

# THE DIGITAL REVOLUTION HOW TO FINANCE NETWORK INFRASTRUCTURES?



**Long Term Investment**  
and Reindustrialisation  
Intergroup

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# About Caisse des Dépôts Group

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**Caisse des Dépôts et Consignations (CDC) is a public long-term investor and contributes to the development of the French economy.**

**2014 balance sheet: € 30 Bn.**

“CDC and its subsidiaries are a group serving public interest and France’s economic development. The group fulfils public interest functions in support of the policies pursued by the State and local authorities, and may engage in competitive activities” (Article L. 518-2 of the French Monetary Financial Code).

- ▶ CDC manages funds from regulated savings accounts and invests conservatively in projects in public interest projects, especially social housing
- ▶ CDC acts as public banker for judicial and social security systems
- ▶ CDC operates public and semi-public pension schemes
- ▶ CDC co-invests in regional and local development projects with local authorities
- ▶ CDC acts as a long-term investor in the French economy.

**CDC regional offices in mainland France and the overseas territories leverage the Group’s expertise and financing capabilities.**

# Overview of current CDC footprint in Digital Economy

## Technical & financial support for local authorities

CDC provides studies & advice and is involved in local digital development frameworks promoting both nationwide coherence of public initiative as well as appropriate synergies with private investment.



Through its digital development department, CDC supports local authorities on very high speed infrastructure projects because this policy area contributes significantly to sustainable development, competitiveness and attractiveness of territories, job creation and territorial innovation

- ▶ **CDC is a minority shareholder of 36 broadband Public Initiative Networks** especially in areas with low density of population.
- ▶ **180 M€ investment**, that allowed a highly leveraged total investment (x8)
- ▶ **Agreement with the European Investment Bank (EIB)** to cooperate for loans for local authorities
- ▶ **1st Project Bond** in France – July 2014
- ▶ All network services are provided on an open access basis to the telecom operators enabling them to produce and deliver their services to the final customer (households and enterprises) – *The French Model*

# Specific needs to be addressed in France

## Current state of affairs

- ▶ **High fragmentation** of broadband infrastructure projects
- ▶ **Long payback periods for investments requiring long-term debt facilities for the private sector which are not easily available with commercial banks in the market**
  - *Long-term loans for local authorities projects : already 323 M€ contracted for NGA by the CDC*
- ▶ **Private equity investors more focused on large transactions** (regional level), but generally no observation of market failure to raise equity

As a result there is a **significant demand for financing smaller-scale, high-risk broadband projects in France**

**CDC is fully involved with its equity tools for all the local projects**

**Quasi-equity tools could probably be attractive for commercial banks to provide more debt**

## CDC investments in public initiative networks

January 2016

