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CONSEIL DES COMMUNES ET REGIONS D'EUROPE**

CEMR Policy Paper

**Broadband Infrastructure –
The Regional and Local Perspective**

Brussels, September 2008

Key Messages

1. Broadband communication has become an important industrial technology and carrier of data, information and services.
2. The technical development is generally fast and to some extent driven by commercial interests; this can be opposite to cost-effectiveness - a key issue for the public sector.
3. Significant differences in levels of development and deployment of broadband communication can be identified across the EU Member States and also across their regions.
4. Given the strategic role of information and communication technologies (ICT) in support of local and regional development, this “broadband gap” could become a crucial obstacle for innovation and growth in Europe’s regions, cities, towns and municipalities.
5. CEMR supports the Council of Ministers recommendation that the Member States should define ambitious targets for broadband penetration. Where appropriate individual Member States may even set more ambitious objectives.
6. Local and regional authorities play an important role by helping to bridge the broadband gap and to stimulate broadband deployment and—as service-provider—develop innovative broadband-based services.
7. In rural and remote areas, deployment of broadband is hampered by market failure. Therefore, local and regional authorities may choose to use public funding for broadband infrastructures in areas where market players are not investing.
8. However, public engagement should aim to establish open networks, based on open standards and accessible for all, as well as a functional separation of infrastructure and services in order to enhance competition between different market players.
9. Public finance contribution touches complex legal questions on state aid and European internal market rules. CEMR would welcome clarification and guidance for local authorities and regions on how to act within the European legal framework.
10. It is vital to clarify the roles of the public and private sectors; local and regional authorities have to identify their strategic choices whilst leaving the determination of operational issues to the market players.
11. Local and regional authorities should be empowered to undertake a comprehensive approach, including long-term strategic planning, needs assessment, infrastructure procurement and mapping, development and delivery of broadband-based services.
12. These tasks require specific skills and competencies in the public administration. Therefore, training programmes for the staff concerned should be provided, financially supported by national government funds.
13. Energy, environmental and climate aspects need to be taken into consideration, focusing on energy efficiency, sustainable power supply, low carbon footprint and electromagnetic radiation.
14. Social impacts of the new technologies need to be assessed; in addition to digital exclusion, children and young people are especially vulnerable to various forms of abuse.
15. The development and deployment of broadband technologies and broadband-based services should be monitored and evaluated against strategic objectives and policy recommendations.

Broadband Infrastructure – The Local and Regional Perspective

Background

1. Broadband communication is rapidly growing in the European Union and globally. The technical development, driven mainly by commercial interests, is generally fast and often disbalanced. This can be opposite to cost-effectiveness which, however, should be a key issue of public sector ICT strategies.
2. Broadband communication contains an unforeseeable potential to the benefit of the development and transformation of the society in general, and it has been an important part of the European political agenda in the recent years.
3. Broadband communication has a decisive influence on business development in both public and private sector, on local and regional development, on the development of e-governance, health care and social services, education and - last but not least - on the efforts to counteract climate change.
4. Today, the use of the Internet and Internet-based services is very common for the citizens, public administration and the private sector.
5. The development, however, varies significantly, both in comparison of different EU Member States and in comparison of different regions within individual countries. There are also significant differences related to economic, social and cultural preconditions, which inevitably lead to market variations in terms of supply and quality of services.
6. The conference "Bridging the Broadband Gap" that the European Commission organised in Brussels in May 2007 was a huge success on illustrating "how the strategic use of ICT can support regional and local development and infrastructure, overcome geographical obstacles, and make these areas more attractive to business and individuals alike"¹ The outcome of this conference in terms of presentations, exhibitions, speeches and coordinated conclusions from four Commissioners, serve as a solid starting point for an in-depth debate.
7. In addition to the development of policy instruments based on the conclusions of this conference, the European Commission has proposed a reform for the EU telecom rules (13 November 2007) in which it proposes "strengthening consumer rights; giving consumers more choice by reinforcing competition between telecom operators; promoting investment into new communication infrastructures, in particular by freeing radio spectrum for wireless broadband services; and making communication networks more reliable and more secure, especially in case of viruses and other cyber-attacks."²
8. CEMR welcomes the Commission's intention to develop a Broadband Performance Index that will facilitate relevant assessment of the broadband developments in the Member States.³
9. We also support the recommendation adopted by the Council of Ministers at their last meeting on 12–13 June 2008, that the Member States should define ambitious targets for broadband penetration, aiming to achieve an EU average broadband penetration of 30 % compared to the 20 % level in 2007 and a national penetration level of at least 15 % by 2010. This does not preclude, however, that individual

¹ http://ec.europa.eu/information_society/events/broadband_gap_2007/index_en.htm

² http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=3701

³ i2010 Mid-Term Review

http://ec.europa.eu/information_society/europe/i2010/mid_term_review_2008/index_en.htm

Member States may target a more ambitious broadband penetration according to their respective programmes.

10. The pragmatic actions taken by the European Commission in the different areas of ICT and broadband policy will affect the regions and local authorities of the European Union considerably.
11. With this policy paper, CEMR would like to contribute to this debate. Furthermore, CEMR also wishes to provide ideas and recommendations for actions to be taken within regions and local authorities to support further development of ICT in the public sector and in particular in broadband deployment.

The Role of Regional and Local Authorities

12. Local and regional authorities have an important role in promoting the public sector demand for broadband communication and addressing the needs of their underserved areas. This process can be best described as a community planning assignment and, as such, needs to become “part and parcel” of traditional planning competencies of local and regional authorities. The topic of broadband deployment is a new and complex issue for local and regional authorities and requires further research and exchange of best practices.
13. Local and regional authorities play a key role in stimulating the broadband market through public procurement and public service reforms. Public sector purchasing can be used, not only to procure existing technologies but also, more interestingly, as a driving force to promote the development of innovative technical solutions that can contribute to sustainable growth and foster the development of public services and social welfare.
14. The European Commission’s Communication on pre-commercial procurement, published in December 2007, aiming to raise awareness on how public procurement can stimulate the development of novel technologies and services, should be examined with respect to its relevance for local and regional government.
15. Local and regional authorities are key players in the development of e-government and e-procurement services that can help significantly in making local community-based services more efficient and customer friendly.
16. However, deployment of broadband is hampered by market failures in rural and remote areas. Therefore, local and regional authorities may choose to initiate broadband infrastructure in areas where market players are not investing.
17. In such cases the use of the structural funds and other well-targeted public funding, preferably in combination with public private partnerships, could be appropriate in order to stimulate the market to invest and operate in these areas.
18. When doing so, complex legal, financial and planning issues are to be addressed in order to comply with the European internal market rules. As a Service of General Economic Interest (SGEI), broadband infrastructure is subject to EC legislation on competition and state aid rules.
19. It is also fundamental, that any kind of public engagement in broadband deployment should be aimed at establishing open networks in order to enhance competition between different market players. At the same time, public funding must neither crowd out private initiatives, nor distort competition to an extent that would be against the common interest.
20. The European Commission Communication on the Single Market Review, published on 20 November 2007 and the accompanying document with frequently asked

questions in relation to State Aid provide some clarification, but CEMR would welcome clearer guidance for local authorities and regions.

21. Clear information is necessary on how to act according to these rules and regulations when financing broadband deployment. This is not only a question of best practice, but more significantly a question of how to understand and apply European State Aid rules and decisions of the European Court of Justice in this area.

CEMR's view on broadband infrastructure

22. CEMR's principal objective is to support and assist local and regional authorities, through their national associations, in their planning and decision making to establish effective broadband deployment especially in underserved areas.
23. Nowadays, political governance is of great significance for the development of the Information Society. It is vital—in the interest of the end-users—to establish a “balance of power” between public and private sectors and to clarify their roles. It is necessary to identify strategic choices that local and regional authorities have, whilst leaving the determination of operational issues to the market players.
24. ICT-development is having a fundamental effect on our society today and it is a driver for transformation of society and future changes in many fields. It is therefore important to continuously assess the consequences, positive and negative, of social, economic, technical and cultural change at all political levels.

Policy Recommendations from CEMR

25. Local and regional authorities should be empowered by their national government to undertake cohesive planning of broadband policies in their territories, in order to bridge the broadband gap. The requirement to establish long term ICT- infrastructure programmes should be a part of future Community planning processes.
26. The planning process for identifying the need for sustainable broadband infrastructure and analysing market conditions requires specific skills and competencies in the public administration. Therefore, local and regional authorities need additional support for training programmes of the staff concerned. Special funds from national governments can facilitate the process of building up the necessary competences in local authorities and regions.
27. National governments should instruct relevant regulating authorities to supply a coherent national map of broadband infrastructure, in which the local and regional dimension is reflected. Local and regional authorities should continually be consulted on the results of the mapping process and on the conclusions drawn from the maps.
28. Regulating authorities should furthermore be requested to develop common typologies for relevant and uniform concepts and terms used in identifying and defining “market failure”. These terms and concepts are necessary in the planning activities in order to systematically identify market failures in underserved regions.
29. National governments should consider the need to establish special funding for promoting development of broadband physical infrastructure and carrier services in underserved areas. Local authorities and regions should also be able to use the structural funds for this purpose.
30. Coherent guidance for public procurement of broadband infrastructure and carrier services should be provided by European and national authorities to ensure compliance with EU Internal Market and State Aid Rules.
31. Publicly funded broadband infrastructure should always be available on the principle of “open infrastructure / open net” in order to enhance competition. The debate

concerning "functional separation" between infrastructure and services is therefore of vital importance for enhanced competition on the broadband market and should not be restricted only to networks owned by the incumbents but, in terms of general interest, to all networks used for public purposes.

32. Environmental and climate change objectives must be included in public ICT/broadband programmes focusing on promoting energy efficiency, low carbon emissions and radiation effects.
33. It is important to recognise that the telecom sector depends vitally on a sustainable power supply. It is therefore urgent to establish national, regional and local strategies to reduce the vulnerability that arises from the dependency on uninterrupted power supply. This is critically important when it comes to e-services based on the IP technology.
34. The European Union and the Member States should develop efficient tools for self-assessment of ICT and broadband deployment. It is important that local and regional authorities participate in the development of such evaluation schemes to ensure future comparability at national and European level.
35. Better and smarter use of broadband constitutes a major contribution in achieving prosperous and vital communities in rural areas and strengthening the social infrastructure and the well-being of its inhabitants. Therefore it is crucial that the focus of the future development is not only on the ICT infrastructure but also on the content of the services, e. g. on health and social services, and on the user aspects of the services provided.
36. It must be emphasised that broadband and growing access to the Internet has an increasing impact on children's and youth's daily life. Fight against racism, bullying, grooming and child abuse must be of highest priority in all community planning processes and it must also be recognised in the deployment of broadband communication.
37. National, regional and local authorities should seriously engage in the "New Safer Internet programme 2009–2013" which the European Commission plans to launch in the beginning of 2009.
38. Finally, the development and deployment of broadband technologies and broadband-based services should be continuously monitored and evaluated against strategic objectives and policy recommendations, in order to achieve a balanced development integrating all aspects of local, regional, national and European objectives and policies. . A unified methodology and tools for assessment and self-assessment of ICT and broadband deployment at local, regional (and national) level should be developed in cooperation with the European Union and the Members States and with the participation of local and regional authorities.

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