Report

On

Utilisation and Management

of

Universal Access /Service Funds

LIST OF ACRONOMYS

BTA means Botswana Telecommunication Authority

CAPEX means Capital Expenditure

CRAN means Communications Regulatory Authority of Namibia

List of Acronyms

CRASA means Communications Regulators' Association of Southern Africa

ICTs means Information and Communication Technologies

ISPs means Internet Service Providers

ITU means International Telecommunications Union

MACRA means Malawi Communications Regulatory Authority

MDG means Millennium Development Goals

NRA means National Regulatory Authority

OPEX means Operating Expenditure

PIAC means Public Internet Access Centres

PICs means community Public Internet Centres

PMU means Project Management Unit

POPs means Internet Point of Presence

PTO means Public Telecommunications Operators

RCDP means Rural Communications Development Policy

RCDP means Rural Communications Development Policy

RRC-06 means Regional Radio Conference 2006

SADC means Southern Africa Development Community

SATA means Southern Africa Telecommunication Association

SATCC means Southern Africa Telecommunication Committee of Ministers

STB means Set Top Boxes

UA means Universal Access

UAS means Universal Access/Services

UASF means Universal Access /Service Fund

US means Universal Service

USF means Universal Service Funds

USO means Universal Service Obligation

VANS means Value Added Network Service Providers

Introduction

This report is in response to the directive by the Southern Africa Development Community (SADC) Ministers responsible for Telecommunications, Postal and ICTs during their meeting which was held in Maputo, Mozambique from 31 May to 01 June 2007. The Ministers had directed Communications Regulators' Association of Southern Africa (CRASA) and Southern Africa Telecommunication Association (SATA) to conduct a study and formulate a report on the trends in utilisation of Universal Access/Service Funds in SADC.

This report also provides an overview of the regional experience with Universal Access/Service (UAS) programs for Information and Communication Technologies (ICTs) as well as the management and disbursement of the Universal Service Funds (USF). The objectives of this report are:

- to identify the policies, legal and regulatory framework on universal access/service;

- to identify the trends in the universal access/service practices;

- to identify the trends in the management, disbursement and utilisation of the USF;

- to provide status report on the progress of each member state on the deployment of universal access/service; and

- to provide preliminary recommendations on the UAS for current practises and future studies.

GLOBAL TRENDS IN UNIVERSAL ACCESS/SERVICE

ICTs have been recognised as key enablers of socio-economic development and furthermore as a critical tool in reducing poverty. Providing access to ICTs to every citizen in the SADC is therefore important and would allow the region to meet the challenges of globalisation. To achieve this, UAS policies do play a role.

The recent arguments not for the USF have surfaced and mostly the mobile operators are calling for a bigger portion of the USF. It is argued that much of access coverage will be achieved commercially using wireless solutions due to the falling costs in wireless deployment. It is also argued that there will remain smaller zones that will never be commercial viable due to the fact that the cost of access will far outweigh the financial benefits. In this case, the argument goes further to justify that if administrations were to allocate more of the unspent and future USF to mobile services, wit will be possible for the region to achieve 100% universal access coverage. As such it is furthermore recommended that USF should be used as short or medium term policy tool to universal access.

As much as the observations made on the use of mobile solutions to achieve universal access are justifiable, there are new issues that are emerging concerning universal access. Some of the new issues emerging are as follows:

1.1 The Inclusion of Internet Access

The changes in the global communications systems have redefined the basis for participation in development and modernity by creating new levels of entry into the global economy. In recognising the increasing role of ICTs, Governments and regulators have responded by including Internet access into their national definition of Universal Access. This is due to the promise that Internet holds in:

- providing a unified access platform for a number of services; and

- increasing democratisation through the increase in civic discourse and involvement of citizens in Government.

1.2 Funding Technology Neutral Services

In developing Universal Access Funds legislations in some jurisdictions, specific sections were mandating technology or service specific interventions in rural and underserved areas. As result of changes in technologies, these funds have been locked and cannot be used to fund efficient technologies or preferred services by the users. For example, some legislation still requires funding to support public payphones which do not provide the same utilities compared to a low cost cell-phone.

1.3 Other Ways of Achieving Universal Access

Among the common ways, prior to liberalisation of the communications markets, was imposition of Universal Service Obligation (USO) to the licensed operators in the market in exchange for some form or other of exclusivity. The effectiveness of achieving the universal access through imposing USO is limited due to the fact that the operators treat obligations as low priority programmes and are even willing to pay fines for not meeting their obligations. With the trend in deregulation and liberalisation of the communications markets, the emerging communications policy seem to abolish the imposition of USO and allows for the establishment of USF to achieve universal access or service.

The Need for Increased Bandwidth for Advanced ICT Services

As demand for usage of broadband services increases, demand for more capacity of the bandwidth infrastructures is anticipated. To roll out broadband for advanced ICTs services in emerging markets, upgrading of infrastructures is paramount. As such, this trend is being

considered within SADC as countries move from universal access to basic ICTs services to universal access to advanced ICTs services.

1.5 Universal Access to Digital Broadcasting Services

With the resolution of the Regional Radio Conference 2006 (RRC-06) for the region to switch from analogue to digital broadcasting by year 2015, there is need for the assurance that all the SADC citizens who were receiving the analogue broadcasting services should also have access to the digital services at the time of migration. Thus the provision of universal access to digital broadcasting services has become a critical component of some of the developed and developing countries.

It is being recognised that apart from the fact that SADC citizens needs to be provided with the digital broadcasting signals, it is critical also that governments have to ensure that its citizens are capable of investing in the Set Top Boxes (STB). STB is vital equipment for the end user in terms of access to digital broadcasting services. As such, broadcasting which was never traditionally considered to be part of universal access or service definition is increasingly being considered to be part of UAS. For the example, in South Africa and Lesotho, broadcasting services are being considered under the definition of services that requires UAS.

2.0 Policies and Legal Framework on Universal Access / Service

2.1 Background

On 26 June 1998, the SADC Model Policy on Telecommunications and Model Telecommunications Bill were endorsed by the Southern Africa Telecommunication Committee of Ministers (SATCC). The said Policy and Bill provide Member States with guidelines to develop telecommunications policies and legislation in their respective countries. Regional integration is achievable through the adoption and early implementation of common policies in the region. On this account, the Model Policy and Bill are useful and persuasive instruments of which Member States have to decide when to adapt into their own respective policies and legislation and implement in accordance with their own circumstances.

2.2 SADC Model Policy on Telecommunications

The SADC Model Policy provides for a number of issues including the following:

- universal service and universal access;
- tariffs;
- interconnection;
- frequency spectrum;

- numbering plan;
- new and advanced services;
- standards enforcement;
- indigenous participation in development;
- social obligation; and
- regional and international participation.

The following section will highlight on the requirements of universal service and access as provided under the SADC model policy and implementation status of Member States.

2.2.1 Universal Service and Universal Access

Part III of the SADC Model Policy provides on universal service/access. This part provides as follows:

a) *Universal service entails the following:*
- assured access to all existing users;
- provision of access to the national telephone network to all potential users;
- provision of service on standard terms and conditions; and
- provision of service on affordable terms.

b) *Different approaches to financing universal service obligations:*
- A telecommunications operator must provide service to urban, rural and remote areas as a condition of the licence or specified in the performance contract. Service providers engaged in an interconnection agreement may be required to pay certain charges, with some or all of the charges being used to provide service to rural, remote and unprofitable areas.
- A telecommunications operator may have the choice of paying certain charges into a universal service fund or providing the service directly itself.
- Where the incumbent telecommunications operator cannot or does not want to provide service to rural or under-served areas, the opportunity will be given to other service providers to attain universal service/access goals.
- A transparent government subsidy financed from its tax revenues helps pay for service to under-served and high-cost areas, including rural and remote areas.

c) *Setting up a Universal Service Fund*

To take care of the universal service obligation in its specific environment, a country may assign the responsibility of designing related policies to a Universal Service Agency/Unit, established under the auspices of either the Ministry or the Regulator. The Agency/Unit may also be responsible for ensuring the implementation of approved policies.

The fund may be set up, through one or more of the above approaches, to finance the installation of services in areas where it may not be economical to do so. Policies that encourage operators to provide telecommunications in unprofitable areas can thereby be implemented by way of government incentives through the Agency/Unit/Fund.

2.2.2 SADC Countries with Policies for Provision of Universal access / service

A number of SADC Member States have responded to the call to come up with policies and/or legislation on universal access / services and implementation strategies. The table below illustrates countries that have complied:

Table 1: Countries with Policies and Legislation for Provision of Universal Access/Service

Country	Policy	Legislation
Angola		
Botswana	Draft Universal Access/Service Policy,2008	Not Provided in Existing Law
DRC		
Lesotho	No policy however the Lesotho Communications Authority has in place the Universal Access/Service Strategy of 2007	Lesotho Telecommunications Authority Act, 2000 Lesotho Communications Authority Universal Access Fund Rules, 2009 Draft Communications Bill, 2009
Malawi	Draft National ICT Policy 2009	Not Provided in Communications Act 1998 Draft Amendment to Communications Bill 2009 intends to provide on universal access/service
Mauritius		
Mozambique	Telecommunication Policy 2004	Telecommunication Law No. 8 of 2004 Decree No. 69 of 2006 approved the regulation of Universal access and Service Fund
Namibia	Draft ICT Policy 2009	Not Provided in Existing Law Provided for in Draft Communication Bill 2009

South Africa[1]	Draft Broadband Policy, 2009 Policy Directives on USALS • Phase 1: 2005/6 • Phase 2: 2006/7 • Phase 3: 2007	Electronic Communications Act No 36 of 2005
Swaziland	Not Yet	Not provided in existing law
Tanzania	National Telecommunications Policy of 1997 National ICT Policy of 2003	Universal Communications Service Access Act of 2006 Universal Communications Service Access Fund Regulations, 2009
Zambia	Draft Universal Access Policy 2009	Telecommunications Act ? ICT Act, 2009
Zimbabwe		Postal and Telecommunications (Universal Service Fund) Regulations, 2005

2.3 SADC Model Telecommunication Bill of 1998

Section 49 of the Bill provides for the establishment of the USF as follows:

1) The Authority shall develop annual objectives for services to be provided with the purpose of ensuring that the public telecommunication service, in particular basic telephone service, is accessible to the widest number of users.

2) The Authority may establish a fund into which providers of telecommunication services (public and private) shall pay any fees the Authority may prescribe as universal access development fees.

OR

3) The Authority may make it a condition of a grant of a license that every provider of public telecommunication services shall establish a universal access fund the proceeds of which shall solely be used with the Authority's approval for the development and expansion of its telecommunication service infrastructure in areas where there are no services and to provide access to widest users including those with disabilities.

As indicated in Table 1 and the **Annexures** (illustrating SADC Member States position on Universal Access /Service Fund(UASF), the majority of SADC Member States have enacted legislation which provide for the establishment of the USF, contribution to the fund and other related issues.

From the questionnaire that was sent to SADC Member States in October 2009, eight out of eleven of the SADC Member States who responded to the questionnaire have incorporated the UAS into their National Communications Policies, please refer to *Table 1*. It is encouraging that those who are yet to have legal support to their efforts to bring UAS, are either reviewing their existing Laws or have draft Laws that are under Parliament. It is also very clear that absence of clear legal clause to support UAS have not hindered SADC to move towards universal access to ICTs. This is evident from UA projects that are underway in Botswana and Malawi and are being driven by both the policymakers and regulators.

3.0. Management, Financing and Utilization of Universal Access Funds

3.1 Management of Funds

Six out of the eight countries who responded that they do have the UAS policies and/or legislation have established USF and please refer to *Table 2*. Most of these funds have been established as the countries liberalised their ICT markets and these funds are to support the increase in access to areas that would otherwise not be reached, commercially. The USF are used as means of stimulating investment and service levels in rural areas which are considered as non-profitable.

In terms of the fund management, there are various models being used by SADC. The funds are either managed by independent agencies, regulator or the government. Five of the six of the SADC countries who responded to having a fund, the management of the fund is either under the regulator or an independent agency. It is encouraging that despite the differences

in the body designated to manage the fund, the region has progressed to implementation of the projects that falls under the UAS and please refer to the **Annexures**.

Table 2: Management of USF in SADC

Country	Model of Fund (Govt/Regulator/Independent Agency)	USF Agency Name	Year of Establishment of Fund
Angola			
Botswana		-	-
Democratic Republic of Congo			
Lesotho	Regulator	Lesotho Communications Authority Universal Access Fund	2009
Malawi		No USF	N/A
Mauritius			
Mozambique	Independent Agency	INCM - Universal Access/Service Fund	2008
Namibia	Not Yet		
South Africa	Independent Agency	Universal Service and Access Agency of South Africa	1997
Swaziland	Government	Committee under Regulator (Ministry)	1990
Tanzania	Independent Agency	USF Agency	2009
Zambia	Not Yet	N/A[2]	1996
Zimbabwe	Regulator	Board of Trustee of Fund in Regulator	2002

3.2 Contribution to the USF

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[2] There will be an Independent Agency upon the ICT Act becoming operational, currently first disbursement to LinkNet done by Regulator

These universal service or access funds are mostly financed by either a set levy on licensed operators earnings, government subsidy and/or regulators' surpluses. Initiatives in these countries with USF include financial support for telephony, internet and ICT projects and recently, some countries have included broadcasting services among the USF basket of services.

Regarding the levies set on licensed operators, their do range between 0.2% and 5% of the operators' annual gross turnover and please refer to *Table 3*.

3.3 Utilization of Funds

A number of the SADC countries do use the competitive subsidy disbursement model whereby finance is made available competitively under a lowest-subsidy tender. In some cases the competitive model is supplemented by direct finance of ICTs projects. In the case of ICTs projects, the financial support requires end user applicants which are mostly schools, community groups and others, to develop proposals under standard criteria. The finance awards are made when qualifying conditions are met.

To date at least four out of seven countries have subsidised operators going for high cost areas and this can be seen in *Table 3* below. The rest of the countries are at various stages of commencing disbursement or are planning to do so.

Table 3 Contributions to the USF in SADC

Country	Levies on Operators	Other Contributors	Comments
Angola	NK	NK	NK
Botswana	N/A	Government	Seed Capital from Regulator for Future USF
Democratic Republic of Congo	NK	NK	NK
Lesotho	1% of Net Operating Income	• 25% of NRA operating Surplus • Seed Capital from NRA • Govt	
Malawi		Development Partner Grant	Short term funding subject to appropriate Act to be passed.
Mauritius			
Mozambique	1% Of Net Gross Turnover	• Government • Development Partner grants	
Namibia	N/A		
South Africa	0.2% of Annual Gross Turnover		
Swaziland	5% of Net Operating Profit (Mobile Operators only)		
Tanzania	0.3% Annual Gross Turnover	• Govt Regulator • Devp. Partner grant	
Zambia	Regulator allocates 10% of its 5% Annual Gross Turnover from license revenue		Subject to change under new legislation
Zimbabwe		2% Annual Surpluses of Regulator	

Table 4: Utilization of funds

Country	Starting Year of Fund	Starting year of Disbursement	Model of Disbursement Not Determined = ND	Amount collected (US$ '000)	Amount Disbursed (US$ '000)	Comments
Angola						
Botswana			Would be Competitive Bid	3,750	0	
Democratic Republic of Congo						
Lesotho	2009		Competitive Bid	2,100	-	
Malawi	-	2009	Competitive Bid	1,200		The collected amount is donor funded through the govt.
Mauritius						
Mozambique	2008	2008	Competitive Bid	3,000	200	
Namibia						
South Africa	1997	1998	Competitive tender	90,068	30,988	
Swaziland	1990	2001		38,000	6,000	
Tanzania	2009		Competitive Tendering and reverse action	800	-	
Zambia	1996	2009	Hybrid of tender bid and Fund Direct financing through purchase of ICT equipment for projects	12,000	65	The amount collected is actually a budget allocation
Zimbabwe	2002		ND	5, 000	0	The collected amount is as from February 2009

Conclusions and Recommendations

The report provides a snapshot of current implementation and issues related to deployment, management and utilisation of UASF in SADC. It has highlighted on the policies, legislation and operations of the funds. The report also considered global trends and challenges faced by UASF across the world and in particular the SADC region.

Among the areas covered were the following: convergence of technologies, funding for technology neutral services, universal access to digital broadcasting services and increased bandwidth requirements for ICTs services.

Preliminary recommendations

Some of these emerging issues will be considered in details by the experts to be engaged under the Harmonisation in ICT Policy for Sub Saharan Africa (HIPSSA) Project which is expected to be undertaken during the first quarter of 2010. However, the Committee has made the following preliminary recommendations:

- the development and Enactment of National Policies that clearly identifies appropriate universal access or service objectives;

- the review of existing UAS policies, regulations and practices (Model Bill, UAS Policy Guidelines etc) to align them to the ever changing environment of ICT market;

- to urge Member State to align their UAS policies to the reviewed policies/guidelines/regulation;

- Universal Service or Access strategies should be based on viable, sustainable business models; and

- Countries that are collecting the funds should expedite the disbursement of the collected funds to the projects in line with specified guidelines.

The Universal Access/Service is key to socio economic development and it goes a long way in reducing poverty in the region. It is therefore, imperative to equip all stakeholders with the relevant tools to accelerate the deployment, proper management and disbursement of the funds.

CRASA has done preliminary work at the behest of the Ministers responsible for Communications, Postal and ICTs within SADC region, however further work will be undertaken by the international/ regional expert to be engaged by CRASA and International Telecommunications Union (ITU) under the HISSPA project. It is expected that the project

would provide guidance or framework for future utilisation of UAS in the region and the disbursement of funds under the best practice model.

Annexures:

Case Studies on Universal Access/Service in SADC

UNIVERSAL ACCESS /SERVICE IN BOTSWANA

Introduction

Botswana covers an area of about 582 000 square kilometres with a population of about 1.8 million people. Gaborone is the capital city of Botswana with a population of about 190 000 people. There are three (3) Public Telecommunications Operators (PTOs) and about fifty (50) Value Added Network Service Providers (VANS). The current licensing framework allows the three PTOs to provide mobile telephony, fixed telephony and value added network services under one unified licence. However, only Botswana Telecommunications Corporation provides the whole range of services while Mascom Wireless Botswana and Orange Botswana predominantly provide mobile service and value added network services. As at October 2009, the PTOs registered a total of approximately 2.3 million mobile subscribers. The number of fixed lines stood at about 136 000. These translate into mobile teledensity of about 130% and fixed line teledensity of about 8%.

Legal and Policy Framework on Universal Access/Service

The Universal Access or Service (UAS) to ICTs is guided by the Telecommunications Policy (1995). This Policy led to liberalisation of the telecommunications sector since year 1996. It recognises the right to telecommunications as one of the fundamental rights for citizens. The current Policy is general and has therefore not focused on UAS. A more focused policy is still being drafted which will come to be known as "The Universal Access and Service Policy".

Universality Definition and Scope

The draft Universal Access and Service Policy defines the concepts separately as follows:

Universal Service (US)

The principle of Universal Service (US) recognizes that once the market penetration of a telecommunications service, such as the telephone, reaches a high level in society and has demonstrated social and economic value, then that service has become essential to virtually every household. As a consequence, exclusion from having *private* access to the service would place citizens at a social and economic disadvantage. US thus sets the target of the provision of basic telephone services, including associated directory and emergency calling, as well as basic data transmission and reception capabilities, to every household in the country. Whereas it is recognized that this goal will be reached only in stages and will be realized in more urbanized and least remote areas first, it is the medium to long term goal for the whole country.

Universal Access (UA)

The goal of UA is to ensure that, in the shorter term, all people in every part of the country have reasonable means of *access* to a publicly available telephone and related telecommunications services in their community (even if not necessarily in their home), through shared use of lines or user terminals, including public payphones, phone shops, roadside tele-businesses, community telecentres, 'cyber cafés' or information centres.

UA is an approach to US in low-income and high cost (i.e. rural) areas, where private demand and perceived need are not yet universal and/or where technical difficulties preclude service providers from being able to economically provide full signal coverage, but where it is feasible to create service points at which public access is available. As in the case of US, the same means of access shall be capable of providing both voice telephony and basic data transmission and reception, and will be expected to evolve to the provision of enhanced data, facsimile, Internet and ICTs services in the medium term.

Universality Targets and Provision

The following are the target dates for provision of universal voice communication:

- the time schedule for achieving UA (provision of public access phone) in villages above 250 inhabitants is by end of 2008.;

- the time schedule for achieving US is broadly categorized by community population size, as follows:

All main urban cities and towns (above 20,000)	by end of 2008
Villages above 2,000	by end of 2010
Villages above 500	by end of 2013
Villages above 250	by end of 2016

- Internet Point of Presence (POPs) and community Public Internet Centres (PICs) shall be established within the vicinity of the following categories of community according to, or in advanced of, the following target dates:

All main urban cities and towns	by end of 2008
Villages above 20,000 population	by end of 2010
Villages above 10,000 population	by end of 2012

| Villages above 5,000 | by end of 2014 |
| Villages above 2,000 | by end of 2016 |

The above targets were stipulated in the Draft Policy. It should be noted that the targets were linked to the Millennium Development Goals (MDGs), the Botswana's Vision 2016 and the National Development Plans. It also covers telecommunications in terms of fixed, mobile and Internet service. It also includes broadcasting and postal service.

Fund Management and Subsidy Distribution

Given the importance of transparency in the management of the USF and subsidy distribution, then the issue of the day to day management, management control, independence from government and tendering process are critical. In Botswana, the UASF shall be sourced predominantly through three types of financial contributions, as follows:

a) Government contributions from the Budget;

b) special levies on the industry of up to annually 1% of their gross revenue; and

c) investment income from accumulated funds.

The overarching objective of the fund is to assist operators to rollout their services to areas which would otherwise be economically unviable to service. No contributions have been collected from operators as the law and the policy have not passed through Parliament yet. However a fund has been established through Cabinet Directive in 2006 to which the regulator has been contributing annually for seed funding. The balance currently stands at about USD 3.75 million.

In terms of the management of the fund, the recommendation in the draft UAS Policy is that the Fund be administered by a Board of Directors with Botswana Telecommunication Authority (BTA) serving as the Secretariat.

The amount of subsidy is determined through a competitive bidding process. Government identifies the area to be provided with service and states the technical parameters for the required service. PTOs would then prepare bids on the basis of the invitation to tender stating, among others, the amount of subsidy they would require. The PTO requiring the least subsidy would then get the tender provided all other parameters are met. The subsidy will be provided for both Capital Expenditure (CAPEX) and Operating Expenditure (OPEX).

In Botswana, the benefactors of the fund will be PTOs. However, the only projects being run at the moment are those funded by Government through the treasury. There is currently a rural connectivity project, named Nteletsa II, whose aim is to achieve US whilst the necessary instruments and structures for fully fledged UASF and its Management are being considered in the Draft Policy. The project is financed by Government. These are aimed at proving basic communications services to some 197 unserved villages. The services include basic voice and high speed data as well as other value added services. Government has engaged independent consultants to supervise the projects and all are running smoothly so far.

UNIVERSAL ACCESS /SERVICE IN LESOTHO

Introduction

Lesotho is a country of 1.8 million inhabitants. Of these, 77 percent are rural dwellers while the urban dwellers constitute 23 percent. The communications sector is made up of two network operators (one offering both fixed line and mobile network services and the other offering only a mobile network service), at least 30 Internet Service Providers (ISPs), two television broadcasting network services and ten sound broadcasting network services. Teledensity as at September 2009 was 36 percent (2 percent fixed line and 34 percent mobile).

There are currently no statistics that demarcate ICTs indicators between rural and urban population. The survey is only ongoing at present. However 40 percent of the country's geographical areas enjoy network coverage with over 70 percent of the population living in areas that have network coverage. The remaining 60 percent of the geographic area is mountainous and characterised by small and dispersed villages. It is this less densely populated areas coupled with mountainous terrain that underscore the need for universal access initiatives in basic services such as voice telephony.

Legal and Policy Framework on Universal Access/Service

The UA to ICTs is currently being guided under Universal Service Strategy of 2007. Lesotho initially had a Universal Service Strategy was of 2002 which was put on hold in order to permit the operators to exhaust all viability locations with coverage. The 2007 strategy was revised to reflect changing market development and focused on access gap and cognizant of the liberalized market. The Strategy 2007 also recognises the concerns of the people with disabilities or disadvantaged groups. However, the primary objective is basic access for everyone through universal network coverage.

Legislation was passed in year 2009 namely; the Lesotho Communications Authority Universal Access Fund Rules. While the regulatory framework, the Universal Access Fund Operational Procedures outlines in specific terms how the Fund is going to be operated and the procedures to bellowed in areas such as procurement, reporting, allocating subsidies, etc.

Universality Definition and Scope

The Universal Service Strategy defines the concepts of universal access and universal service as follows:

Universal Access

Universal Access has been defined as communication services (telephony, Internet, broadcasting) are available to all people / communities at least on a shared or community basis.

Universal Service

Universal Service has been defined as communication services are available to every household.

All villages with at least 150 households must have network coverage and communications service access point and all people must have a communications service point within a 4 kilometre radius.

Fund Management and Subsidy Distribution

The fund management is under the Regulator and there is an oversight Committee and the Secretariat. The oversight committee is independently constituted. The Committee is responsible for strategic and policy level management of the fund and functions like a corporate board. The Secretariat executes the decisions of the Committee and is responsible for the day to day running of the Fund.

It is the intention of the fund to collect 1% of the network operators' net operating income and 25% of the Regulator's operating surplus. However, the fund is yet to commence with collection from the operators and as such the seed capital of US$1.25m was contributed by the Regulator.

In terms of the disbursement of the fund, it will be done through competitive bidding. Primarily, the fund will be used for infrastructure deployment for network rollout and benefit all licensees of the Regulator. So far, there are universal access projects underway and are shown in the Table 5 below:

Table 5: Universal Access Projects in Lesotho

Project Name	Type	Year	Amount (US$)
'Malefiloane Area	Infrastructure for GSM Coverage	2010	390,960
Tebellong Area	Infrastructure for GSM Coverage	2010	573,333
Makhaleng Valley	Infrastructure for GSM Coverage	2010	384,000

UNIVERSAL ACCESS /SERVICE IN MALAWI

Introduction

Malawi has a population of 13.5 million people, of which 2.7 million of the population lives in urban areas while 80% of the people live in the rural areas. Malawi is a long, narrow country situated in the African Rift Valley between latitudes 9 and 18 degrees south. It is bordered by Tanzania to the north, Mozambique to the west, south and east and Zambia to the north-west. It has a sub-tropical climate, which is dry and strongly seasonal.

The current teledensity is at 12% and the rural teledensity is at 5%. It also has the rural radio penetration rate of 40% and the rural television penetration stands at 2%. 64.1% of Malawians are literate and of which 78% of males are literate while only 60% of females are literate.

Legal and Policy Framework on Universal Access/Service

The Universal Access Policy has been integrated into the National ICT Policy that is still in draft form and is yet to be passed by Cabinet. Currently all Universal Access projects are being run under a Pilot Project with funding from the World Bank to a tune of USD 1.2 million. The pilot project commenced from 29th May, 2009.

The main goal of the Policy is to ensure that all people in every part of the country have reasonable means of access to affordable ICTs services defined basically as telephony and internet services through specific focus on providing sufficient public

phone access in villages and improving access to the internet especially in the rural and under-served areas for the socio-economic development of the country.

Since the policy is yet to be passed, there is no legislation yet for the UAS. A proposed draft bill for the amendment of the Communications Act to include issues of UAS is in place awaiting policy finalization

Universality Definition and Scope

The draft Universal Access Policy defines the universal access and service concepts separately as follows:

Universal Access / Service refers to the ability of all people to have access to a service or product (baseline level of services) from which they can benefit without regard to their social class, ethnicity, location, background or physical ability. In this respect, the terms Service are Access are further defined as:

Universal Access

Universal Access has been defined as the ability to access the service through such means as a multi-purpose community telecentre, public phone, public internet access centres e.t.c. through balanced geographic distribution.

Universal Service

Universal Service has been defined as the ability to provide the service to everyone, everywhere within a nation, state or government.

Universality Targets and Provision

The UAS among other targets aims at:

- promoting equal and universal access to ICT services and resources in rural, peri-urban and under-served communities;

- improving public access to information and services to facilitate business and administrative processes to increase productivity and economic growth;

- enhancing development of local content and associated local skills training;

- increasing household penetration for ICT services (voice, data); and

- ensuring the active participation of all Malawians including women, the youth, the elderly and persons with disabilities in developing the information society.

These targets have been linked to the achievement of the MDGs especially in addressing the theme of Infrastructure Development.

Scope of UAS Policy Document

The scope of the UAS document covers the basic services defined as telephony and internet services. The Policy also is recommending technology neutrality in terms of the services to be provided under the UAS. The Communications Act (1998) which is the legislative instrument for the sector also stresses the aspect of technology neutrality for the ICT sector.

The concerns of the people with disabilities or disadvantaged groups are highly considered in the policy as highlighted in the targets for the policy above. Stakeholder consultations were also done at all levels in the development of the Policy to ensure that interests for the general public were taken into consideration as the Policy addresses issues affecting the rural people which account for 80% of the Malawian population.

Even though the policy has not been passed yet, it has gone through a number of phases and review due to technological trends. Initially developed as the Rural Communications Development Policy (RCDP) in 2002, the draft Policy was reviewed in 2007 / 2008 to reflect the new trends and re-branded the Universal Access to Telecommunication Services Policy. However, in view of the National ICT 4D policy that was also being developed within the same time frame, the two policies were finally merged to come up with one National ICT Policy addressing all ICT issues inclusive of the UAS needs.

Fund Management and Subsidy Distribution

The Fund is not yet in place but the overall objectives of the UAF is to provide financial resources to assist in the implementation of the Government's National ICT Policy and the UAS programs developed by Malawi Communications Regulatory Authority (MACRA) in accordance with the policy. Currently, fund management for the Pilot Project is done by the Project Management Unit (PMU) within the Ministry with the implementation being done by a specific UA unit within the Regulator.

However, once the legislation is passed, all issues regarding the fund and project implementation will be the responsibility of the Regulator. Apart from the UA unit within the Regulator, other instruments proposed include the Consultative Committee to decide on specific projects to be implemented by the Fund. Project Management staff shall be employed within the UA unit that will reside as part of the Regulatory mandate.

The financing of the fund is expected to come from licensed operating entities having an individual licence as well as contributions from Government, donors and other willing partners that may wish to assist the programmes under UAF. It is also expected that a levy of 1% on Net Operating Revenue will be imposed on the operators as a contribution to the Fund. No collections have commenced, pending the parliamentary approval of the Policy and establishment of the Fund. However, the current Pilot Project is being implemented with funding from the World Bank to a tune of USD 1.2 million.

In terms of subsidy disbursement, all bidders to the UAS programmes undergo the competitive bidding process where the Least Subsidy Cost method is used to determine the successful bidder. The recommendation is that the projects that will be legible for funding should cover both infrastructure deployment and service provision.

The benefitting entities are those that are licensed by the regulator in respect of service provision, that is, voice and/or data and those that have been operational for at least two (2) years. On top of these basic requirements, the bidders must successfully pass the competitive bidding process in order to be benefit from the fund.

Currently, the Pilot Project is targeting 10 districts covering five (5) developmental corridors of the country in the provision of telephony and internet services. The internet component of the Project will establish 8 Points of Presence (POP) and associated Public Internet Access Centres (PIAC) in 8 out of the 10 districts. The telephony component will establish 1,274 manned telephones within selected communities spread among all the ten (10) districts.

Project total amount is USD 1.2 million and the contract was signed with the Service Providers on 29th May, 2009.

Table 6: Universal Access Projects in Malawi

#	PROJECT	DESCRIPTION	TOTAL SUBSIDY AMOUNT (USD)	AMOUNT DISBURSED TO DATE (USD)	REMARKS
1	UA Pilot Project	Internet Component – providing 8 POP's and associated PIAC's in eight districts	425,300	85,060	6 out of 8 POPs / PIAC's installed so far

2	UA Pilot Project	Telephony Component – providing 1,274 manned telephones in ten districts	459,000	68,850	10% of phones installed so far.

Note:

Based on the Least Subsidy Cost model, a saving of USD 300,000 was made on the total project funds and this amount is earmarked for improvement of the telephony component service provision.

Challenges

The challenges being met stem from several factors as follows:

- logistical arrangement in implementation the project due to the onset of the rainy season making some areas impassable;

- delays in agreements where several parties are concerned,that is, agreements on actual phone locations with the concerned District Assemblies in the various districts; and

- non-compliance to agreed contractual standards on some specifications especially on the internet side leading to delays in payments.

UNIVERSAL ACCESS /SERVICE IN MOZAMBIQUE

Introduction

Mozambique is located in the east coast of Africa and it has borders with the following countries: South Africa, Swaziland, Zimbabwe, Malawi, Zambia and Tanzania. Mozambique has a population of about 20 million inhabitants which 69% are located rural areas and 31% in urban areas. The country has an area of 799.680 km², the gross domestic product per capita in 2008 was 417,9 USD. Mozambique has 11 provinces and 128 districts.

A landline operator, two mobile operators and twenty data and Internet service providers constitute the telecommunications market. The landline service had in 2008 78.324 clients and the mobile had 4.405.006 clients. The teledensity was 0,382% per 100 inhabitants and the penetration was 21,46%.

Legal and Policy Framework on Universal Access/Service

So far Mozambique does not have a specific Policy for UAS as the draft is yet to be approved. The name of the Policy that addresses the issue of UAS is called the Telecommunications Policy. The policy was approved by Resolution n.6/96 of 2nd April1996. Regarding legislation, UAS is addressed under Law number 8/2004 of 21st July, The Telecommunication Law. While regulations for Universal Access and Service Fund are provided for in the Regulation that was approved by Decree number 69/2006 of 26th December.

Fund Management and Subsidy Distribution

The UASF in Mozambique aims at financing telecommunications programs and projects in the scope of universal access service of telecommunications. The UASF is under the Regulator's authority and the manager of Fund is the Executive Secretary of UASF, who reports directly to the Board of Directors. There is no staff yet for UASF, the Executive Secretary works in coordination with other departments within the Regulator.

All licensed and registered entities rendering of telecommunications public services must contribute to UASF up to 1% of the gross revenue of the previous year. Operators who are operating Internet Cafes are exempt from contribution to the UASF. Other contributions come from Government and donors from international organizations. Up to date the operators have contributed about USD 3.000.000,00.

The mode of disbursement used is the competitive tendering. Projects which are eligible for funding are those that are meant for providing telephony and internet services. These projects include infrastructure deployment and service provision as well. The operators licensed or registered that contributed to the USAF, hospitals and schools located in rural areas can benefit from the fund.

So far there is one project which has benefited from the fund and is as stated in the table below:

Table 7: Universal Access Projects in Mozambique

Details on Project	Year	Amount (USD)
Project of mobile telephony covering 5(five) Km from the centre of a district centre (Matchedje) in the North of the country, it borders with	2008	200.000

Tanzania. Transmission via satellite		

Challenges

The first challenge is related to internal organization in terms of staffing for the secretariat of USAF as it is taking some time to employ staff to assist with the management of the fund. The second challenge is that Mozambique needs to implement projects as it has collected funds to be disbursed to benefit the communities in rural areas. The third challenge is to set a strategy with indicators that defines where to go, when and how.

UNIVERSAL ACCESS /SERVICE IN NAMIBIA

Introduction

Namibia has the population of two (2) Million. The current teledensity stands at 6.6% for fixed telephony and 17.2 % for the mobile telephony. Namibia has also radio penetration rate in rural areas of 94% while television penetration rates in rural areas stands at 64%. In addition 83.9% of adults are literate.

Legal and Policy Framework on Universal Access/Service

The universal service is covered under the Telecommunications Policy which was adopted by the Cabinet in 2009. No specific definition of Universal Access or Service is provided in the policy document. However, the policy document spells out that the Government will establish Universal Service Fund to fund the provision of services to unprofitable areas.

In terms of legislation, universal service or access is addressed within the Communications Act, 2009 (Act No. 8 of 2009). There is, currently, no specific Regulation established for UAS, however, sections 56(2), 57(1) and (9), of the Act make provision for possible regulatory areas to be developed after the Act has been put into force. As a result of the absence of the Regulations, USO is not clearly spelt out in any regulation. Nevertheless, in terms of section 56(3) of the Act, the regulator may issue an order instructing a licensee to provide a specified form of universal service in a specified area.

Universality Targets and Provision

The Policy has aims to:

- provide services to unprofitable areas;

- ensure that services should be rolled out to high cost areas and qualifying public institutions, such as educational centres, healthcare, multi-purpose community parks and information kiosk; and

- that broadband access need to be expanded to underserved and marginalised areas.

The scope of the US in the Policy includes Broadband access and internet access, telecommunications. The policy is silent on technology neutrality principle regarding the service to be funded under the UAS financing. However, it is explicit that all licensed carriers can receive money from USF if the carrier offers universal service. In addition, concerns of the people with disabilities or disadvantaged groups are a cross-cutting concern which although not specifically addressed in the USF policy, is addressed in the overall ICT policy.

Fund Management and Subsidy Distribution

Provision has been made in the Act for the establishment of the USF (s56 (1) of the Act. The aim of the Fund, in terms of s56 (4) is to pay subsidies to licensees to subsidise the provision of services or provision of infrastructure for the purpose of providing universal service.

In terms of section 56(1) the Authority may impose a universal service levy to be paid into USF and section 57(1) provides that the Authority may prescribe the telecommunications services that should be made available by licensees. Hence, telecommunications service provides may be required to contribute towards the USF. The USF will be established by and resort under the Communications Regulatory Authority of Namibia (CRAN).

CRAN will be a juristic person and the USF will be established as unit of the Authority of which the Chief Executive Officer of the regulator is the overall head of the Fund. The organisational or structural layout of the Fund has not been developed yet.

Since the technical operations of the USF need to be developed in due course, there is no specific quantifiable contribution by the market player into the Fund. However, section 56(2) makes provision that the Authority may imposed a universal service levy to be paid into the Universal Service Fund. In addition, the Authority may also impose a regulatory levy upon the providers of communications service, in accordance with s56 (3) of the Act.

Regarding subsidy disbursement, S57 (4) stipulates that subsidies may be paid from the USF to the licensee which has provided specific form of universal service. The regulator may also repay to the licensee who has borrowed money for the sake of universal service prior to the operational of the Act (s57 (6)). The regulator may further request tenders or institute a system of competitive bidding for the rendering of universal service as it may think fit (s57 (7)). The regulator may also enter into a contract with the licensee for the provisioning of the services concerned after tender or bidding (s57 (9)).

In terms of which projects the fund is going to consider the following projects / activities for funding:

- telecommunications facilities or services;

- equipment to cater for telecommunications needs;

- specified services; and

- deployment of technology for telecommunications and information services.

As USF is not operational, no project has been funded under UASF.