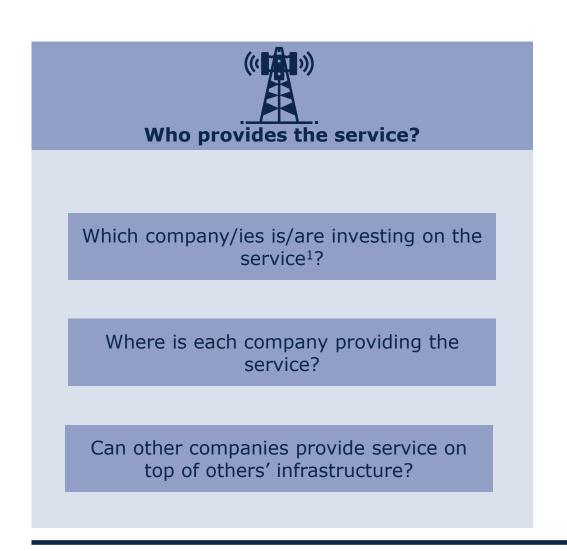


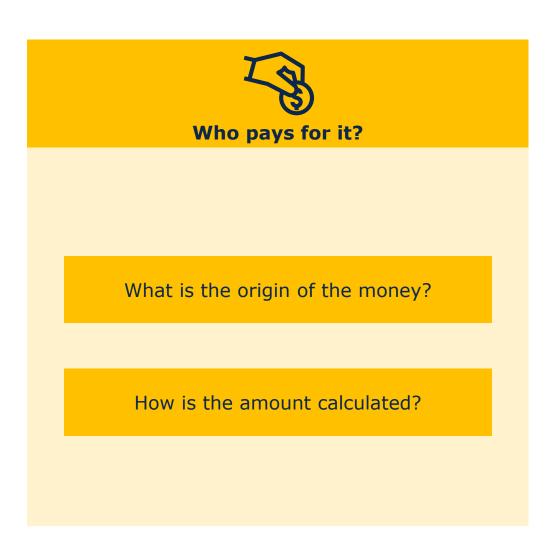
# **Common Universal Service models in the international practice and their implications**

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

15 May 2023

## 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?

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:



### **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:







#### **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:







### Add-on: Obligation to provide wholesale

- Any of these models can be complemented<sup>3</sup> with the obligation to provide wholesale services.
- ▶ Any operator can provide the service to end customer.

Examples:







<sup>1.</sup> 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).

<sup>2.</sup> 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).

<sup>3.</sup> Additional to any existing obligations that typically still apply in US areas.



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:



#### **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:









#### The government

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

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:



## **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:





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

Please access to the following link/QR and answer few questions for our ITU-D Study Group to assess your case.

https://www.surveymonkey.com/r/sq1survey



