





## Investment1: Expansion of Very High-Capacity Networks in Underserved Areas

### Executive Summary | Public Consultation Report

Following the decision of the Cyprus' government to implement the investment “*Expansion of Very High-Capacity Networks in underserved areas*” (Investment 1) in the context of its RRF, the Department of Electronic Communications (DEC) submitted the main features of the scheme for Public Consultation in line with European State-aid rules. By July 23, 2022, three responses to the public consultation were received, all coming from telecommunication operators in Cyprus.


The main results of the procedure are described in the table below.

Area/ Topic	Description
 Mapping of intervention areas update	<p>The update and finalisation of the mapping has already started and is planned to finish shortly, integrating all the new data received from CYTA. The telecom operators will receive (as requested) more detailed information regarding the three lots, including the active connection points that currently exist in CYTA's network (the only way to exclude inhabitable houses from intervention areas).</p>
 Type B investments (5G)	<p>Based on the responses received, CYTA has already developed a 5G mobile technology network on its own initiative, with 94% geographic coverage and 100% population coverage, thus providing the entire Cypriot territory with a minimum download speed of 100Mbps without any state-aid. Therefore, it was decided to remove the Type B investments from the scheme. Following the decision to exclude Type B investments from the scheme, DEC along with the Project team are exploring the possibility to implement the scheme under the General Block Exemption Regulation (GBER), so that a faster process is ensured.</p>
 Access to existing infrastructure	<p>In order to ensure access to existing infrastructure, “<i>Collocation and Facilities Sharing Decree</i>” (247/2013) will continue to be applied symmetrically to all telecom operators but will not be extended or amended somehow for the case of CYTA. In addition, based on NRA legislation, <i>the legally obliged undertaking (operator) will be responsible for the operational and well-maintained state of its network including electronic communications equipment as well as associated facilities.</i></p>
 Obligations to provide wholesale products	<p>The technical specifications for the offer of wholesale products that the providers need to submit will be described further in the tender documents of the scheme. However, it should be noted that indeed the publication of access conditions to the existing infrastructure are a pre-condition to participate in the award process. According to BBGL (para 133), information regarding the use of existing infrastructure (including terms, conditions, pricing) must be provided at least two months before the deadline to submit the bid in the competitive selection procedure.</p>



Claw-back  
mechanism

As requested, some general guidelines on the calculation of the funding gap and the calculation of the subsidy will be given in the tender documents of the Investment (taking into account that competition must be ensured in the bidding process), but each operator will be free to choose how to build its business model and which factors will be taken into account when calculating the funding gap for the scheme. Regarding the monitoring of the contractor for eligible costs going beyond EUR 5 million (claw-back mechanism), it is imposed by the new BBGL, par. 156 *“Member States must implement a claw-back mechanism for at least the duration of the project if the aid amount of the project is above EUR 5 million and must set out its rules transparently and clearly ex-ante (including in the documentation for the competitive selection procedure)”*.



Limitation of having  
a different contractor  
per LOT

DEC agrees with the concerns raised by the providers that the limitation of having a different contractor per LOT may lead to a situation where the best economical bid will not be selected. In order to counter-balance this risk, but still encourage a high level of competition, Cyprus authorities will allow for each bidder to be awarded maximum 2 lots. However, the operators were reminded that, as provided by point 120 of the Draft Broadband Guidelines, where the number of participants is not sufficient, the Cyprus authorities will entrust an independent auditor with the assessment of the bid (including cost calculations) submitted by the winning bidder.