



Common Universal Service models in the international practice and their implications

Roundtable on the challenges in the implementation of USF and evaluation of appropriate strategies

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Any Universal Service program needs to define two main aspects: 1) who provides the service and 2) who pays for it



Who provides the service?

Which company/ies is/are investing on the service¹?

Where is each company providing the service?

Can other companies provide service on top of others' infrastructure?



Who pays for it?

What is the origin of the money?

How is the amount calculated?

1. This can include both deploying/operating networks (i.e., availability) and providing discounts/subsidies (i.e., affordability). Other US-related topics such as digital literacy are typically working in a different way (e.g., provided directly by government as public policy, CSR from operators, etc.), and thus not part of this presentation.




Who provides the service?

There are three key models (that can be combined) plus one optional add-on

Obligation imposed to a single operator

- ▶ A single operator (typically the incumbent) is forced to provide Universal Service.
- ▶ This is typically covering the entire country.

Examples:  ¹

Selection of Universal Service Provider

- ▶ A tender is launched for operators to bid to be the Universal Service provider.
- ▶ Scope would include uncovered areas.

Examples:   ² 

Project by project

- ▶ Tenders are floated for particular projects
- ▶ Scope can be regional or very granular (e.g., a village, a school, a hospital).

Examples:   

Add-on: Obligation to provide wholesale

- ▶ Any of these models can be complemented³ with the obligation to provide wholesale services.
- ▶ Any operator can provide the service to end customer.

Examples:  

1. In the past. After a requirement from the European Commission, USP was launched as a tender (to which only the incumbent presented proposal and got it).
 2. Please note that Portugal divided the USP tender in three lots (north & south - both won by an OLO, and public phones - won by the incumbent).
 3. Additional to any existing obligations that typically still apply in US areas.




Who pays for it?

There are four key models to fund the Universal Service

One operator

- ▶ More common in the past.
- ▶ Universal Service is not considered an unfair burden and thus there is no direct contribution to fund it.

Examples:  ¹

The government

- ▶ Government puts aside part of its budget to paid somehow for Universal Service.
- ▶ Note that this is beyond any general subsidies.

Examples: 


All/most operators

- ▶ Option 1: The net cost is calculated (+audited) and split among operators (e.g., by market share).
- ▶ Option 2: Through a tax/regulatory fee.

Examples:    

Third parties

- ▶ Some digital companies are subsidising networks.
- ▶ Local entities, consortia, etc. may get together to build the network and enhance the region.

Examples: 

1. In the past, during the first few years after liberalisation.

Bonus track: Other related approaches

Other subsidies to build infrastructure

- ▶ Many other countries, apart from any existing Universal Service program, have specific subsidies to deploy new networks.

Examples:



Coverage obligations

- ▶ Certain licenses (most typically spectrum ones) can attach coverage obligations which would, as result, increase universal service availability.

Examples:



Exchanging fines/compensations by investment

- ▶ This option would entail exchanging fines imposed to operators or other similar compensations (e.g., assets reversal) by investment commitments.

Examples:



1. In the past, during the first few years after liberalisation.

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**Do you want to share your experience
with Universal Service/digital divide?**

Please access to the following link/QR and
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Group to assess your case.

<https://www.surveymonkey.com/r/sg1survey>

