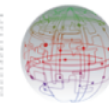


# Multiple Framework Contract for the Support to Structural Reforms in EU Member States

Support for Broadband Competence Office (BCO) structuring and for broadband Projects

Expansion of Very High-Capacity Networks in underserved areas

March 29, 2023



DEPARTMENT OF ELECTRONIC COMMUNICATIONS  
DEPUTY MINISTER OF RESEARCH, INNOVATION AND DIGITAL POLICY



# Table of Contents

**1** Introduction and RRP Milestones

**2** Objective and main parts of the Investment

**3** Mapping of Intervention areas

**4** Selection Process

**5** Progress and Next Steps



# 1

## Introduction and RRP Milestones

# Introduction and RRP Milestones

## Current Situation

**44%**

of households in Cyprus have at least 100 Mbps fixed broadband take-up.

**0,9%**

of households in Cyprus have at least 1 Gbps take-up.

**55-60%**

Of networks in Cyprus support Gigabit connectivity comparing to an average of **70%** in networks in the EU.

Note: The above data are the 2023 DESI estimations by the Cyprus NRA, as made available by DEC.



The current situation in Cyprus demonstrates low fibre deployment for very high capacity networks (mainly in urban areas and almost non-existing in rural).



According to the Digital Economy and Society Index (DESI), most digital indicators for Cyprus are improving year by year, but this improvement is rather slow.



Cyprus lags behind in ultrafast broadband coverage, fast broadband uptake and ultrafast broadband uptake and the broadband price index.

# Introduction and RRP Milestones

## Investment Description in RRP CY

### The Investment aims to:

- Close the relevant investment gap in order to reach connectivity targets for very high capacity networks in areas of no private interest,
- Accelerate deployment of ultrafast access infrastructures in underserved areas.



The budget of the measure is **35,000,000 EUR**, entirely made available through the RRF.



Disbursement of the aid to the selected beneficiaries will be possible until **December 2025**, as foreseen under the RRF targets.



It is expected that at least **44,000 premises** in underserved areas will be covered by ultrafast access networks.



2

Objective and main parts of the Investment

# Objective and main parts of the Investment

## Types of Interventions

The implementation of the investment will follow a **Private DBO (Design, Build and Operate) – Gap Funding model**. The Contractor will undertake the design, construction, and operation of the network, as well as part of the financing and the public sector will cover the funding gap with a grant.

The scheme will support investments in ultrafast access infrastructures in underserved areas of Cyprus through two types of interventions:

### Type A investments



Ultrafast fixed access networks providing at least **300 Mbps download speed**



**upgradable to 1 Gbps** download speed



located in areas where no networks providing 100 Mbps download connectivity are currently present or planned by 2025

### Type B investments



Ultrafast fixed access networks to provide **1 Gbps symmetrical speeds to SEDs**, hospitals and buildings housing government agencies,



in areas where 300 Mbps download speeds at peak time conditions are not available or planned by 2025.



Following the public consultation, it was concluded that **there is a 5G mobile technology network with 94% geographic coverage and 100% population coverage**, thus providing the entire Cypriot territory with a minimum download speed of 100Mbps. Therefore, **it was decided to remove investments in 5G from the investment plan.**

# Objective and main parts of the Investment Competitive Selection Process and Claw-back mechanism



The scheme has been designed so that it is compatible with the General Block Exemption Rule whose requirements must be met in the implementation phase.

## GBER requirement

## Scheme's design



The aid shall be allocated to providers of electronic communications networks and services on the basis of an **open, transparent and non-discriminatory competitive selection procedure**.

The beneficiaries of the support scheme will be selected through an **open, competitive and non-discriminatory selection process, following the Cyprus procurement rules**.



Member States shall put in place a monitoring and claw-back mechanism if the amount of aid granted to the project exceeds EUR 10 million.

- A claw-back mechanism will be put in place for the project.
- The mechanism will be operational throughout the lifespan of the subsidized network.
- Aid beneficiaries will therefore have to refund the unexpected gains which exceed an increase of 30% as compared to the gains calculated for the funding gap in the project proposal phase.



# Objective and main parts of the Investment

## Wholesale access conditions and pricing



The scheme has been designed so that it is compatible with the General Block Exemption Rule whose requirements must be met in the implementation phase.

### GBER requirement



The operation of the subsidised network shall offer the **widest possible active and passive wholesale access** under fair and non-discriminatory conditions.

Active wholesale access shall be **granted for at least ten years from the start of the operation of the network.**



The wholesale access price shall be based on one of the following benchmarks:

- (i) the average published wholesale prices that prevail in other comparable, more competitive areas of the Member State or the Union; or
- (ii) **the regulated prices already set or approved by the national regulatory authority** for the markets and services concerned

### Scheme's design

**Effective and comprehensive wholesale access** to the subsidised infrastructure must be offered at both the **passive and active layer**, under open, transparent, fair and non-discriminatory conditions, to all operators who request it.

Active wholesale access for all active access products will be granted for at least **10 years.**

The wholesale service price **will be the regulated wholesale prices approved by the Cyprus NRA** and will be given to the tenderers as part of the tender documentation.

The wholesale access prices are determined based on the cost orientation principle and are audited and approved by the NRA.

# Objective and main parts of the Investment

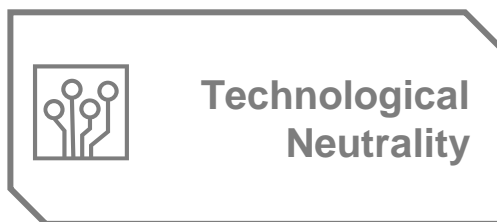
## Technological and Environmental neutrality



The scheme has been designed so that it is compatible with the General Block Exemption Rule whose requirements must be met in the implementation phase.

### GBER requirement

### Scheme's design



Technological  
Neutrality

The aid shall be allocated to providers of electronic communications networks and services [...] in line with the principles of public procurement rules and **respecting the principle of technology neutrality.**

The measure **will not favour or exclude any particular technology**, both in the selection of beneficiaries and in the provision of wholesale access.

### RRP requirement

### Scheme's design



Environmental  
Neutrality

In all measures included in Component 4.1 of CY RRP that foresee construction works and purchase of new equipment, machinery, vehicles etc., all procurement procedures will require **compliance with the Do No Significant Harm (DNSH) principle.**

The scheme also includes a requirement for complying with the **Do No Significant Harm (DNSH) principle** as regards the construction works and purchase of new equipment, machinery, vehicles etc. required for the subsidised network.

In order to limit the negative environmental effects, the granting authority encourages **the re-use of existing public and private infrastructures** for deployment of subsidized networks.

# Objective and main parts of the Investment

## Changes under the updated GBER

This scheme has been designed in accordance with the provisions of the General Block Exemption Regulation 651/2014 as last amended in July 2021. On 9<sup>th</sup> March 2023, the Commission endorsed a revised version of the GBER, which resulted in the following changes in the Investment's design:



### 1. Investments in passive infrastructure

The new GBER requires that **at least 70% of total investment** into passive broadband infrastructure



### 2. Wholesale access

The new GBER requires that “*network shall not only provide access to at least three access seekers but shall also **make available at least 50% of the capacity to access seekers***”.

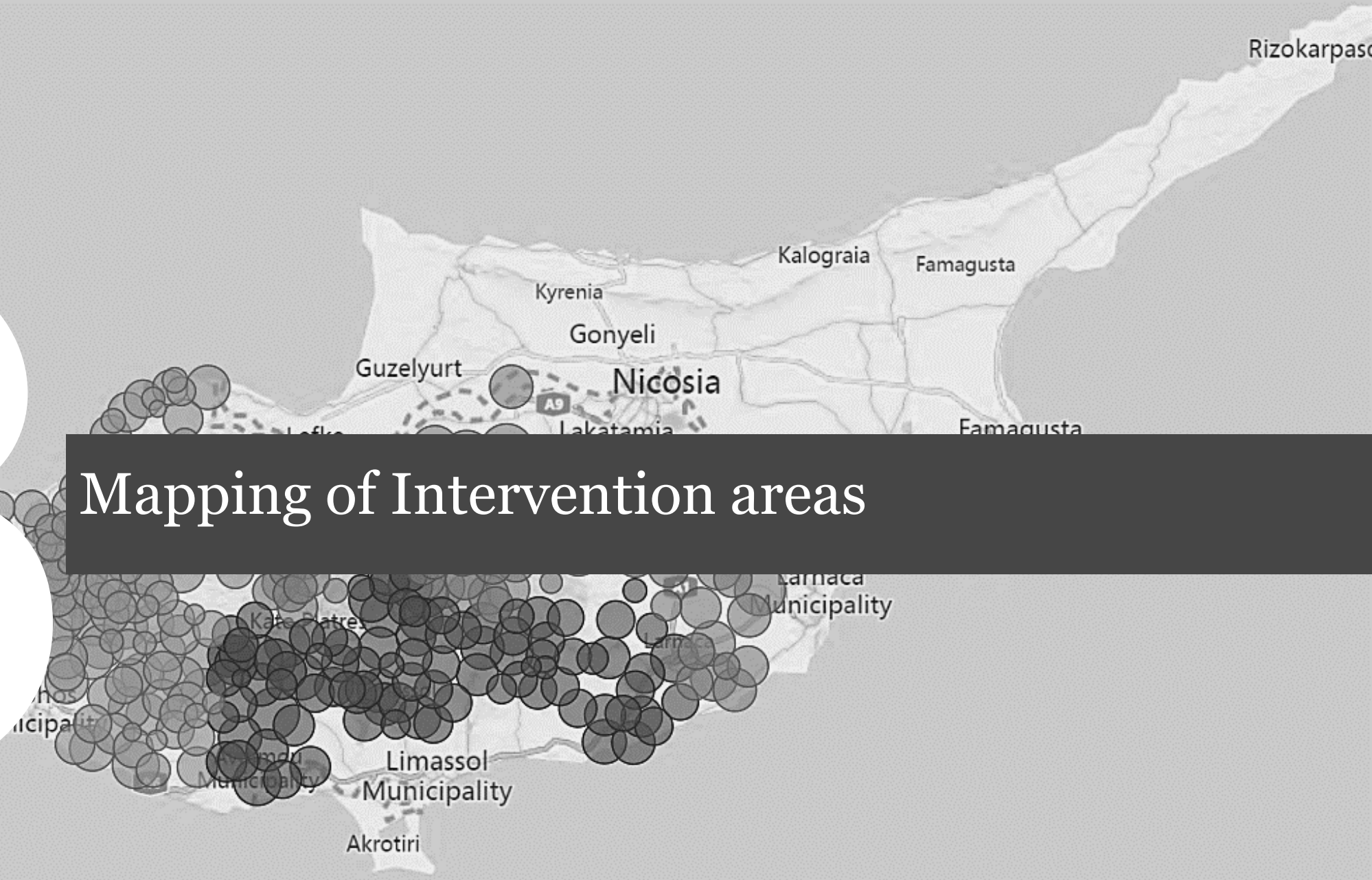


### 3. Wholesale access pricing

The new GBER requires that the **wholesale access price has to be given to tenderers as part of the tender documentation**, according to the Member State's National Regulatory Authority regulated wholesale prices.

# 3

## Mapping of Intervention areas



# Mapping of Intervention areas

## Lots distribution for awarding process

### Objective and resources

In line with the GBER provisions, prior to launching the scheme, a mapping exercise was conducted in order to:

- identify the geographic target areas,
- while taking into account all existing fixed broadband networks.

The mapping was based on the geographical data made available by

- DEC
- the Office of the Commissioner for the Regulation of Electronic Communications and Posts (ΓΕΡΗΕΤ)
- the Department of Cadastre of the Ministry of the Interior
- the Statistical Service
- the telecommunications providers

### Mapping Results

Based on the available data, the mapping exercise has been concluded following the public consultation aiming to:



Create 3 equal lots



15.000 Households should be connected in each Lot

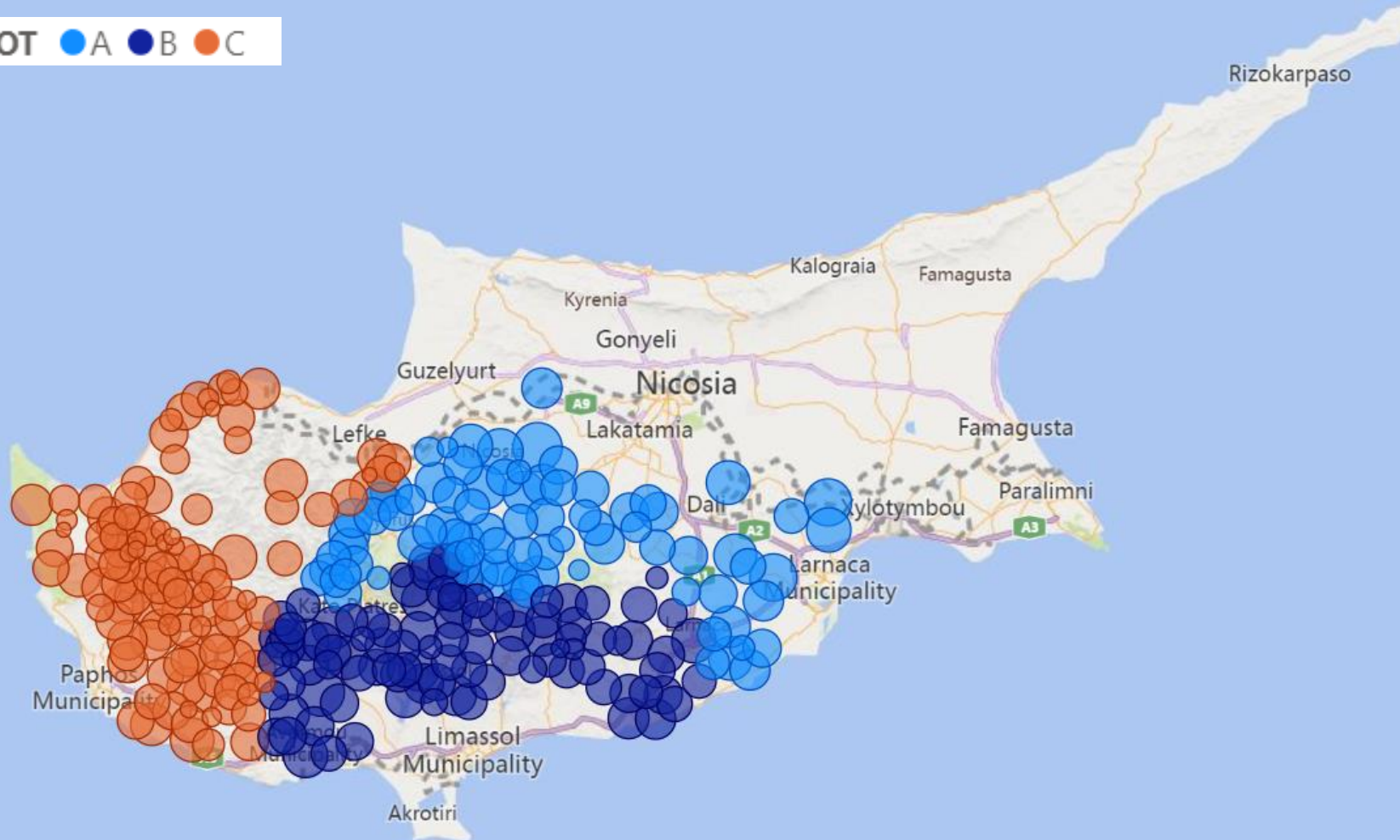


#### **Changes in lots distribution following the public consultation:**

1. Adjustments to Lots distribution since new data have been incorporated
2. The limitation of awarding one Lot per Provider has been deleted
3. Interested Providers can bid for all three Lots
4. Up to 2 Contractors for the 3 Lots (exception if there is only one bid per Lot).

# Mapping of Intervention areas

## Results and available data



### Data available for each Lot

- Postal Codes (PC)
- Number of Organised Communities per PC
- Number of Buildings in Inv.1
- Number of Buildings in Inv.1 in Organised Communities
- Average distance from buildings in Organised Communities to the nearest cabinet
- Total population
- Total number of households
- Population Density per PC
- Total number of SEDs per PC

# 4

## Selection Process



# Selection Process

## Tender documents contents

### Details

- ✓ **Open selection process for all telecom operators** in Cyprus
- ✓ In line with public procurement processes
- ✓ The infrastructure built will **be in the property of the undertaking** that receives funding following the competitive selection procedure
- ✓ The selected undertaking is obliged to operate and maintain the subsidized infrastructure **for at least seven years** after the start of its operation

01

#### Part A: Guidelines for Economic Operators

This part will include details for the investment, the bidding and awarding process.

02

#### Part B: Terms of Contact

This part will include both the general and specific Contract terms for design, construction and maintenance of the scheme.

03

#### Part C: Technical Specifications

This part will offer a detailed description of the minimum performance and technical requirements of the subsidised network.

04

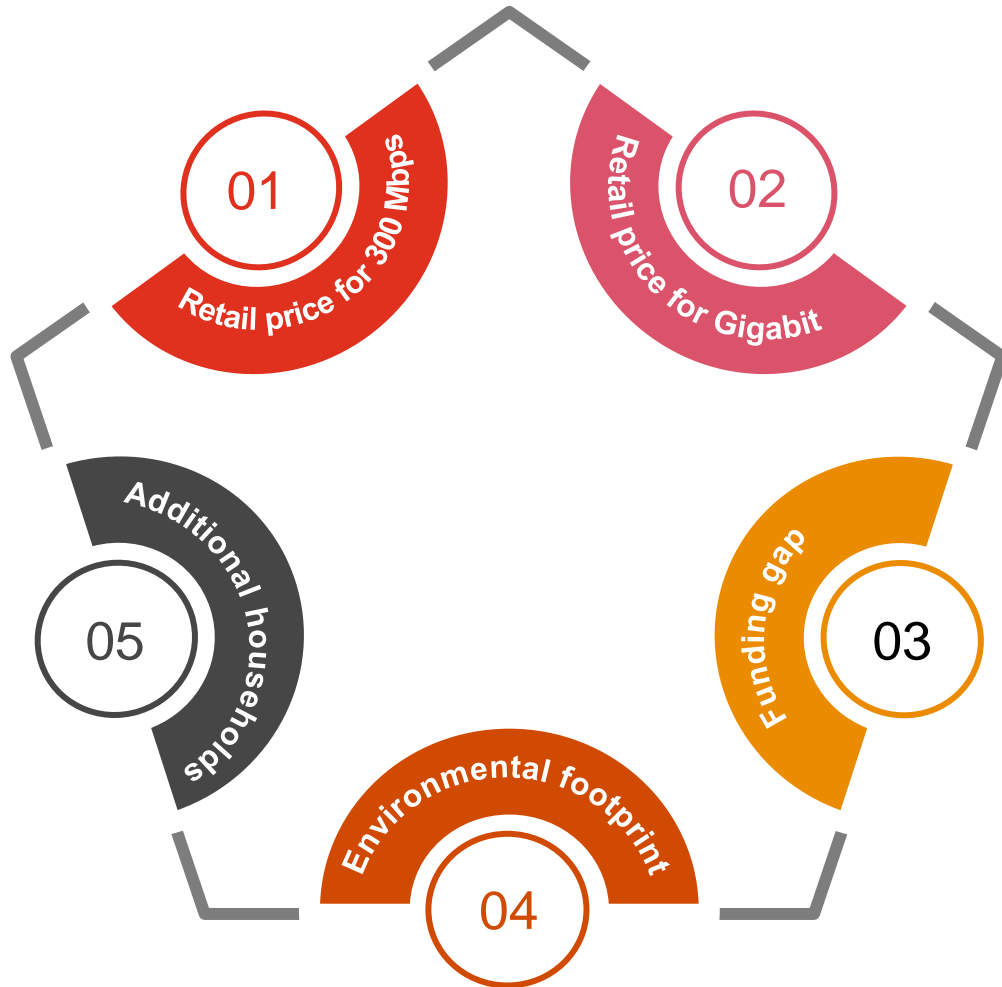
#### Part D: Mapping of Intervention Areas

This part will include the mapping of the three lots in which the territory of Cyprus will be divided for the implementation of the scheme and all supportive available data.



# Selection Process

## Awarding criteria



- 01 Retail price for 300 Mbps**  
The cost of a monthly subscription per household for a 300 Mbps download speed connection given by the bidder.
- 02 Retail price for Gigabit subscription**  
The cost of a monthly subscription per household for a 1000 Mbps download speed connection given by the bidder.
- 03 Funding gap**  
The funding gap as calculated by the bidder based on the methodology and categories/types of costs eligible in the tender documents.
- 04 Environmental footprint (CO2)**  
Given the environmental neutrality provisions for the Investment, points will be allocated to certain technologies to reflect their respective energy consumption.
- 05 Additional Households**  
Points will be allocated to bidders for each set of 300 households above the require 15000 households per lot.



# 5

## Progress and Next Steps

# Progress and Next Steps

## 1. Preparation of the Scheme's Description

The initial description of the scheme has been prepared by the project team in liaison with DEC.



## 3. Make changes to Project description

Adaptations were made based on the results of the public consultation and the updated GBER requirements.



The public Consultation of the measure has been published in July 2022 inviting any potentially interested stakeholders to provide comments.

## 2. Public Consultation of the measure



## 5. Launch tender procedure



## 4. Preparation of the tender documents



## 6. Sign contracts with the Contractor of each lot



Present

**Note:** Implementation of the investment must be completed by Q4 2025.

# Thank you

[pwc.com](https://www.pwc.com)

This has been prepared in the context of the project “Support for Broadband Competence Office (BCO) structuring and for broadband Projects”, for the purposes of the coordination meeting. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Business Solutions SA., its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2023 PwC. All rights reserved. “PwC” refers to PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com /structure](https://www.pwc.com/structure) for further details.