



**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 25

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

PRESENTATION

ITU/CTO MODEL UNIVERSAL SERVICE/ACCESS POLICIES, REGULATIONS, AND PROCEDURES PART I: UNIVERSAL SERVICE FUND POLICY AND IMPLEMENTATION

**David N. Townsend
David N. Townsend & Associates**



DNTA

ITU/BDT

Global Symposium for Regulators

**ITU/CTO Model Universal Service/Access
Policies, Regulations, and Procedures**

Part I: Universal Service Fund Policy and Implementation

David N. Townsend

Hong Kong, 7-8 December 2002

Model USF Policy and Implementation

Overview

Part I: USF Policy and Implementation

- **Mission and objectives**
- **Authorising and enabling laws and policies**
- **Sources of contributions**
- **Management and administration**
- **Procedures for determining funding allocations**

**Part II: Basic telephone service auction
mechanism**

Part III: Telecentre options and strategies

Model USF Policy and Implementation

Fund mission, objectives and priorities

- **Overriding mission and vision:**
 - **Contribute to national economic development and social well-being**
 - **Promote technological innovation in the telecommunications sector**
 - **Promote competition in the telecommunications market**
 - **Establish efficient, self-sustaining market-oriented businesses**

Model USF Policy and Implementation

Fund mission, objectives and priorities

- **Practical objectives and priorities:**
 - 1) **Provide universal access to basic telephone communication**
 - 2) **Provide access to advanced communications capabilities**
 - 3) **Provide support for economic development and opportunity**
 - 4) **Provide direct support to public and community service institutions**

Model USF Policy and Implementation

Authorising and Enabling Laws and Policies

- **All key development programs begin at a high level of national legislation, Presidential decrees, or Ministerial policy statements**
- **Framework to ensure credibility and consistency with other national policies**
- **Should use general language, to avoid overly restricting implementation of objectives**

Model USF Policy and Implementation

Authorising and Enabling Laws and Policies

- **Define principles of the right to communications access**
- **Define objectives and obligations for national telecommunications development**
- **Mandate establishment of Universal Service/Development Fund**
- **Define responsibilities for implementing and administering the Fund**

Model USF Policy and Implementation

Authorising and Enabling Laws and Policies

- **Emphasise market-oriented, non-discriminatory principles**
- **Establish enforcement and dispute resolution powers**

Model USF Policy and Implementation

Sources of Contributions to the Fund

- **Equitable contribution by all market participants**
- **Fixed percentage of designated revenues**
- **Key questions:**
 - **Who should contribute?**
 - **What revenues should be covered?**
 - **Should anyone receive special treatment?**

Model USF Policy and Implementation

Sources of Contributions to the Fund

- **Contribution amounts determined through appropriate market analysis**
 - **Needs assessment**
 - **Cost analysis**
 - **Revenue/demand forecasts and fee calculations**
- **Limited options for “in-kind” alternatives to direct financial contributions**

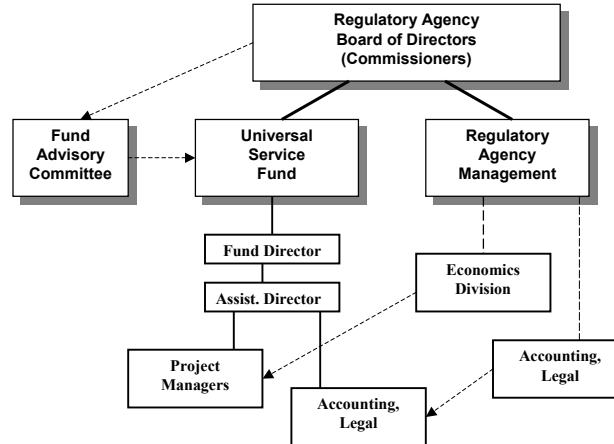
Model USF Policy and Implementation

Management and Administration of the Fund

- **Under control of independent telecom regulatory authority**
- **Management autonomy**
- **Independent budget, separate accounting**

Model USF Policy and Implementation

Management and Administration of the Fund



Model USF Policy and Implementation

Management and Administration of the Fund

Accounting Standards and Procedures:

- **Contributions**
 - **Payments, Documentation, Certification, Audit**
- **Fund accounts and budgets**
 - **Project Fund**
 - **Operating Budget**
 - **Reserve Fund**
- **Project budgets**

Model USF Policy and Implementation

Procedures for determining funding allocations

- **Operating Plan**
 - **Intended projects and targets for planning period (1-2 years)**
- **Projects**
 - **Activities funded by the USF**
- **Concessions**
 - **Licenses, grants, awards to individual applicants to use Fund resources in fulfillment of a Project**

Model USF Policy and Implementation

Procedures for determining funding allocations

- **Target Objectives**
 - **Interim targets for each category of Fund assistance**
 - **Highest priority typically to basic telephone access**
 - **Allocations based on relative degree of progress toward targets**

Model USF Policy and Implementation

Procedures for determining funding allocations

- **Socioeconomic Priority Criteria:**
 - **Locations where economic conditions inhibit pure market-based solutions**
 - **Population with low relative income**
 - **Population not integrated with a centre of development**
 - **Scarce and dispersed population**
 - **Population with low access to infrastructure and communications**
 - **Historically disadvantaged groups**

Model USF Policy and Implementation

Project Definitions and Criteria

- 1) **Universal Access to basic telephone service**
 - **See Part II: Minimum Subsidy Auctions**
- 2) **Access to advanced telecommunications and information services**
 - **See Part III: Telecentre Options and Strategies**
- 3) **Economic development and small business support**
- 4) **Public service institution support**