



CRAN

Communications Regulatory Authority of Namibia



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Universal Service Obligations Guidelines

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Purpose of the Guidelines

- ❑ To clarify the Authority's position with regard to the obligations of telecommunications service licensees in setting and complying with their universal service obligations contemplated under the Communications Act, 2009
- ❑ The guidelines provides guidance to the Authority regarding the manner in which universal service obligations will be imposed, managed and administered to ensure optimal provision of telecommunications services to locations and populations in Namibia that are not adequately covered by existing network infrastructure and service options

Legal Framework (1)

- ❑ **The Communications Act defines universal service as the service prescribed in terms of section 57(1) of the Act**
- ❑ **The Authority published Regulations prescribing the Provision of Universal Service by Telecommunications Service Licensees on 8 May 2018 in Government Gazette No. 6589, General Notice No. 178.**
- ❑ **These regulations stipulates the minimum set of services to be provided as follows-**
 - **Fixed, mobile or broadband data services;**
 - **Fixed and mobile voice services; or**
 - **Any electronic communications service that the Authority determines in writing**

Operationalization of Part 4 of Chapter V of the Act

- ❑ The Minister of Information and Communication Technology enacted Part 4(entitled “Universal Service”) of the Act with effect from 1 December 2016**
- ❑ The Universal Service Regulations are administered by the Board of CRAN and administratively management by the UAS department reporting to the Chief Operations Officer.**

Market Gap Analysis

- The market gap analysis being conducted by the Authority aims at examining-
 - **Availability** – what type and level of telecommunications services, facilities and infrastructure is available for users? Do all areas in the country receive the same service without geographical discrimination?
 - **Accessibility** – can all people in Namibia access or reach telecommunications services, facilities and infrastructure in a non-discriminatory manner at all places?
 - **Affordability** – can all people afford the usage of the basic and essential telecommunications services, facilities and infrastructure allowing them to derive and generate socio-economic benefits?

Objectives of Universal Service Obligations(USOs)

- ❑ To ensure that all citizens have access to a set of basic yet essential telecommunications services throughout Namibia at affordable costs
- ❑ To assist population groups and areas which are beyond the reach of the communications market to have access without distorting the market
- ❑ To enable people to develop the capacity to use telecommunications services and take advantage of its many opportunities and benefits.

Considerations applicable to USOs

The Authority will take into account the following considerations relating to the imposition of USOs-

- Sustainability of the obligations**
- Practicality of implementation of the obligations**
- Probable impact of the obligations**

Obligations may be designed and prioritized by the Authority according to a commercial viability analysis

Commercial Viability Analysis

- ❑ The Authority will estimate revenue and costs for 5-10 years and determine commercial viability and return on investment for providing minimum universal services considered for implementation.
- ❑ Typical inputs to the model will include-
 - Populations numbers and their demand or projected expenditures n telecommunications services
 - Per capita and household incomes to cross-check reasonable telecommunications expenditure as a percentage of income
 - Geographic areas that are unserved or under-served by telecommunications service licensees
 - Infrastructure and service supply costs
- ❑ The output of the commercially viability analysis will provide a viability rating as a percentage for each project
- ❑ The viability rating is the amount that the model calculates as the amount of subsidy compared to the overall investment needed

Categorization of viability ratings (1)

Category	Viability Factor	Project Description and Priority Implication
1	>100%	Definitely commercially viable and will be served by existing licensees, no subsidy required
2	76-100%	Project is close to being viable under optimistic or strategic assumptions. Not yet specifically targeted by existing licensees but be targeted commercially soon without financial incentive. Predicted subsidy less than 25% of capex. UAS program could accelerate investment, but there is a risk that will be served soon anyway
3	51-75%	Commercially unviable without a subsidy in the range of 25-50% of overall investment. Good target for UAS program

Categorization of viability ratings (2)

Category	Viability Factor	Project Description and Priority Implication
4	26-50%	Unviable and very unlikely to be served without subsidy in the range 50-75% of overall investment. Should be targeted for UAS Program subsidy
5	0-25%	Definitely unviable without major subsidy e.g. requiring more than 75% of overall investment. Also may require an ongoing operating cost subsidy. Should be target later when the market has expanded

The Authority will focus on issuance of USOs for projects that fall within category 1 and 2 having a viability rating of 76% and more

Methods of imposing USOs

The Authority may consider any of the undermentioned methods to impose USOs-

- Modification of licences
- Renewal of licences
- Application for new licences
- Imposing an universal service order
- Tendering and submission of bids
- Subsidies from the Universal Service Fund

Reporting Obligations

The Authority requires periodic reports and returns from telecommunications service licensees regarding the implementation of their USOs showing project and service status and rollout statistics

Comments received

- ❑ The time period for written comments closed on 6 February 2019
- ❑ Comments received to date relates to
 - The Legal Framework to ensure alignment between the guidelines and regulations
 - Market Gap Analysis to take into account roll out done into rural areas by licensees as part of their current operations
 - Considerations applicable to Universal Service Obligations taking into account the aforementioned rollouts done at the Licensees' own cost
 - Methods of imposing Universal Service Obligations considering a reduction in USF levies taking into account that a licensee is already providing services in rural areas

Response to Comments

The Authority will take all written comments as well as all oral comments made today into consideration during the finalisation of these guidelines

Thank you!