

**Digital Infrastructure Investment Summit
Airport Club Frankfurt, 12 March 2018**

Roundtable: Enabling Investments in the Digital Society

Roundtable Host: Dr. Harald Gruber (EIB)

Time: 12:00 - 12:45 AND 16:00 - 16:45

Room: Strasburg



The EIB is a publicly owned international financial institution and its shareholders are the EU member states. With a lending volume of EUR 78 bn in 2017, it is also the world's largest international public lending institution. It provides financing under well-defined policy goals, including innovation, SMEs, environment and infrastructure. The Bank is financing digital infrastructure in the order of EUR 2-3 bn per year.

Harald Gruber is head of Digital Infrastructure at the Projects Directorate of the European Investment Bank based in Luxembourg. He oversees project appraisal and advises on the Bank's business strategy with respect to financing of broadband infrastructure and innovation policy. He is on the editorial board of several journals in the sector and has published extensively. He has also been professor at Bocconi University (Milan) for telecommunications economics. Harald Gruber holds a Ph.D. in Economics from the London School of Economics.

Roundtable Content:

Telecommunication services are nowadays provided mostly on competitive market terms and therefore investment in broadband infrastructure has to take account of the (relatively short) financial return horizons taken by investors, typically well short of the technical and economic lives of the infrastructure assets.

The financing gap consists of the investment requirements exceeding the maximum capital expenditure that can be matched by expected revenues, that is, the investment volume up to which FTTH deployment is financially viable, i.e. the revenues raised from operation are able to raise sufficient resources to pay for the capex. This is mainly a function of population density. Generally, only urban areas can be financed by the market, while others require some form of subsidy. Grant funding is becoming available to a varying degree. However, many countries are constrained on this by the limits to government spending. Hence financial instruments need to be used to leverage private sector financing.

The discussion is on the financial products that can be used to cater for the different types of projects. Apart from the support to well established operators, the EIB has increasingly supported smaller initiatives. The EIB has experience in crowding in private investment to projects that otherwise would not have been financed by the private sector, or where the financing conditions would have been much more adverse for economic success of a project. Concrete examples of projects financed by the EIB will be discussed, along with the challenges promoters are facing and how they may be overcome.