

# **Subregional Telecommunication Ministerial Forum for Cambodia, Lao PDR, Myanmar and Vietnam**

**Nha Trang, VietNam, 11-12 December 2009**

## **Public Private Partnerships**

*“Towards an ICT-strengthened and connected  
CLMV Sub-region”*

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# Objective

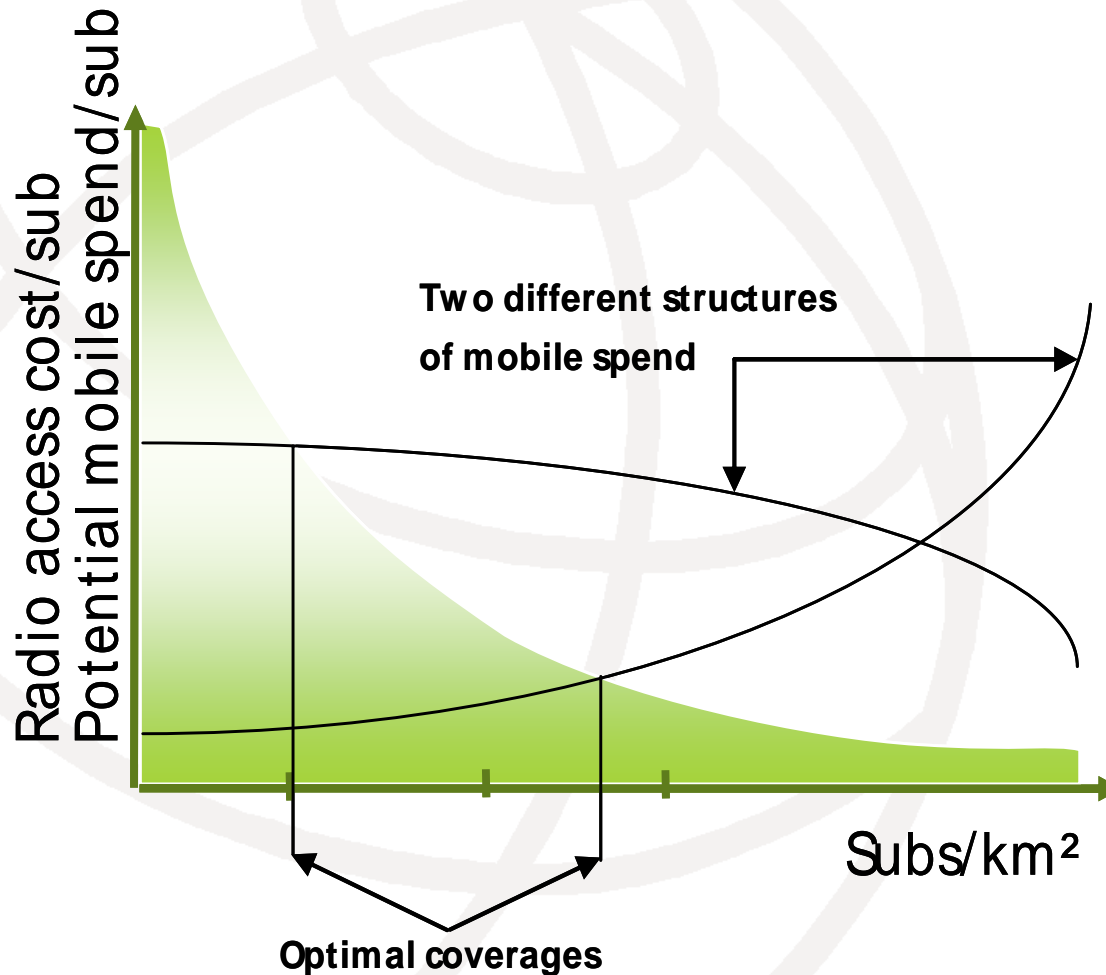
*To discuss ways to move forward through Public Private Partnerships (PPP)*

# Agenda

- Determinants to private sector infrastructure investment
- Affordability of communication and industry best practices
- What is PPP?
- How to make it successful?
- NSN-ITU PPP: Expanding access to affordable connectivity in rural/remote areas
- Next Steps & Take Away

# Demographic conditions define the optimal investment for the private

Successful private sector investment in rural is dependant on the population density and consumer's capability to spend

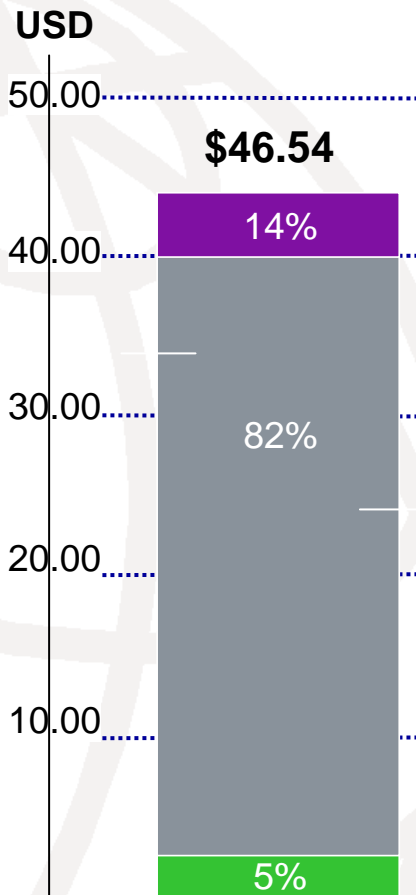


# Today mobile data is well beyond the financial reach of millions of mobile consumers

Today the average data TCO for a middle-income emerging market consumer is **USD 46**.

It represents an average of **13% of the GDP/capita across** all markets studied.

APAC TCO : 17USD (6%)  
Vietnam TCO : 20USD (9%)  
Cambodia TCO: 16 USD (9%)



#### Taxes

Taxes to handset and service, including VAT, sales tax, extra telecom taxes and custom duties

#### Service

Content usage of a typical middle income emerging market mobile data subscriber including: 165 voice minutes, 174 SMS, 1 MMS, 2.1 MB data traffic, 1 ring back download and 3.7 premium SMS.

#### Handset

Lowest cost globally available Nokia data handset (Nokia 1680 classic)



# Lessons from most affordable TCO markets



**Affordable mobile communications**

**Policy and regulatory approach**

**strategies and**

Easy market entry

Light touch regulation

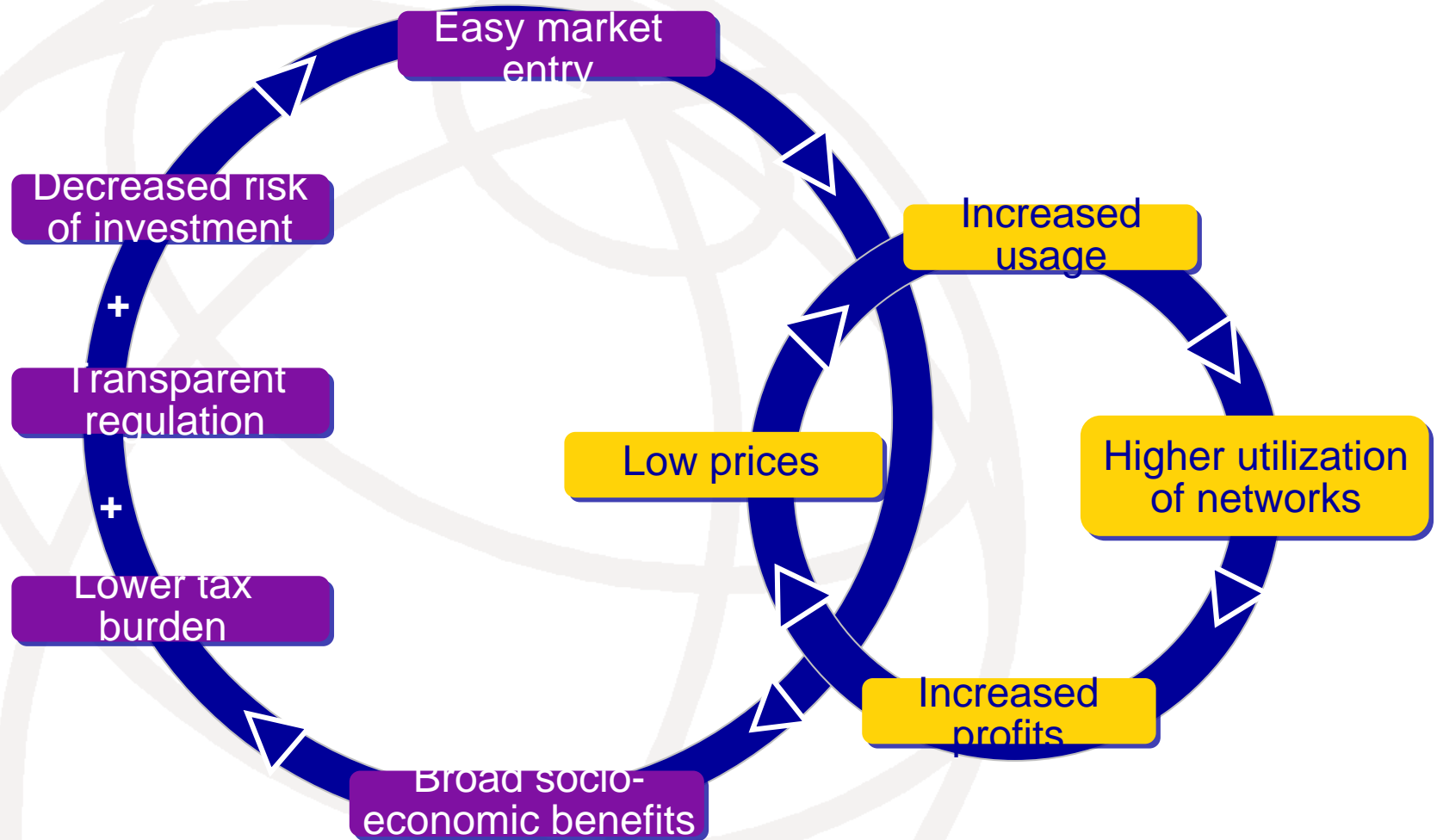
Moderate approach to mobile specific taxes

Business model innovation

OPEX and CAPEX reductions

Source:  
LIRNEasia study, September 2008

# The virtuous circle of affordable mobile data



# What is PPP?

- A public private partnership is an agreement between the government and one or more private partners according to which the private partners deliver the service in such a manner that the service delivery objectives of the government are aligned with the profit objectives of the private partners and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners

Source: OECD 2008, Public Private Partnerships, In pursuit of risk sharing and value for money.

# Good practices in PPP process

1. Affordability and value for money
2. Fiscal rules and expenditure limits
3. Risk sharing
4. Competition and contestability
5. PPPs, budget documentation and transparency
6. Regulatory and legal framework
7. Institutional capacity: the PPP unit
8. Public sector comparator
9. Political support

# NSN's own involvement with PPP



# NSN-ITU Cooperation Agreement(CA) highlights

## ➔ Cooperation Agreement (CA)

- CA between ITU and NSN
- Global CA and need to be implemented on regional basis
- Targets to help UN achieve millennium development goals using ICT
- Non-exclusive and legally non binding CA
- CA to target application of low cost solutions for basic connectivity to rural and remote areas
- Envisages engagement of operators, service providers, equipment suppliers, regulators and governments appropriately
- Time frame of CA-24 months across regions with 30 trial sites
- Separate documents to outline financial arrangements

# NSN-ITU Cooperation Agreement (CA) highlights

## ➔ ITU

- Provides Project management and technical expertise
- Cover costs related to the shipping of equipment and installation as well as mission expenses for ITU and NSN experts
- Work with beneficiary governments to ensure a supportive policy and regulatory environment
- ITU to seek financial support from participating governments as well as other potential donors/partners.
- Both Parties together to secure support from Local Mobile Operators (LMO)
- LMO to provide infrastructure and facilities such as electricity, telecommunication towers and connection to their mobile network, as well as locally relevant applications and services

# NSN-ITU Cooperation Agreement (CA) highlights

## ➔ NSN

- NSN will contribute equipment and experts at no charge, along with technical support and business modelling services.
- To re-position 30 HW sites, basically available in India. Logistic support from ITU funds.
- NSN would position for VC 2.0 as part of the agreement

# Next Steps

- Project Plan frozen by ITU for pilot in Pacific Island Nations-4 sites
- ITU can similarly promote additional sites in the CLMV region
- Allocation of internal and external funding by ITU
- ITU communiqué defined the criteria for site and operator selection
- Align with areas of interest with ITU
  - Affordable Access-CA and pilot is part of this
  - Emergency Communications and Disaster Relief-NSN to offer solution
  - Human Capacity Building-Pilot projects are part of this process and need to integrate our understanding in a systematic manner
  - Enabling Environment: Policy, Regulatory and Financial Frameworks-Close cooperation with ITU in terms of regulatory framework to act as an enabler, seek funds for these and other kind of agreed projects.

# Key Take Away

- 2 pilots site running in this region
- Small team ITU & NSN & LMO formed
- Explore further applications as an extension of this solution

Thanks!

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