

UNIVERSAL ACCESS AND SERVICE FUNDS

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INTRODUCTION – UNIVERSAL ACCESS AND UNIVERSAL SERVICE

Although the terms “universal service” and “universal access” are closely related concepts and are sometimes used interchangeably, they hold different meanings.

Universal service is aimed at increasing the number of individual residences with telecommunications services and providing telecommunications services to *all households within a country*, including those in rural, remote and high cost locations. Universal service policies also focus on ensuring that the cost of telephone services remains affordable to individual users or to targeted groups of users (e.g. low-income families and people living in uneconomic areas).

Universal access policies work to increase *access* to telecommunications services on a shared basis, such as on a community or village-wide level. Universal access programs typically promote the installation of public payphones or public call offices in rural areas, remote villages or low-income urban areas with the aim of providing a basic and initial connection to the public telecommunications network.

In the past, developing countries typically focussed mostly on universal access (UA), meaning community and publicly shared access, as UA was the appropriate and most feasible target. However, since the maturation of mobile communications, which extended services further and lowered access barriers to take up, many developing countries might realistically target US for telephony in urban areas. And also, in addition to setting UA targets for rural areas, the objective of increasing rural penetration can be set.

ICTs include both telephony and Internet, and some countries are at the stage where they have achieved UA to telephony and their goal is to achieve US, while in the Internet realm their goal is UA. Thus, their policy is no longer solely focussed on UA but on both UA and US.

In the more developed world which previously had US policy goals, the onset of broadband has led to re-use of the term UA. It is often recognized that universal availability of broadband services may not necessarily yield universal service-like household penetration for many reasons, though the provision of affordable access is an important goal.

As the reality in more and more countries relates to both UA and US, it therefore makes sense to use the generic term Universal Access and Service (**UAS**). See <http://www.ictregulationtoolkit.org/en/Section.3126.html>

The scope of UAS always includes telephony and the Internet, and increasingly broadband. Radio and television broadcasting has traditionally not been included in UAS, but this is changing rapidly due to developments such as convergence, Internet broadcasting and broadcasters also offering Internet and telephony services (e.g., cable TV operators).

Whereas universal service and universal access policies focused initially on the provision of basic telecommunications, they increasingly encompass value-added services and Internet services/access.

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Telecommunications services are increasingly considered by governments around the world as a basic necessity of citizens, essential to full participation in the 'new information economy'. In the past, monopoly operators had to assume the costs of meeting universal access objectives. These operators had to finance the delivery of essential telephone services to uneconomic regions mainly through cross-subsidies, which flowed from profitable market segments (e.g. international, long-distance, business users, urban) to less profitable market segments (e.g. domestic, local, residential users, rural).

While cross-subsidies served their purpose in monopoly environments, they create problems in newly competitive environments. In particular, cross-subsidies have been known to distort market signals and place an unfair burden on certain operators. To finance their access objectives in a competitively neutral and transparent manner, an increasing number of countries are now turning to universal access & service funds.

Fund features

Universal access & service funds receive financing from various sources and provide targeted subsidies to encourage the provision of telecommunications services by private operators in otherwise uneconomic regions. These funds can be distinguished based on three key features:

- **Sources for funding** – UASFs can be distinguished by their sources for funding. Depending on the country and its particular situation, the sources for funding have included national budgets of governments, charges on interconnecting services, levies on subscribers (e.g. on access lines) and levies on operator revenues. Funding from international development agencies is also an option. UASFs today tend to collect their revenues from government sources or operator levies on a widely based range of telecommunications services (as opposed to only from specific, high margin services, like international long-distance). Broad-based revenue collection mechanisms are favoured because they have less of a price distorting effect on the marketplace.
- **Fund management** – UASFs can differ in their management. While some funds (e.g. India, Colombia, Guatemala, Vietnam, and most recently Peru) are administered by government ministries, other funds are administered by regulators (e.g. Chile, Mongolia, Mozambique, Romania, Saudi Arabia) or special independent agencies or public sector companies (e.g. South Africa, Pakistan, Ghana, Nigeria). The

common perception is that funds administered by independent regulators and agencies are more likely to be transparent and open to scrutiny, and less likely to be influenced by government or political interest.

- **Type of services** – UASFs can also be distinguished by the types of services they support. Developing country funds in the past have placed greater emphasis on ensuring basic public access (i.e. voice-grade fixed access to the public telecommunications network). With the growing importance of the Internet to national economies however, many of today's newer funds also support public access to value-added services, including Internet access. In Chile, the government has redefined its fund – which has been successful in extending basic telecommunications to rural and low-income areas – to support telecentre and backbone projects. The Fund has launched a national telecentres program. In India, the Universal Service Obligation Fund has expanded to include mobile service, mobile infrastructure, fixed and wireless broadband service and fibre optic backbone network in rural areas.

The table below provides a brief summary of some of the telecommunications funds that are either planned or have been implemented in developing countries and emerging markets. The information is based mostly on publicly available information and assembled by the research department of Intelcon Research and Consultancy Ltd, Vancouver, Canada. Intelcon has provided its professional consulting services for the establishment, support or evaluation of at least twelve of the funds listed in the table. Intelcon has also produced several proprietary reports analysing and comparing fund structure, programs and performance.

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Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
Afghanistan	Operational	2.5% of net revenues of all licensed service providers	Telecom Development Fund Afghanistan Telecom Regulatory Authority (ATRA), regulatory agency	The Telecom Development Fund (TDF) is intended to increase penetration in rural and unserved areas. The regulator, ATRA, is in the process of developing procedures and policies to use the funds effectively. The Ministry of Communications plans to subsidize telecom services to the public education sector and other social services and for disabled and poor people. In January 2009, the Ministry announced plans to finance the extension of telecommunications service to twenty underserved areas where 400,000 people were expected to benefit from the project. At that time the fund had collected USD 26.0 million through the operator levy.
Algeria	Operational	3% of net revenues of fixed, mobile and satellite operators	Autorite de Regulation de la Poste et des Telecommunications (ARPT), regulatory agency	
Argentina	Operational	1% of all operators' gross revenues – Argentine operators can contribute either by paying 1% of revenues to the fund or by proving that they are installing service in underserved areas.	Fondo Fiduciario de Servicio Universal (FFSU) or Universal Service Fund The Reglamento General del Servicio Universal (RGSU) states that the Fund is to be administered by a council made up of 10 people selected by various levels of government, operators and consumers.	Government to determine disbursement based on its teledensity goals. The 2000 market liberalisation law established this fund but it was not implemented for years because there was no public organisation to administer it. In July 2008 Banco Itau was selected by the industry as the administrator of the fund, subject to government approval. In January 2009, the regulator SECOM approved the structure of the fund.
Belarus	Operational	1.5% of all operators'	Ministry of Communications and	

Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
		revenues	Informatization	
Bolivia	Operational	spectrum user and frequency allocation fees, licence fees, fines, the proceeds of tenders for the granting of new concessions, and the net proceeds of the auctioning of seized goods	Fondo Nacional de Desarrollo Regional (FNDR), government agency	FNDR is Bolivia's multi-sectoral development fund. As of June 30, 2009, the fund had executed USD 59.2 million in telecommunications projects. A further USD 18.5 million has been committed.
Brazil	Operational	1% of service providers' gross operational revenues earned from the provision of telecom services	Fundo de Universalização do Serviço de Telecomunicações OR Telecommunications Services Universalization Fund (FUST) Agencia Nacional de Telecomunicacoes (Anatel), regulatory agency	Brazil's Telecommunications Services Universalization Fund (FUST) has accumulated USD 2.6 billion (December 2008) but it is still unclear how the money will be used. Due to conflicting legal interpretations regarding the use of the fund's resources, limited funds have been disbursed.
Bulgaria	Operational	0.8% of voice revenues minus certain interconnection and special access costs	Universal Service Compensation Fund Communications Regulation Commission (CRC), regulatory agency	Operators may apply annually for compensation for losses on the provision of universal service.
Burkina Faso	Operational	2% of service providers' revenues	Fonds d'Accès au Service Universel, or Universal Service Fund Autorité Nationale de Régulation des Télécommunications – regulatory agency	The 2005 Universal Service Strategy identifies a number of targets: <ul style="list-style-type: none"> • Provide public voice telephony service to an average of 70% of selected rural localities in a given region; • 95% of selected localities must be within 5km of one public access point • Private service must be available in rural areas with prices no more than 25% above published fixed and mobile tariffs; and • Internet POPs in each provincial capital in each tendered region.

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				<p>The aim of the universal service strategy is complete coverage of the national territory, including coverage of 5,200 villages by 2010.</p> <p>The country's ICT strategy for 2006-2010 includes goals for the Universal Service Fund, including broadening the areas covered by the fund to include the production of multimedia content in national languages, the introduction of ICT in health and education, universal postal service, training and promotion of e-jobs.</p>
Chile	Operational	Government's budget	<p>Fondo de Desarrollo de las Telecomunicaciones (FDT) OR Telecommunications Development Fund</p> <p>Subsecretaria de Telecomunicaciones (Subtel), regulatory agency</p>	<p>All operators are eligible to receive funds. Subsidies are distributed through competitive bidding. The bid evaluation emphasizes the lowest proposed subsidy for a particular project combined with a commitment to short delivery time.</p> <p>The original goal for the Fund was to provide public telephone service to about 6,000 unserved localities – a target that was met during the period from 1995-1999. After the Fund achieved Chile's social telephony objectives, the government initially redefined the Fund to support telecentre projects. Support was further extended to include backbone, broadband and mobile network expansion. Projects and programs financed by the fund during the last three years (2007-2009) include:</p> <p>In 2007, the fund financed a fibre optic backbone extension project, which includes funding for a WiMAX installation; In 2007, the fund supported the extension of mobile service into unserved areas in Torres del Paine National Park.</p> <p>In 2009, the fund is supporting rural broadband expansion, promising up to USD 57 million in subsidies to extend broadband to an additional 3 million rural residents. In March 2009, Inverca Telecom won the contract by requesting zero government subsidy. Inverca plans to offer broadband over a WiMAX network.</p> <p>In July 2009, mobile operator Entel was granted USD 1.4 million in subsidy to extend mobile service to unserved, remote areas.</p>
China	Planned			<p>From 2004 to 2007, China spent more than USD 2.7 billion on the Universal Telecom Service (Cun Cun Tong) project, which aims to provide telephone services to all Chinese citizens. Following government directives, six telecom operators have spent over USD 2.7 billion on</p>

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				<p>the Universal Telecom Service project, government official Han Xia said. Han said that the government is exploring ways to establish a foundation which could provide subsidies to telecom operators that provide such services for the interest of the public. In the meantime though, telecom operators are responsible for building and maintaining telecom infrastructures in rural areas, even though they may have to operate at a loss. According to MII-set targets, China will extend telephone services to every village in the country and Internet access services to every town by 2010. By 2020, every home is to have telephone services and every village, access to Internet services. (December 3, 2007, Interfax)</p>
Colombia	Operational	All fixed and mobile operators contribute 5% of gross revenues of national and international long distance and mobile services, and a percentage of net revenues from fixed telephone, VAS and trunking.	Fondo de Comunicaciones (FCM) OR Communications Fund Ministry of Communications	<p>The FCM is required to invest in social telephone programs in low income rural and urban areas. Funds from the FCM are used to finance the Compartel program.</p> <p>Compartel supports community telephones, community Internet access centres and Internet access at government facilities (schools, hospitals, city halls, military). The Program guarantees the operation and maintenance of the telephones for 10 years. Winning bidders are selected based on meeting technical requirements with the smallest subsidy requested.</p> <p>Over the last three years (2007-2009) Compartel has funded numerous projects.</p> <p>In August 2007 Compartel allocated USD 17.6 million to projects designed to expand broadband access and USD 6.0 million to replace older networks in rural and underserved urban areas.</p> <p>In 2008, Compartel had a budget of USD 62.9 million for the internet connectivity program, USD 30.6 million for telecentres, USD 5.0 million for improving service quality. By November 2008, Compartel had connected 15,500 public institutions to the internet – about 11,000 of the sites are in schools. In 2009, Compartel offered a maximum of USD 28.5 million to install a fibre cable to connect San Andres island to the mainland. Energia Integral Andina won the least-cost auction with a request for USD 27.0 million.</p>
Cote d'Ivoire	Operational	2% of revenue from mobile	National Telecommunications	As of June 2008, the fund had raised USD 16.0 million.

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		license fees	Fund (NFT) Cote d'Ivoire Telecommunications Authority (CITA), regulatory agency	
Czech Republic	Facing legal delays	Not more than 1% of all revenues. The % of the contribution depends on the operator's market share	Universal Service Fund Czech Telecommunication Office, regulatory agency	In 2008, net cost calculations were finalised for 2001-2005. The decisions have been appealed in court by two mobile operators. The incumbent has also filed an appeal against net cost calculations. All decisions on contributions for 2001-2005 have been adopted, and contributors' payments have been made. A draft proposal would resolve the situation by allowing substitute payment from the state budget.
Dominican Republic	Operational	2% levy on users' telephone and cable TV bills	Fondo de Desarrollo de las Telecomunicaciones (FDT), or Telecommunications Development Fund Instituto Dominicano de las Telecomunicaciones (Indotel), regulatory agency	In 2007, the fund had resources of USD 23.0 million. In February 2008, a USD 4.65 million subsidy was offered to Codetel to finance a rural broadband project, but Codetel chose not to accept government financing.
Ecuador	Operational	1% operator levy on fixed line operators	Telecommunications Development Fund (FODETEL) Consejo Nacional de Telecomunicaciones (CONATEL), regulatory agency	Up to May 2009, USD 9.59 million had been collected from operators since 2000. State-owned fixed line operators owed USD 35.0 million for unpaid contributions. The fund invested USD 19.98 million in 2008. The projects focus on the creation of community telecentres and educational centres In 2008, the PROMEC telecentre project was cancelled after the winning bidder was unable to install the expected 1,120 telecentres. In August 2009, there are five projects in the "execution" stage and eight in the "implementation" stage.
Estonia	Operational	0.04% of operators' revenue (for 2008)	Universal Service Fund Estonian Communications Board, regulatory agency	Funds will only be disbursed if a designated US provider requests financial assistance to meet its obligations.
Gabon	Operational	2% of all operators' net revenues	Fonds Spécial du Service Universel OR Special Fund for	

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			Universal Service Agence de Regulation des Telecommunications (ARTEL), regulatory agency	
Ghana	Operational	1% of fixed operators' net revenues	Ghana Investment Fund for Telecommunications (GIFTEL) GIFTEL Board of Trustees (independent agency)	Funds are disbursed to aid in the provision of rural telecentres will mainly take the form of competitive grants. Fund disbursement for public telephony and internet POP projects is by open tender. Ghana's 2009 government Budget Statement said that GIFTEL had completed 39 "common telecom facilities" enabling the extension of service to 273 communities.
Guatemala	Operational	Transfers from government and 70% of the amount collected through spectrum auctions until 2003	Fondo para el Desarrollo de la Telefonia (FONDETEL) OR Telephony Development Fund Ministry of Communications	Funds to finance telephony projects are awarded through auction. The winning bidder must ensure a maximum of 500 inhabitants per line. USD 4.83 million was allocated to FONDETEL in 2009 by the Ministry of Communications. The fund has financed the provision of 11,375 lines that are still operational, covering over 2.6 million people in 3,926 communities.
Hungary	Operational	Not more than 0.5% of net annual sales revenues	Universal Electronic Communications Support Fund National Communications Authority, regulatory agency	Universal service providers (USPs) need to prove that they suffer an unfair burden and that they incur net avoidable costs related to the provision of universal services before they can receive compensation. From 2004 to 2007, USPs applied for compensation but their requests were refused, as net avoidable costs were not substantiated.
India	Operational	5% of all operators' revenues	Universal Service Obligation Fund (USOF) Department of Telecommunications (DoT)	Funds are awarded by auction. The USO Fund was originally used to set up village community phones. In 2005, it expanded to include support for individual lines in rural areas. In 2007, fund support further expanded to includemobile service, mobile infrastructure, fixed and wireless broadband service and fibre optic backbone network in rural areas. As of May 31, 2009, USD 5.42 billion had been collected for the fund, USD 1.78 billion had been allocated and USD 1.71 billion had been disbursed.

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Indonesia	Operational	0.75% of all operators' revenues	Universal Service Obligation Fund (USOF) Directorate General of Posts and Telecommunications – regulatory agency	The USO tender held in late 2007 was cancelled because the participants were not able to meet the government's requirements. In 2008, the government re-ran the tender. The winner(s) will get regional fixed-line and a VoIP licenses. The winner(s) will also get 2.3 GHz frequency to provide WiMAX service. In January 2009, Telkomsel won the tenders for the second and seventh packages of the universal service obligation project with total bids of USD 53.77 million. The other five packages will all be awarded through the USO committee selecting winners. A total of 24,051 villages will be connected to phone and internet services.
Jamaica	Operational	USD 0.03 levy on all incoming international traffic terminating on the fixed network and a USD 0.02 levy on all incoming international traffic terminating on mobile networks	The Universal Service Fund Company, owned jointly by the Spectrum Management Authority and the Ministry of Energy, Mining and Telecommunications	As of April 2009, the fund had collected USD 56.8 million through its levies. The fund is primarily intended to fund e-learning projects. By April 2009, 120 schools had been supplied with internet connections and ICT equipment. An additional 60 schools were expected to be connected by the end of August 2009.
Kenya	Planned	Government transfers and operator levies		
Madagascar	Operational	2.0% of all operators' revenues	Fonds de Developpement des Telecommunications et TIC, or Telecommunications and ICT Development Fund Office Malagasy d'Etudes et de Régulation des Télécommunications, regulatory agency	
Malawi	Operational	1.0% levy on operators'	Universal Access Fund	For fiscal 2008-2009, the levy amount collected was USD 1.7 million. In addition, the World Bank's International Development Association

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		revenues	Malawi Communications Regulatory Authority (MACRA), regulatory agency	<p>provided the fund with a USD 1.2 million grant to implement pilot projects.</p> <p>USD 600,000 was allocated to the UA telephony pilot, which involves a 5-year contract to establish and manage 1,274 public phones in rural areas of ten districts. USD 600,000 was allocated to the UA internet pilot, which involves a 5-year contract to establish internet access in eight district centres. Access takes the form of at least one public internet access centre per district and private service provision at commercial rates within a 5km radius.</p> <p>Funds are awarded via least subsidy competitive tenders. Globe Internet Ltd. was the winner of the internet pilot, having requested subsidy of USD 425,300. Zain was the sole bidder for the telephony pilot.</p>
Malaysia	Operational	Fixed and mobile network operators contribute 6% of their weighted revenue from designated services to the Fund (approximately 2% of total revenue)	<p>Universal Service Provision Fund (USPF)</p> <p>Malaysian Communications and Multimedia Commission (MCMC), regulatory agency</p>	<p>The USPF was established in 1998. When the Fund was created, incumbent Telekom Malaysia was the sole universal service obligation (USO) operator (the only operator with access to the Fund) for an interim period with costs recovered from a USO charge on all interconnecting traffic. Contributions by all service providers commenced at the end of 2002.</p> <p>The Commission's system for universal service provision affords access to both basic telephony services, Internet services, public payphones in rural areas and broadband. The system also defines objectives for both collective access and individual access to services. The funds can be used to provide infrastructure and services in areas with penetration levels of 20% below national averages.</p> <p>On average, the fund collects in the range of USD 178 – 207 million annually. An April 2009 estimate put USP resources at around USD 853 million.</p> <p>As of December 2007, 71,125 individual phone lines and 3,259 payphones had been installed in under-served areas financed by the fund. In December 2008, MCMC published a list of underserved areas that included 373 areas in 13 states.</p> <p>The government has given approval for MCMC to use the USP Fund for rolling out broadband services in underserved areas. In 2009, a project was initiated to fund 58 community</p>

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				broadband centres in Sarawak by the end of 2010. USD 118 million in funding is being provided by the fund. In 2008, MCMC initiated the "Time 3" programme involving the construction of 1,250 communication towers. MCMC allocated USD 142.2 million from the Fund to help finance the project. The first phase, involving the installation of 600 towers, runs from July 2008 until December 2009.
Mauritania	Operational	A percentage of all operators' revenues	Fonds d'Accès Universel (FAU), or Universal Access Fund Agence d'accès aux services universels	
Mongolia	Operational	2% of net taxable income from all operators	Universal Service Obligation Fund (USOF) Communications Regulatory Commission, regulatory agency	<p>Assets of the Universal Service Obligation Fund are disbursed to finance the delivery of essential communications services to un-served inhabitants and remote areas, and to construct, expand and renovate communications networks. A Universal Access Strategy for a targeted USOF program was developed in 2005 and has been progressively updated and substantially implemented by late 2009.</p> <p>The World Bank provided seed finance of over USD 5.4 million. Those funds were used to support a number of projects, including:</p> <ul style="list-style-type: none"> • pilot projects in 2006-2007 to install VSAT in 32 baghs (nomadic rural communities) and mobile and Internet POPs in two areas; • the main roll-out of voice services in the form of mobile service in 90 soums (districts) and VSAT service in 152 baghs; and • broadband wireless internet points of presence in 27 rural soum centres and 7 aimag (provincial) centres – all centres have fibre connections and IP connectivity. <p>The USOF has also used more than USD 2.0 million of its resources, in addition to the World Bank's seed financing for additional fiber connections and IP connectivity in many districts.</p>
Morocco	Operational	2% levy on all operators	Fonds du Service Universel des Télécommunications (FSUT), or Universal	<p>The fund has three priority areas:</p> <ul style="list-style-type: none"> • Rural public telephony; • Installation of community centers; and

Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
			Service Fund Comité de Gestion du Service Universel (CGSUT) (Universal Telecommunications Service Management Committee)	<ul style="list-style-type: none"> Expansion of broadband capacity. CGSUT has implemented four universal service projects: Project 1 – roll-out of Internet via ADSL in 159 rural locations; Project 2 – GSM service to 126 new rural locations without coverage; Project 3 – Developing 42 public access centres (teleboutiques) in the largest shopping areas; and Project 4 – the strengthening of GSM in 40 rural areas without coverage. Two further projects have been proposed by providers and are under consideration for adoption and financing.
Mozambique	Operational	1% levy on all operators	Fundo do Serviço de Acesso Universal (FSAU) Instituto Nacional das Comunicações de Moçambique, regulatory agency	The fund's objectives are to promote investment in the provision of service in rural areas at a fair and affordable price. The short-term targets for telephony are to enable the establishment of a publicly accessible telephone within all localities with more than 1,000 inhabitants as well as within 5km of every rural inhabitant. The short term targets for Internet services are to extend an Internet point of presence – and public access to the Internet through a telecentre – to all District Centres. The UA programme began with two pilot projects: <ul style="list-style-type: none"> A telephony pilot project to extend transmission, access networks and UA services to one zone of the country, covering five districts of the province of Zambézia and three districts of the province of Nampula, and; An Internet service pilot project to provide an advanced level of service to four District Centres in the provinces of Zambézia and Nampula through the provision of Internet POPs, with a minimum service radius of 5 km from the District Centre. A bidding process for the UA pilot projects was launched in February 2007. The telephony tender did not receive any bids and was therefore unsuccessful. The internet tender was won by Moazambican

Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
				broadband wireless operator INTRA Lda.
Nepal	Operational	2% levy on the revenues of the incumbent operator, ISPs and mobile operators	Rural Telecommunications Development Fund (RTDF) Nepal Telecom Authority, regulatory agency	<p>The main telecommunications objective of the government of Nepal is to provide at least two telephones in each Village Development Centre (VDC) in the country. A Rural Telecommunications Special (RTS) Program has been initiated to offer subsidies for rural service rollout. This program uses funds provided by the World Bank, and not funds from the RTDF. The regulator, the NTA, intends to fund rural projects using subsidies from the RTDF, but has not yet done so. A February 2008 estimate put the size of the RTDF at USD 13.0 million. Funds from the RTDF are being provided to Nepal Telecom (also known as Nepal Doorsanchar Company Limited or NDCL) to fulfill their universal service obligation. NDCL offers service in 2,813 of Nepal's 3,914 VDCs.</p> <p>Until the end of 2009, the minimum objective will be to extend coverage of voice service to all Village Development Committees. Not less than 90% of funds are to be used for voice access and not more than 10% for other services such as Internet. Funds for subsidising universal access are only to be applied to subsidise the provision of voice telephony in areas where there is no coverage.</p> <p>In 2003, a tender was issued to offer a competitive rural service subsidy for one operator licence in Eastern Nepal. STM Telecom Sanchar Pvt. Ltd., a VSAT operator, has now installed hub stations at Kathmandu and Biratnagar, and, as of July 2007, had installed 1,793 PCOs using 809 VSAT terminals in 599 VDCs in the Eastern Development Region.</p>
Nicaragua	Operational	2% operator levy	Fondo de Inversión de Telecomunicaciones (FITEL) OR Telecommunications Investment Fund Instituto Nicaraguense de Telecomunicaciones y Correos (TELCOR), regulatory agency	<p>Funds awarded through public tender.</p> <p>In March 2009, Telcor planned to install 347 public telephones in rural areas at a cost of USD 10.2 million. USD 3.0 million of the cost was to be funded through the universal service fund, Fitel. The project is to be completed in 2011.</p>

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Niger	Operational	4% of all network / facilities-based operators' gross revenues	Autorite de Regulation Multisectorielle (ARM), regulatory agency	
Nigeria	Operational	50% of annual operator levy	Universal Service Provision Fund (USPF) Universal Service Provision Fund Board / Universal Service Agency	Subsidy through competitive bidding. The fund has subsidized 47 wireless base stations, and internet connections for 109 schools in 2007 and 365 schools in 2008. For 2009, the fund plans to subsidize ICT facilities for a further 550 schools, establish 109 Community Communications Centres and accelerate the expansion of mobile coverage through subsidies of passive colocation infrastructure such as towers and generators. In April 2008, the fund had USD 64.6 million in total resources.
Pakistan	Operational	1.5% levy on the revenues of all operators	Universal Service Fund Company Limited	The fund is targeting rural penetration as well as universal access targets country-wide, financing projects to provide basic telephony services, broadband service, fibre optic backbone network to rural and un-served urban areas. As of August 2009, the fund had sponsored rural telephony projects in nine areas, broadband projects in three areas and fibre optic projects in two areas.
Paraguay	Operational	20% of operators' corporate taxes	Fondo de Servicios Universales (FSU) OR Universal Service Fund Comision Nacional de Telecomunicaciones (Conatel) – regulatory agency	Subsidy is awarded to the lowest bidder. Projects supported include payphones, Internet access for schools and a nation-wide 911 emergency calling system. In September 2008, Conatel awarded a subsidy of USD 1.75 million to operator Copaco to extend rural internet services.
Peru	Operational	1% of all telecom and CATV operators' gross revenues	Fondo de Inversión de Telecomunicaciones (FITEL) OR Telecommunications Investment Fund Organismo Supervisor de Inversion Privada en Telecomunicaciones	Peru has defined universal access as access to a set of essential services that includes voice telephony, fax and data, and free emergency calls. FITEL is required to create a list of projects that are eligible for subsidies, by determining which projects have the greatest social benefit. FITEL cannot allocate funds to areas that already have access to telecommunications services. Funds are allocated through a competitive bidding

Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
			(OSIPTTEL), regulatory agency	<p>process for the projects.</p> <p>Priority localities to receive FIDEL funding include:</p> <ul style="list-style-type: none"> • rural towns (with a population of more than 400 inhabitants and less than 3,000 inhabitants); • district capitals; and • towns in high social interest areas (as determined by the government). <p>OSIPTTEL collects 1% of gross revenues from the telecommunications sector to finance FIDEL. For FY2008, Fitel's budget was USD 32.8 million. Fitel resources, including FY2008, were USD 246.9 million.</p> <p>By January 2005, over 6,500 rural villages had at least one public telephone financed through FIDEL. In 2008 and 2009, FIDEL awarded subsidies for a number of projects focused on the provision of broadband service to rural areas. The projects include efforts to:</p> <ul style="list-style-type: none"> • provide broadband to 89 localities for USD 3.7 million; • provide rural internet service to 1,050 localities – a contract won by Televias Andinas in August 2008 for a subsidy of USD 9.4 million; • provide broadband to 1,927 localities; • provide broadband to 3,852 localities – a contract won by Telefonica in February 2009 for a subsidy of USD 48.8 million. The project includes broadband for 1,019 communities, fixed telephony to 497 communities, and public telephony to 3,010 communities; • provide broadband to 2,120 localities; and • provide broadband to 311 localities.
Poland	Operational	Levy not greater than 1% of operator's net revenues for operators earning over EUR 2 million	Universal Service Fund Office of Electronic Communications (UKE), regulatory agency	<p>Funds are paid to operators who are required to meet universal service requirements within their operating territory. Subsidy is paid based on the net cost of service provision.</p> <p>The fixed incumbent, which was designated as universal service provider in 2006, this year (2009) applied for compensation of USD 92.2 million, to be shared by all operators with revenues above USD 1.6 million. Following the Provincial Administrative Court's judgement, which ruled against last year's refusal to grant compensation on procedural grounds, the</p>

Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
				President of UKE was verifying the cost calculations. A decision on compensation is expected in the second half of 2009.
Romania	Operational	0.398% of revenue from all providers of public electronic communications networks with revenue of at least EUR 3 million (2006) No contributions were collected in 2007 or 2008	Universal Service Fund National Authority for Management and Regulation in Communications of Romania (ANCOM), regulatory agency	<p>The resources of the Universal Service Fund are allocated on the following basis: 45% of funds for financing telecentres, 35% of funds for subsidizing low income families to enable access to the fixed network and 20% of funds for financing public phones and providing accessible directory services. ANRC collects a levy from providers of public electronic communications networks and from the providers of publicly available telephone services, with revenue for the previous year of EUR 3 million or more. The annual amount paid by each operator was not to exceed EUR 2 million for 2005 and EUR 3 million for 2006.</p> <p>The fund finances the national telecentres programme. Universal service providers designated for each village by a public tender procedure install telecentres with phone, fax and Internet services. Public tenders are organised for several villages at a time. The minimum duration for the functioning of the telecentres is three years. For each village, the tender starts from a level of subsidy estimated as being sufficient to cover the net cost. Any provider of public electronic communications networks is allowed to bid, irrespective of the technology used. The provider submitting the lowest bid for a subsidy wins the tender.</p> <p>By the end of 2008, 633 telecentres had been established. In 2009, the government is considering altering the universal service program to fully comply with the EU's Universal Service Directive.</p>
Russia	Operational	1.2% of revenue from all fixed and mobile operators	Universal Service Fund Federal Communication Agency (FCA)	<p>Funds distributed through competitive tender process. Initially, payphones in unserved regions are the fund's focus.</p> <p>In June 2009, the FCA announced that it projected 2009 fund contributions to be USD 335 million. The FCA expected 150,000 payphones and 20,000 public internet access points installed under the universal service program by the end of 2009.</p>
Rwanda	Operational	2% levy on revenue of all	Universal Access	By the end of 2008, the Universal Access Fund had disbursed USD 1.49 million. The Fund's

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		operators	Fund Rwanda Utilities Regulatory Agency, regulatory agency	2008 focus was on lowering bandwidth costs and the extension of ICTs in rural and poor urban areas. Network extension is being accomplished through connecting key Rwandan institutions.
Saudi Arabia	In final planning stages	1% of operator net revenues are stipulated in the universal access and service policy	Universal Service Fund (USF), administered under the regulator (CITC)	The USF will become operational in 2010. Its revenue base from operator levies over the planned 7 years, to achieve the UAS targets, will exceed USD 1 bn. The USF will focus on provision of US of telephony (mobile or fixed) to localities with the final <4% of population that are without mobile service to -90 dBm signal level, and the provision of US to 512 Kbs bandwidth Internet service to all localities above 100 population, and UA to voice and Internet services to remote localities with less than 100 population. The program will commence with a pilot project in Q1/2010.
South Africa	Operational	0.2% of all operators' revenues	Universal Service Fund Universal Service and Access Agency of South Africa, specially created unit to manage fund	<p>The Universal Service Fund was established by the Telecommunications Act of 1996. The 2001 Telecommunications Amendment Bill limits annual contributions to the fund to 0.5% of revenue. At current levels, annual contributions are in the USD 18.4 – 23.5 million range. From 1998-1999 until 2007-2008, total operator contributions were USD 81.8. Total USAF appropriations for that period were USD 29.2 million.</p> <p>The development of telecentres was initially given priority by the Fund. By the year 2007-2008, the USAASA had established 155 telecentres, and the focus of the telecentre program had shifted to rehabilitation in order to replace obsolete equipment.</p> <p>After telecentres, the fund's focus shifted to assisting the recipients of Under-served Area Licenses (USALs). These operators are organisations licensed to provide voice and data services in under-served rural districts. Each licensee for the 27 identified areas was to receive a USD 735,000 subsidy from the Universal Service Fund spread over 3 years. Seven companies have been awarded USALs. In May 2007, the government directed ICASA to merge the USALs and issue one Provincial Under-Served Area Network Operator (PUSANO) license where there is more than one license in a province. The new Electronic Communications Act requires that the USALs convert their licenses into one of the new</p>

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				categories established under the Act. The fund also subsidizes E-school Cyberlabs, ICT Telecontainers and Community Digital Hubs.
Sri Lanka	Planned	Levy on outgoing and incoming international calls	Fund administrator to be set up by the Ministry of Finance	
Sudan	Operational	USD 0.085 / dialup Internet minute, USD 0.85 / international minute, USD 0.42 / mobile-to-mobile minute, 50% of unused minutes of prepaid cards, contribution from operators, in cash or in kind, and contribution from government, in cash or in kind.	Information Support Fund National Telecommunications Corporation (NTC), regulatory agency	Sudan's ICT Fund was established in 2004. The fund's objectives include bridging the digital divide and enhancing capacity building. Projects funded by the ICT Fund include: a five year plan to build 2,500 knowledge centres; a 5 year plan to build a computer lab in all 5,000 schools, and; a 5 year plan to distribute two million computers to every home and to academics.
Swaziland	Operational	0.1% levy on all operators' revenues	Universal Service Obligation Fund Swaziland Posts & Telecommunications Corporation (SPTC), regulatory agency	For 2008, SPTC reported license fees and universal service obligation fees of USD 2.45 million.
Tanzania	Planned	Annual contributions by any electronic communications or postal licensee to the Universal Access / Service Fund not to exceed 4.5% of revenue	Universal Communications Access Fund (UCAF) Fund administration and the universal communications access program are under development with World Bank assistance	No information
Thailand	Operational	4.0% levy on	Universal Service	Funds are disbursed through competitive

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		operators' revenues	Obligation Fund National Telecommunications Commission, regulatory agency	bidding. Operators have universal service obligations to extend service to unserved areas. If they choose not to meet their obligations, the operators must pay the 4.0% universal service levy so that another operator can be subsidized to provide service in that area.
Togo	Operational	2% levy on net revenues of all operators	Autorite de Reglementation des Secteurs de Postes et Telecommunications (ART&P), regulatory agency	
Turkey	Operational	2% of the authorisation fees collected by the Telecom Authority; 1% of net revenues of all operators (except GSM); 10% of payments by GSM operators to the Treasury; 20% of administrative fines collected by the Telecom Authority; 20% of what remains in the budget of the Telecom Authority budget after all expenditures are deducted.	Universal Service Fund Ministry of Transport and Communications	No disbursements had been made as of December 2008.
Uganda	Operational	1% levy on all sector participants including telecom operators, the postal service, couriers, ISPs	Rural Communications Development Fund Uganda Communications Commission, regulatory agency	Subsidies are awarded through a competitive process. Specifically, funds are only available to areas where service provision is not feasible or unlikely to be provided by operators within the next 1-2 years without subsidy. For fiscal year 2008-2009, the RCDF levy generated USD 4.0 million and development partners contributed an additional USD 2.0 million to the fund. The RCDF has financed projects to provide telephony, internet access, internet POPs, and

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				<p>internet exchange point and content development.</p> <p>The total project cost to provide telephony service to the country's 154 unserved areas was estimated at USD 11.7 million. The total subsidy awarded was USD 5.2 million.</p> <p>By August 2008, the fund had financed the installation of 15 telecentres, computer labs in 106 rural schools, 1,704 payphones, 54 internet cafes, 52 Internet POPs, 55 basic ICT training centres and 78 district web portals.</p> <p>A new 5-year plan for the fund, "RCDF II", was released in 2009. The plan aims to install one payphone per 500 people in rural areas and establish one community information centre per rural district. To accomplish these objectives, the UCC expects to require funding of USD 17.2 million per year.</p>
Ukraine	Planned	3% levy on all operators' revenues	Universal Service Fund	
Venezuela	Operational	1% levy on all operators' revenues	<p>El Fondo de Servicio Universal (FSU), or Universal Service Fund</p> <p>A board consisting of the head of the telecom regulator, representatives from three ministries and a representative of contributing operators</p>	<p>Funds are awarded through minimum subsidy auctions.</p> <p>The fund awarded two projects in 2005 and three in 2006. The projects were for the installation of telecentres, and connecting agricultural estates and government offices.</p> <p>By the end of 2008, the fund had collected USD 210 million. In 2008, the fund disbursed USD 2.86 million to the Cooperative Association for the installation, operation and management of eleven access points in the states of Barinas and Merida.</p>
Vietnam	Operational	3% of fixed line operators' revenues and 5% of mobile operators' revenues	<p>Vietnam Telecommunications Fund (VTF) OR Vietnam Public Utility Telecommunications Service Fund</p> <p>Ministry of Post and Telematics</p>	<p>In 2008, operators VNPT, Viettel, EVN Telecom and SPT were assigned the responsibility of implementing a program to install fixed lines in 254 unserved communes. In addition, around 600 communes without public internet were to get service by the end of the year. An additional 600 dial-up access points were to be upgraded to broadband.</p> <p>The Vietnam Public Utility Telecommunications Service Fund (VTF) collected around USD 101.2 million in 2007 from six local telecom operators. Of this, USD 68.7 million was to subsidize end-user charges and installation costs for 110,000</p>

Country	Fund Status	Funding Source	Fund Title and Administrator	Disbursement of Funds
				new fixed lines and 5,000 Internet accounts. VTF also gave soft loans of USD 20 million to operators to execute public telecom projects in 2007.