

Promoting Broadband in Europe's New Member States

BReATH Good Practice Framework

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Introduction

- The *Good Practice Framework* report provides guidance in the use of public funding to promote the deployment of broadband
 - Conditions under which public funding can be best used
 - It sets out a series of recommendations
- It is designed to assist those responsible for applying for and administering public funds for ICT

Approach

- This *Framework* has been compiled after eight workshops held in 5 NMS or SEE countries, several country surveys, a number of case studies and many discussions with a diverse range of stakeholders.
- The stakeholders include:
 - Operators
 - Regional development planners
 - City hall planners
 - Commercial companies
 - Successful rural network providers
 - EU and national regulators

Good practice and best practice

- The terms ‘good practice’ and ‘best practice’ are used quite commonly (sometimes interchangeably)
- ‘Good practice’
 - Measures that emphasise economic and societal objectives associated with the use of public funding to make broadband more widely available, in an efficient way
- ‘Best practice’
 - Those good practice measures that are best suited to a particular initiative or set of requirements.
- The *Framework* therefore provides guidance on good practice measures, but the choice of best practice rests with those who carry responsibility for initiating and managing specific projects to increase the availability and use of broadband

Lessons learned

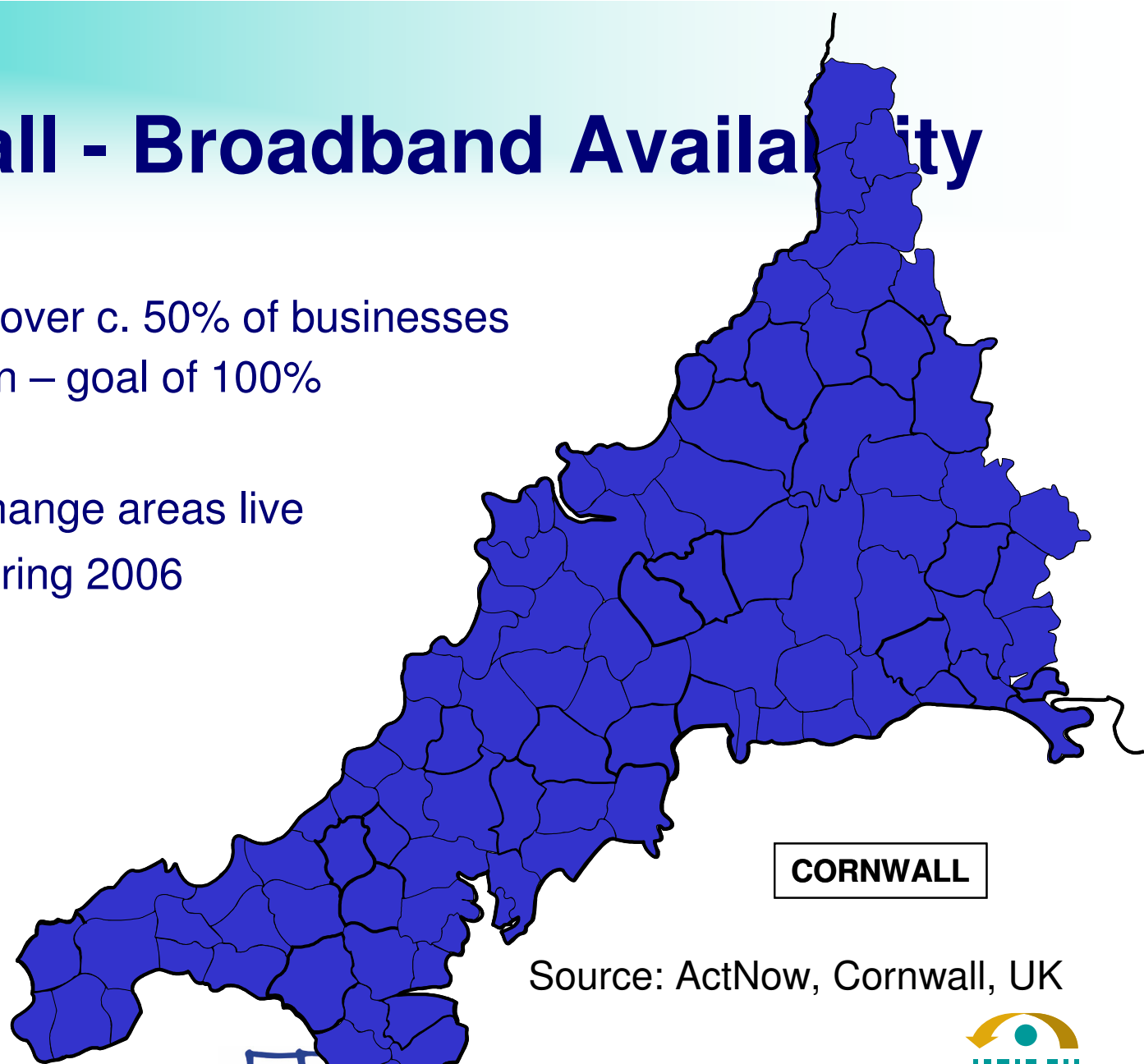


Key messages – potential impact of broadband

- ICT, via broadband, has the power to revitalise local industry and commerce, transform the economic well-being of communities, bring more jobs, raise GDP and drive inward investment
- Placing the highest priority on business transformation through ICT will subsequently provide benefits to both the community and the municipality
- By strengthening local economies, broadband will become more affordable to home users and municipalities will have more tax income
- Placing priority on broadband 'per se' or on residential requirements seems unlikely to result in economic transformation of a local economy

Cornwall - Broadband Availability

- Original target to cover c. 50% of businesses
 - 2004 extension – goal of 100%
 - Now >99%
 - 99 of 100 exchange areas live
 - Remainder Spring 2006

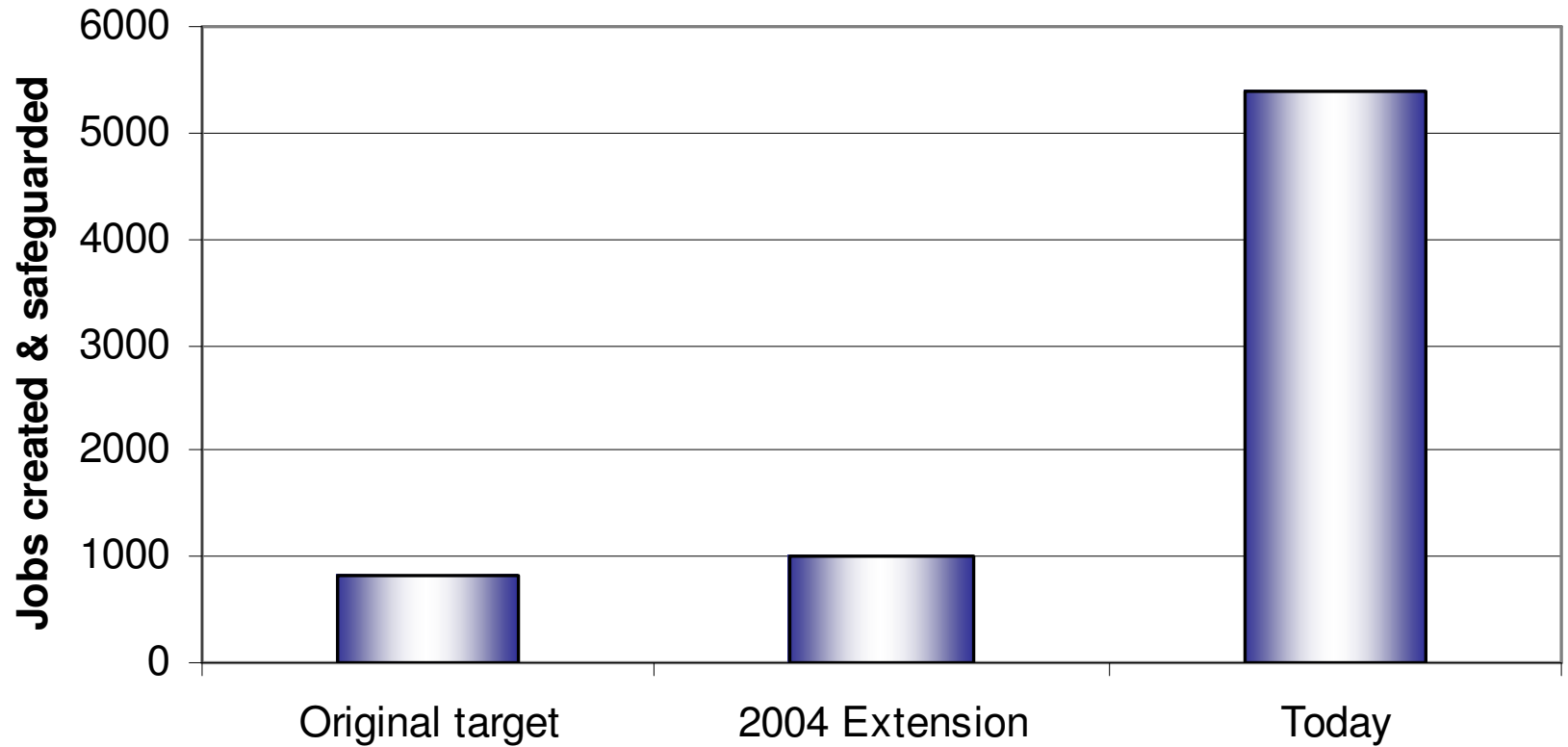


CORNWALL

Source: ActNow, Cornwall, UK

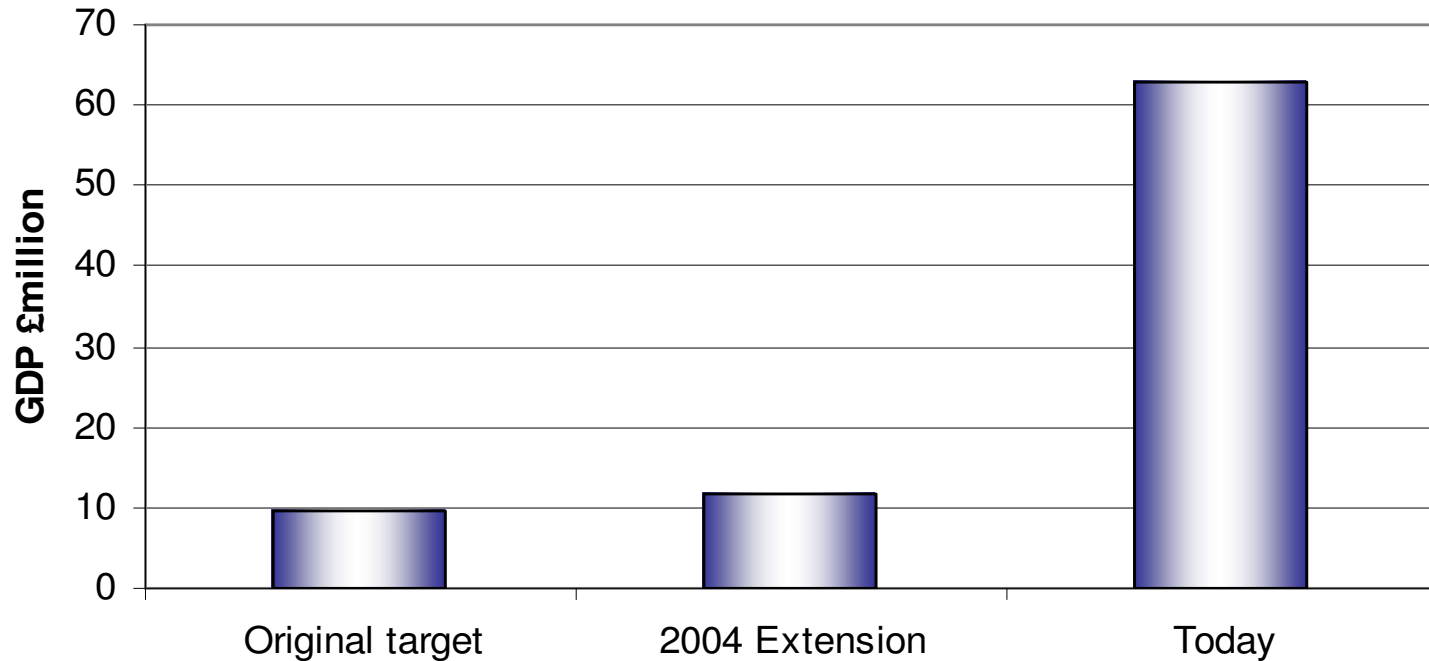


Jobs



Source: ActNow, Cornwall, UK

GDP impact



Source: ActNow, Cornwall, UK

Supply and demand

Broadband supply

- While ADSL on copper telephone lines is generally the most widely available (and usually the lowest cost way) to deliver broadband, cable modems have offered good competition in CATV-served areas
 - This competition has helped to bring down prices
 - However, cable modem service is normally bundled with TV and service packages are not optimised for business

Wireless and fibre

- Wireless initiatives provide an alternative infrastructure
 - Quick to implement
 - Security and interference of WiFi can be an issue (but WiMax will change this)
 - ‘Hotspots’ are becoming ‘hot business’
- Fibre in the access network is not widely used in Europe at present
 - Good opportunity to trial fibre in NMS to leapfrog existing technologies
 - E.g. CZ initiative by MicroKom

Areas of recommendations

National view

- Government strategy
 - Setting the environment
 - Appointing the regulator
 - Co-ordinating and supporting regions
 - National funding sources
- Ensuring national awareness of the transformation potential of broadband
- Setting objectives for regional developers
- Assisting regions to develop training mechanisms to build funding proposals

Dependence on regulation

- The state's existing telecommunications infrastructure is an important asset that can play a major part in economic transformation
 - Effective use of it can depend on the effectiveness of regulation.
- The actions of the regulator are normally treated as a separate matter to that of regional development
 - However, the regulatory position in a country can have a massive impact on helping or hindering development
 - Opening up the broadband market and ensuring fair competition and fair pricing is a vital ingredient to this
 - Setting appropriate prices for LLU is perhaps one of the most challenging tasks

Regional view

- Major initiatives are developed at regional level
 - Build business cases
 - Ensuring state aid rules are met
- Need for expert teams able to develop funding strategies & set business models
 - Suited to the industries and business base for each area
 - Aggregation of public utilities funding is a vital ingredient
 - Focus on business / industry to bring local benefits
- Measure the impact of initiatives
 - To confirm that the wanted effect is actually happening or, if not, that there are mechanisms by which corrective actions can be taken
 - If the objective is economic transformation, measure the impact of broadband on economic change
 - E.g. GDP, employment, businesses growth, inward investment that are enabled by broadband

Local view

- Efficient to tie in with wider regional actions, where possible
 - Ensure local voice is heard at regional level
 - But there are exceptions

Conclusions

- Many very useful lessons can be learned from mature initiatives in OMS
- Additional problem of affordability in NMS makes it particularly important to tie broadband initiatives in with economic transformation
- Regulators have a difficult job but insufficient action delays the transformation benefits of broadband
- Intervention funds are a means to get to a sustainable network but not a means to subsidise one long term

Good practice framework report at

www.ist-breath.org

