I benefici socio-economici della banda ultra-larga e il Piano Juncker

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Filippo Munisteri
Economic Analyst
DG CONNECT
Filippo.munisteri@ec.europa.eu
Una politica europea di banda larga

Policy
- DAE Targets
- Digital Agenda Scoreboard
- DSM

Regulation
- Telecom framework
- Cost reduction directive
- State aid

Financing
- Connecting Europe Facility (CEF)
- Cohesion funds
- Juncker Investment Plan
An average Sunday in Aalst-Waalre:

5 laptops
2 ipads
1 Apple TV
5+ mobile phones

...and nothing is working properly.
Lo sviluppo socio-economico e la banda larga

1. Benefici che possono essere monetizzati ed internalizzati

2. Benefici che possono essere monetizzati, ma non internalizzati

3. Benefici che non possono essere monetizzati, ne internalizzati
Il ritorno sugli investimenti per gli operatori privati

Private operators are driven by Return On Investment (ROI).
Focus on Internal Rate of Return (IRR)
=> Net Present Value (NPV) is **negative**.

But: positive externalities for society are not taken into account (Social Return on Investment, SROI) Look at Economic Rate of Return (ERR)
=> Economic NPV (ENPV) is **positive**.
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Il ritorno sociale sugli investimenti: la logica dell'intervento pubblico

"method for measuring extra-financial value relative to resources invested"

Methods:
1. Input-Output Analysis
2. Regression Analysis
3. Consumer Surplus Studies
   + bottom-up instead of top-down

Availability of data!
Velocità e crescita economica
Effetti sull'occupazione

EUR 1bn deployment → **9,320 jobs**

**1 direct job** results in:

**1.38 – 1.83 jobs** from direct and indirect linkages, and

**1.92 – 3.60 jobs** from direct, indirect and induced linkages.

*There is an inverted U-curve relationship between broadband and job creation*
Stokab - Sweden

Invested in open, neutral-fibre network for all
Socio-economic return: 1.7 bn. EUR
Entrepreneurship – 10% relates to 13 extra companies per 100,000 inhabitants.
Driven distances – 10% relates to 130,000km less per capita.
Yearly net savings home care – 4m to 68m EUR
Jobs – 10% relates to 3% higher employment
Gli effetti sull'economia digitale

**Video Services**
Continual development of the quality and nature of video services with the adoption of 4K and possibly 8K services.
- High capacity
- Reliability
- Fast

**Cloud Services, Applications and Resources**
Increased use of large groups of networked, remote servers centralising data storage and online access to services and resources.
- Symmetry
- High capacity

**Education Services**
Increased use of cloud technology by multiple users demanding business quality connections to a fibre network.
- Symmetry
- High capacity
- Low latency

**Smart Cities**
Infrastructure, local skills, community institutions, and digital technologies brought together to fuel sustainable, economic development and provide an attractive environment.
- Ubiquity
- Resilience

**Big Data**
Now methods and tools to use and manipulate vast quantities of data, often in real time.
- High capacity
- Reliability
- Security

**Internet of Things and machine to machine (M2M) communications**
170-530 million M2M devices connected in the UK by 2022.
- Reliability
- Ubiquity
- Security

**Health Services**
Increasing reliance on M2M technology and applications providing remote healthcare and working.
- Reliability
- Ubiquity
- Low latency

**Electricity Networks**
Smart grids enabling dynamic real time flows of information and interaction between consumers and suppliers and between parts of the supply chain.
- Ubiquity
- Resilience
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Gli "intangible assets"

How to transform an intangible asset into a financial value or asset?

**Value network analysis** – mapping value creation with the amount of impact each value input has. How to create, extend and leverage value.

**Real options theory** – we need to take into account the value of future options that can result from empowering citizens and businesses.
La banda ultra larga come bene pubblico?

Public goods may be supplied by the private sector non-excludable and non-rival cost of provision = high value to society exceeds costs targets & net neutrality: nobody should be excluded

Balance competition & public good aspects only way to capture well-being, quality of life and value of future real options of growth.
Con quali conseguenze?

**Universal Service Obligation** – redefining role and financial commitment of public authorities.

**National Broadband Plan**

**Regulatory framework** – investment friendly

**Funding** – equity and debt support

*European Commission needs to launch a clear message!*
Una politica europea per la banda ultra larga

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I tre assi principali del piano Juncker

1. MOBILISING FINANCE FOR INVESTMENT
   - Strong boost to strategic investments
   - Better access to investment finance for SMEs and mid-cap companies
   - Strategic use of EU budget
   - Better use of the European Structural and Investment Funds

2. MAKING FINANCE REACH THE REAL ECONOMY
   - Project pipeline preparation and selection
   - Technical assistance at all levels
   - Strong cooperation between National Promotional Banks and the EIB
   - Follow-up at global, EU, national and regional level, including outreach activities

3. IMPROVED INVESTMENT ENVIRONMENT
   - Predictability and quality of regulation
   - Quality of national expenditure, tax systems and public administration
   - New sources of long-term financing for the economy
   - Removing non-financial, regulatory barriers in key sectors within our Single Market

Up to EUR 410bn GDP
Up to 1.3m jobs
EFSI nasce con una dotazione di 21 miliardi di EUR provenienti da fonti UE

**EU Guarantee**
- EUR 16bn

**EIB contribution**
- EUR 5bn

**EFSI – European Fund for Strategic Investments – EUR 21bn**

**Infrastructure and Innovation Window (IIW)**
- EUR 16bn

**SME Window**
- EUR 5bn

**IIW – Debt**
- EUR 11bn

**IIW – Equity**
- EUR 5bn

Deployed by EIB

**Signatures:**
- approx EUR 44bn
- approx EUR 5bn

Deployed by EIF

**Signatures:**
- approx EUR 12bn

Possible other public and private contributions

**x 3**

**Total signatures = c.61bn**

**x 15**

**Long-term investments**
- circa EUR 240 bn

**SMEs and mid-cap firms**
- circa EUR 75 bn

**Total investments over 3 years: circa EUR 315 bn**
Eleggibilità

- Commercially sound
- Economically and technically viable
- Consistency with EU policies
- Added value for the EU
- Investments boosting employment and growth
- Bank intermediation is possible
- Wide sectoral eligibility and wide spectrum of counterparts

- EIB will verify eligibility criteria apply by means of its expertise within its proved appraisal process
- Provide risk-bearing capacity to foster the implementation of additional projects and to support the development of SMEs and MidCaps
Effetto moltiplicatore: come funziona

PUBLIC MONEY IN THE FUND

EUR 1

THIS RISK-BEARING CAPACITY ALLOWS TO FINANCE EUR 3

EUR 3

FINANCING CAPACITY (EIB GROUP SIGNATURES)

EUR 15

TOTAL INVESTMENT IN PROJECT

THIS ALLOWS OTHER INVESTORS TO JOIN WITH 5 TIMES MORE

EUR 3

x 3

x 5

x 15
Investimenti a lungo termine (infrastrutture e innovazione: i prodotti di tipo debt)

**SOURCES OF FUNDING**

European Fund for Strategic Investments

The Fund serves as credit protection for new EIB activities

- Long-term senior debt for higher risk projects
- Subordinated loans
- Equity and quasi-equity

**TYPICAL PRODUCTS OFFERED**

Other investors join in on a project basis

**FINAL RECIPIENTS AND TYPICAL PROJECTS**

- Transport infra
- Broadband infra
- Innovation
- Energy and resource efficiency
- Renewable energy
- Research
- Other projects
- Education

EUR 1 of public contribution => circa EUR 3 of financing => circa EUR 15 of total investment
Il piano Juncker e il patto di stabilità

- Communication "Making the best use of the flexibility within the existing rules of the Stability and Growth Pact"

- For financial contributions to EFSI:
  - They are excluded from the structural balance and in case of non-respect of nominal value considered as "relevant factors"

- For co-financing by Member States:
  - National co-financing under certain projects is taken into account under the "Investment Clause"
Applies only to Member States under the preventive arm

Builds on the existing framework

- Structural reform clause already exists in the Regulation 1466/97 (Art 5/9)

When defining the adjustment path ... and in allowing a temporary deviation ... the Council and the Commission shall take into account the implementation of major structural reforms which have direct long-term positive budgetary effects, including by raising potential sustainable growth, and therefore a verifiable impact on the long-term sustainability of public finances.

- Under certain conditions, investments can be considered equivalent to major structural reforms raising potential growth in the long term
Clausola d'investimento (2)

- Extends to certain EU initiatives:
  - Structural and Cohesion Policy including Youth Employment Initiative
  - Trans-European Networks
  - Connecting Europe Facility
  - EFSI

- Rationale: projects supported by EU structural funds and the EFSI are subject to objective selection criteria
Grazie per l'attenzione

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