



NIK on broadband internet

Works are pending on the broadband internet infrastructure financed from the European Regional Development Fund. One year before the final deadline, only 20 percent of the planned investment has been completed. The EU funds have been used in 37 percent. The Minister of Infrastructure reassures that the investment will be accomplished in line with the schedule.

Poland has been granted over PLN 4 billion from the European Regional Development Fund to build the broadband internet access infrastructure. As part of three operational programmes 90 percent of assumed financing was contracted, namely PLN 3.9 billion. By the end of 2015, Poland should complete the investment and account for the expenses. According to NIK there is a risk that the infrastructure construction will not be completed by the deadline and the EU funds may not be used to the full.

One year before the final deadline, the investment progress ratios were met in less than one fourth. Until December 2014, about 20 percent of the planned broadband network was built and handed over. That provided the broadband Internet access to 16 percent of individual clients and 7.5 percent of entities. PLN 1.6 billion of all the EU funds granted for that purpose was spent which was less than 40 percent of the grant.

Legal obstacles, sluggishness and no supervision

The NIK audit revealed that the delays in developing the broadband internet were largely caused by lengthy preparations of the investment. Before the start of the network construction, numerous licences have to be obtained and a vast documentation - e.g. geodetic one - needs to be gathered. Besides, the investment managing bodies could not handle legal or organisational issues quickly enough which slowed down or even blocked the construction process.

In many cases the delays in the construction of the broadband internet infrastructure also result from the lack of effective supervision over the contractors. It happened that the supervision boiled down to the review of cost settlement documents delivered by the contractors. Only after NIK highlighted the supervision-related irregularities, the Province Board carried out some *ad hoc* audits at the construction site.

According to NIK many investments were started too late. The EU funds for the broadband internet infrastructure were granted in the financial perspective for the years 2007 - 2013, plus two years extra to complete the works and pay the contractors. The Polish SAI emphasises that calling for tenders and selecting projects for execution only in 2014 - which is after the financial perspective comes to an end - poses a threat that they will not be completed and fully settled by the end of 2015.

2015 as the key year

The Ministry of Infrastructure and Development reassures that with constant monitoring of the work progress, the construction of the broadband internet infrastructure will be completed on time and all the contracted EU funds will be used by the end of 2015. The Minister points out that a large part of funds will be used at the final stage of the projects' implementation, which is this year.

NIK confirms that the construction of the broadband internet infrastructure is a long-term undertaking, which means that the preparation phase of individual projects takes a long time and many of them are implemented at the final stage of the investment execution. That is why, the network should expand considerably in 2015. NIK points out, though, that the projects are considered completed not when the network is ready but when it has been handed over - and this is a long process. And yet the projects need to be launched and settled at the end of the day.

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