

# *The value of the broadband investment*

**Open Days 2009**

**SFERA ANNUAL CONFERENCE and ICT-SF COUNCIL MEETING**

**Improving the Deployment of Innovative Broadband Networks in European Regions**

**9TH OCTOBER 2009 | BRUSSELS**

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INFSO C1 Unit: Lisbon Strategy and i2010"

DG Information Society and Media

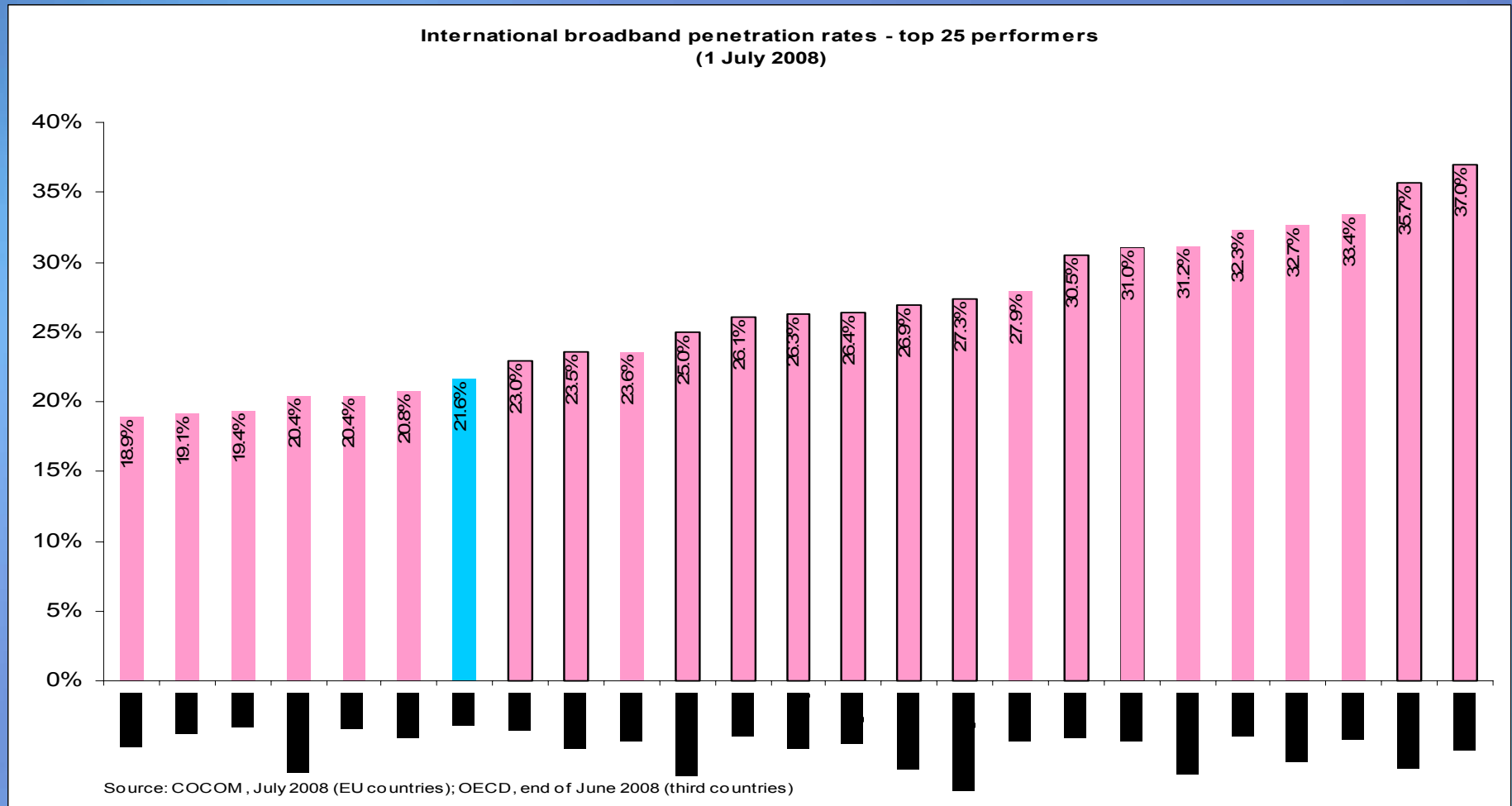


# EU Broadband Strategy: BB Challenges ahead (1)

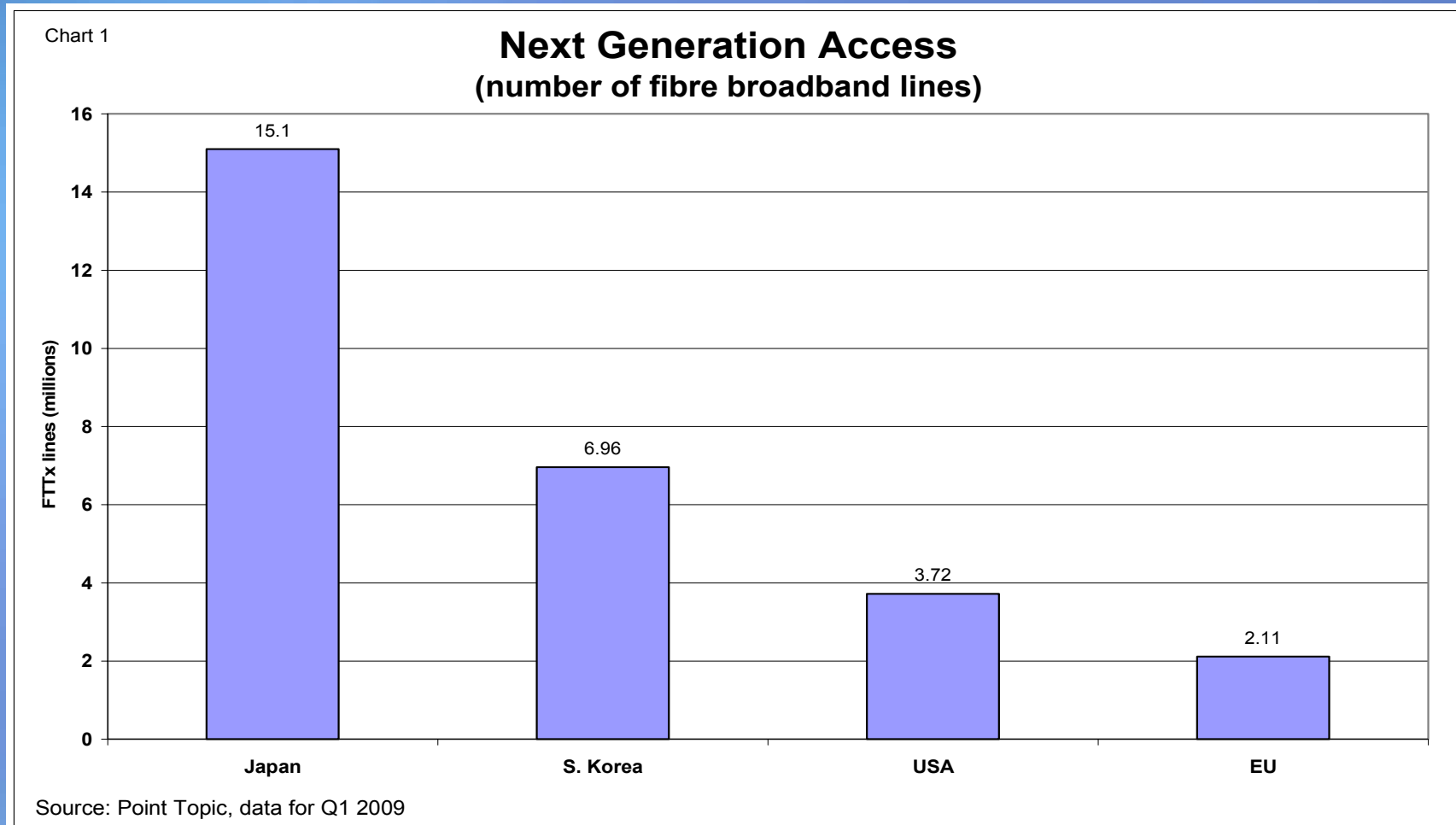
- **Increase of users and in internet traffic: By 2011, internet traffic is predicted to increase 10 fold over its 2006 level**
- **Internet freedom to choose: nee to maintain internet open, transparent and neutral**
- **Higher Speeds & Better Quality: Upgrading legacy infrastructures is difficult to finance:**
- The EU lags behind its major competitors in the development of NGA (slide)
- The current business case is weak because the positive effects expected from faster communications are not captured by the prices consumers are currently willing to pay.
- Challenge: how to **encourage investment in NGA infrastructures by all different actors.**



# Broadband Penetration International Comparison



# NGA International Comparison



# EU Broadband Strategy: Challenges ahead (2)

## The wireless web

- In 2009, the number of mobile subscribers surpassed 4 billion
- 3G services with nearly 500 million subscribers worldwide
- Need for a seamless fixed-wireless web
- High speed wireless broadband particularly important in remote regions with difficult terrain
- Need for a co-ordinated approach by Member States to allocate high quality spectrum including digital dividend



# EU Broadband Strategy: Challenges ahead (3)

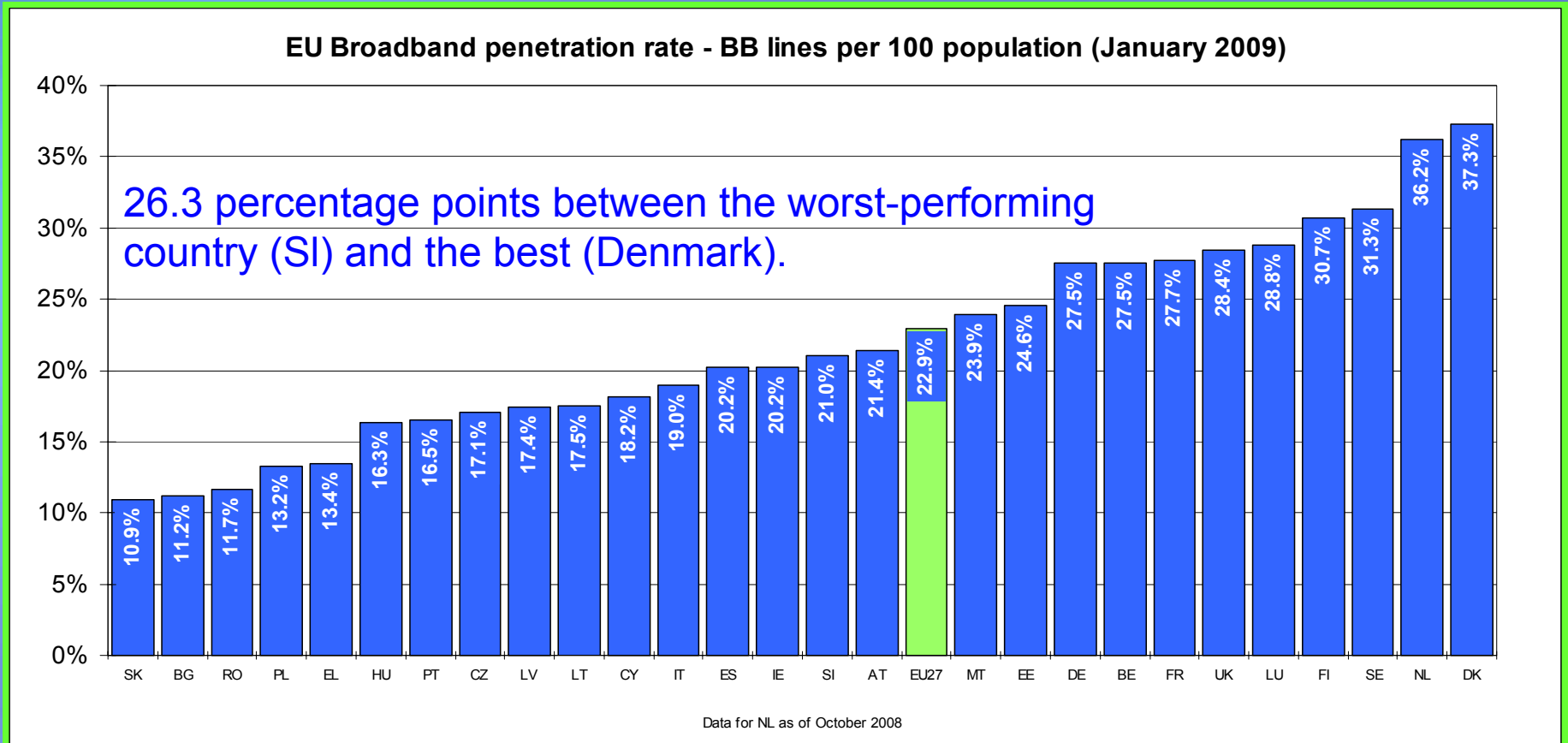
## Broadband for All

- **Several Member States have put 100% targets in their national broadband strategies. UK, Finland, France etc**
- **Urban-rural gap in coverage: BB is still unavailable to 7% of Europeans and to 23% of the rural population**
- **Risk of less developed regions falling behind**
- **Inclusion of BB as Universal Service: an on-going discussion**
- **Public support for BB: The role of public authorities and public utilities**



# EU Broadband Penetration Rate January 2009

 EU penetration average: 22.9%





Information Society and Media

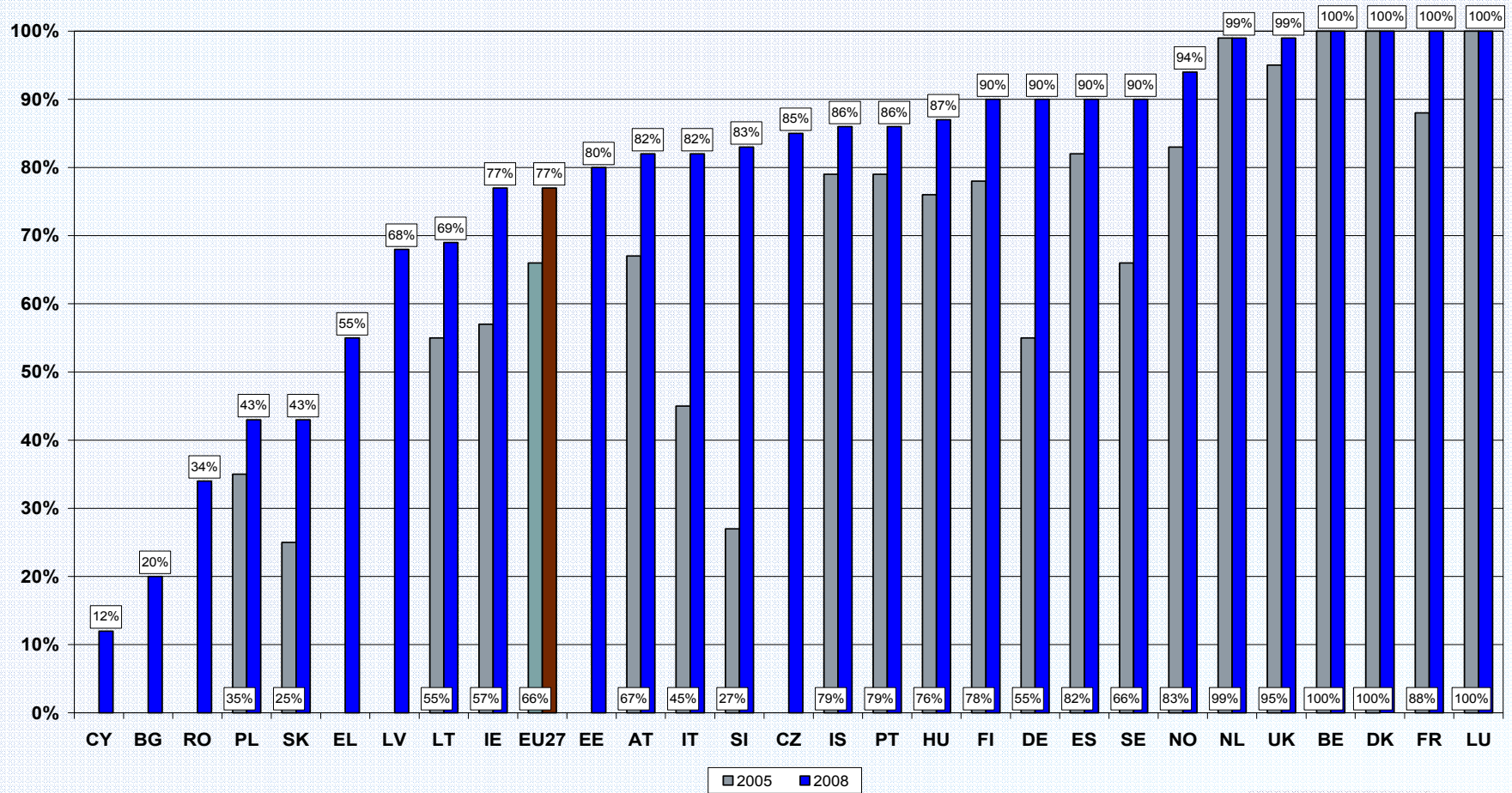
# Growth in DSL rural coverage as % population 2005-2008



i2010

Information Space  
Innovation & Investment in R&D  
Inclusion

Growth in DSL rural coverage in the EU (in % of total population)



European Commission

K Ducatel: DG Information Society and Media, Unit: Lisbon Strategy and i2010



- **France -  $\geq 512$  Kbps at  $<€ 35$  pr month**
- **Ireland – National Broadband Scheme at € 19,95 pr month;**
- **Finland**
  - 2010: At least 1 Mbps to all
  - 2015: 100 Mbps to all (within 2 KM reach to optical Fibre)
- **Germany**
  - at least 1 Mb/s till 2010;
  - at least 50 Mb/s available to 75% of the German households till 2014,



## Fiber to the home (FTTx)

- **Slovenia**

- 2020 – FTTH to 90%

- **Malta**

- 2010 – FTTH to 100% homes

- **Finland**

- 2015 – FTTH  $\leq$  2 km to 99%



## Example of National Broadband Strategies Focus on new services

- **Denmark -**
  - Green ICT
- **Estonia**
  - Focus on use, penetration, skills, knowledge-based economy, ICT sector
- **Netherlands -**
  - Skills, service innovation, eGov services
- **Norway**
  - eGov services, education, eHealth
- **Poland**
  - Innovation, inclusive society, R&D, public services, quality of life



# Key Example: Finland

- Why 100 Mbps high speed broadband?
  - Faster and more symmetrical connections are needed for Teleworking; Development of social services; Remote health care; High definition television; Download films; Competition in distribution of television programmes
- Financing model
  - High speed connection on market terms to 95%
  - Coverage up to 99% by subsidized connections
    - 120 000 households
    - Total cost € 200 million
    - Telecom operators will cover 1/3
    - Public aid 2/3
    - Part of public expenses from radio frequency auctions, state, municipalities, EU
  - Stakeholders: Regional councils, Finnish Telecom Reg. Authority, Ministry of transport and communications, Ministry of the environment, Telecom operators



# Commission Actions

- **Need to open up market and avoid new monopolies**
- **Recommendation guiding investment in NGA**
- **State aid rules for public support to broadband and NGA**
- **Use of financing instruments to speed up broadband deployment – especially in underserved areas**



## EC financing mechanisms for ICT in the regions

### Community Strategic Guidelines for Cohesion, CSG:

“Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and *innovation capacities, including new information and communications technologies*”

### About 15.2 Billion of Structural Funds on the Information Society

- **2.2 Billion on telecom infrastructure including broadband**
- **€ 375 mio (ERDF) → Regions for Economic Change initiative:**
  - **INTERREG IVC Capitalization projects:** next call to be launched at the end of 2009. These projects are specifically aimed at preparing the transfer of good practices into regional operational programmes
  - **Complementarities** for investments in innovation between 7th FP, Competitiveness and Innovation Programme (CIP) and SF (practical guide published by EC)



## Policy:

- **9 Oct 2009: Public consultation on post i2010 closes**
- **November 2009: post i2010 event in Sweden**
- **End of 2009: Broadband communication**
- **December 2009: approval of Rural Development OPs**
- **March 2010: post i2010 initiative.**

## Further information

- **i2010:**  
[http://europa.eu.int/information\\_society/europe/i2010/i2010/index\\_en.htm](http://europa.eu.int/information_society/europe/i2010/i2010/index_en.htm)
- **Digital Divide:**  
[http://europa.eu.int/information\\_society/europe/i2010/digital\\_divide/index\\_en.htm](http://europa.eu.int/information_society/europe/i2010/digital_divide/index_en.htm)
- **European Broadband Portal:** <http://www.broadband-europe.eu/> )

