

Basic Information

1.1. CRIS Number: 2006/018-180.01-06

1.2. Title: Mobile telephony and new technologies in electronic communications

1.3. Sector: Public Administration, Telecommunication sector

1.4. Location: Poland, Warsaw, the Office of Electronic Communications (UKE)

Objectives

2.1. Overall Objective(s):

Competition growth on the mobile telephony market in Poland and reform of principles of cooperation between operators in the light of new technologies.

2.2. Project purpose(s):

To learn the experience of the EU countries in using regulatory methods for the mobile telephony market and new technologies.

To improve UKE's activity in compliance with standards applicable in the EU countries with regard to the development of the mobile telephony market and new technologies.

To adjust the regulatory methods used by UKE for mobile telephony market and new technologies in order to achieve effective competition.

2.3. Justification:

Comprehensive monitoring report on Poland's preparations for membership issued by the European Commission in 2003, chapter 19 Telecommunications and information Technologies states that "In order to develop further competition in the market, reasonable terms for interconnection (including leased lines) need to be settled (...) As for the acquis on telecommunications, intensified efforts are needed to adopt the necessary implementing measures, as well as to transpose the regulatory legislative package of 2002. Implementation needs to be accelerated, *inter alia* by setting reasonable terms for interconnection (...) The regulator in the telecommunications sector needs to be strengthened in qualitative terms".

Implementation of the new regulatory package in Poland has started from the moment of adopting the new Telecommunication Law in July 2004. The ordinance of the Minister of Infrastructure of 25 October 2005 was the basis for market analysis. The market of access and call origination in public mobile telephony network was the first market that was analyzed.

At the moment there are three mobile operators on the Polish market. Their market shares are 30%, 33% and 37%.

As a result of the UMTS tender the fourth operator appeared on the mobile market, unfortunately it is not able to provide GSM services. There are also Mobile Virtual Network Operators (MVNO) on the market. For this reason there is a strong need to find a suitable cooperation model between operators. Competition development is one of the main objectives of the Framework Directive (2002/21/EC) and UKE actions related to the mobile network market should be effective and balanced. These actions should promote effectiveness and provide maximum benefits to end users. With the advancement of new technologies like New Generation Networks (NGN) and IP telephony on the Polish market UKE needs to arrive at the reasonable regulatory solutions. Bearing in mind that new GSM and UMTS operators will prospectively enter the market and that regulatory obligations will be imposed on the present mobile operators, it is

necessary to apply suitable models of inter-operators cooperation. These models will bring a measurable effect in the form of increased competition in the area of quality, choice and reduced prices for services, taking into account reasonable and effective usage of existing resources accompanied by stimulating mechanisms to increase mobile network penetration.

As a result of increased competition in the area of mobile network services it will be necessary to work out a suitable model for cooperation between mobile and fixed network operators to prevent e.g. subsidizing by mobile operators their own services from charges for terminating calls originated in PSTN on their own networks. The cooperation model should not only include economic and business conditions but also technical aspects of traffic exchange, registration, networks and interfaces cooperation. It should also take into account legal background, including Polish and EU regulations. It is a very important element of state regulation policy in the light of strong market position of current mobile operators.

It is also very important for regulatory activity to work out an accounting model suitable for IP interconnection and IP-PSTN interconnection. The crucial part of this project will be a legal analysis of IP network concept in the context of telephone services and the scope for regulatory action within this market segment as well as the influence of IP telephony on the market of traditional services. According to the new regulatory approach introduced by the new Telecommunications Law, it will be necessary to discuss legal and economic base of regulation and the implementation of specific obligations in the area of access. For these reasons it is necessary to support UKE's employees by independent experts in the process of creation and adaptation of agreements between telecommunications service providers to currently existing legal and market conditions. The most important issues include suitable accounting models and models of cooperation between mobile and IP and PSTN networks operators that should be elaborated. The proposed solutions should be based on the EU member states experience.

Description

3.1. Background:

The new Telecommunications Law imposes on the President of UKE several fundamental tasks in particular:

- The analysis of relevant markets,
- Examining competition on existing markets,
- Designation of operators with SMP,
- Solving disputes between operators.

The President of UKE may impose on SMP operators such obligations as:

- the provision of specified elements of telecommunication network,
- offering WLR services,
- assuring roaming services in mobile networks,
- assuring systems which support operational activities or other kinds of software necessary for effective competition,
- negotiations concerning telecommunication access,
- preparing and introducing a reference offer of telecommunication access.

The regulatory authority has a stronger position and new competencies assigned in the light of the existing regulations, President of UKE has competencies to issue administrative decisions due to change of the project of Reference offer by the SMP operator.

The President of the Office of Electronic Communications performs two basic functions with regard to the telecommunication services market:

1. Regulatory function comprising designation of operators with SMP on the markets defined by the Ministry, imposing obligations and solving disputes between operators.

2. Monitoring function - control of activities by operators providing telecommunication services and agreements between operators.

CONTRACT 1

Mobile telephony

According to the Act of 16 July 2004 Telecommunications Law, the President of UKE decided that there is no effective competition in Poland on the national market of access and call origination services within mobile networks. In case of designating SMP operators, the President of UKE may impose on such operators special obligations, among others, the obligation to prepare and submit within a specified deadline a telecommunications access reference offer. For this reason, UKE would like to use the knowledge and experience of other EU Member States. The comparison of rules of co-operation between operators and reference offers may help UKE to prepare the best model for the Polish telecommunications market.

From many issues concerning co-operation between mobile operators, Poland is especially interested in the rules of access to telecommunications infrastructure by mobile operators (national roaming). The introduction of national roaming in Poland could enable market entry for mobile operators, for example for mobile virtual network operators (MVNO), which do not build their own infrastructure but use the existing infrastructure of other operators. At present, access to telecommunications infrastructure is a serious barrier to market entry.

There are several registered entities, which are going to provide services as MVNO, but they haven't started telecommunications activities yet mainly because of the lack of network access. UKE aims to enable new operators to enter the market. Furthermore, the analysis of the rules of co-operation between operators will be very important for the settlement of disputes between mobile operators.

Next important issue are costs incurred by mobile operators. From UKE's point of view the knowledge about elements that create costs incurred by mobile operators, especially with division into call origination and termination services, is crucial. The analysis of the costs incurred by operators which offer access to their telecommunications infrastructure, as well as by operators which use it, is essential for constructing cost parts of reference offers, their changes, and also for solving disputes between operators.

New technologies

There is a clear tendency, among the operators acting in EU Member States, to apply IP technology more widely. This is a tendency to migrate towards The New Generation Networks.

This has been noticed by the European Commission in a document "i2010: A European Information Society for growth and employment". EC indicates, that recent technological progress has been huge and ICT are entering a phase of mass deployment. Therefore, one of the main challenges for NRA in close future will be ensuring interoperability of platforms and technologies.

Moreover, EC is going to significantly increase outlays on research in a scope of new technologies and their practical adoption.

From the NRA point of view the most important issue is to support cooperation between operators and development of services, in a view of ongoing technological changes. Therefore, a transfer of knowledge concerning the architecture of IP based networks, NGN and cable TV networks (CATV – only those that support telephone services and Internet access) is necessary.

UKE expects to gain all necessary information about technical aspects of PSTN-IP, IP-PSTN and IP-IP interconnection (realization of POI, traffic measurements, collocation and services connected with interconnection), particularly taking into consideration solutions implemented in Poland. Additionally, model of settlements of accounts for services connected with PSTN-IP, IP-PSTN and IP-IP interconnection should be presented.

It is very important for Polish NRA to have the opportunity to get familiar with services providing in IP, NGN and CATV networks, in particular with VoIP services, with their technical implementation and with methods of costs settlement.

UKE's experts would like to know the experience of other EU Member States related to new technologies, PSTN-IP, IP-PSTN and IP-IP interconnection and also learn about recommendations related to the Polish market. Recommendations on how to apply electronic communication regulatory regime to new technologies are also necessary.

Because the impact of a development of services based on IP technology on the Polish market has become more visible, we expect, that in close future UKE will face a necessity to set his position in accordance with problems arising from the application of new technologies.

Revision of the Regulatory Framework for Electronic Communications

According to a speech of Mrs. Viviane Reding – Member of the European Commission responsible for Information Society and Media, dated 15th September 2005, the strategy adopted by the EC and described in a document “i2010: A European Information Society for growth and employment” emphasizes that review of current regulatory framework for electronic communications is necessary. The aim is to achieve one of the priorities included in above-mentioned document – the creation of “common information space”.

Consultations completing and preparing first draft of amendments is scheduled on July 2006.

According to Mrs. Reding's speech one of the aims of these amendments will be sustention of effective competition without on-going regulatory intervention. One of the results of this review should be common attitude to the regulatory treatment of new technologies, particularly the New Generation Networks.

Expert's support is necessary in a scope of the implementation of the expected changes into a Polish legal system. Also, expert's knowledge should support process of the implementation of upcoming changes in regulatory practice in Poland.

UKE expects that during the performance of the contract the scope of changes and their meaning will be discussed and recommendations for UKE will be delivered.

UKE also would like to learn the regulatory practice of other Member States related to the implementation of amendments to the regulatory regime and to get some information about planning solutions.

3.2. Linked activities:

PHARE'99 Programme –PL9905.03: Approximation of Polish telecommunications and postal market regulation to the requirements of the EU Internal Market

Beneficiaries: Office of Telecommunications and Post Regulation (URTIP).

The overall objective of this project was the harmonization of Polish telecommunications, radio-communications and postal market regulation with the current requirements of the European Community acquis (not included EU new regulatory framework). This involved establishing appropriate regulatory bodies to oversee liberalization of the markets and the development of policies which will both promote competition and provide the best deal for consumers.

PHARE'00 Programme – PL0004.05: Universal service in telecommunications

Beneficiary: URTiP.

The aim of the project was the development of policies and the continuation of activities relating to the effective implementation of universal service in Poland. It was a continuation of one component of Phare'99 "NRA" related to universal service and covered the current regulatory package and new Directive 2002 22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and user's rights relating to electronic communications networks and services. The project result is approximation of the Polish law in relation to Universal Service to the EU requirements including new Directive on universal services and user's rights.

PHARE 2002/000-605.02.02 "New regulatory framework for electronic communications". Beneficiary: UKE, Ministry of Infrastructure (MI).

The purpose of the project is to achieve the approximation of Polish regulation to the EU requirements related to electronic communications and to assure the effective implementation of the *acquis communautaire* in this field.

Transition Facility 2005/017-488.02.05 „Monitoring and stimulating the development of the telecommunication market”.

Beneficiary: UKE.

The purpose of the project is to improve UKE's activity in compliance with standards applicable in the EU countries with regard to the development of the effective competition on Polish fixed, broadband, leased lines and mobile telecommunication market.

The described Transition Facility 2006 project will be a continuation of the above mentioned projects. The realization of **PL0004.05** "Universal service in telecommunications" project was finished in 2004. The Technical Assistance contracts of **2002/000-605.02.02** "New regulatory framework for electronic communications" project were completed in 2005 and the investment contract, that results has no impact on TF 2006 project, is planned to be completed at the end of 2006. Concerning **Transition Facility 2005/017-488.02.05** „Monitoring and stimulating the development of the telecommunication market” project mainly contract 3 is aimed to be continued and completed within Task 2 of the described TF 2006 project. Other tasks of TF 2006 are completely new and independent and their relation with contracts from TF 2005 is very limited if any.

The TF 2006 project will focus mainly on the adoption of the regulatory methods used by UKE to new market conditions connected with new entrants appearance in the light of new technologies. According to the planned changes of the regulatory package for electronic communications UKE will have to adopt new solutions introduced by these changes.

3.3. Results:

CONTRACT 1

Task 1

1. The detailed trainings/workshops programme and schedule prepared and agreed with UKE's employees.

Task 2

Mobile Telephony

1. At least 20 UKE's employees trained in the field of the rules of co-operation between operators and construction of telecommunications access reference offer for telecommunications market in Poland on the basis of other EU Member States practice and experience.
2. Report containing recommendations concerning models and rules of co-operation between operators, suitable for Poland obtained by UKE's employees.
3. Analysis containing recommendations for Polish regulator, prepared on the basis of network architecture analysis in Poland with indicating cost elements important for co-operation between mobile operators, obtained by UKE's employees.

Task 3

New technologies

1. Thorough knowledge of architecture of IP based networks, NGN and cable TV networks as well as analyses and information showing how new technologies are reflected in regulatory practice of other Member States and how to apply regulatory regime for electronic communication to new technologies gained by at least 20 UKE's employees.
2. Thorough knowledge of services provided in IP, NGN and CATV networks, ways of their technical realization and methods of costs settlement gained by at least 20 UKE's employees.
3. Thorough knowledge of technical aspects of PSTN-IP, IP-PSTN and IP-IP interconnection including solutions already applied in Poland and in other Member States gained by at least 20 UKE's employees.
4. Report containing recommendations for Polish NRA, concerning his regulatory activity in context of new technologies usage, particularly PSTN-IP, IP-PSTN and IP-IP interconnection obtained by UKE's employees.

Task 4

Revision of the Regulatory Framework for Electronic Communications

1. Report containing recommendations concerning adjustment of Polish NRA regulatory methods according to changes in the regulatory package for electronic communications obtained by UKE's employees.
2. Thorough knowledge concerning adjustment of Polish NRA regulatory methods according to changes in the regulatory package for electronic communications obtained by at least 20 UKE's employees.

3.4. Activities:

CONTRACT 1 indicative TF budget 0,253 MEUR

Technical assistance: Training courses, workshops, reports, analysis

Task 1

After the acquaintance with Polish telecommunications market and regulatory environment the detailed trainings/workshops programme and schedule will be prepared by the Contractor and then the preliminary workshop focused on specifying the most important contract issues will be held.

(task contains 1 day workshop for at least 20 employees of UKE)

Indicative TF budget 0,012MEUR:

Experts' fees: approx. 0,009 MEUR

Incidental costs:

- training facilities – approx. 0,002 MEUR
- translation costs – approx. 0,001 MEUR

Task 2

Mobile Telephony

Sub-task 1. Trainings on the rules of co-operation between operators, especially telecommunications access reference offer of mobile operators.

Sub-task 2. Report on the rules of co-operation between operators, telecommunications access reference offer of mobile operators, MVNO, national roaming based on the analysis of European Union other Member States experience. The report should include recommendations for constructing the best model for the Polish telecommunications mobile market. Workshops regarding costs of telecommunications access incurred by operators on the telecommunications mobile market.

Sub-task 3. Analysis of network architecture in Poland from the point of view of costs incurred by mobile operators and workshops on practical aspects of co-operation between operators, the introducing and functioning of telecommunications access reference offer of mobile operators.

(The task contains 12 daily workshops for at least 20 employees of UKE)

Indicative TF budget 0,109 MEUR

Experts' fees: approx. 0,073 MEUR

Incidental costs:

- training facilities – approx. 0,02 MEUR
- analysis/studies – approx. 0,002 MEUR
- translation costs – approx. 0,014 MEUR

Task 3

New technologies

Sub-task 1. Trainings and workshops on architecture of IP based networks, NGN and cable TV networks and report containing compendium of adequate information.

Sub-task 2. Trainings and workshops on services provided in IP, NGN and CATV networks, ways of their technical realization and methods of setting up costs of this services and report containing compendium of adequate information.

Sub-task 3. Trainings and workshops on technical aspects of PSTN-IP, IP-PSTN and IP-IP interconnection and report containing compendium of adequate information. Report describing solutions already applied in Poland and other Member States related to PSTN-IP, IP-PSTN and IP-IP interconnection.

Sub-task 4. Report describing how new technologies are reflected in regulatory practice of other Member States and how regulations on electronic communications apply to new technologies. Report should also contain recommendations for polish regulator, concerning his regulatory activity in context of applying of new technologies, particularly PSTN-IP, IP-PSTN and IP-IP interconnection.

(task contains 12 daily trainings and workshops for at least 20 employees of UKE)

Indicative TF budget 0,085 MEUR

Experts' fees: approx. 0,055 MEUR

Incidental costs:

- training facilities – approx. 0,02 MEUR
- analysis/studies – approx. 0,001 MEUR
- translation costs – approx. 0,009 MEUR

Task 4

Revision of the Regulatory Framework for Electronic Communications

Sub-task 1. Experts report containing analysis of changes to regulatory package for electronic communication and recommendations for UKE.

Sub-task 2. Workshops aimed on discussing of information included in report and practical aspects of implementation of above mentioned changes on a basis of available examples from EU member states, including Poland.

(task contains 3 daily workshops for at least 20 employees of UKE)

Indicative TF budget 0,047 MEUR

Experts' fees: approx. 0,036 MEUR

Incidental costs:

- training facilities – approx. 0,006 MEUR
- analysis/studies – approx. 0,001 MEUR
- translation costs – approx. 0,004 MEUR

Key experts

All experts who have a crucial role in implementing the contract are referred to as key experts. The profiles of the key experts for this contract are as follows:

➤ ***Education, experience, references of each expert***

1. Project Leader:

- Personal experience in the implementation of institutional aspects targeted by the technical assistance project,
- Experience in implementation of legal solutions in telecommunications sector,
- Knowledge of telecommunications sector, including Polish telecommunications sector,
- Experience in management of projects and strategic planning.

2. Experts

Contract 1

Task 1

Project Leader as an expert responsible for the detailed trainings/workshops programme, schedule preparation and presentation during preliminary workshop.

Tasks 2

1. expert A: experience on co-operation between mobile operators especially in constructing telecommunications access reference offers.
2. expert B: experience in analysis of costs issues and constructing costs parts of co-operation between mobile operators especially in telecommunications access reference offers.

Task 3

1. expert C: experience and knowledge of technical aspects of interconnection and thorough knowledge concerning new technologies in electronic communication.
2. expert D: practical and theoretical knowledge of economic issues connected with implementation of services in IP, NGN and CATV networks.
3. expert E: practical and theoretical knowledge of economic issues connected with interconnection.
4. expert F: practical and theoretical knowledge of legal issues connected with interconnection.
5. expert G: practical and theoretical knowledge concerning new technologies, particularly PSTN-IP, IP-PSTN and IP-IP interconnection.

Task 4.

1. expert H: experience in the field of implementation of EU regulatory framework for electronic communication, experience in advising NRA.
2. expert I: experience in the field of implementation of EU regulatory framework for electronic communication, experience in advising NRA.

General experience of experts:

- *university degree in law and/or economics, business or technology, with a background in technology, science, information and communication policy or business studies.*
- *Experts in the field of electronic communication.*
- *Minimum three years' professional experience (theory, practice) within the scope mentioned above.*

Execution of the TA contract: 10 months

3.5. Lessons learned:

At the end of the Twinning Project (Phare PL 99/IB-OT-03) it was recommended to UKE, among the other things, to seek to have qualified staff trained in market analyses in order to designate appropriate relevant markets and undertake proper regulatory measures to stimulate effectively competition.

The structure of UKE's Telecommunication Market Department has been changed accordingly – Division of Analyses and Information so as the Division of Operator's Costs has been established to deal with matters related, among others, to cost and price calculation of telecommunication services. In other Units because of the new tasks for the Regulator the number of employees has raised. New staff should know the methods applied in EU countries and take advantage of experience of those countries with regard to the obligations imposed on the regulator by telecommunication Directives.

UKE develops internal individual training methods, particularly for new staff, using the experience of some employees, so that they can quickly be given an introduction to regulatory issues.

However, in the light of both institutional and law changes there is a need to make further efforts in this respect as the knowledge obtained so far is insufficient.

In general, the recommendations indicate the necessity to make an effort towards further compliance with Telecommunication law, regulatory powers and abilities of NRA with the EU requirements.

Under the previous Projects it was proven necessary that the international experts work closely with the beneficiary in order to adjust the deliverables to the specific needs of the beneficiary. This lesson was incorporated in the design of this Project by inserting specific requirements on the experts working with UKE staff. Moreover, in January 2005 UKE began the realization of components of Phare 2002 "New regulatory framework for electronic communication". Within the project UKE's employees participated in a cycle of workshops concerning interconnection including RIO, interconnection agreements, bit stream access, number portability, carrier selection and pre-selection on the basis of EU Member States

experience. The knowledge obtained during the workshops is helpful to fulfill current regulatory tasks and enable to prepare proper solutions for Polish Regulator using the solutions worked out by the more experienced regulators.

4. Institutional Framework

The Office of Electronic Communications is beneficiary of the project.

The President of the Office of Electronic Communications (President of UKE) is a regulatory authority with respect to the telecommunications and postal services market. The President of UKE as a new central-level government administration body was established on the basis of the Act of 29 December 2005 on transformations and modifications to the division of tasks and powers of state bodies competent for communications and broadcasting (Official Journal of 30 December 2005, No 267, 2258).

In the state administration structure the President of UKE is a central-level authority of governmental administration.

The President of UKE discharges its duties through the Office of Electronic Communications (UKE). The Office manages its financial activities in accordance with principles applicable to budget-funded units. The minister responsible for communications by means of order confers the charter upon UKE, specifying its organisational units.

Regional offices are part of the organisational structure of UKE. The UKE charter designates the headquarters of regional UKE offices, their territorial and material jurisdiction, taking account of the basic administrative division of the country.

The President of the Office of Electronic Communications conducts a regulatory policy, having regard in particular to:

- 1) promoting competition in the provision of telecommunications networks, associated facilities or the provision of telecommunications services, including:
 - ensuring that users, including disabled users, derive maximum benefit in terms of choice, price, and quality,
 - ensuring that there is no distortion or restriction of competition (in the telecommunications market),
 - efficient investment in infrastructure and promoting innovation,
 - encouraging efficient use and effective management of radio frequencies and numbering,
- 2) encouraging the development of the internal market, including:
 - removing remaining obstacles to conducting telecommunications activity,
 - encouraging the establishment and development of trans-European networks and the interoperability of pan-European services,
 - ensuring that there is no discrimination in the treatment of telecommunications undertakings,
 - cooperation with other regulatory authorities in the Member States and with the European Commission aimed at the consistent implementation and application of legal provisions,
- 3) promoting the interests of the citizens of the European Union, including:
 - ensuring that all citizens have access to universal service,
 - ensuring a high level of protection for consumers in their dealings with the telecommunications undertaking, in particular by ensuring the availability of simple and inexpensive dispute resolution procedures carried out by a body that is independent of the parties involved,
 - encouraging a high level of personal data protection,
 - the provision of information on established prices and conditions for using publicly available telecommunications services,
 - addressing the needs of specific social groups, in particular disabled users,
 - ensuring the integrity and security of the public telecommunications network,
- 4) implementation of policies aimed at the promotion of cultural and linguistic diversity, as well as media pluralism;

5) ensuring technological neutrality of adopted legal standards.

Within the organisational structure of the UKE there are two departments directly responsible for telecommunications market regulation – Department of Retail Market of Electronic Communications and Department of Wholesale Market of Electronic Communications. The employees of those two departments will participate in the project activities.

Senior Project Officer in UKE: Director of International Department, phone: (48) 22 53 49 159, fax: (48) 22 53 49 253, Kasprzaka Street 18/20, 01-211 Warsaw

Contact person in UKE: Aneta Marchewka-Kuliś, Chief Expert, International Department, phone: (48) 22 53 49 369, fax: (48) 22 53 49 253, e-mail: a.marchewka-kulis@uke.gov.pl, Kasprzaka Street 18/20, 01-211 Warsaw

Participation of UKE employees in training courses organized in the framework of Transition Facility programme gives a unique chance to learn about standards applied by other regulators in EU Member States. This knowledge based on experience of other more advanced in the liberalization process countries would assist UKE to improve its effectiveness. It also enables the UKE staff to improve their qualifications and quality of their performance.

The project implementation shouldn't meet any obstacles and will have no influence on institutional framework.

5. Budget

€M	Transition Facility support			Co-financing			Total cost (TF plus co-financing)
	Investment Support	Institution Building	Total Transition Facility (=I+IB)	National Public Funds (*)	Other Sources (**)	Total co-financing of the project	
Contract 1-TA		0,253	0,253	0,01		0,01	0,263
Total		0,253	0,253	0,01		0,01	0,263

(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(**) private funds, FIs loans to private entities

The amounts for national co-financing indicated in the table correspond to cash co-financing, unless otherwise stated. Contributions from the Polish administration for effective implementation of the TA may be further detailed in the Terms of references. Unless otherwise indicated joint co-financing is provided.

VAT does not constitute eligible expenditure except where it is genuinely and definitely borne by the final beneficiary. VAT which is considered recoverable, by whatever means, cannot be considered eligible, even if it is not actually recovered by the final beneficiary or individual recipient.

According to the joint financing procedure, the total cost of the project (0,263 MEUR) will be financed with both Transition Facility funds and Polish funds, in proportions corresponding with contributions declared in the budget table.

In the case of Joint Co-financing, where the final overall cost is lower than foreseen in the project fiche, the National Public and Transition Facility Co-financing are reduced proportionally so as to maintain the

agreed rate of co-financing. In the case of Parallel Co-financing, where the final cost is lower than foreseen in the project fiche, it must be shown that the overall objectives of the project have been fully achieved. Co-financing will be available.

6. Implementation Arrangements

There will be a Project Steering Committee (PSC) established in order to speed up the implementation process of the given project components in the first months after Financial Decision for Transition Facility 2006 is taken. The structure of the Committee will be working as an advisory and monitoring body until particular components are contracted and thus where appropriate may be replaced by Steering Committee for TA.

The participants of the Project Steering Committee will be representatives of the following institutions: PAO, NAC, CFCU and beneficiary (SPO and contact person as indicated in the fiche). It is also recommended to invite representatives of NAO services while the issues of financial management flow are to be comprehensibly discussed. The Project Steering Committee will meet every quarter starting from the date of signing the Financial Decision and will concentrate on discussing the problem occurred at the beginning phase of project implementation as well as on defining possible solutions and corrective measures. The PAO representative will organize and chair the PSC meetings.

6.1 Implementing Agency

PAO: Mr. Tadeusz Kozek, Under-secretary of State, Office of the Committee for European Integration, Aleje Ujazdowskie 9, 00-918 Warsaw, phone number: +48 22 455 52 41, fax number: +48 22 455 52 43.

CFCU will be the Implementing Agency:

Director, Co-operation Fund, Central Financing and Contracting Unit, ul. Górnoślaska 4a, 00-444 Warsaw, phone number: +48 22 622 84 64, fax number: +48 22 622 75 65.

CFCU will be responsible for handling tendering, contracting and payments of contract. During the preparation of TOR and contract it will be assisted by beneficiaries. In order to support CFCU, Task Force will be established to efficiently carry out implementation works and co-ordinate them. Its task will be to prepare TOR (technical terms) and to co-operate with CFCU on carrying out contract.

6.2 Twinning

n/a

6.3 Non-standard aspects

n/a

6.4 Contracts

CONTRACT 1 - Technical Assistance

0,263 MEUR gross value including Transition Facility Funds - 0,253 MEUR and Polish co-financing – 0,01 MEUR (joint co-financing)

7. Implementation schedule

7.1. Commencement of contracting process: IV quarter 2006-II quarter 2007

7.2. Start of project implementation (signature of contract): I quarter 2008-II quarter 2008

7.3. Project completion: I quarter 2009

8. Sustainability

Sustainability is expected to be good, bearing in mind:

- engagement and determination of UKE to fulfill its regulatory tasks in the light of new technologies,
- further liberalization process of telecommunication market in Poland.

Beneficiary will provide for an adequate staff and finance to keep its administrative function.

9. Conditionality and sequencing

9.1. Conditionality

The achievement of **PHARE 2002/000-605.02.02** “New regulatory framework for electronic communications” objectives.

The achievement of **TF 2005 2005/017-488.02.05** “Monitoring and stimulating the development of the telecommunication market” Contract 3 results.

UKE employees trained and acquainted with the current regulatory framework for electronic communications.

9.2. Sequencing

Preparation of Terms of Reference

Signing the contract

Conducting training, workshops, preparing reports.

Annex 1: Logframe matrix

LOGFRAME PLANNING MATRIX FOR			Programme name and number
Project Mobile telephony and new technologies in electronic communications			Contracting period expires IV quarter 2008
			Disbursement period expires IV quarter 2009
			Total budget 263 000 EUR
			Transition Facility Budget 253 000 EUR
Overall objective	Objectively Verifiable Indicators	Sources of Verification	
Competition growth on the mobile telephony market in Poland and reform of principles of cooperation between operators in the light of new technologies	New regulatory methods worked out according to market needs and changes to the EU regulatory package for electronic communications.	<ul style="list-style-type: none"> Polish Journals of Laws, regulation, resolution, orders, Documents published in EU on legal principals and practice of cooperation between mobile network operators, examining competitiveness. 	
Project purpose (Immediate Objectives)	Objectively Verifiable Indicators	Sources of Verification	Assumptions
To learn the experience of the EU countries in using regulatory methods for the mobile telephony market and new technologies. To improve UKE's activity in compliance with standards applicable in the UE countries with regard to the development of the mobile telephony market and new technologies. To adjust the regulatory methods used by UKE for mobile telephony market and new technologies in order to achieve effective competition.	Standards used by UKE compatible with standards used by other UE countries. New regulatory methods used by UKE adjusted to the changes in the regulatory package for electronic communications. Decisions issued by UKE faster and more precise thereby there is about 20% increase in court cases decided in favour of UKE (it concerns the cases when operator appeals against regulatory decisions).	<ul style="list-style-type: none"> Analyses and studies done by UKE, Reports of experts, Polish Journals of Laws, Official publications, NRA's Bulletins, Report on telecommunication market prepared by UKE, Statistical Yearbook. 	Implementation of appropriate amendments and executive acts to the Telecommunications Law. The UKE maintains obtained competencies. Further liberalization process of telecommunication market in Poland.
Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions

<p>Task 1</p> <p>1. The Contractor acquainted with Polish telecommunications market and regulatory environment; the detailed trainings/workshops programme and schedule prepared and agreed with UKE's employees.</p> <p>Task 2</p> <p>1. Employees of the UKE trained in the field of the rules of co-operation between operators and construction of telecommunications access reference offer for telecommunications market in Poland on the basis of other EU Member States practice and experience.</p> <p>2. Report with recommendations concerning models and rules of co-operation between operators, suitable for Poland obtained by UKE's employees.</p> <p>3. Analysis containing recommendations for Polish regulator, prepared on the basis of network architecture analysis in Poland with indicating cost elements important for co-operation between mobile operators, obtained by UKE's employees.</p> <p>Task 3</p> <p>1. Thorough knowledge of architecture of IP based networks, NGN and cable TV networks as well as analyses and information showing how new technologies are reflected in regulatory practice of other Member States and how to apply regulatory regime for electronic communication to new technologies gained by UKE's employees.</p> <p>2. Thorough knowledge of services provided in IP, NGN and CATV networks, ways of their technical realization and methods of costs settlement gained by UKE's employees.</p> <p>3. Thorough knowledge of technical aspects of PSTN-IP, IP-PSTN and IP-IP interconnection including solutions already applied in Poland and in other Member States gained by UKE's employees</p> <p>4. Report with recommendations for Polish NRA, concerning his regulatory activity in context of new technologies usage, particularly PSTN-IP, IP-PSTN and IP-IP interconnection obtained by UKE's employees.</p> <p>Task 4</p> <p>1. Report with recommendations concerning adjustment of Polish NRA regulatory methods according to changes in the regulatory package for electronic communication obtained by UKE's employees.</p> <p>2. Thorough knowledge concerning adjustment of Polish NRA regulatory methods according to changes in the regulatory package for electronic communications obtained by UKE's employees.</p>	<ul style="list-style-type: none"> • At least 20 of UKE's employees trained in the issues encompassed by the workshops and trainings by the end of the project. • 3 reports and 1 analysis containing recommendations for the Polish regulator obtained by UKE's employees by the end of the project. 	<ul style="list-style-type: none"> • UKE's President Annual Report 2008 and 2009, • UKE's web page, • Reports of experts, • UKE's Bulletins 2008, 2009, • Special edition of UKE's Bulletins 2008, 2009, • Studies and analysis prepared by UKE, • Lists of trained persons, • Report on telecommunication market prepared by UKE, • Statistical Yearbook.2008, 2009. 	<p>The UKE maintains obtained competencies.</p> <p>Transfer of know-how in beneficiary organization..</p> <p>Keeping of trained staff within administration.</p> <p>Services involved in the implementation of the project professionally prepared.</p> <p>Further liberalization process of telecommunication market in Poland.</p> <p>Implementation of linked activities.</p> <p>Implementation of appropriate amendments and executive acts to the Telecommunications Law.</p> <p>Co-financing available.</p>
<u>Activities</u>	<u>Means</u>		<u>Assumptions</u>

<p>Task 1</p> <ol style="list-style-type: none"> 1. Preparation of the detailed trainings/workshops programme and schedule and the preliminary workshop. <p>Task 2</p> <ol style="list-style-type: none"> 1. Trainings on the rules of co-operation between operators, especially telecommunications access reference offer of mobile operators. 2. Report on the rules of co-operation between operators, telecommunications access reference offer of mobile operators, MVNO, national roaming based on the analysis of European Union other Member States experience. The report should include recommendations for constructing the best model for the Polish telecommunications mobile market. Workshops regarding costs of telecommunications access incurred by operators on the telecommunications mobile market. 3. Analysis of network architecture in Poland from the point of view of costs incurred by mobile operators and workshops on practical aspects of co-operation between operators, the introducing and functioning of telecommunications access reference offer of mobile operators. <p>Task 3</p> <ol style="list-style-type: none"> 1. Trainings and workshops on architecture of IP based networks, NGN and cable TV networks and report containing compendium of adequate information. 2. Trainings and workshops on services provided in IP, NGN and CATV networks, ways of their technical realization and methods of setting up costs of this services and report containing compendium of adequate information. 3. Trainings and workshops on technical aspects of PSTN-IP, IP-PSTN and IP-IP interconnection and report containing compendium of adequate information. Report describing solutions already applied in Poland and other Member States related to PSTN-IP, IP-PSTN and IP-IP interconnection. 4. Report describing how new technologies are reflected in regulatory practice of other Member States and how regulations on electronic communications apply to new technologies. Report should also contain recommendations for polish regulator, concerning his regulatory activity in context of applying of new technologies, particularly PSTN-IP, IP-PSTN and IP-IP interconnection. <p>Task 4</p> <ol style="list-style-type: none"> 1. Experts report containing analysis of changes to regulatory package for electronic communications and recommendations for UKE. Workshops aimed on discussing of information included in report. 2. Workshops related to practical aspects of implementation of above mentioned changes on a basis 	<p>Technical Assistance contract signed.</p>		<p>Keeping procedural time-limits of launching programme and realisation of action plan; Satisfactory quality of training courses and experts; Effective transfer of know-how and appropriate information within beneficiary organisation; Quality of Polish staff involved; Partners interested in co-operation.</p>
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of available examples from EU member states, including Poland.			
			<p style="text-align: center;">Preconditions</p> <p>Recognition and designation the significant market power operators. Development of the New Generation Networks. Revision of current regulatory framework for electronic communications.</p>

Annex 2-3: Implementation, contracting and disbursement schedules

Mobile telephony and new technologies in electronic communications											Date of drafting	October 2005	
											Planning Period	IV'06– II'09	
											<i>Budget Allocation Cost Estimate 0.253 MEUR</i>		
PLANNED													
	IV'06	I'07	II'07	III'07	IV'07	I'08	II'08	III'08	IV'08	I'09			
	I	II	III	IV	V	VI	VII	VIII	IX	X			
(1)	(2)											(3)	
Implementation schedule	D	D	D	D	D	D	C	I	I	I			
Contracting schedule							0.253						0.253
Disbursement schedule								0.152		0,253			0.253
D = design of contract and tendering C = signature of contract I = contract implementation and payment													