



**European
Investment
Bank**

The EU bank

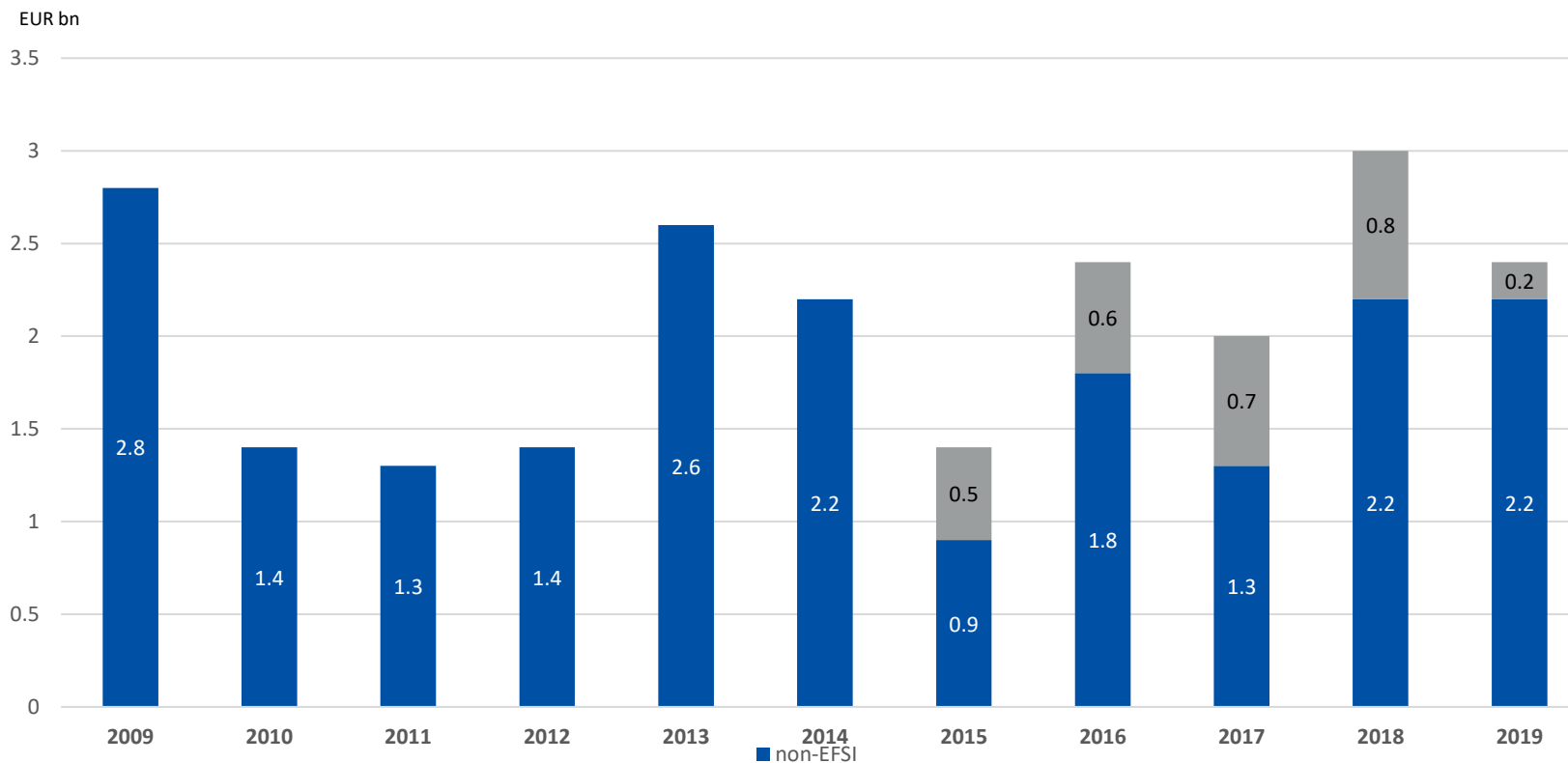
Unlocking investments in broadband networks in Europe

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EIB Lending in Telecommunication Infrastructure from 2009 -2019



EU Policy targets for infrastructure roll-out

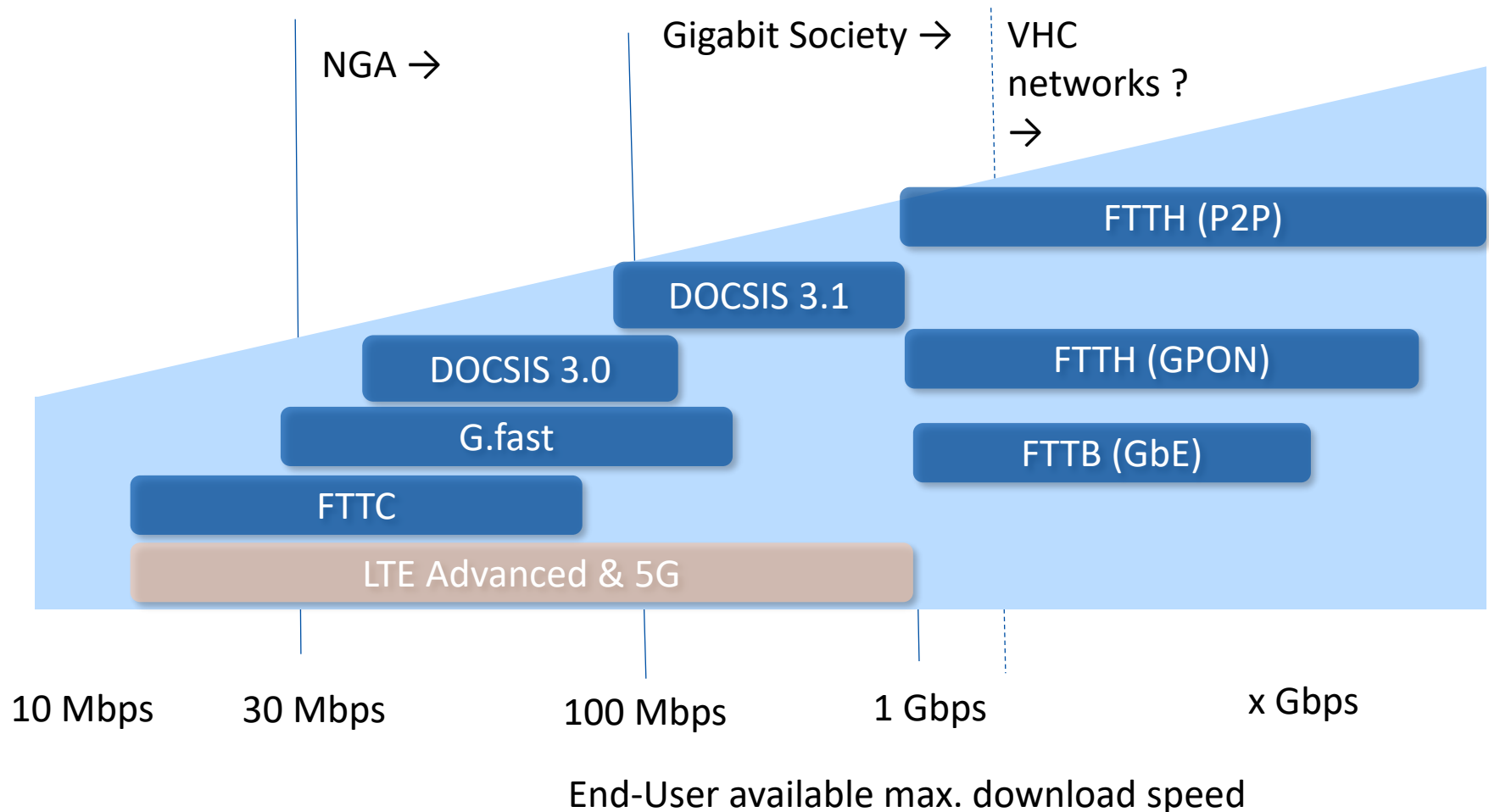
Goals

- ▶ Gigabit Society (GS): all citizens have access to 100 Mbps infrastructure (upgradeable to 1Gbps) by 2025 and 5G is available in cities and on transport corridors

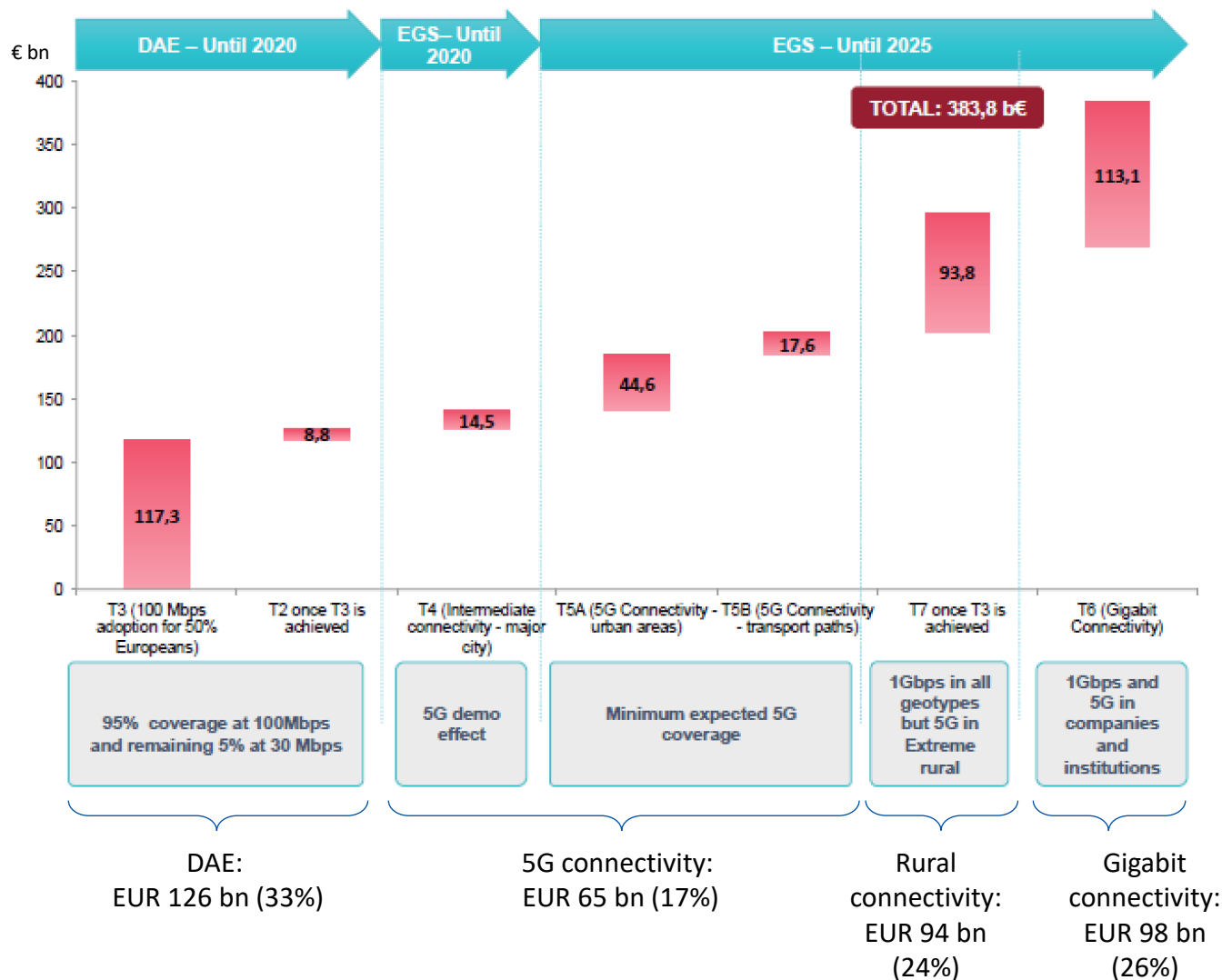
In market failure areas public support is available and will be

- ▶ Connecting Europe Facility (CEF) **CEF2**
- ▶ European Fund for Strategic Investment (EFSI) **Invest-EU**
- ▶ Regional Development Funds
- ▶ EIB, National Promotional Banks

“Very high capacity” (VHC) networks: what technology does it comprise?



The required investments to reach the build-out targets as agreed by European policy makers amount to EUR 384 bn until 2025.



Further analysis of the required investment:

Geotype	% Invest.	% Pr*
Urban	20%	32%
Suburban	25%	36%
Semi-rural	30%	21%
Rural	21%	10%
Extreme-rural	4%	1%

*Pr = Premises

- 72% for wired connections (premises, excl. companies)
- 36% in cohesion regions

The investment gap for public funding to reach the targets of the DAE and the EGS is ca. EUR 254 bn.

Expected private investments relevant for the DAE and EGS targets until 2025 amount to ca. **EUR 130 bn.**

→ **Cover (only) 33% of total investment needs**

→ **Investment gap: ca. EUR 254 bn**

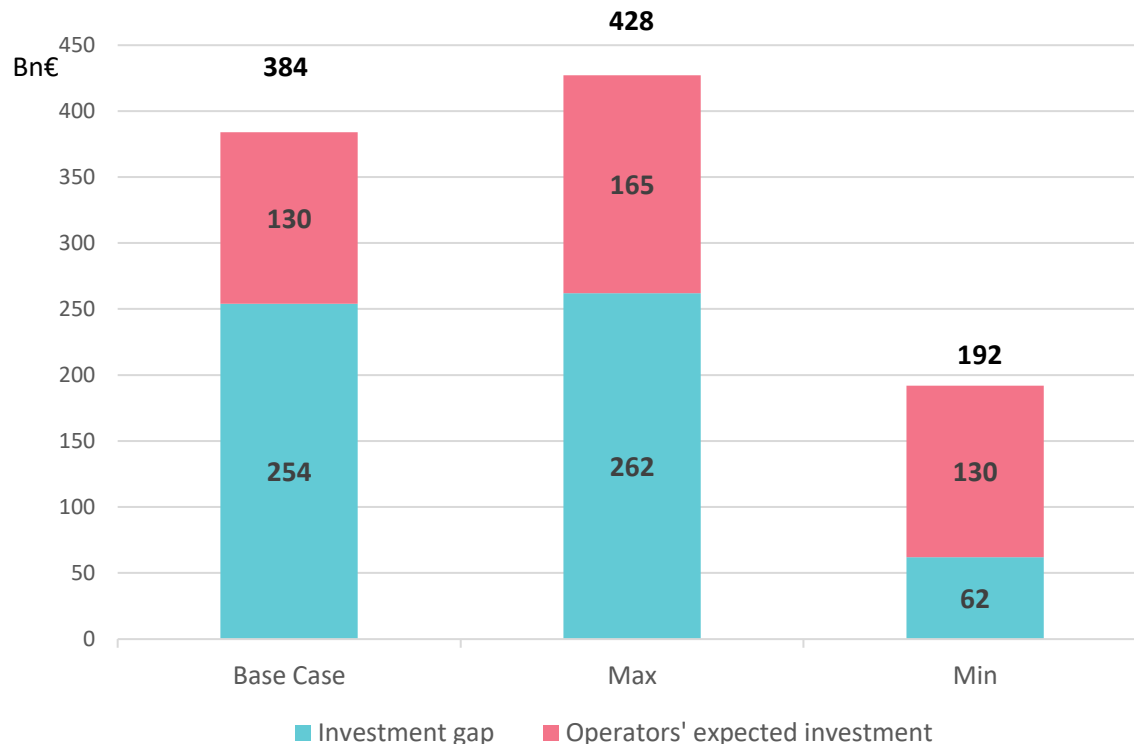
Alternative scenarios:

1. Max:

- FTTC in extreme-rural + max 5G quality
- Investment need: **+15% to EUR 428 bn**
- Private investments: **39%**
- Investment gap: **EUR 262 bn**

2. Min:

- Wireless technologies in all 3 rural geotypes + only 1m socio-economic drivers/enterprises
- Investment need: **-53% to EUR 192 bn**
- Private investments: **68%**
- Investment gap: **EUR 62 bn**



Challenges and remedies for rural projects

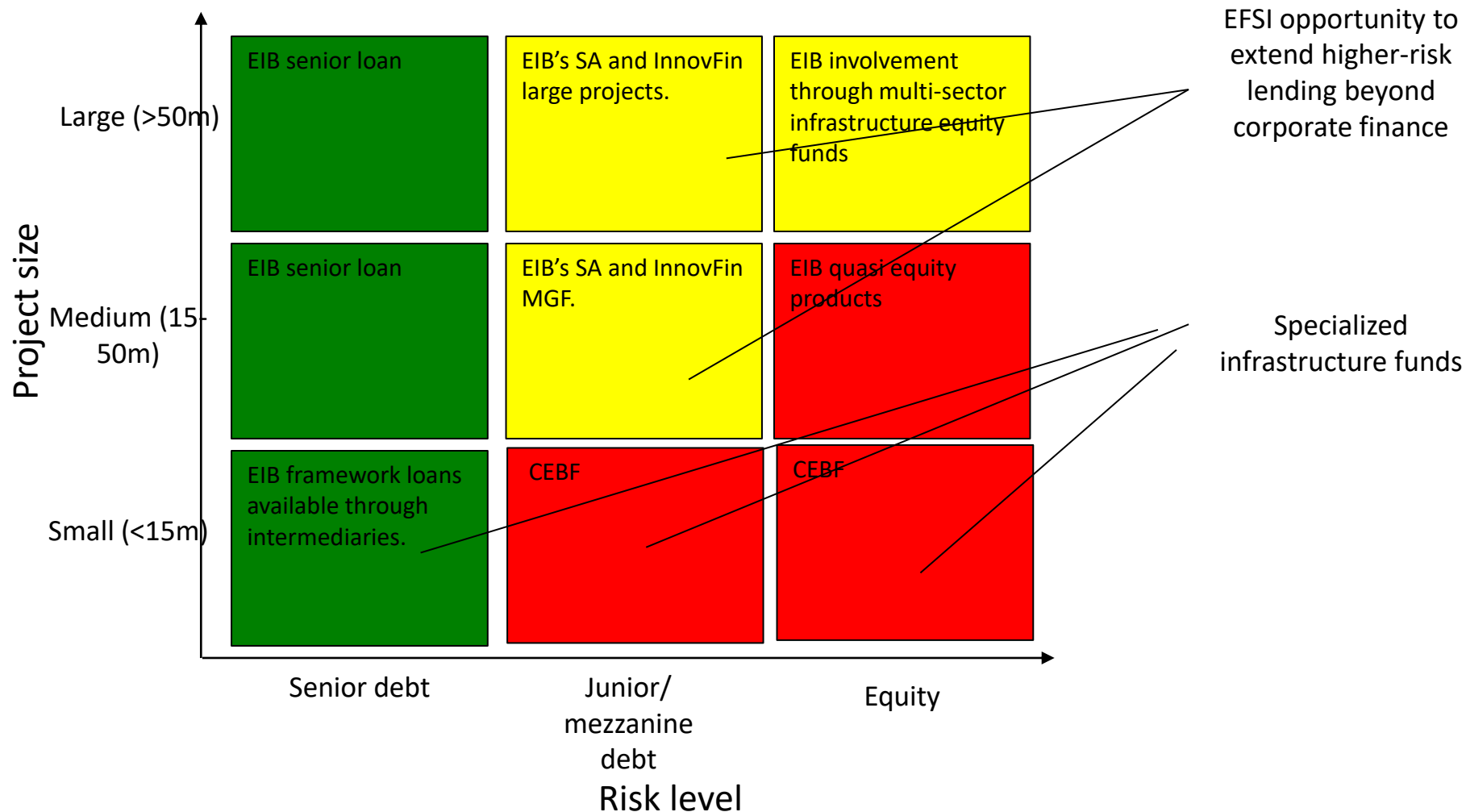
Challenges

- ▶ High unit cost
- ▶ Spatial dispersion
- ▶ Less availability of business experience

Remedies

- ▶ Technical assistance available from EIB
- ▶ Need for aggregation

EIB scope for financing broadband infrastructure



Conclusions

- ▶ Gigabits Society targets for VHC networks are well justified and necessary for Europe, but are far beyond what market forces can deliver
- ▶ Investment gap needs to be fulfilled with a substantial degree of public support
- ▶ State aid can be used to mobilize private investment
- ▶ Technical assistance needs to be provided for project promoters outside the sector
- ▶ More to come in new Commission Financial Framework and cooperation with EIB

Thank you