Experiences & Lessons from the Region - Pakistan,

Parvez Iftikhar
ICT Consultant

27-28 July 2015, MICT Park
Yangon, Myanmar
My own Introduction

- Former CEO of USF (Universal Service Fund) Pakistan
- Electrical Engineer (Electronics and Telecom)
- 35 years of field experience (5 years USF)
- First employee when USF started in Pakistan (CEO)
- Built-up USF in Pakistan from the base
- Before USF, country-head of German multinational Siemens
Pakistan USF History

1. 2004: Parliament amended the Telecom Act => USF Concept
2. 2005: USF Policy
3. WB Consultants appointed to draft Regulations
4. 2006: USF Rules
   formulated - USF Org
   to be Corporate body
   with independent
   Public-Private Board!
Ministry of IT started with:

1. Nov. 2006: A “Not-for-Profit” Co. formed under Companies Act
2. Head-hunting firm hired to recruit a CEO from Private Sector
3. Planning of Rural Telephony Pilot Project started (with help of WB appointed local consultants) using GIS techniques
5. May 2007: CEO hired
6. As CEO USF my first concerns were:
   (a) Office Space, (b) Hiring of Team, (c) Stakeholder Consultations
1st: Rural Telephony

- Oct 2007: 1st Contract signed following open bidding process (WB helped too).
- More consultations => improved bid docs
- Two more contracts
- First shock of ‘No Bid’ in No. 4 project auction!

10,000 villages arranged in 26 projects.
Technical Audits

1. Project time-lines divided into 4 “milestones”

2. Payments released on completion of milestones.

3. To check Technical Audits conducted by independent (third party) Technical Auditors. USF assisted.

4. Technical Auditors appointed in the same transparent manner, through competitive bidding, among technically qualified firms.

5. Process was repeated for each project.
Continuous Stakeholders Consultations

- In the Board
- Frequent Operators meetings - esp. before launch of new Programs
- Through Website, Press and Open Forums

Examples of lessons:

a. Don’t rush to areas that are too remote – go step-by-step
b. Backhaul matters!
c. In very remote areas, Opex subsidy also required
Backhaul Program

- 2008: 2nd Program – ‘Optic Fiber Cables for All Sub-Districts’.
- Country-wide survey (local consultants) revealed 115 sub-districts, out of 400, had no fiber connectivity.

115 sub-districts arranged in 9 projects.
Power shortage

Continuous consultations => Removal of impediments, by amending bidding docs (after Board approvals).

Decision: Infrastructure funded by USF must have Renewable Energy!
3rd: Broadband for Towns & Cities

1. Shifted focus to broadband.

2. First attempt: to start projects all over “under-served” country.

3. Consultations met fierce resistance from Broadband Service Providers (BSPs) who had existing networks in big cities.

4. Hired consultants for a country-wide survey - result => only 10 out of 400 cities had existing broadband. Rest “un-served”!

5. Decided to focus on “unserved” - rather than “under-served”.
Innovative Broadband Program

1. After months of painstaking preparations (3 Board presentations)

2. Launched an Innovative Broadband subsidy program, in which BSP gets paid only for the number of BB subscriptions added in a given time period!

3. Also BSP to provide in those towns:
   1. Educational Broadband Centers (EBCs)
   2. Community Broadband Centers (CBCs)

400 towns/cities grouped in 11 projects
Educational Broadband Centers

For ALL Higher Sec. Schools, College & Library in those towns/cities:

• 5 PCs each
• Free 2MB Broadband connection
• No monthly charges for 1st year
• Training of 2 Teachers
Community Broadband Centers

Mera Bagwal, near Islamabad

Khudian-Khaas, near Kasur
Rural Telecenters

- Consultants hired to carry out a study of Telecenters around the world
- A new structure of 'Universal Tele-Centers program conceived.
- This one with 5 players (instead of only 2)

Was still in pilot phase
4th: ‘Special’ Projects

4.1. Projects for the disabled

“Low vision Labs” at Al-Shifa Hospitals in Rawalpindi, Kohat and Sukkur

ICT Equipment enabling special persons to read/listen
4th Program: Special Projects

4.2. Telemedicine Projects

Pilot: Connecting 3 Hospitals with 12 Remote Sites

JPMC Karachi - Dadu
In parallel – team building...
In parallel

1. Development / continuous updating of Website
2. Coordination with the Ministry and the Regulator
3. Preparation of Accounting Manual
4. Internal Audits, and their consequent updation and improvement of Operations Manual (SOPs, etc)
Doubts...

1. Despite twice-a-year audits of USF by independent professional auditors, some could not believe - “tens of million-dollars being given and no wrong-doing”? 

2. Therefore a very detailed “special audit” was conducted 

3. USF got another clean chit.
Transparency

1. All USF auctions advertised in at least 3 big national newspapers

2. Also advertised on websites of Govt’s Procurement Agency & USF.

3. All Bidding documents placed on USF website - link given in advertisement.

4. All Bid Submissions & Bid Openings open

5. All Contracts awarded strictly to technically qualified, lowest bidders – no exceptions, not even Board could change that.

6. All Auction results and bid-evaluation summaries posted on website
2010/11

Operators' Investment

USF Subsidy

Total US$ 300 Mil

Zero Government Funding!

Another US$ 60 M were ready for signing.
2010/11: Rising Yearly Disbursements

Disbursed: US$ 92 M
But then...
No Regular Board Meetings

Quarter-wise Meetings – from Inception to end-2014
Challenges

• Operators’ lack of enthusiasm – mainly due to difficult areas, sparse populations with low capacity to pay

• At times conflicting demands of operators, leading to slow-downs

• Absence of Rules for such subsidy auctions (where only service is being acquired and assets built are property of the service provider), therefore reliance on “unfit-for-the-purpose” Procurement Rules

• Lack of understanding that these subsidies are not procurements

• Perception of some that something like this cannot be corruption-free

• Difficulties in addressing the Demand side issues of Broadband, without which it doesn’t take off
USF Pak. Yearly Disbursements picking up again
Thank you