

## Session 1 - Universal Access

- Are universal funds effectively helping connect the unconnected?
- What new approaches can be used to expanding infrastructure and services to rural areas
- How can ICT access be provided on a sustainable basis to marginalized customers
- What are the most effective approaches to infrastructure sharing?

Many regulatory frameworks in liberalized countries include a mechanism (universal service fund) to compensate the operator charged with the U.S.O. (universal service obligation) for the costs incurred in providing the service in non profitable areas; normally the obligation is imposed on the incumbent operators or former monopolists and the other operators (all of them or only the major ones) contribute to the fund proportionally to their market share.

This system is questionable from different view points:

- First of all, at least in theory it is the State (or the government) who should finance the costs for the universal access of all citizens to basic telecommunication services through the fiscal system; this never happens;
- Incumbents are the major contributors to the fund and so they have to pay and then get back with some delay their own money;
- The fund is not used to develop new infrastructure but to fill the gap between the real cost of the service and the “political price” really paid by the citizens under the affordability principle;
- In this way it is very difficult for the operators to reach – even in a reasonable period of time – full cost orientation, with a clear negative impact on competition and development.

Taking into account the fact that, in developed countries, the problem of universal access is not related to fixed or mobile telephony penetration but to the digital divide between those who have access to broadband services and those who live in areas where that service is not available yet, the conclusion is that universal service funds are not contributing to finance the development of the broadband network.

For developing countries the situation can be considered similar, but probably the problems of affordability and of the gap between costs and prices are bigger and more difficult to solve.

Excluding the possibility of public funding of private operators for the development of the infrastructure and given that competition is already in place or at least its introduction is planned in the short term, two different approaches can be followed:

- Competing operators can be offered a range of “facilitations” if they commit themselves to expand universal access in a regulated time scale tax exemptions for the revenues obtained from services offered in specific areas, VAT refunds

or reductions, free frequency allocation, limitation of the competitive pressure in the areas where universal access is granted.

- Another possible approach is the creation of an infrastructure company or agency which installs the networks, “renting” them to operators interested in services provision at affordable prices; in this way we have a public investment repaid by operators in the medium/long term. Operators may be also interested in developing jointly infrastructure segments or sharing geographically the network development. In this last case, the national regulator and/or the national competition authority have the duty of controlling that no anticompetitive behaviours are adopted.

ICT access on a sustainable basis to marginalized customers is mainly a political problem and decisions must be taken at the adequate political level; operators are open to discussion and cooperation in providing technical solutions, but strategies and planning in this area cannot be influenced by the market players’ commercial considerations. Governments should be ready to invest, also financially, to solve the problem, otherwise the situation risks to remain stagnant.

For what concerns infrastructure sharing, we have to keep separate and differently evaluate two distinct situations:

- Operators sharing publicly owned ducts, buildings, poles, etc.: the most important issue is granting a fair, non discriminatory and transparent access to the infrastructures, possibly with cost-oriented pricing. Offering these facilities should not be considered by public authorities as a business opportunity but as a way of contributing to the satisfaction of the citizens’ needs.
- Operators negotiating agreements to build jointly and share infrastructure elements: the main negative risk is that of anticompetitive behaviours leading to the creation of cartels and to restrictions and constraints of the free market. On the positive side we have reduced costs, optimization of planning, reduction of the environmental impact, etc. Regulators should be given the powers and the professional skills necessary to minimize the risk and to monitor and - in case - steer the cooperation among the operators.