

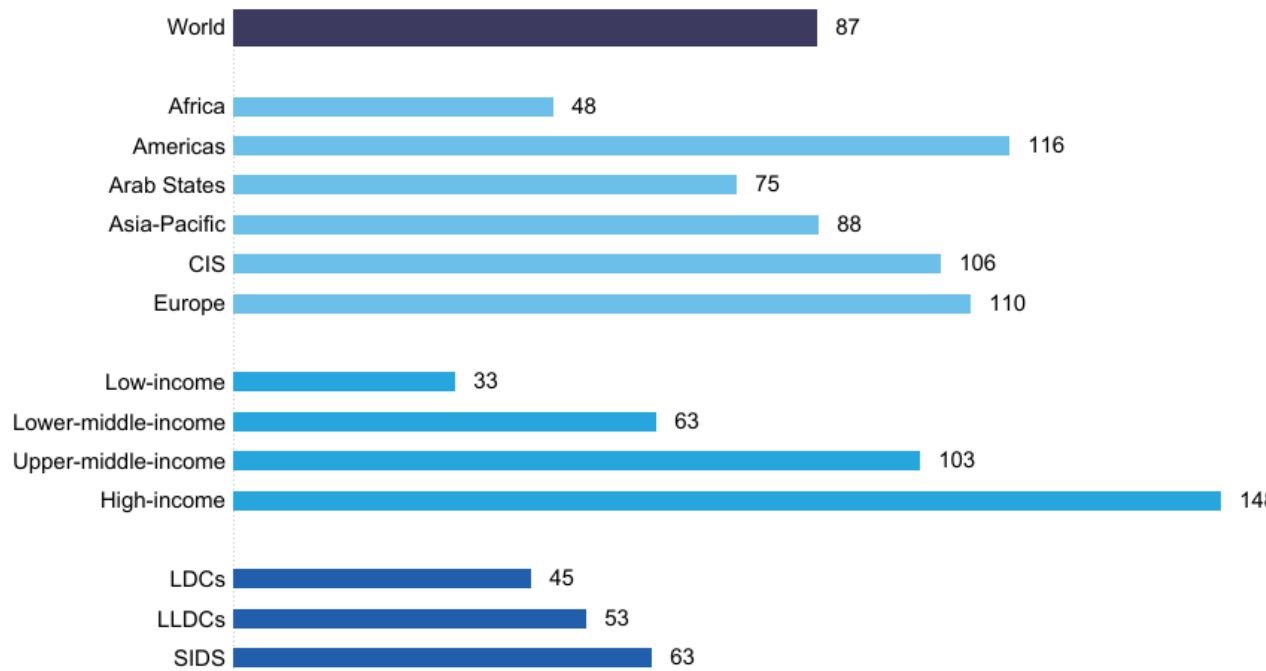
Universal Service Financing Efficiency

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Connectivity and Access

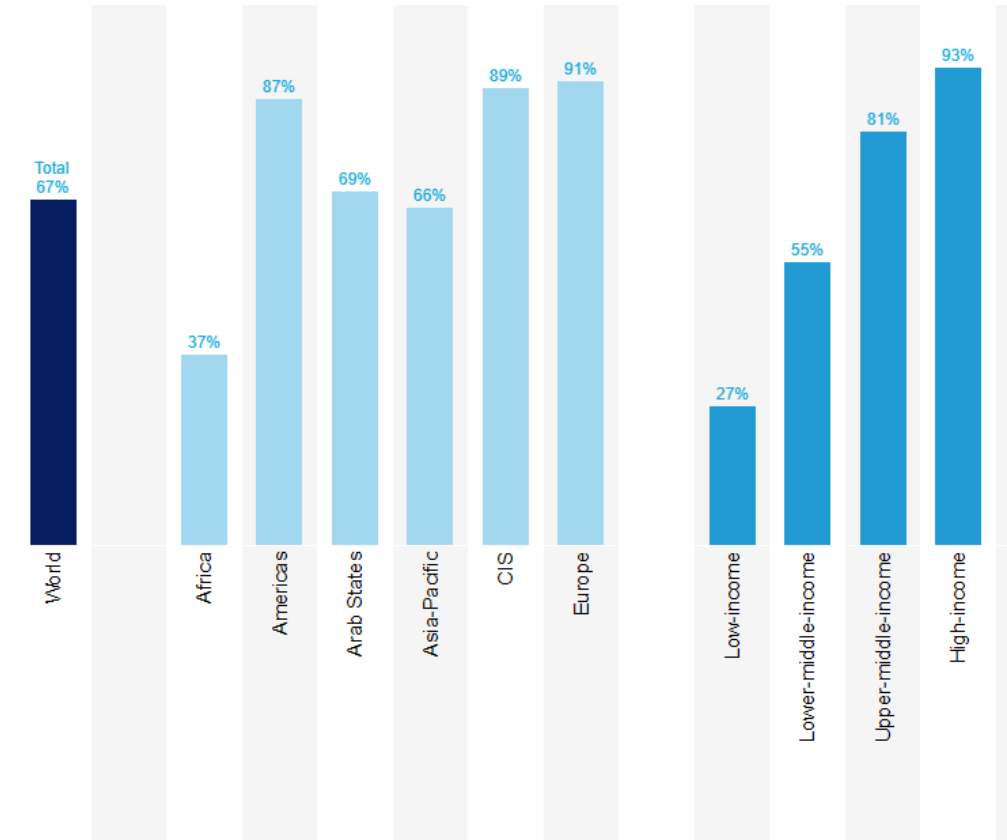
Active mobile-broadband subscriptions per 100 inhabitants, by region, 2023



Subscription type

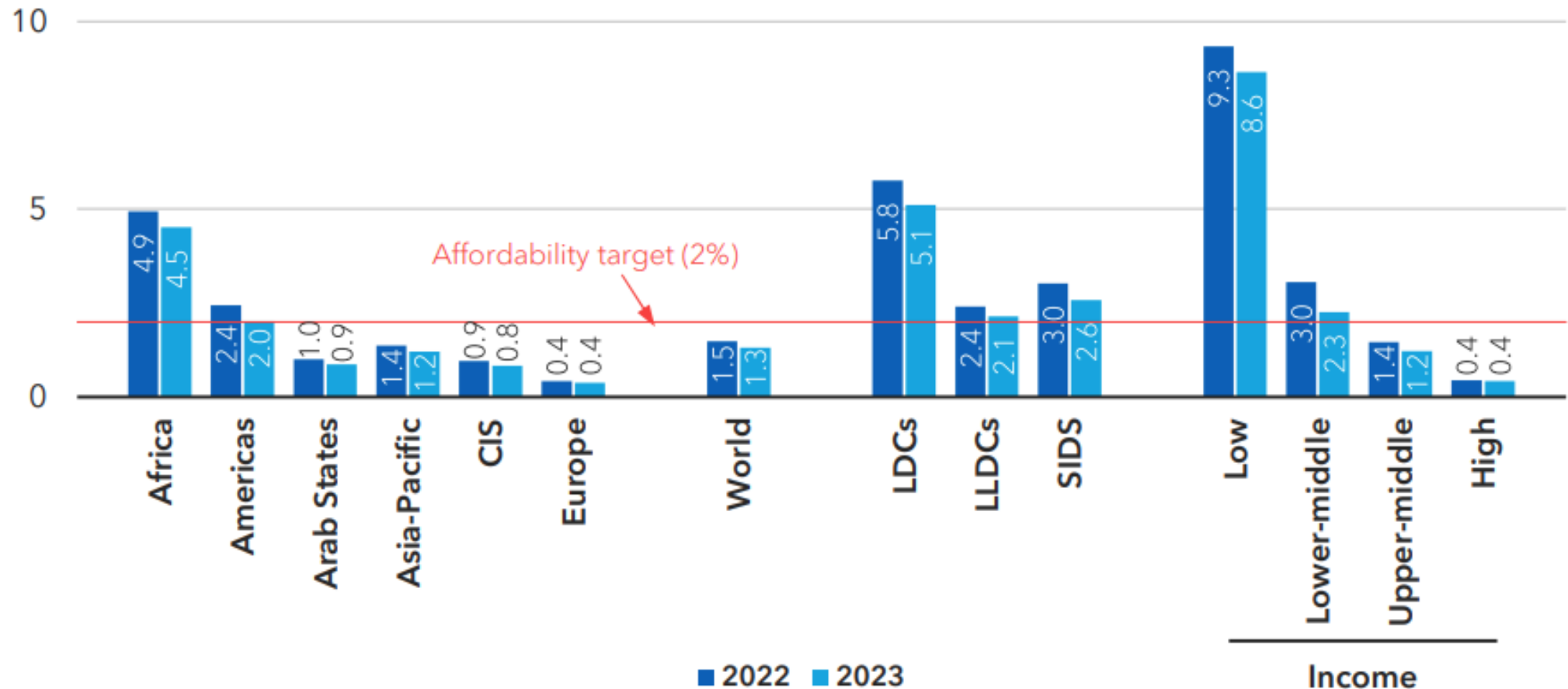
- Fixed-telephone subscriptions per 100 inhabitants
- Fixed-broadband subscriptions per 100 inhabitants
- Mobile-cellular telephone subscriptions per 100 inhabitants

Percentage of individuals using the Internet by region, 2023



Source: ITU

Data-only mobile broadband basket prices by country groups, as a percentage of GNI per capita



Note: Medians based on the 188 economies for which data was available for both years. Economies are benchmarked according to the price of an entry-level data-only basket, defined as the cheapest data-only mobile-broadband subscription available domestically, with 3G technology or above and a minimum monthly data allowance of 2 GB.

Source: ITU

Digital UAS Financing Toolbox

Focus on key pillars:

- **Connectivity**
- **Adoption**
- **Innovation**
- **Inclusion**

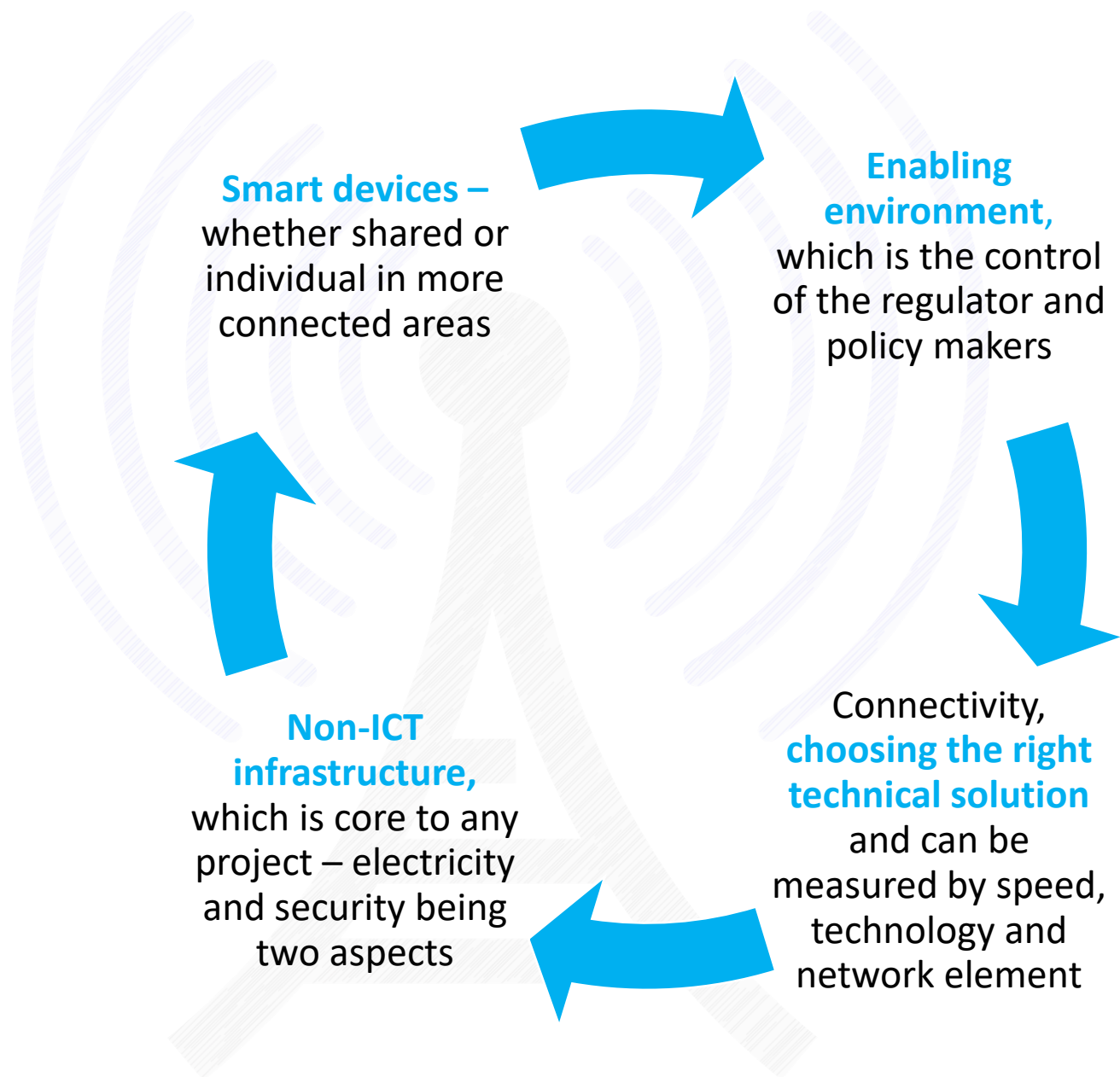
Introduction

A holistic approach

- Use a combination of monetary and non-monetary, or in-kind contributions, based on needs and the various strengths of collaborative financiers;
- Make smarter investments and a move away from “funding” to “financing”, which is more commercially grounded and relates to making good investments, while contributing to socio-economic development; and
- Collaboration between governments, commercial banks, development finance institutions, the private sector, and bilateral and multilateral donor organisations. This approach is increasing, including through “**blended finance**” or the strategic use of development finance to mobilise additional finance for sustainable development in developing countries.

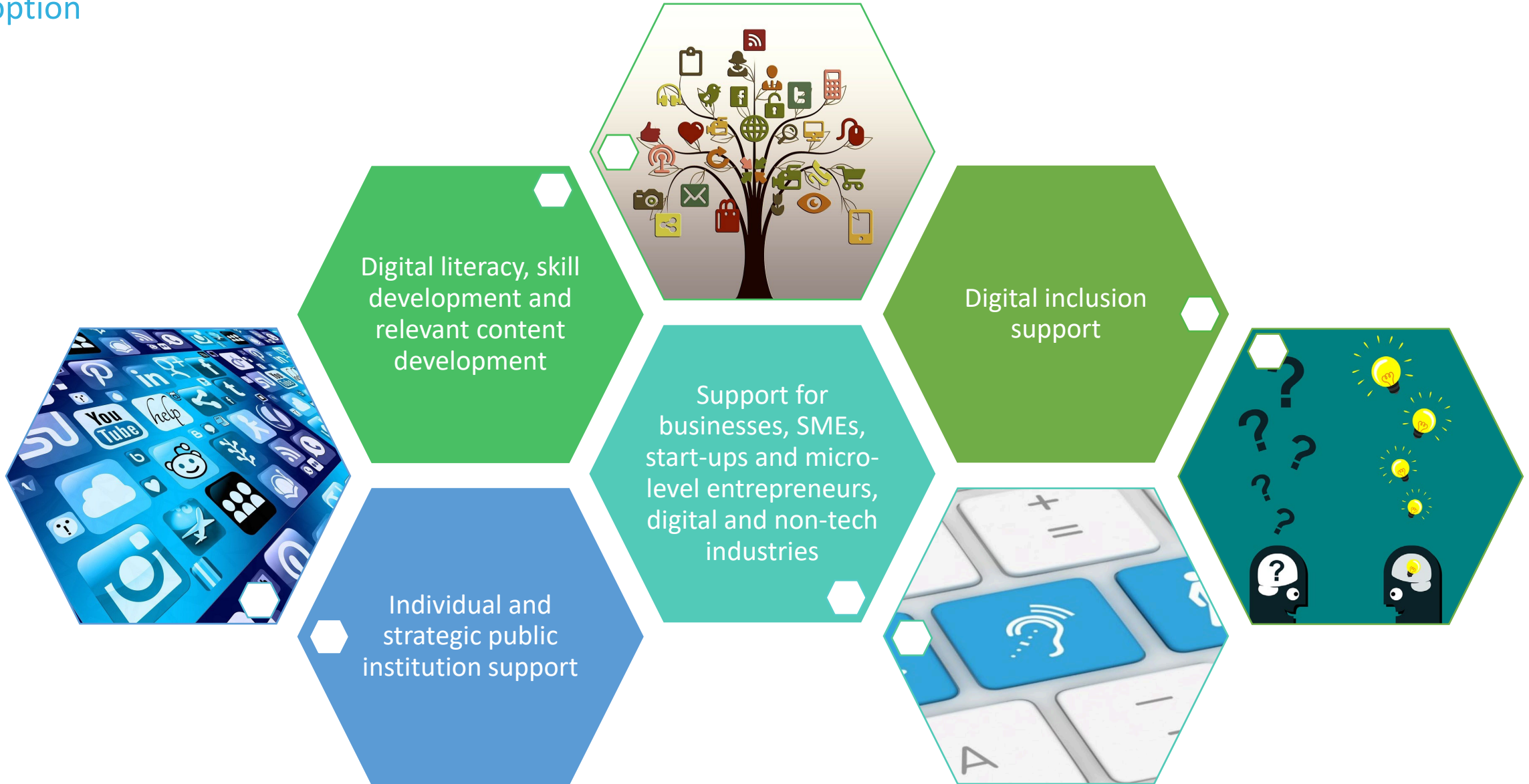
Intervention and Funding Areas

Connectivity



Intervention and Funding Areas

Adoption



Policy and Regulatory Incentives



Policy and Regulatory Incentives

Connectivity

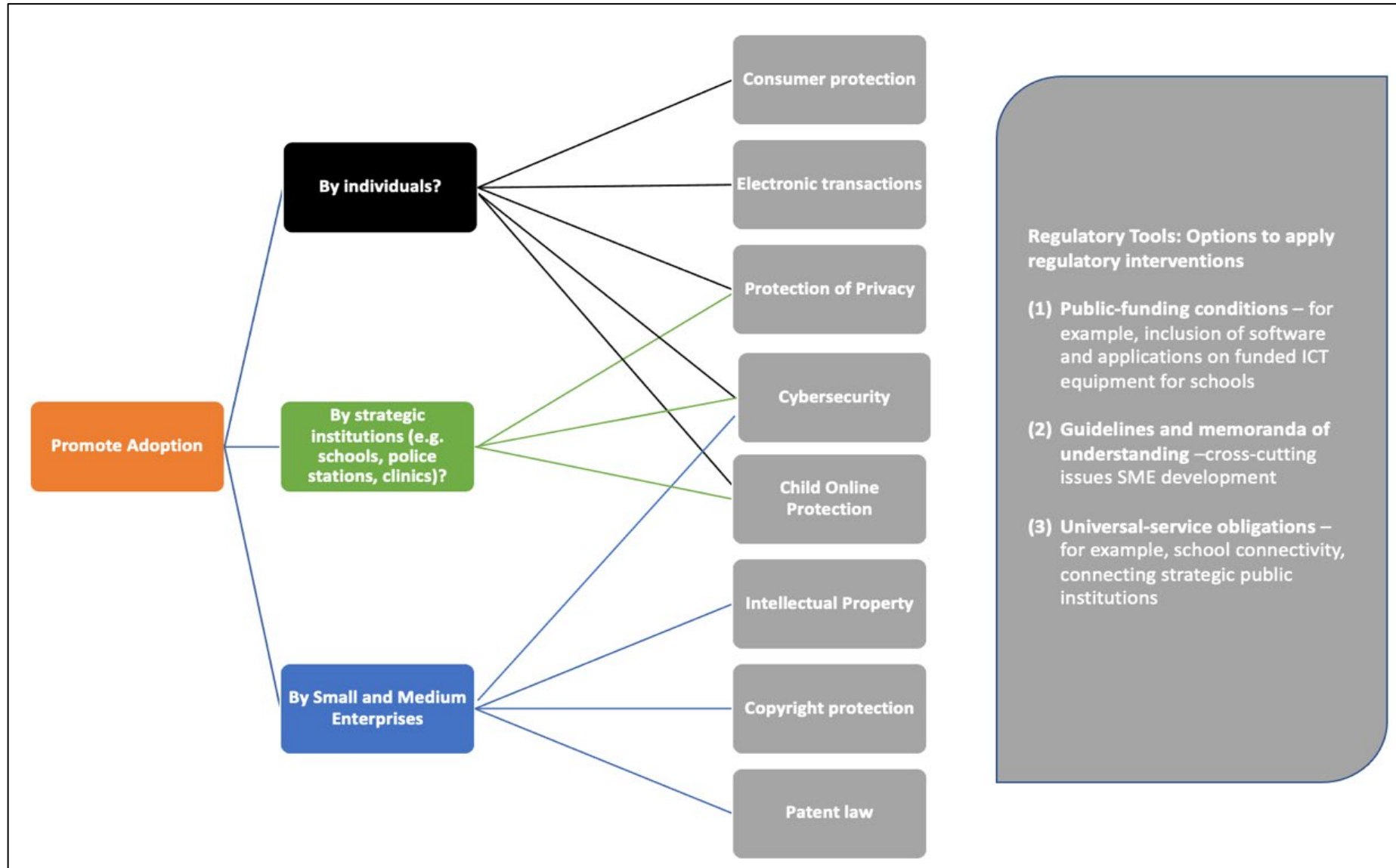


Regulatory Tools: Options to apply regulatory interventions

- (1) **Public-funding conditions** – for example, dig once and dig smart policies and processes for publicly-funded municipal networks
- (2) **Guidelines and memoranda of understanding** – or vertical regulation for cross-cutting issues like EIA applications and rapid-deployment rules;
- (3) **Universal-service obligations** – for example, open-access requirements for broadband spectrum licensees, where applicable;
- (4) **Informal practices** – such as municipalities and communities allowing broadband providers access to lines of sight, e.g. roofs of government buildings, water towers and other tall structures, for the installation of transmitters, antennas and other networking equipment, thereby reducing the cost of broadband deployment and promoting expansion

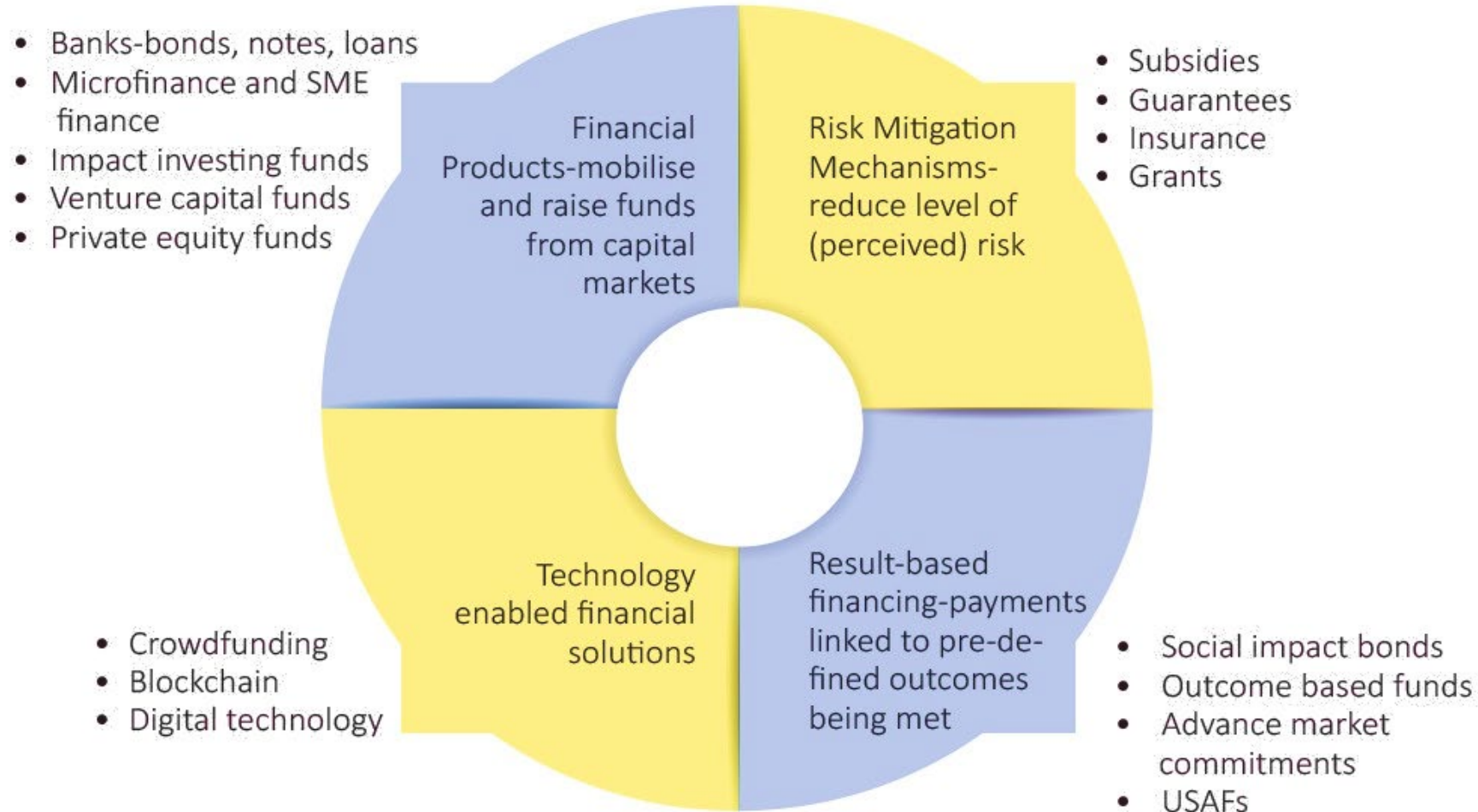
Policy and Regulatory Incentives

Adoption and Inclusion



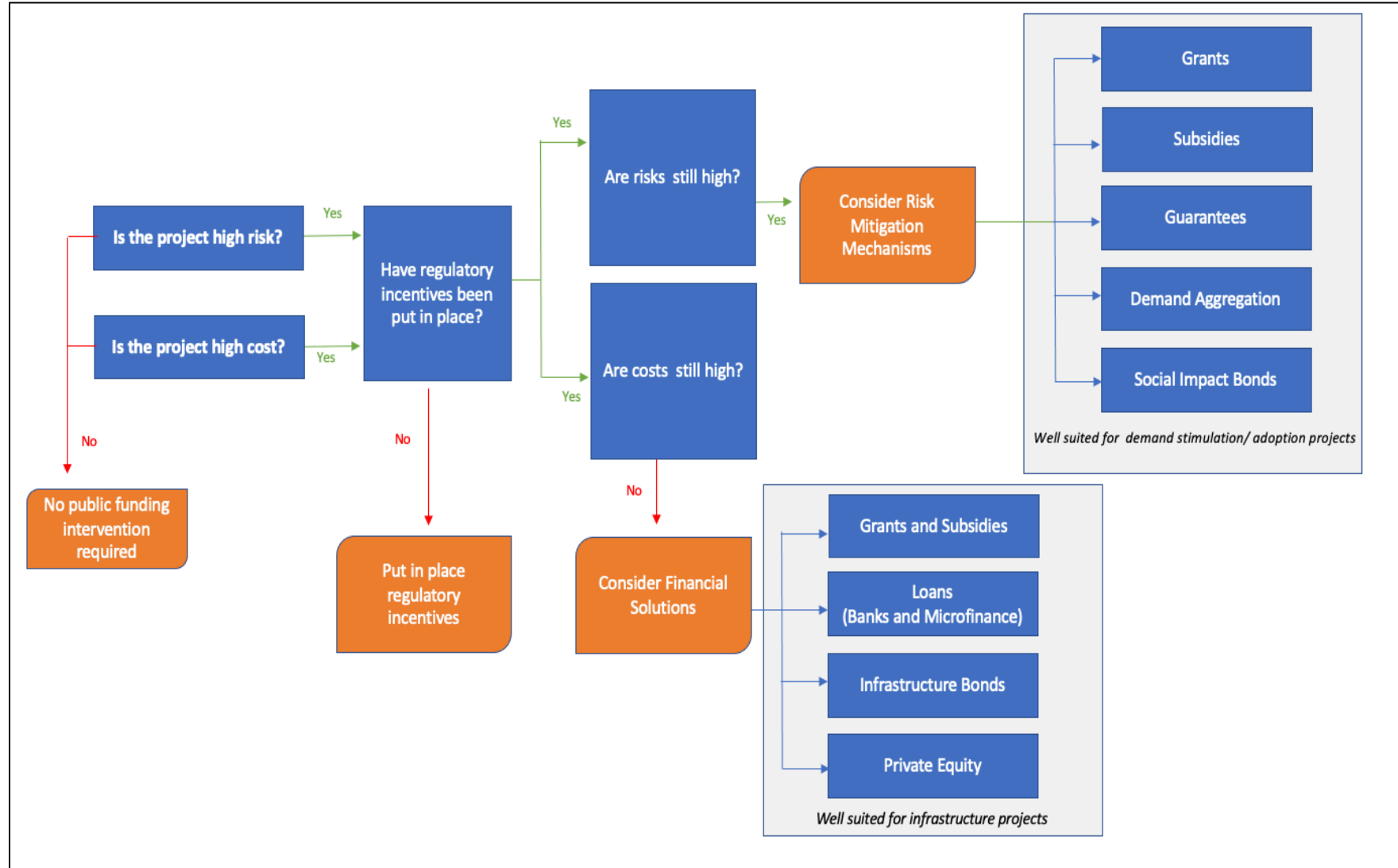
Financing Landscape

Funding mechanisms



Financing Landscape

Funding Decision Tree – Mitigate risk, reduce cost



Financing Landscape

Traditional models

Capex, Vendor finance, project finance

- Financed by operators, vendors banks, private equity firms usually through project finance.
- Often for the extension for upgrade of networks in commercially viable areas.

State Ownership and Public utility models

- Publicly funded network deployment and operation.
- This includes open access networks, government built networks, and high cost rural and underserved area networks.

Public Private partnership models

- Public funding to reduce risk, while the skill and capital of private sector are also deployed.
- PPPs range from full ownership to Build, Own and Transfer-type models.

Obligations

- Universal service extension is financed through obligations on licensees.
- These are pay or in cash obligations such as USF contributions, and rollout or play obligations. There is a lot of discussion on their efficacy or lack thereof.

Demand Subsidisation models

- Subsidies from the government to specific types of users like low income, SME or strategic institutions like schools.
- E-rate (South Africa) and Lifelines (USA) are classic examples.

Financing Landscape

Innovative Models

Demand aggregation/ anchor tenant

- guarantee in and clustering demand to make investments more attractive
- school connectivity or government rollout where department procure jointly is a classic case

Blended finance

- a mix of sources of funds with funders with complimentary interests focused on sustainability
- the public benefit of the project must exceed the returns to private investors

Venture capital

- best used for funding higher risk SMEs and innovation using private capital (high risk, high return)
- Venture Capital Fund of Funds allows public exposure to the model (case study to follow)

Municipal and community broadband models

- community takes responsibility for deployment and maintaining the last mile network
- can be done in partnership with local government and private sector
- Municipal models include passive infrastructure models, whole sale access, fully integrated models

Crowdfunding

- technology enabled contributions from social and personal networks, donors and foundations, amongst others
- Four key models - (1) donor based; (2) Lending based (Mekar, Indonesia); and (3) reward based (IdeaMe, Latin America); (4) Equity based

USAF 2.0 and structured funds

- Collective investment vehicles with a defined legal status and pooling of financial resources
- A new spin on the traditional USF (evolved USF)
- SME Funds, Innovation Funds, Structural Funds

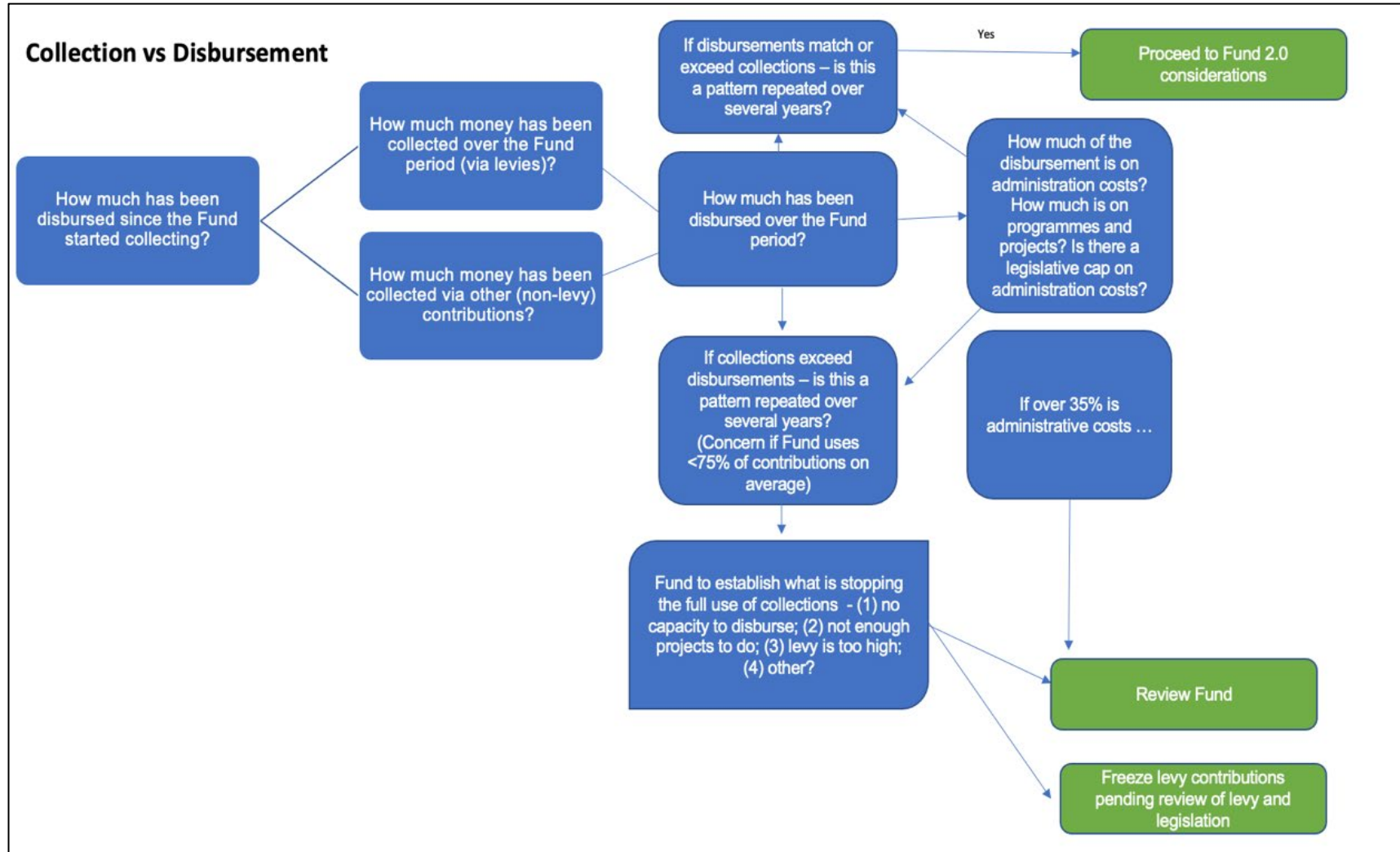
Evolving to Fund 2.0



Assessing UAS policies and strategies and evaluating fund performance of next-generation funding instruments and models.

Building on Assessment Outcomes

Budget - Sources of Funding (Income)



New Roles for USAF 2.0

Innovative Funding Models – Is the Fund Ready?

Values and Mindset	Mandate	Organisation	Impact	Precedent
<ul style="list-style-type: none">• The Fund embraces collaboration• The management team has a catalytic mindset• Sustainability is a core value• Shift focus from solely implementing projects to leveraging investment in projects	<ul style="list-style-type: none">• USAF's founding legislation allows for private sector investment or finance• Fund has the authority to use financing instruments other than grants and subsidies, such as 'fund of funds' concessional loans, or loan guarantees	<ul style="list-style-type: none">• Fund has fund management capacity• Staff is equipped to deal with new types of funding, incl. structured public-private funds• Fund is resourced to effectively work with private funds and institutional investors• A coordination mechanism is in place for cross sectoral financial cooperation among government bodies	<ul style="list-style-type: none">• The Fund has a formal mechanism in place to track and measure impact• There is a clear, consistent and documented reporting framework• There is a clear, effective and documented M&E process in the organisation• Staff has the skills and experience related to M&E	<ul style="list-style-type: none">• Has the Fund ever participated in a project that utilises innovative funding models including blended finance?• Are there any Funds in the country that have been established and given mandates to use innovative funding models, including blended finance?• Are there any lessons learned that can be applied?



Universal Service Financing Efficiency Toolkit

A practical guide for impactful and sustainable universal access and service implementation

[Access the Toolkit](#)

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FCDO Digital Access Programme (DAP)

www.itu.int/itu-d/reports/regulatory-market/usf-financial-efficiency-toolkit/

Get to know the report
Introduction
This section provides information on the toolkit, how it is organized and how to use it.
🕒 3 min
1

Part A
Universal access to digital technologies and services financing toolbox
This section unpacks the digital financing toolbox. Learn the rationale for and principles applicable to public investment, the range of finance mechanisms that can be used in concert with public funding, the traditional funding models and innovative financing models.
🕒 35 min
2

Part B
Evolving funding instruments: universal service and access funds (USAF 2.0)
This section provides tools to assess UAS policies and strategies, evaluate fund performance and definitions of the new roles for next-generation funding instruments and models (USAF 2.0) in the context of innovative funding models discussed in Part A.
🕒 35 min
3

Part C
Funding universal service and access projects: from strategy to impact
Public funding is limited. It must be used strategically in order to achieve broad national objectives, and get the desired return on social, economic and financial investment. This section discusses and provides tools for successful project selection and implementation.
🕒 45 min
4

Part D
How to finance school connectivity: a practical guide for fund administrators and policy makers
This section presents tools that can be applied to funds under review or new funds being considered, to assist with: assessment, evaluation of fund performance and definitions of new roles for next-generation funding instruments and models.
🕒 30 min
5

Part E
Resources and training
Access further resources and explore training opportunities.
🕒 5 min
6