

TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

UNIVERSAL SERVICE MANAGEMENT

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TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

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TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

PRESENTATION PLAN

I – Fundamentals of universal service access

II – Funding mechanism

III – Regulation of economic aspects



TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

I – Fundamentals of universal service access

I.1 – Definition

I.2 – Characteristics

I.3 – Universal access/service components



TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

I – Fundamentals of universal service access

I.1 – Definition

Universal access/service dates as far back as the era when the telecommunication sector was dominated by monopolies. The concept was used for the first time in the early 1990s by Theodore VAIL, President of AT&T.

The definition varies, depending on each country and the level of development of the telecommunication network.



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I – Fundamentals of universal service access

I.1 – Definition

Universal access : providing minimum telecommunication services to a rural or depressed area on a community basis.

Universal service : providing each individual with advanced telecommunication services in his/her place of work or residence.



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I – Fundamentals of universal service access

I.2 – Characteristics :

Availability : the level of service is the same for all users in their place of work or residence, at all times and without geographical discrimination.

Affordability : For all users, the price of the service should not be a limiting factor to service access.



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I – Fundamentals of universal service access

I.2 – Characteristics :

Accessibility : All telephone subscribers should be treated in a non-discriminatory manner as regards the price, service and quality, in all places without distinction of race, sex, religion, etc.



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I – Fundamentals of universal service access

I.3 – Universal service/access components

- **Basic telephone service**
- **Low and high bandwidth data service**
- **Value added services**



TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

I – Fundamentals of universal service access

I.3 – Universal service/access components

- **Information service**
- **Safety service**
- **Value added services**



TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

II – Funding mechanism

II.1 – Problems of universal access / service funding

II.2 – Sources of funding

II.3 – Funding management



TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

II – Funding mechanism

II.1 - Problems of universal access / service funding

Deficiency in network building :

It is often difficult to have telephone access in the suburbs of big cities and less important cities, and impossible to get this access in rural areas.

States with serious economic difficulties :

Many states are under World Bank structural adjustment with its effect of lack of investment in the telecommunication sector.



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II – Funding mechanism

II.1 - Problems of universal access / service funding

Ending of universal access financing mode by former telecom operators :

Former operators, either because of privatisation or competition, no longer finance universal access.



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II – Funding mechanism

II.2 – Sources of funding

In general, many states have created a fund to finance universal access.

For funding, a principle is adopted : All telecom sector players that have an interest in the sector will contribute to the universal service fund.



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II – Funding mechanism

II.2 – Sources of funding

Different possible sources :

States

Local communities

Telecommunication Operators



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II – Funding mechanism

II.2 – Sources of funding

States : Investment budget, National Regulation Agency (NRA) and National Frequency Agency (NFA) operating surplus.

State can take a percentage of NRA and NFA operating surplus which will be put directly into the account of the universal fund.



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II – Funding mechanism

II.2 – Sources of funding

Local communities : NGO, Cooperatives, Local associations.

Local communities can participate in financing the servicing of their area or village. A percentage of the financing amount can be set as a contribution by which local communities can claim for the service.



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II – Funding mechanism

II.2 – Sources of funding

Telecommunication Operators :

Wire Operators

Mobile Operators

Internet Service Providers

A percentage of the revenues from telecommunication operators can be levied to sustain the funds.



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II – Funding mechanism

II.3 – Funding management

It is recommended that the fund be managed by a Director.

The structure of the fund management should be as simple as possible.

Resources should be put directly into the account of the universal service fund.

As much of the universal service fund's resources as possible should be used to finance the project.



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II – Funding mechanism

II.3 – Funding management

The universal service fund will have a Fund Management Committee which will be composed of representatives of State, contributors, local communities, and consumers.

Projects will be financed by invitation to tender.

Accounts of the universal fund will be audited every year and the conclusion of the audit will be published.



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III – Regulation of economic aspects

III.1 – Goal of universal service regulation

III.2 – Practical tools



TAF GROUP REGIONAL SEMINAR ON COSTS AND TARIFFS

III – Regulation of economic aspects

III.1 – Goal of universal service regulation

The goal of universal service is to lower the inequities in the access to telecommunication services.

The measures used to minimise those inequities should not be permanent and discriminational for the competitors.



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III – Regulation of economic aspects

III.2 – Practical tools

**Practical measures can be of an economic order.
For example, the creation of universal service fund and
the setting of contributions to the fund.**

**The measures can affect pricing such as cheap access
rate for rural areas, or cheap communication rates for
those areas.**



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III – Regulation of economic aspects

III.2 – Practical tools

**Favourable interconnexion rates for rural operators can
be agreed to by the regulatory authority for a period, to
increase traffic.**



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THANK YOU FOR YOUR ATTENTION

