Universal Access & Service Funds
Good & Bad Practices
- Parvez Iftikhar

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My own Introduction

Parvez Iftikhar

- Founding CEO USF Pakistan built it from scratch
- Ran USF Pak. successfully for nearly 5 years
- Now a consultant working in different countries Asia/Africa for WB, ITU, ADB, CTO, & USAID!

This presentation based on experiences and lessons learned!
Most USFs considered "failure", as:

1/3rd USFs have not disbursed any funds

Almost no USF has disbursed everything collected

Let’s see WHY

Nearly US$ 12 Bln undisbursed!

All figs. in Million US$

GSM Study 2013
But first a disclaimer!

One very important “cause of failure” that we will **not** discuss:

*At times Universal Service is a low Priority for Political Leadership*

Not necessarily bad intentioned!
Major Issues and Challenges relate to:

- Policy
- Legislation
- Governance Model
- Trust
- Competition
- Operators’ Issues
- Broadband
Policy

- Not clearly laid out
- Objectives unclear (e.g.: coverage & service delivery targets)
- Not prepared in consultation with Stakeholders
- Not presented in easy-accessible sites/media
- No measurement parameters (Milestones/Achievements)
- Results not Independently verifiable
- No built-in Periodic Review
Legislation

- Flexible with respect to changes - esp. Tech.
- USF Levy on Operators should:
  - Easily adjustable with a Maximum Limit
  - Fixed in consultation with stakeholders
- Use of Funds not too restrictive
- Proper Processes may need to be “created”!
Participatory Governance – an example

PUBLIC

Minister
Ministry: Secretary
Ministry: Chief Tech.
Regulator

PRIVATE

Nominee of Cellular SPs
Nominee of Fixed-Line SPs
Nominee of ISPs
Nominee of Consumers

CEO USF
ALL stakeholders on Board!

- Minister
- Ministry: Secretary
- Ministry: Chief Tech.
- Regulator
- Nominee Cellular Telcos
- Nominee Fixed-line Telcos
- Nominee ISPs
- Nominee Consumers

- Political Leadership
- Chief Bureaucrat
- Chief Technocrat
- Telecom Regulator
- Cellular Mobile Operators
- Fixed Line Operators
- Internet Service Providers
- Consumer Associations
To create Trust - Follow Processes

The Process followed for bidding and awarding USF subsidies must be some well recognised one (eg: World Bank Procurement Guidelines)

Challenge

Unfortunately awarding subsidies are not exactly "procurements"! But it is lack of any proper processes that procurement processes are used. This dilemma is faced by almost all the USF’s in the world!
To create Trust – Post everything on Website

- All Bidding Docs & Bidding Results
- Fund Statistics
  - collected
  - disbursed
  - balance
- Approved Projects & Progress
- Performance of Completed Projects
- Obstacles & Challenges
To create Trust – Independent Audits!

**Operators’**
- Technical
  - By Technical Auditors
  - Regularly (e.g., bi-annually)
  - Results public

**USF’s**
- Procedural
  - By Professional Auditors
  - At pre-set Milestones
  - Results public
Let there be Competition!

- Keeps operators on their toes - benefits consumers!
- Prevents creation of local monopolies with USF Money

- To generate competition: Mandatory Infrastructure Sharing

| Rural Telecom Access | • Passive Elements – site, tower, ...
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<td>Optic Fiber Cables</td>
<td>• Dark-Pair sharing</td>
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Operators are usually reluctant!
Ensure Operators’ Involvement - 1/2

Close liason’
- Do not assume the Operators know all about USF - talk to them!

Tech. Neutral
- Give only “Service” specs in Bids
- All interested get equal chances

Incentives
- Efficient Deployment
- Reward Innovation
- Sustainability

No “mandating”
- USF is a “volunteer” exercise
Ensure Operators’ Involvement – 2/2

Right-of-Way’
- Use whatever Influence USF can manage within the government/s

Sustainability
- Make Renewable Energy mandatory

Backhaul
- Optic Fiber Cables!

Be mindful!
- Work is normally in very difficult areas/conditions
Important: Use USF for Broadband!

Now Voice is also data, it is the age of BROADBAND!

No Broadband uptake unless both sides are addressed
USF must help to make Broadband:

- Available
- Accessible
- Affordable
- Usable
- Relevant

- Coverage
- Public Access Points
- Low Cost
  - Language,
  - Digital Literacy
  - Professions,
  - Interests
Summarising

- Clear & Fair Policy
- Robust Legal Framework
- Independent Organisational Structure
- Participatory Management
- Trustworthy with Transparent Processes
- Technology Neutral
- Facilitate Operators
- Ensure Competition

Go for Broadband – don’t forget Demand side!
This is not the end of the causes of failure
(each country has more of it’s own)

THANK YOU

parvez@piftikhar.com