



**European  
Investment  
Bank**

*The EU bank*

**Who pays what? Public and private investment,  
state aids regime in Europe**

Harald Gruber

International workshop

Ultra-Fast Broadband in Europe: State of play and trends Schedule

Paris, 05 December 2020

# EU Policy targets for infrastructure roll out

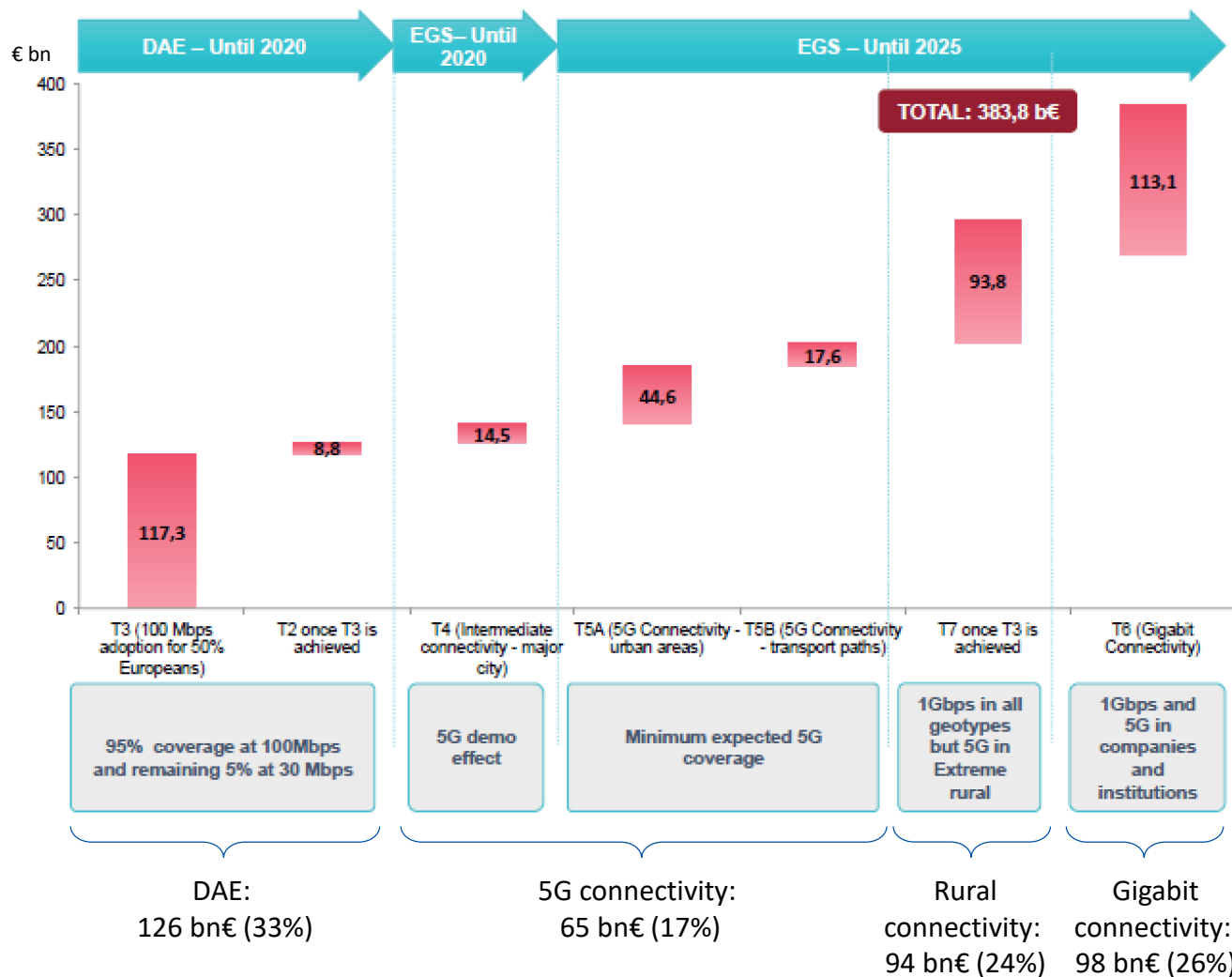
## Goals

- ▶ *Digital Agenda for Europe (DAE): all citizens have access to 30Mbps infrastructure by 2020*
- ▶ Gigabit Society (GS): all citizens have access to 100 Mbps infrastructure (upgradeable to 1Gbps) by 2025

## In market failure areas public support is available **and will be**

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

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



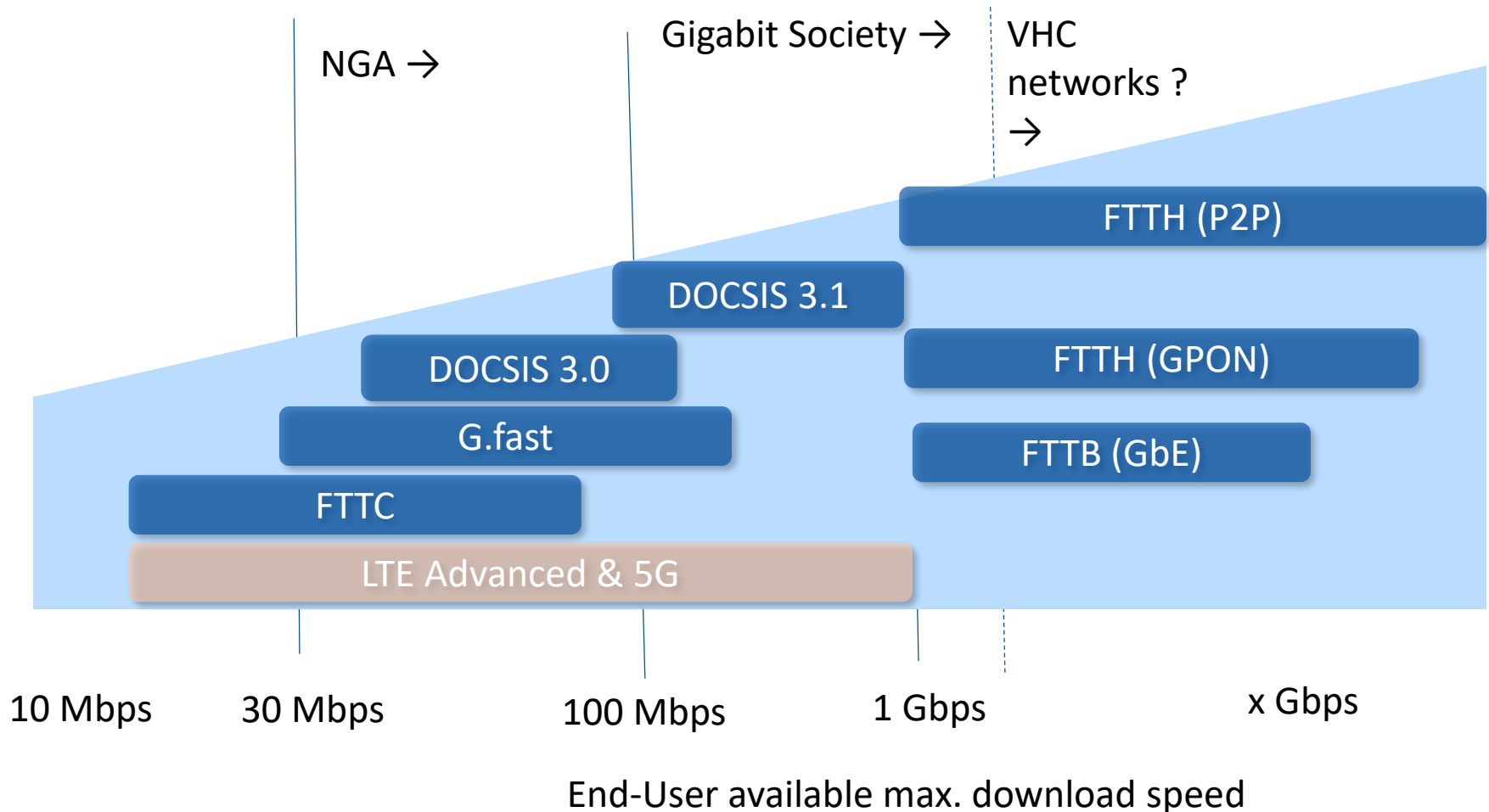
## Further analysis of the required investment:

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

# Public support should only be provided to “Very high capacity” (VHC) networks: what technology does it comprise?



# 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. **130 bn€**.

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

→ **Investment gap: ca. 254 bn€**

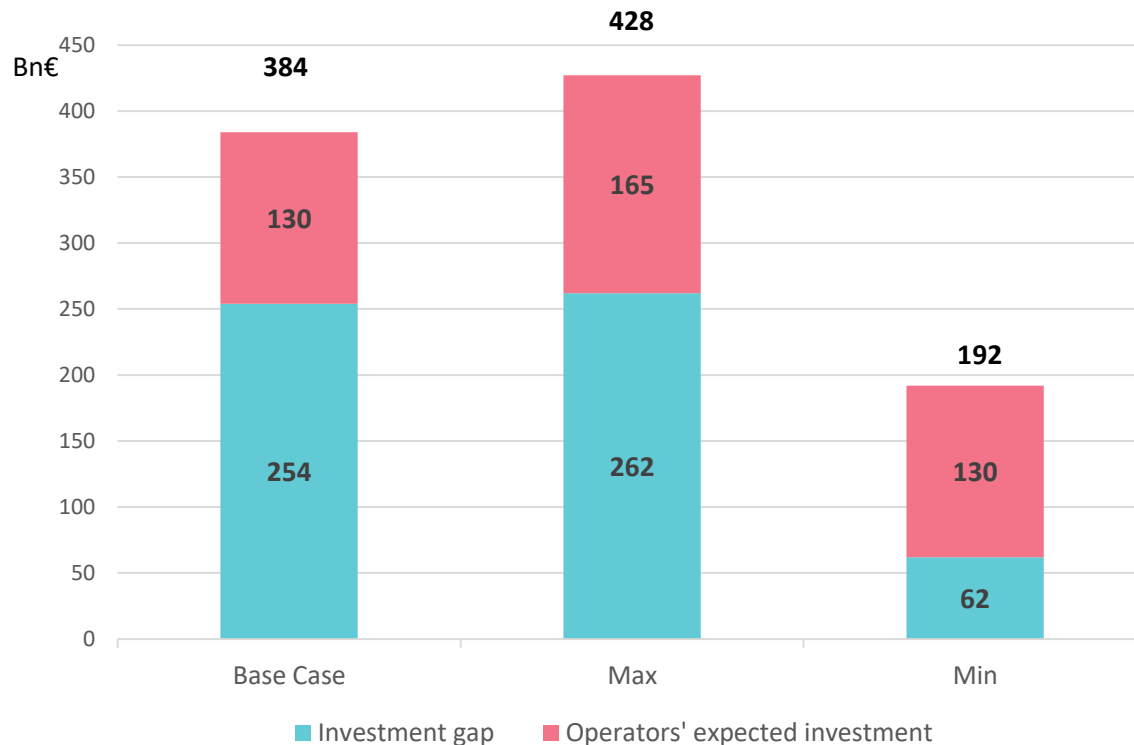
## Alternative scenarios:

### 1. Max:

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

### 2. Min:

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



# EIB in line with EU policy

**Digital Agenda**

**State Aid<sup>1</sup>**

**Gigabit Society**

**EECC**

100% coverage  
< 30 Mbps  
By 2020

50% up-take  
< 100 Mbps  
By 2020

*White areas:*  
coverage  
< 30 Mbps (NGA)

*Grey areas:*  
One operator  
>= 30 Mbps (NGA)

*Black areas:*  
**?** >= Two operators  
>= 30 Mbps (NGA)

100% schools,  
transport hubs,  
public services,  
digitally intensive  
enterprises  
< 1Gbps  
By 2025

100% coverage  
< 100 Mbps  
Upgradable Gbps  
By 2025

*No Very high capacity  
Network available:*  
«fibre elements» or  
equivalent

*Designated areas:*  
< 100 Mbps

1: 2013/C 25/01

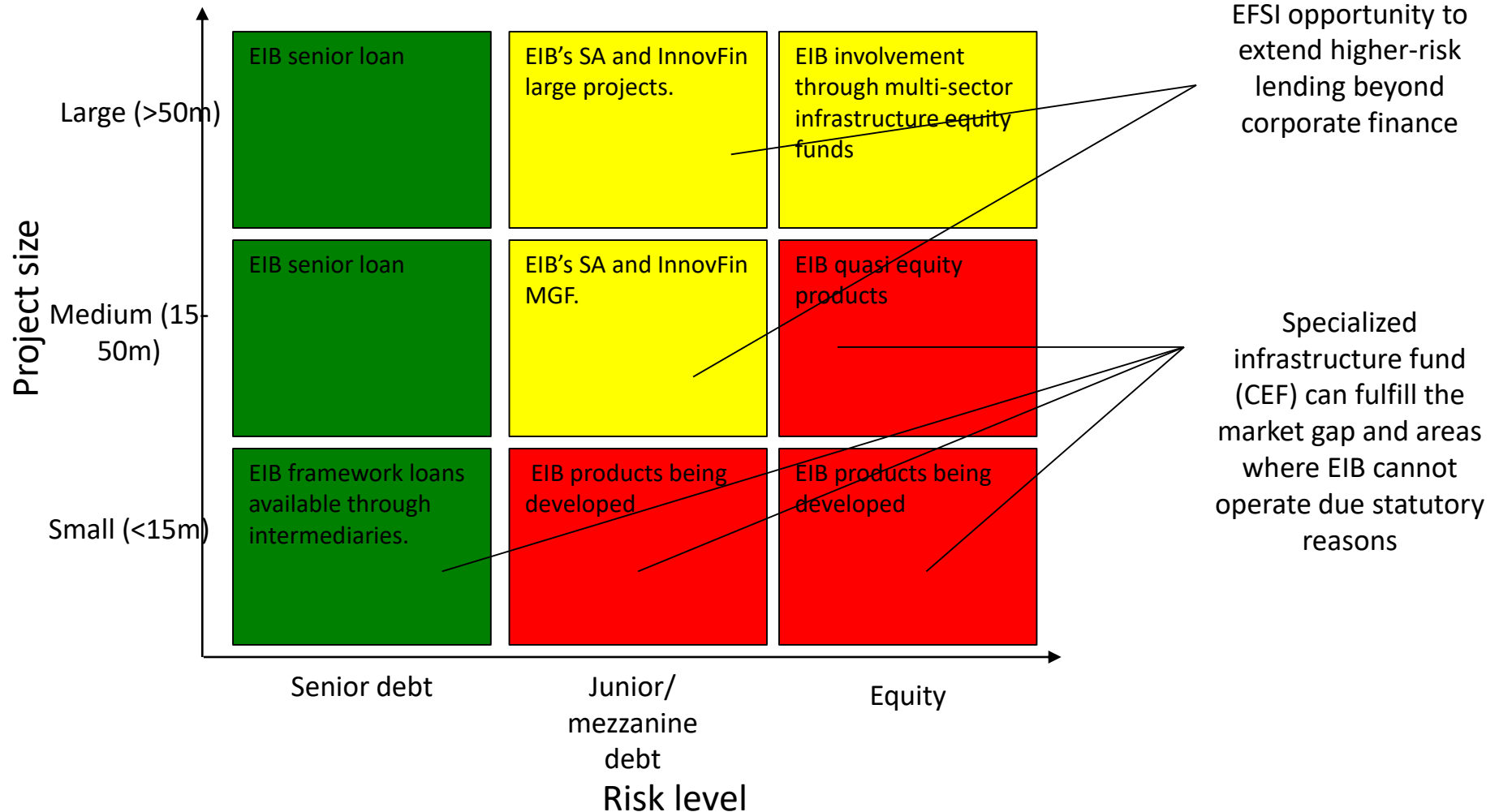


30 Mbps

100 Mbps

1 Gbps

# 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