



Commission and European Investment Bank announce a fund for broadband infrastructure open to participation of National Promotional Banks and Institutions and of private investors

Brussels, 12 December 2016

The European Commission and the European Investment Bank (EIB) announce today their plans to launch a fund for broadband infrastructure – the Connecting Europe Broadband Fund.

This fund, which will lead to an investment platform combining private and public commitments, is announced together with three National Promotional Banks and Institutions (NPBIs) that aim to participate in the initiative as anchor investors: [KfW Bankengruppe](#) from Germany, [Cassa Depositi e Prestiti](#) from Italy and [Caisse des dépôts et consignations](#) from France. The *Connecting Europe Broadband Fund* will invest in broadband network infrastructure across underserved areas of Europe.

Günther H. Oettinger, Commissioner for Digital Economy and Society, said: *"I am grateful to our financial partners for the establishment of this broadband Fund. It is an important development for smart and efficient funding of broadband projects, especially in underserved areas, in line with the spirit and the letter of the Investment Plan. It is a great step towards a European Gigabit Society for all."*

"High-speed internet is fundamental to the success and development of businesses," said **EIB President Werner Hoyer**. *"Until today, smaller-scale broadband projects did not have easy access to funding and EU financial instruments did not exist. Consequently, projects in less populated or rural areas, where purely private-led initiatives may not see the economic benefits of deploying broadband networks, were difficult to implement. The new fund will help bridge this market gap, and I am glad that the EU Bank is part of this joint initiative."*

High level representatives of the three NPBIs underlined the importance of this initiative as one of the first investment platforms under the [European Fund for Strategic Investment](#) (EFSI) and the key role of this new financial instrument for the broadband expansion in their respective markets.

The launch of the investment platform was planned in the Commission's strategy "[Connectivity for a Competitive Digital Single Market – Towards a Gigabit Society](#)". It is an important step towards the deployment of the very high-capacity networks that Europe needs for its digital economy and society.

The Connecting Europe Broadband Fund should raise at least €500 million at first closing through commitments from private and public investors, including the EIB and the European Commission. The European Commission will invest €100 million into the Fund from the Connecting Europe Facility. This fund will be open to participation of NPBIs. KfW Bankengruppe, Cassa Depositi e Prestiti and Caisse des dépôts et consignations, the three largest European NPBIs, have already expressed their interest in a possible contribution to the fund as anchor investors at first closing.

The Fund should be the first investment platform to support broadband infrastructure under the EFSI, the heart of the Investment Plan for Europe. The [EFSI Regulation](#) facilitates the establishment of investment platforms under the EFSI as a tool to pool investment projects with a thematic or geographic focus. The establishment of this investment platform responds to the growing demand for financing of smaller-scale, higher-risk broadband projects across Europe, which currently do not have access to EU finances. The Fund will be additional to other sources of funding from the market, from other EU instruments, or financing of projects by its anchor investors.

The Connecting Europe Broadband Fund aims to invest in equity and quasi-equity, including mezzanine and subordinated debt, in some 7 to 12 broadband projects each year from 2017 to 2021. The Fund's investments will be of a size between €1 million and €30 million, for projects representing total costs of €150 million or less. Overall, the Fund is expected to unlock additional investments between €1 billion and €1.7 billion in broadband deployment in underserved areas, where very high-capacity networks are not deployed yet. The Fund aims to have invested in 20 countries by 2021.

The operational launch of the Fund is expected to take place mid-2017. **Cube Infrastructure Managers S.A.**, a reputable investment firm with extensive experience in infrastructure and ICT projects, has been selected as the approved applicant to manage the Fund through a public

procurement process carried out by the EIB over the summer of 2016. Subject to successful negotiation on the terms, EIB plans to formally appoint the fund manager early next year. The fund manager would identify broadband projects and make investments according to the investment guidelines of the Fund during the whole five-year investment period of the Fund.

Background information

The Investment Plan for Europe focuses on strengthening European investments to create jobs and growth. It does so by making smarter use of new and existing financial resources, removing obstacles to investment, providing visibility and technical assistance to investment projects. The Investment Plan is already showing results. The projects and agreements approved for financing under the EFSI so far are expected to mobilise €154 billion in total investments across 27 Member States and to support almost 380 000 SMEs. President Juncker announced, as part of his [State of the Union address on 14 September 2016](#) the Commission's proposal to extend the EFSI by increasing its firepower and duration as well as reinforcing its strengths and Member States have endorsed this proposal at the [ECOFIN Council of 6 December](#). Find the latest EFSI figures by sector and by country [here](#).

In its strategy "Connectivity for a Competitive Digital Single Market – Towards a [Gigabit Society](#)" presented on 14 September 2016, the Commission recalled the Digital Agenda target that all European households should have access to internet connections of 30 Megabits per second by 2020 and proposed that by 2025 all schools, transport hubs, main providers of public services and digitally intensive enterprises should have access to internet connections of 1 Gigabit per second. In addition, all European households, should have access by 2025 to networks offering a download speed of at least 100 Mbps, and all urban areas as well as major roads and railways should have uninterrupted 5G wireless broadband coverage. To deliver these targets, significant investments are needed in high capacity broadband networks.

The [Connecting Europe Facility](#) supports trans-European networks and infrastructures in the sectors of transport, telecommunications and energy. The telecommunications part of CEF has a budget of approximately €1 billion and is dedicated to Digital Service Infrastructures (DSIs) and Broadband networks, which account for 15% of its total budget.

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