Mid-term review of the i2010 initiative

"Challenges and opportunities for less developed regions seeking to bridge the broadband gap"

Cities on Internet Conference

25-27/6/2008

Zakopane (Poland)

Workshop II
Broadband for everyone? Projects for ICT networks in regions and districts

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Mid term review of 2010 challenges and opportunities

- **Mid term review of 2010 has set the strategic framework**
- **Europe has made big progress towards the networked economy**
- **ICTs** continues to play a **crucial role in stimulating labour productivity** growth through their impact on innovation and efficiency.
- **Progress is being made** in all the main information society areas
- but fragmentation between Member States is weakening the benefits of the Single Market.
- **EU needs to:**
  - increase its speed **in the deployment and adoption of next-generation broadband networks**
  - maintain a strong focus on the digital divide.
  - **take better advantage of the fact that the** EU is the largest consumer market in the developed world

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Mid term review of 2010 challenges and opportunities

But, to do so, EU needs to:

- **strengthen its policy** aimed at the widespread access of broadband Internet: **Broadband for all**.
- take further steps to create a **Single Market for the digital economy.**
- Europe should also increase **ICT research expenditure,** which is currently off target for most Member States.
- increase its effectiveness by pooling resources and **coordinating research and innovation efforts**

Broadband Gap: The good and the bad news

- **The good news** that the EU broadband market outstrips that of the United States. In January 2008 the penetration rate reached 20% of the EU population: Denmark, Finland and The Netherlands among the top world leaders.
- **The bad news** is that the broadband market shows signs of fatigue: growth in penetration is slowing down and there are increasing gaps between Member States and regions in terms of take-up, speed, price and coverage.
- **Poland broadband penetration :** from 5.2% in 2005 to 8.4 % in December 2006 (EU27 average: 20%).
- **In December 2006 National broadband coverage in Poland is 67% with an urban coverage of 74% against a rural coverage of 55%** (EU average 89%: 94% in urban areas and 72% for rural areas).
- Preliminary data at December 2007 sets the Poland national BB coverage at 74% (EU25 93%), urban coverage at 82% (EU25 97%) and rural coverage at 61% (EU25 81%)

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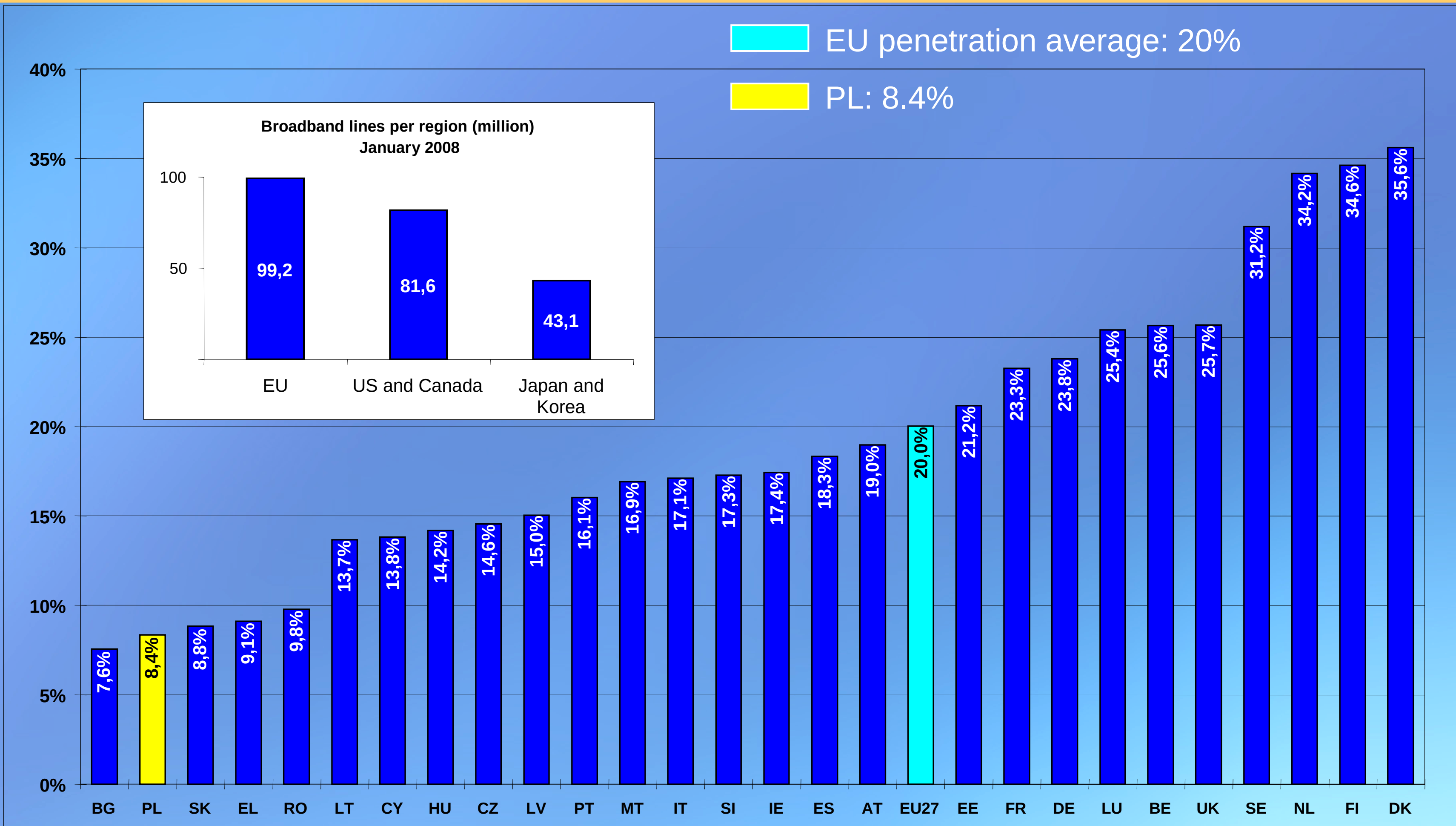
EU Broadband Penetration Rate January 2008



Source: Commission services. Data for FR, NL, AT, EE and LT refer to October 2007

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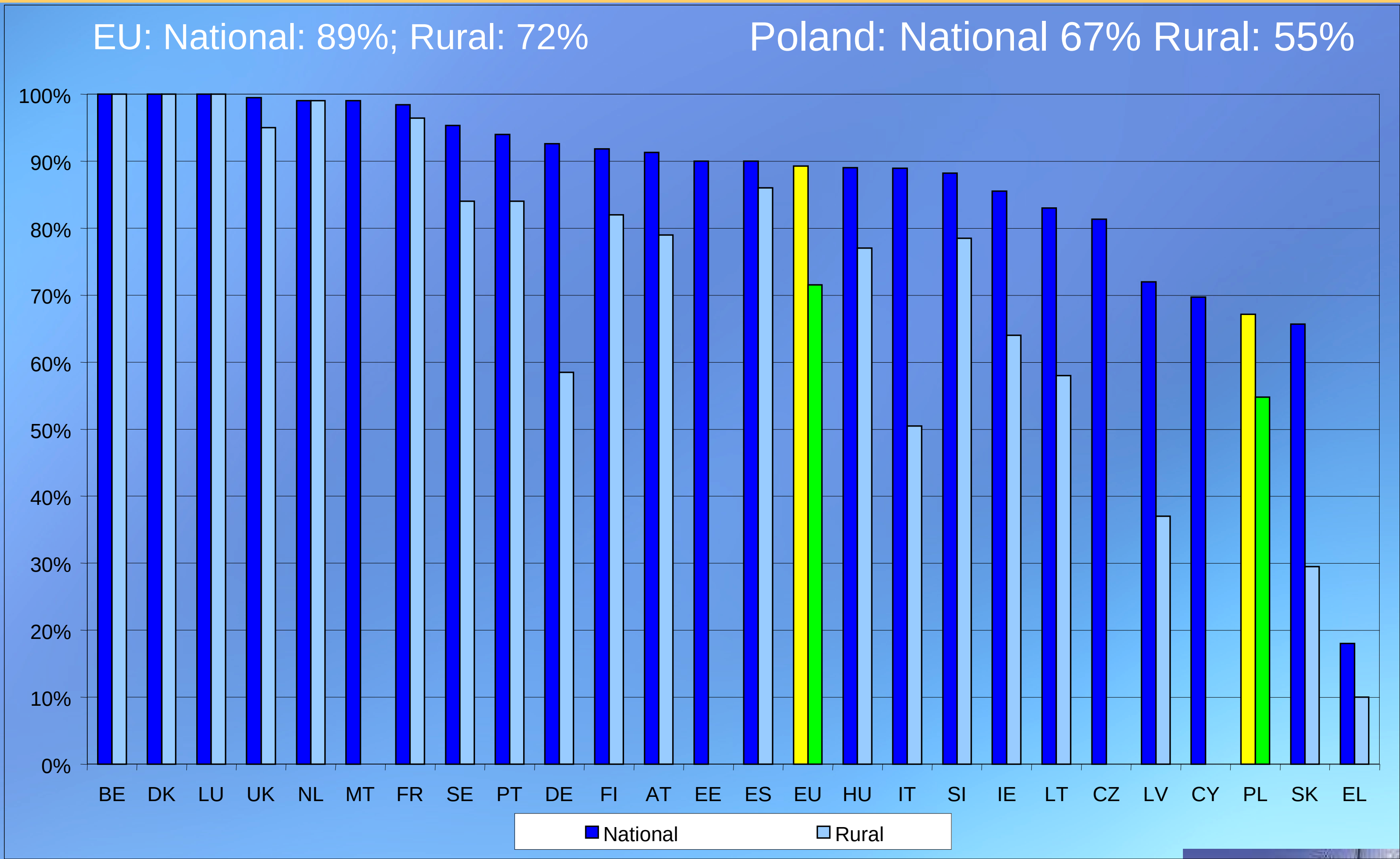
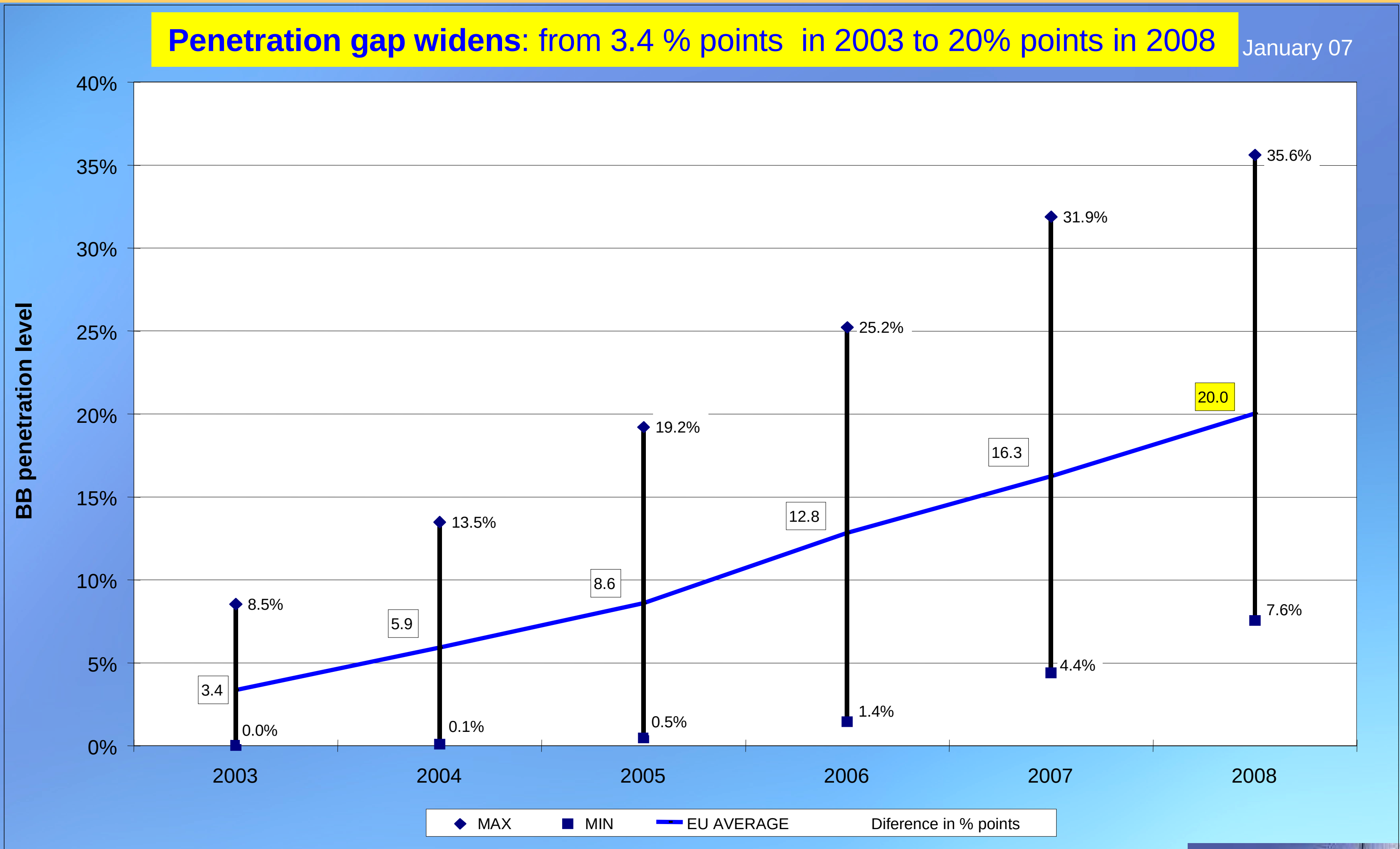
DSL Coverage as % population December 2006



Broadband penetration gap more and less developed M.S.



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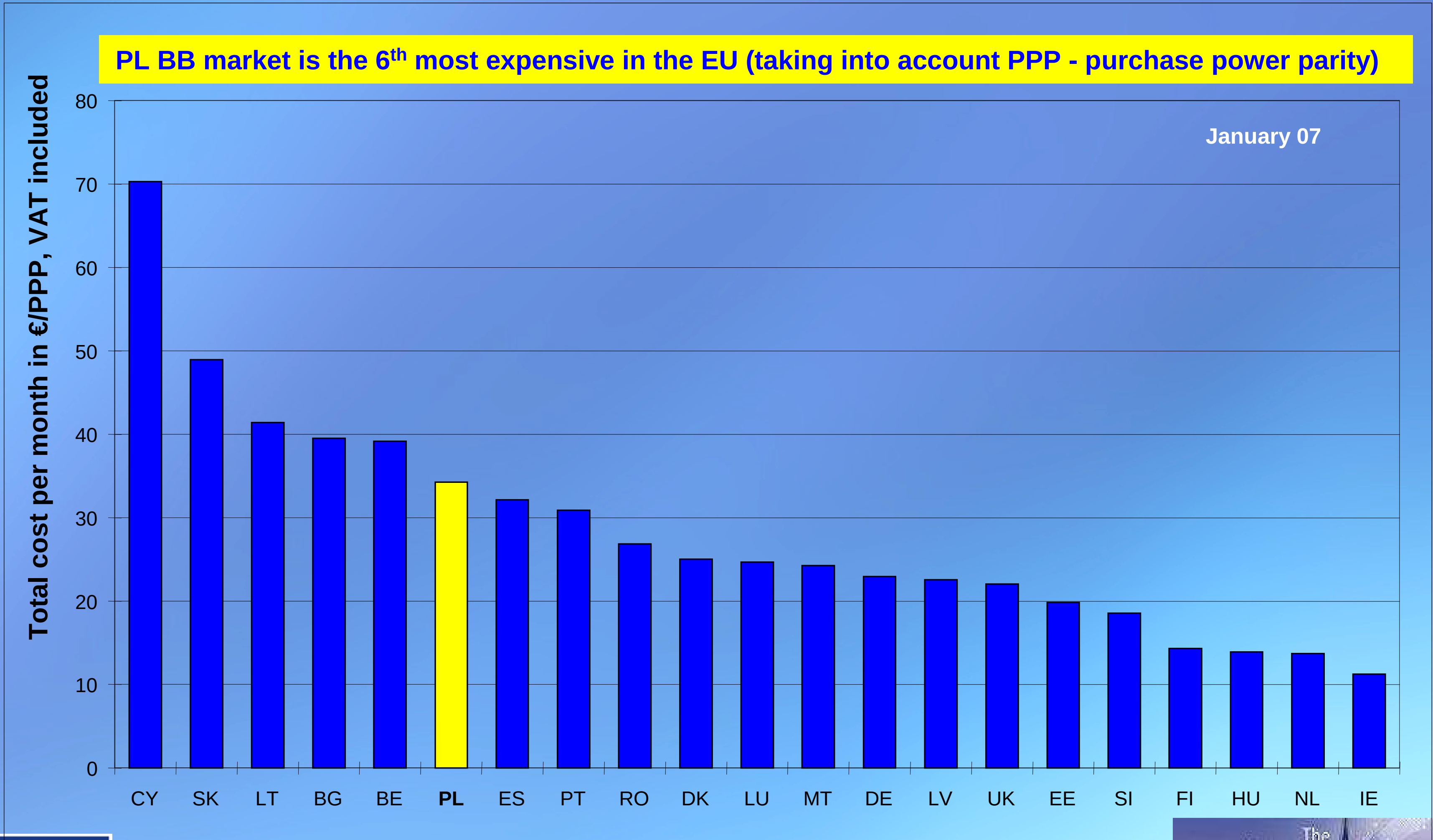
Least expensive Broadband offer for 1Mb access line



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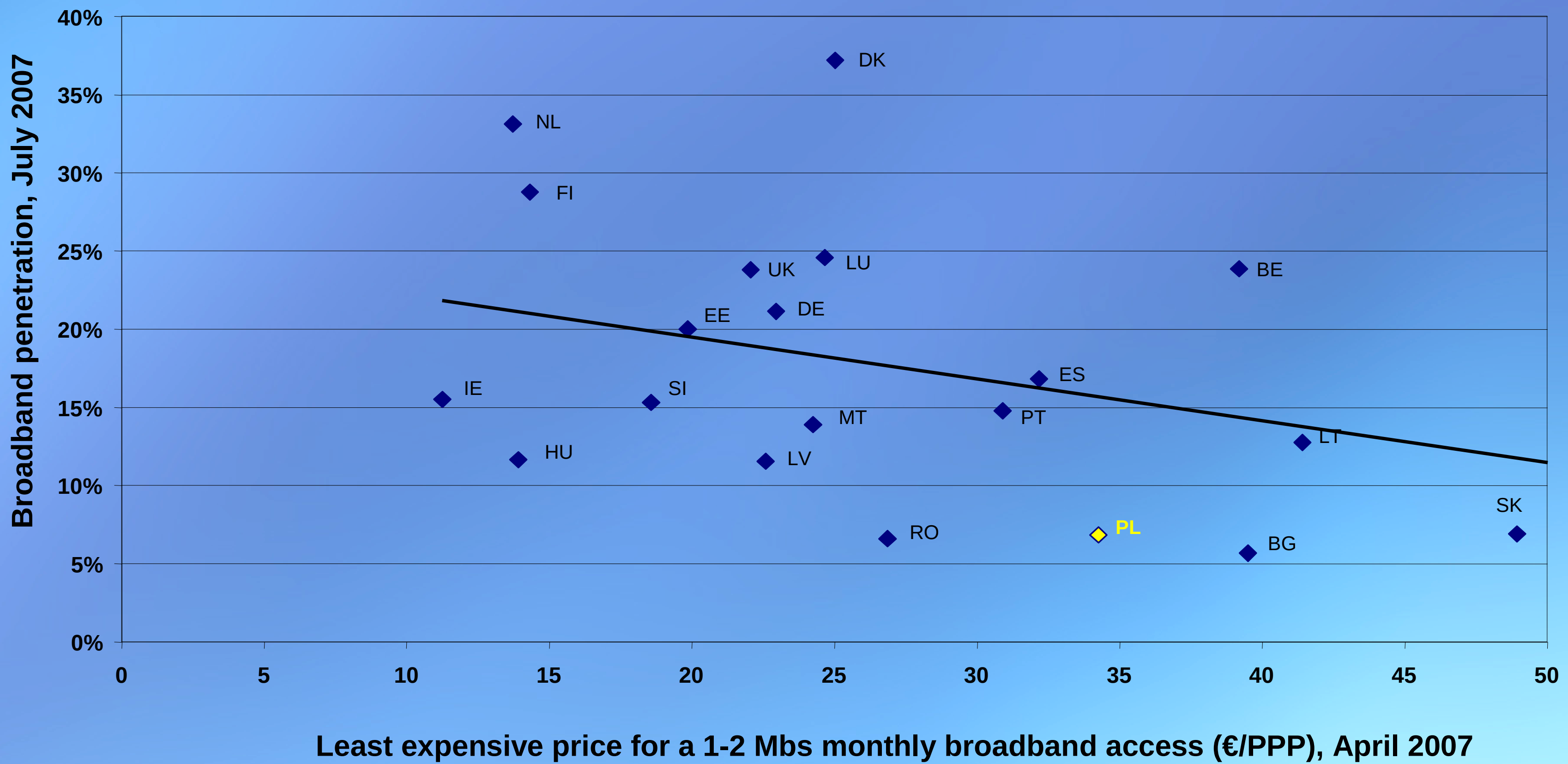
Correlation broadband price/penetration EU 27

Inverse, not too strong, correlation prices/penetration (higher broadband penetration lower prices)

Other factors beyond price affect penetration (coverage, quality of service, income, education, PC penetration, etc.



EL: Out of scale. Data on prices for AT, CZ, IT, FR and SE not available

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The challenge ahead: future broadband networks

- **new services and application require access to ever greater bandwidth** (P2P, Video on demand, eHealth, eLearning etc.).
- **migration to high-speed broadband** in the EU is slow, uneven and very irregular between MS and regions
- The Commission has proposed to **benchmark overall performance** of Member States. Issues being considered**:**
  - ***Broadband availability****: coverage* in rural areas;
  - ***Competition****:* platform competition and broadband coverage;
  - ***Quality:*** available offers in terms of average of speeds used by users
  - ***Affordability***: retails prices of the speeds brackets used by subscribers calculated in terms of the Purchase Power Parity (PPP);
  - ***Use of advanced services:*** *taken up by* individuals and enterprises of innovative services (e-Invoicing , eGov. down loads (films, music etc), on-line purchase, e-banking etc);
  - ***Socio-economic context***: including indicators on issues such as use of internet, ICT penetration, ICT skills and ICT expenditure etc.

Public intervention:
pitfalls to avoid
opportunities to exploit

- **Check the existence and the credibility of** plans of investment by all ICT operators (telecoms, cable, utilities, etc.)**.**
- **Assess demand** (both infrastructure and services) with the assistance of social and economic actors including business, ICT operators, civil society etc.
- Respect **state aid** (notify relevant projects to E.C.) and **procurement rules** (open tenders).
- **Respect the principle of technological neutrality:** that is to say that public authorities should not second-guess the market and privilege specific technologies
- **PA not to pick up winner** and avoid choosing technologies in advance: focus on objectives and requirements not technologies!
- **Balancing supply and demand actions;** support not only infrastructure and on-line services, also ICT skills, digital literacy, PC ownership, eInclusion / eAccessibility measures supporting certain social groups.
- **Increase regional capacity to plan and manage ICT**: exchange of good practices, peer review, increase expertise, benchmarking, etc.

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Public intervention: typical pitfalls to avoid opportunities to exploit

- **Reduce deployment costs:**
  - **Facilitating access to ducts:** Decoupling of civil infrastructure costs from other costs helps broadband deployment (civil engineering costs represent 50-80% of total deployment costs)
  - **Coordinate civil works** (eg: trench sharing between operators) and encourage the sharing of ducts and other facilities to avoid inefficient duplication of basic infrastructure;
  - **PA could lay ducts** and then rent them to operators on an open and non-discriminatory basis and impose open access obligations;
  - **Synergy among transport, energy, water and telecom infrastructures:** PA should systematically take into account ICT needs and lay down passive infrastructure (eg: dark fibre).
  - **PA could mandate indoor pre-cabling** for new house settlements and or buildings.
  - **Demand aggregation policies** can create a critical mass of users, exploit economies of scale and facilitate commercial investment (eg: in rural and sparsely populated areas).
- **Management of the infrastructure:** best left in the hands of an independent entity which can then lease it to telecom operators on open and non discriminatory bases.

New Programming period: an opportunity to invest in ICT

- 2007-2013: 4.4% of cohesion policy resources – 15 billion Euro - will be invested in the information society.
- More than doubles the ICT expenditure planned in the previous programming period.
- **Poland will devote 3.7 Billion Euro to ICT** (5.7% of 65 Billion for 2007-2013): about 1 Billion on telecom infrastructure.
- management authorities should **strengthen** actions supporting local and regional **capacity to plan, manage and implement ICT** strategies/projects.

The European Broadband Portal

- Conference "Bridging the Broadband Gap" (may 2007) recommendation to **reinforce exchange of good practice**
- January 2008: eris@ regional network contracted to build and operate an **European Broadband portal** up to mid 2010. (http://www.broadband-europe.eu/)

Portal aims:

- to contribute to the **opening and transparency of the broadband market in Europe**
- To act as **a virtual meeting point** between ICT suppliers and local and regional public authorities.
- **one-stop-shop information platform** on broadband: facilitating the exchange of ideas, experiences and good practices. Includes the **publication of calls for tender** for publicly financed broadband projects from all over Europe.

Please take a look and **actively participate** to the activities of the European broadband portal.

What's Next

Policy:

- Summer 2008: Communication on Next Generation Networks (NGN)
- Autumn 2008: Communication on Universal Service

Some of the main forthcoming ICT events:

- 6 - 7 October 2008: French Presidency conference on Internet of Things - Internet of the Future: Internet of the Future and the trends and developments regarding the mobile Internet.
- Brussels 9th October 2008 Open days workshop on "Spreading the social and economic benefits of Broadband"
- 25 - 27 November 2008: ICT Event 2008:
- Vienna: 30 Nov. -2nd December 2008 eInclusion Ministerial event: workshops on "ICT and territorial cohesion"

Further information

- i2010: http://europa.eu.int/information_society/eeurope/i2010/i2010/index_en.htm
- Digital Divide: http://europa.eu.int/information_society/eeurope/i2010/digital_divide/index_en.htm
- European Broadband Portal: http://www.broadband-europe.eu/)

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