

# MAXIMISING BROADBAND CONNECTIVITY ACROSS THE EU USING EUROPEAN FUNDING FOR SATELLITE BROADBAND ACCESS

## - IMPLEMENTING A VOUCHER SCHEME - DECEMBER 2013

### SUMMARY:

1. The European Commission wishes to maximise broadband connectivity for all citizens regardless of their location throughout the EU. Satellite broadband is a high-speed Internet bidirectional connection made via communication satellites, often the only broadband solution for those who live in areas with no or only very poor connectivity. Today satellite broadband offers such areas access to services of 20Mbps, a big step forward from no connectivity at all and an excellent service proposition, which will evolve to higher speeds in the near future. In order to facilitate access to satellite broadband solutions, the Commission recently participated in the [broadbandforall](#) initiative<sup>1</sup> which helps citizens throughout EU28 locate a satellite broadband distributor so that they can be immediately connected to broadband Internet. Multiple service providers exist in different Member States and sometimes even within individual regions.
2. Access to satellite broadband solutions depends on user equipment (antenna and modem), which was recognised as eligible for European funding in 2010. Even though the new ERDF regulation proposes a speed indicator of 30 Mbps, satellite user equipment - even enabling sub-30Mbps services - remains eligible under the 2014-2020 European Structural and Investment funds (ESI funds): this investment amounts to a “demand stimulation” action rather than an investment in new infrastructure. It is ideal for isolated and remote areas in Europe where no or only very basic Internet access exists, where other solutions are not immediately economically viable.
3. A “Voucher Scheme” has been successfully implemented in some Member States to connect remote communities using satellite broadband. Under such a scheme a Public Authority provides financial aid (a voucher) to eligible end users with which they can ‘pay’ a registered service provider of their choice for the purchase, installation and activation of satellite user equipment. The service provider seeks reimbursement of his costs from the Public Authority implementing the scheme.
4. Voucher schemes are:
  - a. Recognised by the European Commission as useful “demand stimulation” actions that help maximise the take-up of available broadband solutions for closing the digital divide;
  - b. Feasible in terms of implementation while respecting EU funding rules;
  - c. “Lighter” and more flexible to implement for public authorities as they avoid possible long & bureaucratic tender procedures and as they invest directly in users who request connectivity rather than laying out an infrastructure, the immediate use of which is uncertain;
  - d. Initiatives that transform the way public aid is provided to citizens as they empower end-users giving them a wide choice of suppliers to meet their needs.

**This document describes how Public Authorities can implement a voucher scheme and should be read by Managing Authorities responsible for EU Structural and Agricultural Funds across all EU Member States. The document was written on the basis of best practices from Member States and guidelines from EU Commission<sup>2</sup>.**

<sup>1</sup> <http://ec.europa.eu/digital-agenda/en/broadband-all-satellite>

<sup>2</sup> See §7. Sources

## Core design principles

Local voucher schemes should be based on an overarching scheme as described in this document, to operate consistently across all participating MS/ regions, while including a degree of local customisation within defined parameters. They should work within the existing market and support end-users' one-off charges for the purchase, installation and activation of equipment for bidirectional satellite broadband access.

## How does a Voucher Scheme work?

Voucher schemes minimise procurement procedures associated with classic calls for tender by:

1. Implementing a call off tender based on the creation of a list of “registered” broadband service providers (“service providers”) which are able to provide the requested service and which meet minimum performance criteria defined by the Public Authority implementing the scheme, and by
2. Inviting eligible end-users to approach any registered service provider and choose the one that best suits their needs.

Once selected by the Managing Authority, they are entitled to:

- Provide, install and activate the equipment for eligible end users;
- Collect vouchers from end users;
- Transfer the vouchers to the Managing Authority for payment.

## Proposed Steps for the efficient implementation of a Call-Off procedure:

1. **The Managing Authority (“MA”) should publish the call-off tender for the creation of a list of registered service providers in its Official Journal<sup>3</sup> and Web Site.** If possible, the MA should also send direct invitation letters to service providers to ensure a wider participation to the selection.

The call-off tender should typically include the following information:

- The purpose of creating a list of pre-selected broadband providers/service providers;
- A web-link to the application form to be submitted electronically, email address where it should be sent and deadline for its submission;
- A list of documents that verify the service provider meets the requirements of the call;
- A draft of the agreement with the Managing Authority detailing the actual procedure for periodical reporting, monitoring and payment of individual transactions, in accordance with rules approved by relevant legislation (i.e. OP, law, rules and regulations, etc.);
- Contact details of the person in charge of the procedure.
- Minimum qualitative criteria that service providers should respect, such as:
  - o Speed: at least 6 Mbps download and 1 Mbps upload throughout the entire territory covered by the scheme;
  - o Monthly download volume: at least 3 Gb;
  - o Residual connectivity at no additional cost for the end-user, possibly with reduced performance, even after full consumption of the monthly allowance;
  - o As a plus, availability of National IP- addresses.

***In responding, service providers should provide at least the following information:***

- Company registration data, contact details, recent financial statements;
- Confirmation of their authorisation to provide the service (i.e.: specific General Authorisation from the Competent Authority and registration in the Communications Operators Registry either equivalent, depending on local legislation);
- Confirmation that they provide the bi-directional telecommunications services via satellite in

<sup>3</sup> Or equivalent

- line with the selection criteria;
- A detailed description of the services actually offered for the Scheme, including at least:
    - o Actual download and upload connection speeds, volume allowance, coverage throughout the entire territory covered by the measure;
    - o Traffic management policies;
    - o Service subscription prices, including initial costs, VAT<sup>4</sup>, and excluding any temporary special offers;
    - o After sales support.
  - Ability to provide quotations to eligible end-users and sign contracts with them for the delivery of services.
2. **After establishing the list of service providers, the MA should sign a formal agreement with the selected providers** detailing a communication plan, the procedure for periodical reporting, monitoring and payment of the individual transactions in accordance with the rules approved within the relevant legislation (i.e. OP, law, rules and regulations, etc.).
  3. **The MA should publish the list of registered service providers, along with information regarding the aim of the measure and the value of the aid for eligible users (including eligibility criteria and request forms) on its website.** It should then execute a clear and simple communication plan informing the population about the initiative, inviting end-users to apply including making a declaration confirming they meet the eligibility criteria defined by the Scheme and actively involving local stakeholders (e.g. schools, municipalities, public offices, postal offices). End-users wishing to apply should.
  4. **The MA should then receive applications from either users or service providers (acting on behalf of users) and should verify and issue vouchers equivalent to the value of the aid granted by the scheme.** With this the eligible user can 'pay' the registered service provider of his choice to supply, install and activate a satellite antenna and modem for Internet access in areas where the Scheme is implemented. The MA may find it useful to issue vouchers electronically and identify each one with a serial number. This enables tighter control over the measure and allows for a pre-check on eligibility. Each voucher should be issued as a pre-filled form with information identifying the end-user who is the final recipient of the aid. The end user should complete the form stating the service provider he has chosen from the MA's list. It is recommended that the validity of the voucher be limited to a specific time period, e.g. that it should be presented to a service provider within [120 days] from its date of issue. This system allows the authorities to control the budget allocated for the scheme and finance the eligible end users in the waiting list.
  5. **The eligible end user using the voucher must acknowledge the one-off on-site supply, installation and activation of their customer premise equipment by:**
    - Completing a delivery certificate provided by the Managing Authorities for this purpose and giving it to the registered service provider;
    - Signing up for a subscription to the broadband Internet access service;
    - Assuring that the invoice includes i) the eligible expenses foreseen by the scheme ii) the number of the voucher iii) the appropriate reference of the funding scheme
  6. **The service provider should then seek voucher reimbursement directly from the responsible MA.** As a result of regular reporting provided by the registered service provider to the Public Authorities in charge of the Scheme, the validated vouchers, the related invoice and the subscription to the internet access service will ensure reimbursement of the costs incurred by the service provider for the procurement, installation and activation of the customer premise equipment by the end-user. Final recipients can be households as well as Public Authorities and SMEs.

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<sup>4</sup> Please refer to each specific EU Regulation as to the eligibility of VAT in ERDF and EAFRD.

### **State Aid Considerations:**

The Broadband Voucher Scheme needs to be compliant with State aid rules and technology neutral (unless it is demonstrated e.g. by public enquiries and user declarations that satellite broadband is the only technology available in the area). In this regard, the call-off procedure should invite all service providers able to provide the requested service and meet the minimum performance criteria defined by the Public Authority implementing the scheme to apply to be on the list of registered service providers.

Considering (i) the limited economic value of the aid granted to the final beneficiary - which for satellite broadband is usually not more than €500 per installation and (ii) the fact that multiple service providers may be involved in any given region, the “de minimis” regulation may apply.

In this case and only where the end user is an SME, the Public Authority should require the beneficiary to provide a declaration as to the amount of aid received (with a ceiling at EUR 200.000 per undertaking granted over any period of three fiscal years).

### **The Audit System - on the spot check procedure**

On-the-spot check audit procedures are compulsory in both EAFRD and ERDF. Reliable existing technologies allow the certainty of any single tangible operation to be validated and verified in a given area. Methods to do this for a Satellite Broadband Voucher Scheme include:

- Use of geo-referenced photos of the ground equipment installed (modem and antenna) along with a print out of the speed test (countersigned by the end-user)
- Declaration of the satellite operator that effectively provides the service to the specific end user.

### **This document has been compiled using the following sources:**

Commission Staff Working Document: SMEs Going Digital - A Blueprint for ICT Innovation Vouchers  
BDUK Urban Broadband Fund - Consultation on Connection Vouchers  
BDUK Connection Voucher Scheme – Supplier Briefing  
SABER Deliverable 2: Early Guidelines on Satellite Services Procurement

**Visual Depiction of Call-Off Procedure**

