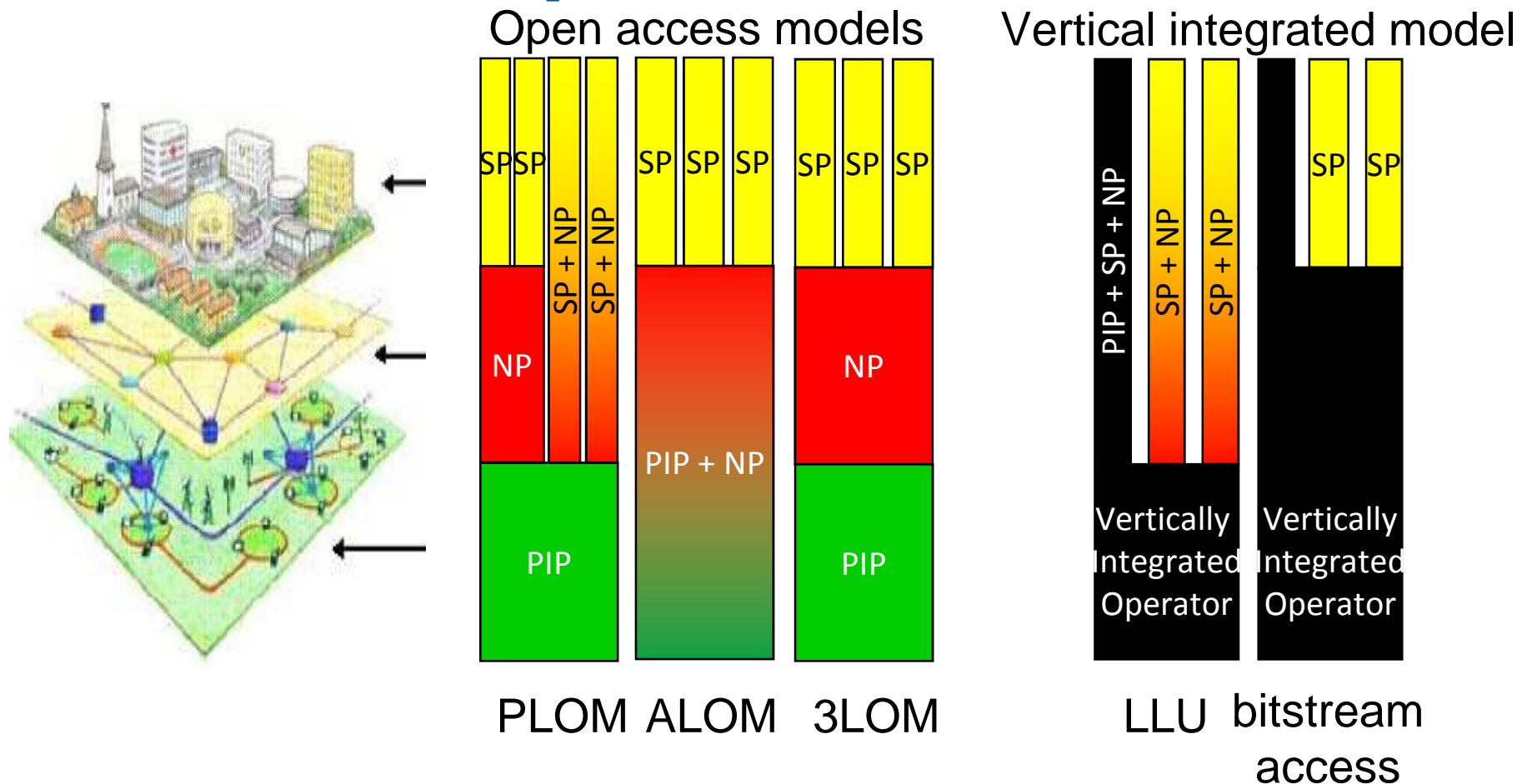
Bottom-up

- Vertical telco

Gap financing

Private  
design, build  
and operate

# Broadband investment guide – Network Layers and Business Models





## The broadband State aid rules explained

An eGuide for Decision Makers



FINAL REPORT  
A study prepared for the European Commission  
DG Communications Networks, Content & Technology  


# State-Aid Guide

- Broadband investments included into 'de minimis' rule. Granting of "small" amounts of support for your broadband project is exempted from the notification obligation.
- 'De minimis' rule applies when the total amount of grants for the same eligible costs over any period of three fiscal years does not exceed EUR 200,000 per beneficiary.
- Available online: <https://ec.europa.eu/digital-agenda/en/news/handbook-decision-makers-broadband-state-aid-rules-explained>



# Digital Agenda Toolbox

- Provides support to regional and national authorities for using European Regional Development Funds (ERDF) for ICT investments
- Available online:  
<http://s3platform.jrc.ec.europa.eu/dae-toolbox>

## High Speed Broadband

Tomorrow's digital services – from connected TV to cloud computing and e-Health increasingly rely on fast, effective broadband connections. 10% increase in broadband penetration brings up the GDP by 1.15%.

SHARE THIS



# European Broadband Portal

- Provides information by country on: broadband strategies and policies, state of broadband development, broadband financial instruments, public authorities and bodies responsible for broadband
- Shows broadband development best practices by country, including all relevant information on the best practices mentioned
- <http://ec.europa.eu/digital-agenda/en/high-speed-broadband>

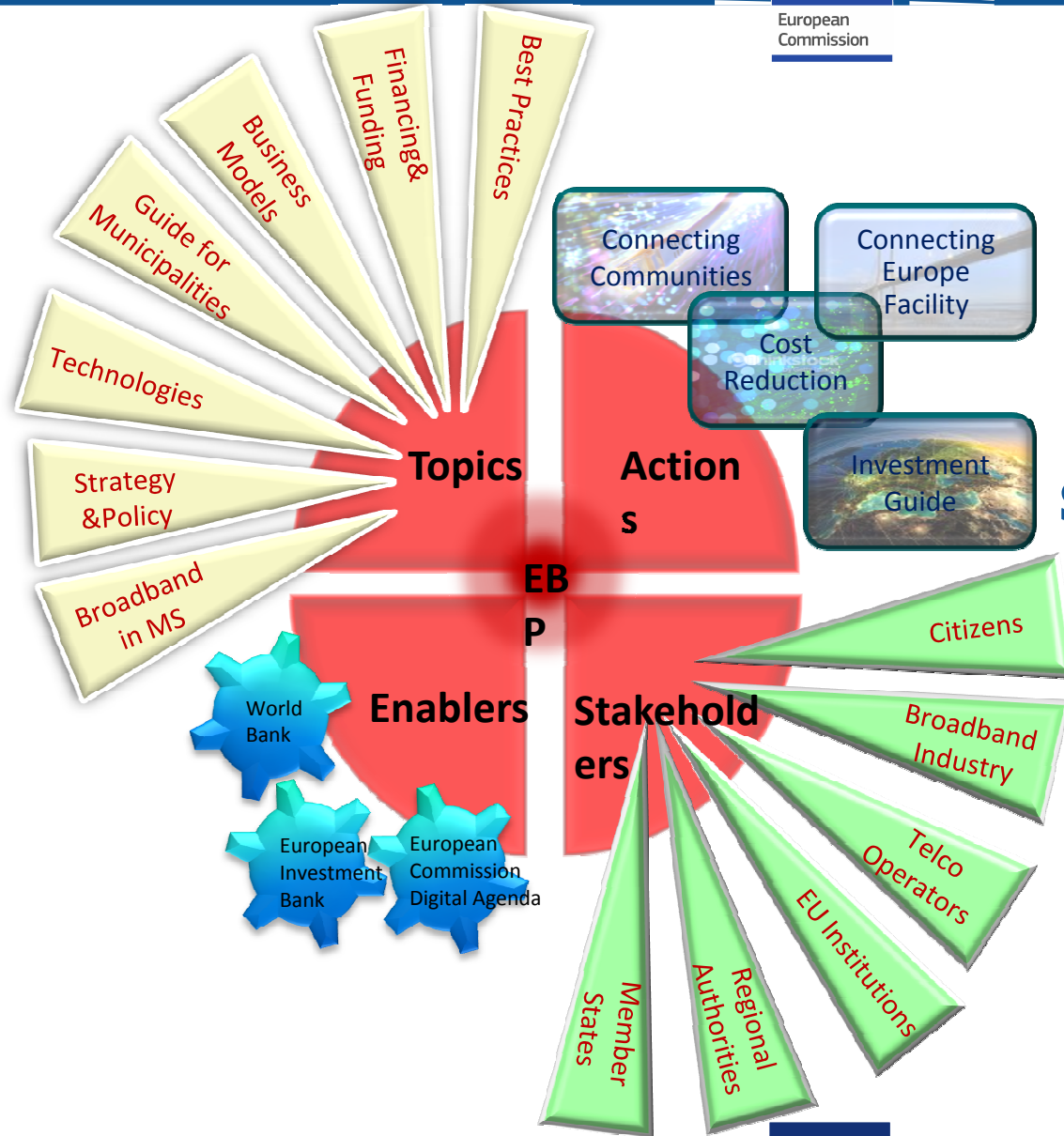




## **European Broadband Portal – next steps**

- Development of an interactive portal for stakeholders to exchange. Will include even more information
- Launch of a European award of best broadband rural development project
- Planning: early 2015





# The EBP as aggregation point for broadband stakeholders in the EU



**Thank you for your attention**

