USAF
Communication For All

Republic of South Sudan

Revitalized Transitional Government of National Unity

Ministry of ICT and Postal Service

Universal Service and Access Fund Secretariat

Interim Standard Operating and Implementing Procedures

2020 - 2024

ACKNOWLEDEMENT

Declaimer

While every care has been taken in the preparation of this document, by its nature, it may contain errors, which are unintentional.

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1. INTRODUCTION

1.1. The Universal Service and Access Fund (USAF or the Fund); was established by the National Communication Act, 2012, Act No.24, as an independent corporate body to implement the provisions of Chapter 13 of the National Communication Act, 2012.

1.2. **Mandate of the Fund**

The principal mandate of the Fund is to develop and deploy communication services to cover the entire population of South Sudan, to include, urban, rural and remote areas to ensure universal service and access.

More specifically, the Fund is mandated to undertake the major functions summarized below:

  i.   Implementing Government policies related to the core principle of universal service and access;

  ii. Laying down policies, plans, programmes, regulations and guidelines for bridging the communication digital divide between the center and rural areas with special emphasis given to unprivileged groups and hard-to-reach communities;

  iii. Setting rules and regulations for planning and managing resources of the Fund in order to achieve the core objective of universal service and access;

  iv. Leveraging synergies and resources by coordinating activities and efforts with regional and international agencies promoting universal service and access;

  v.   Developing programmes for generating resources for the Fund including fees and charges for services delivered in order to support the core goal of universal service and access; and

  vi. Performing such other functions as are necessary to effectively execute the functions of the Fund and achieve its goals.

1.3. **Our Vision**

"Reliable and Equitable Communications Services for all South Sudanese"

1.4. **Our Mission**

"To support and facilitate the development and deployment of reliable and affordable Communication services in rural and unserved/ underserved areas of South Sudan".

1.5. **Our Core Values**

The USAF core values can be summarized in the acronym "TICIPS" which stands for:

- Transparency;
- Integrity;
- Collaboration;
- Innovation;
- Professionalism; and
- Service Excellence

1.6. The current licensing policy stipulates that "communications licensees are obliged to contribute a 2% statutory levy from their annual gross revenue" which is the licensees' contribution to developing communications services in the rural, underserved and unserved areas of South Sudan.

1.7. The money is set aside to assist those operators willing to serve high cost, and challenging rural areas. Thus the Fund, in net effect, re-distributes a small amount of finance from those who would rather not be saddled with the responsibility of serving difficult areas to those willing and eager to do so, and applying the funds to those operators with good motivation and willingness to leverage further investment is a key advantage of the Fund model. The rural market is then developed by those who want to do so, to the benefit of all.

1.8. This is a 'win-win' arrangement, since all operators benefit from long-term market growth by paying rather a small amount, those wanting to serve rural areas get an opportunity to receive financial help, and both the service providers and the consumers benefit from

additional network coverage in terms of increased revenue and access and usage of the services.

1.9. The Fund will on periodic basis develop strategic plans, which will guide the development and implementation of specific projects to assist in provision of communications services throughout South Sudan. The strategic plan will be guided by general national policies and plans, as well as specific communications sector policies.

1.10. This Interim Standard Operating and Implementing Procedures (ISO&IP) is a document that will guide the Fund, the Ministry of ICT and Postal Services in particular and Government in General on how the Fund will be managed and administered. In addition it will also provide guidance on the design, implementation, monitoring and evaluation of universal service projects.

2. INTERIM STANDARD OPERATING AND IMPLEMENTING PROCEDURES

2.1. The ISO&IP for the Fund provides guidelines and operating principles under which communications development projects sponsored by the Fund will be managed, administered and implemented. The ISO&IP is an essential strategic document, which describes how the Fund should fulfill its mandate.

2.2. It sets out the specific rules with respect to critical issues such as governance, procurement, accounting standards, project selection criteria, technical partner selection criteria, tendering processes and procedures, disbursement procedures and project monitoring and evaluation among others.

2.3. The ISO&IP is organized as follows:
   a) The objectives, functions and strategies of Fund;
   b) Universal access and service (USA) definition;
   c) Key principles of USA and the Fund;
   d) The governance, management and administration of the Fund;
   e) Sources of finance for the Fund;
   f) The development of the Fund programmes, project prioritization and selection criteria;
   g) The tendering and selection process;
   h) Subsidy disbursement, project performance monitoring, penalties and enforcement procedures;
   i) Environmental risk and mitigation;
   j) Performance monitoring; and
   k) Annexes.

3. OBJECTIVES, FUNCTIONS AND STRATEGIES OF THE FUND

3.1. **Strategic Objectives and Goals**

3.1.1. **Presidential Policy Statement:**

"Recognizing the importance of communications and ICTs in wealth generation, job creation, poverty alleviation, and citizen's access to government services, and the fact that the bulk majority of our populace live in rural areas, it is incumbent upon us to evolve strategies to expand communications services to the rural areas. The obvious key challenges include suitable infrastructure and services for all forms of communications, including telecommunications & ICT", statement of H.E. Gen. Salva Kiir Mayardit, President of the Republic of South Sudan on the occasion of the CTO/ GOSS regional conference on connectivity for communications, commerce & governance (ICT4Dev), Juba, 25th November, 2010.

3.1.2. Among the Fund's key objectives is the development and deployment communications services to cover the entire population of South Sudan, to include underserved and unserved areas to ensure universal service and access.

3.1.3. **The main objectives of the Fund include to:**

   a. focus the attention of the communication operators towards rural population and encourage expanded levels of communication penetration in rural and under-served areas;
   b. improve broadband penetration in the country;
   c. promote increased use of advanced tools and equipment and encourage broader utilization of e-applications and e-services for both rural and urban areas in South Sudan.
   d. enhance advancement in research and development within the field of communication and promote the use of advanced technologies.

3.1.4. **The functions and powers of the Fund among others include:**

a) implementing Government policies related to the core principle of universal service and access;

b) lay down policies, plans, programmes, regulations and guidelines for bridging the communication digital divide between the center and rural areas through promoting communication service delivery to cover the entire population of South Sudan with special emphasis given to unprivileged groups and hard-to-reach communities;

c) coordinate activities and efforts with regional and international agencies promoting universal service and access to leverage synergies and resources;

d) develop programmes for generating resources for the Fund including fees and charges for services delivered in order to support the core goal of universal service and access; and

e) perform such other functions as are necessary to effectively execute the functions of the Fund and achieve its goals.

3.2. The Fund is an institutional and funding instrument designed to achieve some of the objectives of the relevant sectoral communication policies and the National Broadband Strategy plan. The Fund will thus assist in the achievement of universal service and access in the communications sector encompassing telecommunications, Internet and ICT, broadcasting and postal services. However, at the present, much consideration will be given to the telecommunications networks, Internet and the ICT.

3.3. The Fund shall accumulate financial resources, offer subsidies, and financial incentives that would attract operators and service providers to initiate or expand infrastructure and services in underserved and unserved areas and where Government deems appropriate to provide communication services. The Fund shall also provide small incentive grants to organizations, individuals and business entities wishing to provide public access to ICTs and Broadband Internet services. The Fund shall also support the expansion of broadcasting signal transmission, content production and the development of universal rural postal services.

3.4. The main strategies that are essential to achieve and provide universal access (UA) of communications services include:

a. expanding the voice network throughout the country; and

b. establishing a policy framework that creates a conducive environment for communications services roll-out, in line with international best practice.

4. UNIVERSAL SERVICE AND ACCESS DEFINITION

4.1. **Universal Service (US)**

Means connection and availability of communication networks and services to individual households.

4.1.1. The principle of US recognizes that once the market penetration of a communications service reaches a high level in society and has demonstrated social and economic value, then that service has become essential to virtually every household. Whereas it is recognized that this goal will be reached only in stages and will be realized in more urbanized and least remote areas first, it is the medium to long-term goal for the whole country.

4.2. **Universal Access (UA)**

Means reasonable access by individuals to a publicly available communication center and related services.

4.2.1. The goal of UA is to ensure that, in the shorter term, all people in every part of the country have reasonable means of access to publicly available communication services in their community (even if not necessarily in their home).

4.2.2. UA is an approach to US in low-income and high cost areas, where private demand and perceived need are not yet universal and/or where technical difficulties preclude service providers from being able to economically provide full signal coverage, but where it is feasible to create service points at which public access is available.

4.3. **Telecommunications, Internet and ICT**

4.3.1. US sets the target of the provision of telephone services, including associated directory and emergency calling, as well as data transmission and reception capabilities, to every household in the country.

4.3.2. Whereas UA sets access target to a publicly available telephone, data and related telecommunications services in a community, through shared use of lines or user terminals, including public payphones, phone shops, roadside tele-businesses, community tele-centres, 'cyber cafes' or information centers.

5.   KEY PRINCIPLES OF FUND

5.1.   **Market Efficiency**

5.1.1. The Fund strategy is executed within a multi-player commercial marketplace, in compliance with the broader ICT mission of the Government of South Sudan. The Government of South Sudan continues to be committed to facilitating access to reliable and affordable communications devices, services and benefits in the country by creating an enabling policy and regulatory environment that encourages fair competition, innovation and investment, while establishing effective relationships with others in the Global Information Society.

5.1.2. Targeted interventions and financial aid from the Fund will only be used as a means to provide support in the areas and for groups where market forces alone cannot provide the desired services. The Fund will develop market-oriented programmes and subsidies projects that will be mostly implemented by service providers. The Fund's resource will not be used in an environment where there is still need for sector reforms.

5.2.   **Smart Subsidies and Sustainability**

5.2.1. Smart subsidies will be used to subsidies rural and high cost areas, low-income population groups, capacity building efforts and service targets. Targeted financial intervention is required beyond normal regulatory measures and incentives to provide services to these population group and areas where market alone would have not reached.

5.2.2. A smart subsidy encourages cost minimization and growth of the market. It is typically a part of required capital for the project and leverages additional service provider investment. The ultimate objective of giving a smart subsidy is to make a project commercially viable, whereas without the subsidy service providers are reluctant to invest.

5.2.3. Whereas it is not commercially viable or projects cannot be implemented by the industry, the Fund is to consider and ensure long-term sustainability of the projects through collaborative consultation with the stakeholders.

5.3.   **Competitive Tendering Process for Smart Subsidies**

5.3.1. A transparent and competitive tendering process will be followed to select service providers to receive smart subsidies and provide defined services.

5.3.2. The Fund is to use a competitive tendering approach for the least amount of subsidy requested for service provision from qualified bidders. The process should be defined in the Invitation to Tender (ITT) or Request for Proposal (RFQ) documents. Only qualified bidders will have their proposals opened and evaluated. Among these qualified bidders, the bidder with the lowest request for subsidy will be awarded the project.

5.3.3. Winning bidders will sign a time-bound service agreement agreeing to a once-only financial subsidy that will be disbursed over time as they meet their build-out requirements and service provision obligations. Any networks deployed for providing the services remain owned by the operator.

5.4.   **Open Access**

5.4.1. While competitive tendering will be used, especially for the major network expansion and broadband capacity upgrades, this shall not lead to exclusivity for the winning operator or service provider. Any service provider that receives subsidies from the Fund for a particular network expansion project shall be required to provide open access to its network according to existing commercial terms within the industry.

5.5. The Access Gap
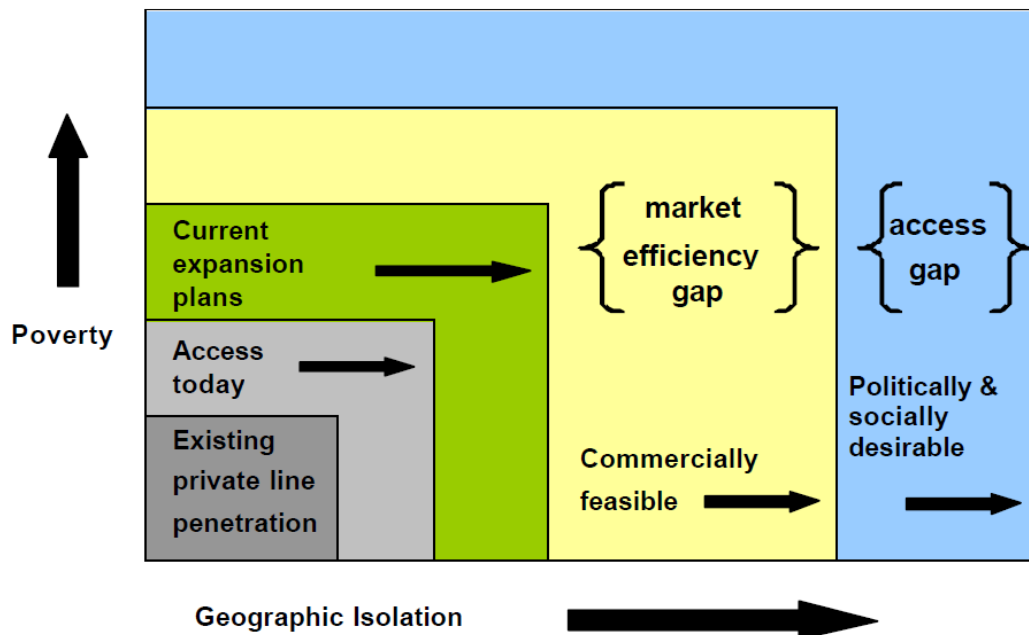
Figure 1: Universal Service and Access Context,

adopted from World Bank Discussion Paper 432, "Telecommunications & Information Services for the Poor: Towards a Strategy for Universal Access", by A. Dymond, N. Juntunen, J. Navas -Sabater, 2000)

5.5.1. The true access gap comprises areas that are not commercially viable even in instances where initial smart subsidies are given. These areas would need ongoing financial support in the form of operating subsidies

5.5.2. The true access gap recognizes that intervention is still required to reach some areas and population groups that will not be served even with the most attractive, liberal market conditions. There are people and places that remain beyond the limits of the market unless additional investments are mobilized through intervention, in the form of subsidies or other special incentives to encourage service providers to enter. A Universal Access policy is focused on the true access gap – i.e. extending the market into marginal areas.

5.5.3. The Fund will carefully decide what assistance can be given for the 'true access gap' considering the quality and lasting effects of the impact.

5.6.   **Socio-economic impact**

5.6.1. The Fund aims to design and implement projects with high socio-economic impact and value. This includes considerations of how many people can be impacted, and the quality and lasting effects that impact.

5.7.   **Technology Neutral**

5.7.1. The Fund mechanism is to enable the most effective, efficient and appropriate technologies to be implemented for the universal service and universal access. By ensuring a technology neutral approach in the competitive tendering process, the Fund will allow the operators to choose the most cost-effective and appropriate technology to provide communications services.

5.8.   **Transparency and Stakeholder Consultation**

5.8.1. The Fund will be operating in an open and transparent manner by:

a) inviting stakeholders input into strategy, program and project development;

b) publishing, as a minimum, annual reports that provide details of the funds collected, funds disbursed, to which an operator or a service provider, status and achievement of projects and service provision, successes and problems encountered; and

c) distributing the funds in an open, fair and transparent manner.

6. GEOGRAPHIC AREAS AND COMMERCIAL VIABILITY CLASSIFICATION

6.1. Geographic Areas

6.1.1. Rural Areas

These are geographic areas located outside towns and cities. They include small towns and villages where licensees do not intend to provide services.

6.1.2. Served Areas

These are geographic areas where universal coverage for a particular service can be obtained on demand.

6.1.3. Under-served Areas

These are geographic areas where there is some coverage for a particular basic service but it cannot be obtained universally or where there are challenges of Quality of Service (QoS) / Quality of Experience (QoE).

6.1.4. Un-served Areas

These are geographic areas where universal coverage for a particular basic service cannot be obtained on demand.

6.1.5. Regional Clusters

Regional clusters are groups of target areas which are clustered on the basis of identified ICT needs and the type/class of infrastructure and/or service required to address the identified need.

6.2. Commercial Viability Classifications

6.2.1. Commercially Profitable

These are projects or areas that the Fund estimates to be commercially profitable on a sustainable basis and will not attract any Fund subsidy.

6.2.2. **Commercially unprofitable**

These are projects or areas that serve a designated population or area that the Fund estimates to be commercially profitable on a sustainable basis if the Fund provide a subsidy in a range to be defined by the fund.

6.2.3. **Commercially unviable**

These are projects or areas or a designated population or area that the Fund's Secretariat estimates to be commercially unviable on a sustainable basis only if:

   a) fund needs to provide a subsidy above the threshold range to be specified by the Fund, or

   b) the project requires ongoing and long-term Fund subsidies, The Fund will initially not finance commercially unviable projects, except in limited cases when the Fund Board agrees such project is a National priority.

7. GOVERNANCE, MANAGEMENT AND ADMINISTRATION

7.1. General Role and Functions

The Fund shall implement communications related strategies and plans developed by the Government and the Ministry of ICT and Postal Services.

7.1.1. The Board of Trustees

The Fund shall be administered by a Secretary General and supervised by a Board of Trustees under the oversight of the Competent Minister.

The Board shall include:

    i.   a non-full time Chairperson;

    ii.   the Secretary General of the Fund who shall also be a member and rapporteur;

    iii.   the Director General of the Authority who shall be a member; and

    iv.   four other members with appropriate skills, competence and experience in fields such as Communications, Business or Public Administration or Economics.

7.1.2.
In constituting the Board of Trustees, regard shall be made to appropriate representation of key stakeholder entities.

7.1.3. Functions and Powers of the Board

The board of trustees shall have approval authority in all strategic and financial matters relating to the Fund.

Without limiting the extent of the Board of Trustees' powers in all matters relating to the Fund, their primary functions shall include:

    i.   setting the general policies, plans and programmes of the Fund;

    ii.   approval of the annual budget of the Fund;

    iii.   advocating for the Fund to expand its funding sources and promoting its important work;

    iv.   approve expenditures of the Fund within the established budgets;

v. execute contracts and agreements with third parties; and

vi. approve the organizational structure of the Fund;

7.1.4. **Functions and Powers of the Secretary General of the Fund.**

    a) The Secretary General shall have professional qualifications in Information and Communication Technology (ICT) and shall possess desired skills, knowledge and experience in the field of either Business or Public Administration, Law, Economics or any combination of them.

    b) The Secretary General shall be answerable to the Board of Trustees. More specifically the Secretary General shall have the following powers and perform these functions:

        i. heads the administration of the Fund;

        ii. carry out financial and administrative functions of the Fund and ensure that expenditures are within the approved budgets and in accordance with requirements of the Public Finance, Management and Accountability Act, 2011;

        iii. proposes plans, programmes and administrative policies and procedures that are within the mandate of the Fund and submit them to the Board of Trustees for approval;

        iv. executes the decisions of the Director General and follow-up on its recommendations;

        v. prepares proposed budgets for the Fund and submit them for approval by the Board of Trustees;

        vi. effectively manages the resources of the Fund under supervision of the Board of Trustees;

        vii. applies the Fund's resources in accordance with approved budgets and according to the applicable rules of the Public Finance, Management and Accountability law;

        viii. prepares the annual performance report of the Fund and submit it for approval by the Board of Trustees; and

ix. recruits, retains, disciplines, motivates and terminates services of employees of the fund when appropriate in accordance with the Funds policies and in consistence with Public Service laws and regulations.

vii. issues internal rules and procedures for regulating the work of the Fund and for conducting its own meetings; and

viii. performs such other functions as may be necessary for proper management of the affairs of the Fund and for achievement of its objectives.

7.2. **Remuneration, fees and expenses**

a) The fees, emoluments or allowances of the board and the staff shall be paid strictly in accordance with the global best practice.

b) Expenses incurred in the course of Fund's business, such as travel, accommodation and meals outside place of normal residence for the members of the board or the staff, may be paid in advance or reimbursed in accordance the Fund policy.

7.3. **Meetings, Quorum and Decisions of the Board of Trustees**

a) The Board of Trustees shall hold meetings at least four times annually and may hold emergency meetings upon the request of the chairperson or upon the request of two-thirds of its members.

b) The quorum for meetings shall be at least half the members of the Board of Trustees.

c) A majority of the members' present shall take decision of the Board and in the event of a tie vote; the chairperson shall have a casting vote.

7.4. **Conflict of interest**

a) Any member of the Board of Trustees shall provide a written statement declaring that they are free of a potential conflict of interest.

b) Any member of the Board, who directly or indirectly has an interest in any matter under consideration by the Board shall disclose the nature or extent of his or her interest at the meeting of the Board and shall not attend any deliberations or take part in any decision of the Board with respect to that matter.

7.5. **Standing or Ad-hoc committees**

The Board may establish Standing or Ad-Hoc committees to assist in the exercising of its functions. These committees can include persons other than the Board members who are deemed able to assist the Fund Board to carry out its functions.

8. SOURCES OF FINANCE AND MANAGEMENT

8.1. **Financial Resources of the Fund and Uses.**

8.1.1. The resources of the Fund shall comprise of the following:

   a) funds allocated to the Fund by Government;

   b) grants and donations given for specific universal access and service projects;

   c) subsidies provided by the Authority upon approval of the Minister and in accordance with applicable provisions of the Financial Management and Accountabilities Act (2011);

   d) contributions by licensees as stipulated in section 81 (1), (c); and

   e) additional charges levied by the Authority on communication service tariffs;

   f) revenue in connection with delivery of communication services as approved by Government

8.1.2. **Financial Management**

The Fund shall have a bank account with a reputable bank, which shall be transparently maintained and operated.

8.1.3. **Distribution of the Fund**

The fund will be distributed as per the strategic plan approved by the Fund Board of Trustees.

There is a general criterion to be followed in the distribution of the funds:

   a) the socio-economic impact of proposed programmes and projects. The key principle of the Fund is to create maximum socio-economic impact with its programmes. This also implies that there is a strong demand for these particular communication services among areas which are currently underserved.

   b) the readiness of any sub-sector in terms of market and regulatory reforms as per the key principle of market efficiency and targeted intervention.

   c) the input of the Fund stakeholders which includes the main contributors of the Fund according to the principle of transparency, stakeholder consultation and fairness.

8.1.4. **Annual Budget, Accounts and Audit of the Fund**

   i. The Fund shall have an independent budget that shall be prepared annually in accordance with sound accounting and financial management principles. The independent budget shall include appropriate revenue and expenditure forecasts for the next financial year.

   ii. The Fund shall keep proper, accurate and complete records of accounts of the revenue and expenditures of the Fund consistent with proper accounting and financial management principles and shall also keep the books relating to such accounts.

   iii. The Fund may open Bank Accounts at any bank in accordance with law and in conformity with the Public Finance Management and Accountability Act, 2011.

   iv. The Fund shall prepare quarterly financial and account reports in accordance with the Public Finance Management and Accountability Act, 2011.

   v. Upon approval of the Board of Trustees, the Fund may maintain a general reserve fund.

   vi. The South Sudan Audit Chamber shall audit accounts of the Fund at the end of each fiscal year.

   vii. The Board of Trustees shall submit to the Competent Minister, its final financial and audited reports, including the annual performance report, within six months from the end of each fiscal year.

8.1.4.1. **Allowable Payments and Expenses**

Administrative and operational expenses shall be with the express approval of the Board. All finances shall be governed in strict accordance with the rules and operating guidelines established by the Fund's Annual Operating Budget. The finances, including all payments, withdrawals or other financial transactions relating to the USAF, shall be in conformity with the South Sudan Public Finance, Management and Accountability Act.

8.1.4.2. **Administrative and Operational Limitations**

On average, general administrative and overhead expenses shall be kept to minimum of the amount of levies collected per year. These shall include expenses on

administration, overhead and operational activities, project preparation, training and consultancy costs.

8.1.4.3. **Auditing, Quarterly and Annual Reports**

Independent Auditors appointed by the Board of Trustees shall audit the Fund annually and the report shall be presented to the Board and be published for the public. The Secretary General shall prepare an Annual Report of all the Fund's activities, receipts and disbursements. Once approved by the Board, it will be presented to the Competent Minister and the report shall be made public.

8.1.5. The Fund's resources shall be applied towards achieving its objectives and specifically towards the following core functions as indicated in section 3.1.4; financing the universal services projects; administration and management of the Fund to effectively carry out its business; remuneration of employees of the Fund; and other approved expenditure necessary to the achievement of the core functions of the Fund that are not inconsistent with applicable financial regulations.

8.2. **Liquidation of the Fund**

   i.   The Fund shall not be liquidated except by operation of a duly enacted law to that effect.
   ii. For purpose of criminal law, all funds, assets and properties of the Fund shall be deemed to be public funds and employees of the Fund shall be considered public servants.

9. PROJECT DEVELOPMENT

9.1. **General**

9.1.1. This section spells out the general approach to identify and develop programmes For the Fund in each of the communications sub-sector.

9.1.2. A high-level strategy shall be developed at five (5) years intervals and shall be approved by the Board. The strategy shall set out the specific programmes to be financed over the defined period. These may include among other programmes:

   a) infrastructure deployment for basic voice and broadband services;
   b) ICT capacity building – enabling the digital future; and
   c) special projects including content, applications, pilots etc.

9.1.3. In order to identify and develop a program in each sector, the following need to be determined:

   a) the current status of the universal service and access; and
   b) what is considered to be basic and essential service.

9.1.4. In line with the national policies, the Fund will on periodic basis update or confirm its strategic plan to keep with the fast-changing communications sector.

9.2. **Determining the current status of USA**

9.2.1. In order to determine the current status of the universal service and access, the Fund shall conduct analysis which examines the following aspects:

9.2.1.1. **Availability** – what type and level of service is available for users; do all areas in the country receive the same service without geographical discrimination?

9.2.1.2.   **Accessibility** – can all people in South Sudan access or reach the services in a non-discriminatory manner at all places?

9.2.1.3.   **Affordability** – can all people afford the usage of the basic and essential services allowing them to derive socio-economic benefits?

9.2.1.4.   **Awareness and ability** – are people aware of the existing benefits of communications services and applications? Do people have the knowledge, skills and capacity to use the communications services such as a computer?

9.2.2.   The results of the situational analysis above will most likely be quantifiable in terms of population penetration, for example, 30 per cent of the population can use computer for basic communications. Based on the results, realistic and feasible targets can be developed.

9.2.3.   The next step in the situational analysis is to consult with the industry about their expansion plans and their view of how far the market will be able to close identified gaps in UAS service provision. This is to include both an analysis of the supply side – such as infrastructure and end-user devices, the demand side such as capacity building and relevant content.

9.2.4.   Another important part of the situational analysis is to assess the status of sector reform and regulatory environment. The Fund can only be an effective tool in a well-regulated and competitive market. If major reform steps are outstanding, it is advisable to wait for their implementation, as they are likely to improve service delivery significantly. The UASF should consult with the respective key industry players to determine regulatory improvements that can improve UAS significantly.

10. SUSTAINABLE PROJECT DESIGN AND PRIORITIZATION CRITERIA

10.1. **General**

This section spells out the general approach to sustainable project design and prioritization criteria for the Fund programmes.

10.2. **Commercial Viability Analysis, Sustainability and Smart Subsidy**

10.2.1. The Fund shall support communications service projects on the basis of receiving acceptable applications or tenders, e.g. from community groups, businesses, schools or educational institutions with a business plan, demonstrating sustainability of the project within three years and without further Fund support beyond the third year.

10.2.2. Project prioritization will be established primarily by the demand for support from eligible institutions or groups. The Fund will use publicity, tendering and other forms of promotion to encourage the spread of its program countrywide.

10.2.3. The primary selection measures to achieve UA to the Communication services in the designated communities will include the following:

   a) smart subsidies and successive rounds of competitive tenders among commercial providers in the target communities that do not have services to date;

   b) smart subsidies and successive rounds of competitive tenders among commercial providers and non-government institutions to provide services in locations where it is unlikely that communication services will emerge based on market demand alone. Key requirements for a successful bid include a business plan which shows the long-term sustainability after an initial subsidy;

   c) an application process for eligible public institutions such as schools to receive grants towards the costs of services. The requirements will include the submission of an implementation plan that demonstrates medium term self-sustainability to meet ongoing costs after the subsidy period; and

d) pilot programmes funded by the UASF based on tenders issued by the UASF or through an application procedure initiated by the UASF. Organizations receiving funds for pilot activities shall meet certain requirements. These shall include making the findings of the pilot project available and contributing to the pilot cost.

10.2.4. Priority for the Fund investments will normally be though not necessarily exclusively, defined as requiring a one-time subsidy amounting to less than 50% of the expected capital investment cost.

10.2.5. A prioritized listing of the Fund investments shall be prepared by subjecting options to a financial analysis that estimates the comparative financial characteristics and smart subsidy requirements of the projects.

10.2.5.1. Smart subsidy is the amount of money required to bring loss-making services to an acceptable rate of return over a long term.

10.2.5.2. To determine a subsidy, the Fund will initially estimate revenues and costs for 5 to 10 years and the financial gap of providing a particular communications service. The maximum allowable subsidy will be used in the bidding process. Bidders will make their own estimates at or below the maximum allowable subsidy. The competitive process will ensure there is no overcharging of the Fund.

10.2.5.3. The Fund can also use a subsidy and financial viability model to assess the commercial feasibility of providing communication services to unserved and underserved areas. This model estimates the financial gaps and the subsidies required for commercial operators to continue providing the service.

10.2.5.4. The following includes typical input to the model:

i. Population numbers and their demand/ projected expenditures on communications services. This is to model the expected revenues from

services;

ii. Per capita and household income to cross-check reasonable communications expenditure as per cent age of income;

iii. Geographical areas that are unserved and underserved;

iv. Infrastructure and service supply cost – the cost for supplying extension of the existing infrastructure and service provision into the unserved and underserved areas of the country. These, which will be based on the most economical solution, also include operating costs.

10.2.6. The output of the subsidy and financial viability model is a viability rating as a percentage for each project or project area. The viability rating is the amount that the model calculates as the amount of the subsidy as compared to the overall investment required. For example: assuming to serve an area with communications service requires sums of 1,000,000 SSP investment and the subsidy required to make this investment profitable is 200,000 SSP. The service provider will invest 800,000 SSP and the subsidy will be 200,000 SSP, so this area is 80 percent viable.

The table below shows a typical characterization of viability ratings, highlighting what type of projects the Fund can target.

Category	Validity Factor	Project Description and Policy Implication
Category 1	>100 %	Definitely commercially viable and will be served by existing service providers soon, no subsidy required
Category 2	76 – 100 %	Project is close to viable under optimistic or strategic assumptions. Not yet specifically targeted by existing service providers, but could be targeted commercially soon without financial incentives. Predicted subsidy less than 25% Capex. The Fund program could accelerate investment, but there is a risk that it will be served soon.

Category 3	51 – 75 %	Commercially unviable without a subsidy in the range of 25-50 per cent of the overall investment. Should be targeted for the Fund programme subsidy.
Category 4	26 – 50 %	Unviable and very unlikely to be served without subsidy in the range of 50 – 75 per cent of overall investment. Should be targeted for the Fund program subsidy.
Category 5	0 – 25 %	Definitely unviable without a major subsidy, e.g. requiring more than 75 per cent overall investment. Also may require an ongoing operating cost subsidy. Should be targeted later when the market has expanded.

Table 1: Description of Viability Factor Expectations,
    adopted from Botswana Universal Access and Service Fund Manual of Operating Procedures (2014)

10.2.7. In accordance with the Fund's objective of leveraging private sector participation and supporting sustainable development of localities and networks, while minimizing the amount of subsidy needed, the Fund strategy will be to encourage projects/ localities in categories with viability between 25 per cent to 75 per cent in category 3 and 4.

10.2.8. Recognizing the level of uncertainty that exists with predicting rural project performance, this comparative prioritization using a relative ranking technique is appropriate.

10.2.9. Equally, category 5 also qualifies for subsidy. However, it requires more than 75% of overall investment. Also may require an ongoing operating cost subsidy. Therefore, it should be targeted later when market has expanded.

Some localities in Category 5 may be considered as eligible for smart subsidy if "mixed" with more viable localities in Categories 2 and 3, and accepted by service providers.

The Fund shall make every effort to optimize the possibility of including all regions and communities in the UAS program.

10.3. Subsidy Strategy

There are two main procedures for calculating and distributing subsidies on the Fund projects:

10.4. Type 1 – Competitive tenders

This type is designed for network infrastructure projects providing communications services, which are based on a Request for Proposal (RFP) with the award based on the least (minimum) subsidy amount requested. This type of competition, often referred to as Output Based Assistance (OBA), is targeted at operators and service providers.

10.4.1. Basic Approach for Type 1 projects

The methodology for calculating the amounts of subsidy on offer shall focus on the objective of achieving private sector investment and sustainable operations. This will be an application of targeting projects and services that are in the smart subsidy zone. The main process to be followed in allocating the Fund subsidies for the network projects shall be as follows:

a) Estimate a "maximum allowable subsidy" as the amount an operator or service provider will likely require in order to construct the minimum stipulated level of infrastructure to provide service to the target area, using minimum cost technology.

b) Submit the area to tender, accepting the lowest bid which also adheres to the Terms of Reference, provided the required subsidy is less than or equal to the set maximum subsidy.

10.5. **Type 2 – Application process**

The methodology is based on an invitation to submit proposals, targeted at eligible persons or entities such as community-based service providers, public access telephone or Internet providers, or schools who wish to have or provide communication services. This process is designed for much smaller projects, and will be awarded on a single community basis, and the typically much lower level of subsidy will be awarded to entities, which prepare a sound proposal and business plan.

10.6. **Sustainable Project Design and Prioritization**

For projects where the smart subsidy commercial viability analysis is not possible or appropriate (such as pilot projects, capacity building projects), these general key considerations shall be followed:

10.6.1. A degree of regional representation among the Fund projects;

10.6.2. Sustainability of the projects;

10.6.3. Practicality of the projects: start with the do-able projects and tackle more difficult projects with increased experience and capacity involved;

10.6.4. Maximize impact of projects e.g. higher number of people impacted, low subsidy (i.e. comparing subsidy cost per person impacted);

10.6.5. Based on needs and demand for communications services;

10.6.6. Ensure a level-playing field and fairness by designing project tenders which allow a larger number of operators to bid successfully; and

10.6.7. Avail funding, timeline and capacity to implement.

11. TENDERING PROJECTS AND SELECTION OF RECIPIENTS

11.1.   **General**

The section outlines the procedure for tendering projects and selection of recipients.

11.2.   **Pilot Funding Procedures**

   a) The majority of project funding will be under Fund's main programme, in which funds will be disbursed under the Type 1 or Type 2 tendering processes outlined in 10.3 and 10.4 respectively. However, the Fund may initiate from time to time specially justified pilot projects, in order to establish or refine its knowledge or methodology to be employed in the main program, or to investigate expanding the Fund programme to areas previously considered unviable even for smart subsidies.

   b) The process for pilot projects shall be determined on a case-by-case basis. In particular, the project objectives, size of Fund disbursement and the requirements from participants shall be decided individually, and shall be at the discretion and approval of the Fund Board.

11.3.   **Type 1 Tendering Procedure for Rural Communications Projects**

   a) Type 1 tenders shall mostly have a public call for tenders following a project preparation phase. The Fund public tenders shall call for offers by experienced operators to accept UAS obligations.

   b) The service agreements won by the Fund tender shall require the service provider to meet the minimum service level specified in the Request for Proposal (RFP) and Service Agreement.

11.3.1.   **Requirements for Public Tender**

   a) Notice of tender shall be advertised in at least two national newspapers with a wide circulation and on the Fund website (www.usaf.gov.ss).

   b) Public tender documents shall normally be issued with at least two months' lead-time, allowing for bidders to investigate and prepare fully researched and detailed responses.

c) Public tender documents shall be offered for sale to prospective bidders for the sum that would be determined by the Fund Board from time to time.

11.3.2. **Bidder Requirements**

a) Bidders for Type 1 projects must generally be a holder of an existing and valid license to provide communications services in South Sudan with existing experience of providing infrastructure based communications services in rural or remote areas.

b) If not licensed in South Sudan at the time of tender, bidders must have been in the business of providing information or telecommunications services for at least two years, and should meet minimum financial requirements as shall be outlined, and should be incorporated in South Sudan before being awarded a tender.

11.3.3. **Services and Technology**

a) The requirements of the tender documents shall be technology neutral. The service contract shall be awarded to the bidder meeting all minimum service levels and corporate and financial requirements at the least required subsidy.

b) Broadband integration/convergence and bundled service provision (e.g. telephony and Internet) may be favored, in the case of tied bids for subsidy amount.

c) Bidders shall demonstrate that the solution offered is operationally and commercially proven. At least one, and preferably at least two operating commercial systems or networks of similar or larger size shall be offered for reference purposes.

11.3.4. **Financial Requirements**

a) The tender documents shall require bidders to demonstrate financial stability, with adequate or satisfactory cash flow, debt/equity and earnings over the last two years.

b) Bidders shall be required to demonstrate from the record of the previous two years of communications service provision that they are able to deploy and operate the investments proposed for the operation.

c) The Fund Board may require the posting of a bid bond and/or a performance bond by the bidder, through a reputable bank, as security for the tendering and subsidy disbursement process.

11.4. **Type 2 Tendering Procedure**

    a) The Fund shall select a limited number of areas in which to implement the first phase of the Mobile Network expansion, Broadband Internet for ICT Centres such as School ICT Centres, Community Information Centres, People with Disabilities ICT Centres, e-health Centers. The Fund shall be guided by practical considerations and market size estimates, generally giving priority to the larger population centers in its program. The Fund may at its discretion mix large and smaller population villages, or hold separate parallel competitions.

    b) The subsidy is to be mainly used for network hardware costs.

11.4.1. **Evaluation Criteria**

Key evaluation and selection criteria are as follows:

    a) demonstration of cash or in-kind contribution in a ratio of 1:2 of the amount of the requested subsidy within the first 5 years of operation;

    b) preparation of a business plan – using a Proforma guideline similar to that provided at Annexure B, which shows viability or sustainability on a continuing basis after the initial 5 years of operation. The important factor is to demonstrate independence from further the Fund support and the capacity to continue the ICT project for a total of 5 years minimum, including depreciation and replacement of obsolete equipment; and

    c) demonstration of capacity to implement and manage the network and/or ICT centres through adequate and qualified staff and management. Training needs of staff shall be clearly identified.

11.4.2. **Application and Business Plan Requirements**

    a) Applications from smaller villages will be welcomed, though they must demonstrate sustainability after the subsidy has been received. The application documents and the business plan shall be required to include the following:

        i. the definition of the user community, and explanation of how the users will be reached and/or sensitized to the opportunity for ICT usage;

ii. clear vision of what the project will address in terms of needs and demand, and the specific ways in which the ICTs will be used by the expected user community, e.g. access to educational or professional resources, business/market information, e-mail, etc.;

iii. how the business / institution / school will charge the users a fee for the sustenance of the ICT project (possibly to cover the operating expenses if no other funding can be found);

iv. if relevant, how the applicant(s) will make the facilities available to other users outside the immediate user community, on a fee-paying basis, i.e. to (a) make services available to a wider community, and (b) ensure the viability/sustainability of the project as a user network or ICT centres.

v. plans for depreciation and replacement of equipment;

vi. projection in terms of financial cash flow and profitability and/or educational development, how the school can beneficially utilize access to the Internet;

vii. demonstration of partnerships, where appropriate to provide ongoing support and resources;

viii. explanation of resources in terms of leadership and management, and training required;

ix. item-by-item costing details, along with the technical and equipment infrastructure, Internet access costs, and staffing situation;

x. demonstration of financial viability, showing how the site will be sustained after the Fund subsidy has been used; this may be dependent on the amount of community support available (e.g. NGOs, local organizations, parent subscriptions, user fees, etc.);

xi. the financial plan must show short and long-term financial issues such as:
- capital costs;
- ongoing operational costs such as Internet connectivity, staff, office space, marketing (as appropriate), administration;
- anticipated revenue from investment, partnerships, donation, USAF funding, user fees; and
- in-kind contributions (volunteers, donation of equipment, space).

b) in order to assist applicants with little experience of funding agencies, the application shall be prepared in a standard format, to be provided by the Fund, with explanation and examples, upon request. A draft pro-forma is provided in Annex B.

c) tendering / applying institutions shall be allowed to include reasonable costs for preparation of documentation in the project costs.

11.5. **Franchise Contracts**

a) The Fund may elect to tender or to receive applications, for village CICs under group operator or franchisor contracts. The project(s) may also be specified as requiring a "One Stop Shop" service approach. Using this model, the CIC's viability and attractiveness to the community would be increased by several lines of revenue-generating businesses, such as:

- telephone services;
- Internet access and e-mail;
- computer access, typing, etc.;
- photocopying;
- desk-top publishing services
- some small research services, using the Internet; and
- training services such as basic computer skills, word processing, and Internet.

b) The Fund may elect to tender or to receive applications for specific number of ICT centres (e.g., 10, 20, etc.) located throughout the country. Interested bidders would be required to submit a detailed business plan that would indicate how the franchise would operate as a viable, sustainable operation. Moreover, contractual service agreements would include operating details and levels of service requirements that would ensure the franchisees maintain specific quality of service standards including minimum operating hours, maximum service fees, availability of customer assistance, technical specifications, etc.

12. THE FUND SUBSIDY DISBURSEMENT, PROJECT PERFORMANCE MONITORING, PENALTIES AND ENFORMECEMENT

12.1. General

12.1.1. All the Fund subsidy disbursements shall be made in tranches and may commence with, though not necessarily always required, a down payment upon signature of the Service Agreement. One or more subsequent payments shall be made upon certified completion of the installations and establishment of the project or service. The subsidy disbursement schedule shall always be spelled out in the RFP

12.1.2. The disbursement of subsidies for implementation of the USA project, and the penalty conditions for non-conformance shall be clearly outlined in the Service Agreement.

12.2. Inspections for Subsidy Disbursements

12.2.1. The Fund Management will ensure that the conditions stipulated in the Service Agreements, including technical compliance during the roll-out periods are met, before any payments are made after the initial down- payment.

12.2.2. Depending on the complexity and size of the funding, the Fund shall either appoint a member of the Management or outside expert as technical auditor to carry out technical inspections, which will include the following:

   i. determination as to whether each of the implementation milestones identified in the subsidy disbursement schedule have been met;
   ii. determination as to whether any of the required services meet the availability and quality specifications of the service agreement;
   iii. determination as to whether the overall network or infrastructure meets specifications;
   iv. issuing an implementation milestone certification to the parties to indicate that an implementation milestone has been completed in accordance with the schedule, or has not been completed;

v.   making a determination as to whether a Force Majeure event exists in accordance with the Service Agreement; and

vi.   issuing any relevance and justifiable technical amendments.

12.3.   **Project Status and Service Roll-out**

12.3.1.   The Fund shall require quarterly reports from service providers showing project and service status and rollout statistics, in order to keep record of total project achievement as well as to monitor service provider performance against their service contracts.

12.4.   **Ongoing Service Quality**

12.4.1. The Fund shall maintain a database of service quality requirements and service provider compliance, in order to:

i.   ensure that the service provider receiving the subsidy, provides an acceptable grade of service in accordance with their service agreement;

ii.   ensure the service provider complies with obligations;

iii.   determine the need for remedial action; and

iv.   create competitive pressure towards good performance.

12.5.   **Enforcement**

12.5.1. License holders assisted by the Fund shall be subject to all the requirements and obligations contained in their licenses. The Fund at its discretion may request the Nation Communication Authority (NCA) to exercise whatever recourse as empowered under the National Communications Act, 2012 in the event of violations by licensees.

13. GENERAL OPERATOR REGULATIONS

a) License issued by NCA shall contain universal access and service obligations, as one of the terms and conditions.

b) The universal access obligation and related conditions may also be specific to each project, in accordance with statements in the RFP and Service Agreement accompanying the RFP.

c) The Licensee shall have non-exclusive right to offer services in the named Universal Service and Access areas.

d) Service quality standards shall be listed in the Service Agreement published with the tender documentation.

e) The disbursement of subsidies for deployment in license areas, and the penalty conditions for non-conformance shall be clearly outlined in the Service Agreement.

f) All operators will be mandated to implement an interconnect agreement in line with the regulations issued by NCA.

g) NCA shall issue guidelines on the plans to implement any numbering code(s) that may be required for new rural operators.

h) Prices for operators may be subject to a price-cap to control year-on-year customer prices. The price-cap formula shall correspond with NCA's national pricing policy, subject only to demonstrated variations in cost for the license areas.

i) Successful bidders needing radio frequencies shall be required to apply to the NCA for permission to utilize specific radio frequencies and shall be subject to frequency coordination in accordance with the requirements of the Communications Act and NCA's frequency planning guidelines.

j) NCA will endeavor to anticipate needs and reserve spectrum for rural communications use.

k) In general, assignments for rural service provision shall be made on an "as required" basis to meet the requirements for utilization of the most cost-effective and appropriate technology. Bidders shall be requested to state clearly their radio spectrum requirements in their offer.

14. ENVIRONMENTAL RISK AND MITIGATION

14.1. General

14.1.1. The management of the Fund is cognizant of the following challenges and the environmental risks that will impede the achievement of the objectives. They need to be monitored and addressed on a constant basis.

14.1.2. Different Interpretation of the Law

The Communications Act 2012, has the sub clause for the establishment of the Universal Service and Access Fund with a key and main objectives as mentioned in section 3.1.3, respectively. The intent is to address the gap in both urban and rural communities where challenges of distance, low density of the users and low average revenue per user (ARPU) combined to disable or severely limit commercial provision of services. It should be noted that the South Sudan Communications Act, 2012, among others stipulates contribution by licensees among the sources of the Fund, however, it remains ambiguous on the criterion for determining such contributions.

14.1.3. Responsibility for Regulations

The law is specific about the governance of the Fund. It states the Board of Trustees shall report to the Competent Minister. This means the activities of the Fund must be handled through the Minister responsible for ICT. While this looks acceptable on the face of it, it actually opens the governance and direction of Fund to short-term political interests as opposed to long-term national development.

14.1.4. Inconsistent National Policies

While the Fund will try to create an environment aimed at bringing down the cost of services, other Governmental institutions at sometimes, introduce measures that counteract the benefits of any such measures. The well-known case is the imposition of an increasing level of taxation on communication service equipment, hence widening the affordability gap. A continuing challenge in counteracting this is the absence of authoritative and

independent policy research into the impact of different government policies on access and affordability. It is within the strategic interests of the Fund to address this gap.

14.1.5. **Inefficient Markets**

There is a de facto duopoly in rural areas that subjects the poorer sectors of the population to costs that are much higher than in the more affluent urban areas. For instance, a supply side study by Uganda's UCC pointed to many existing gaps that push up the cost of services across the board. Expending resources to achieve universality in inefficient markets is a very expensive undertaking.

A pre-requisite to cost-efficient interventions to address any market failures or gaps are required so that the starting point is the greatest penetration and lowest possible costs: this will permit the Fund to focus on the real access gap. The Fund shall address the following regulatory gaps and bottlenecks and also promote specific interventions in order to accelerate the penetration of communications services:

    i. reduce spectrum licensing fees, especially for rural areas;

    ii. facilitate rights of way, tower zoning and infrastructure sharing through clear and efficient national policies and procedures;

    iii. promote and require infrastructure sharing among operators;

    iv. strengthen institutional coordination across the concerned public sector entities in order to meet the demand and supply requirements of the communications services ecosystem;

    v. explore avenues to remove or reduce taxation in order to encourage investment, communications service usage and network rollout;

    vi. reduce the technical constraints in the commons approach, such as allowing the power radiation limits to rise in rural areas where interference may not be a major problem;

    vii. stimulate further competition by carrying out diagnosis of the mobile market and curbing dominance of a few operators, especially the current de facto duopoly in rural areas;

viii. encourage the rollout of 4G, LTE and other advanced wireless networks; and encourage expansion of national backbone infrastructure and international bandwidth in order to meet the growing demand for communications services; and

ix. develop a converged regulatory to facilitate competition and curb the dominance of a few operators.

14.1.6. **Pressures towards tactical rather than strategic interventions**

There is potential of political lobbying targeted at achieving, albeit in good faith, short-term and unsustainable interventions (donation of computers to schools, local governments, and health centers; internet connectivity; etc.) that are undertaken without any ownership, sustainability, or long- term impact considerations. There will be a lot of pressure to sustain this. Simply cutting it off is impractical and would be counter-productive. The Fund will carry out a sensitization programme targeting political leaders to agree on the balancing between political pressure and sustainability issues

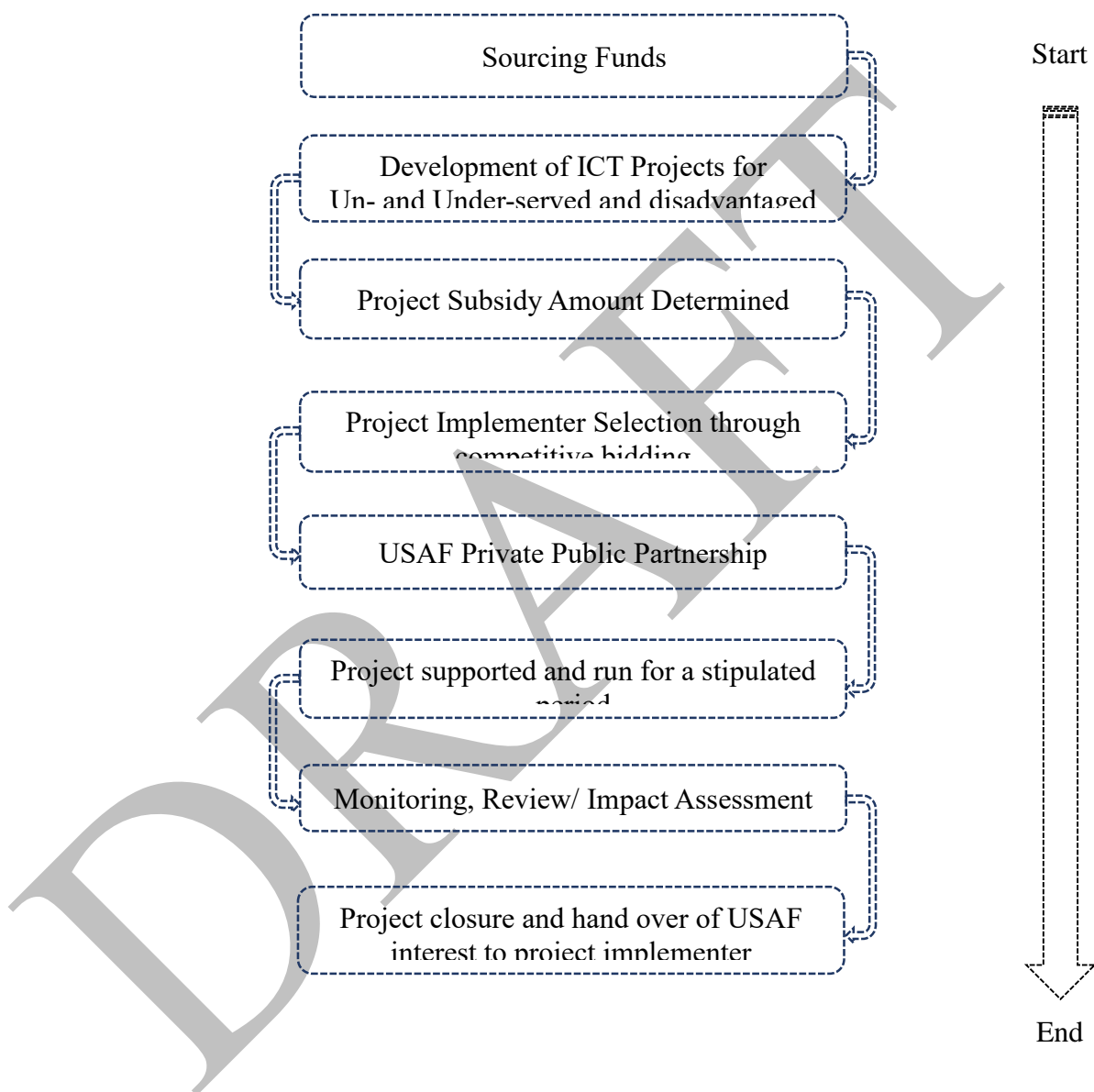**ANNEX A**

a) Universal Access Project Funding

Figure 2: Universal Access Project Funding,

Source: Adopted from Uganda Rural Communications Development Fund Annual Report 2009/10

ANNEX B

a) Business Plan

Any application for universal access financing, including for a pilot project, should be accompanied by a business plan enabling the evaluation of the sustainability of the project, as well as in the case of a comparative bid, to evaluate applications against one another. The process followed by a financier should effectively be a due diligence process, leading to the selection of the best bidders.

The checklist below sets out the key elements of any business plan that the USAF or other financier may require:

i. **the project objectives**– a brief introduction to the project idea and how the project addresses the identified opportunity;

ii. **ownership and control** – a clear outline of the ownership structure, as well as supporting legal documents;

iii. **management team** – a description of the key participants in the project involved in the day-to- day running of the project, their experience and track record and that of the founders and managers; An organizational chart with clear responsibilities and a human resource plan should be included;

iv. **external advisors** – bankers and accountants, and their credentials; technical and management consultants;

v. **demand assessment/ market analysis** – based on a review of population dispersion, income, available services, unserved and underserved areas, affordability, economics, etc. This should include an assessment of current trends, as well as projections on expected usage (e.g., number of calls, Internet minutes of use, messages, pages printed, photocopies, forms delivered, or whatever mode of information and service is to be offered). This should also include a competitor analysis;

vi. **legal and regulatory framework, licenses and authorizations** – a summary (and possibly copies) of approvals, authorizations and licenses required, as well as those that have already been obtained. Licenses and authorizations in the ICT sector, as well as outside should be considered;

vii. **marketing, sales and distribution plan** – setting out the product and services to be provided, the marketing strategy and the main distribution channels;

viii. **technical assessment** – an assessment of the area's access to communications infrastructure, the topography, the access technology and other systems (e.g., power) required; an analysis of frequency spectrum requirements, if any. This assessment should recommend the most suitable technology and related costs;

ix. **financial details** – financial schedules, showing breakdown of costs and revenues for each major item, unit, department or service (e.g., telephone, fax, computer, Internet & email, training, photocopying, etc.) should be included; Amortization of costs, depreciation and replacement strategy should be shown. Additionally, projections of number of users, traffic usage, prices and revenues, expenses, financing costs, operational costs and salaries, etc. should be provided;

x. **risk analysis & sustainability** – earnings or potential earnings should be detailed and a risk and sensitivity analysis, or "what if analysis" to see how the business model adjusts to changing prices, expenses and competition;

xi. **funding requirements** – a summary of funding requirements and of financial contributions, including in-kind contributions, from all sources. The scale of the investment and the scope of services proposed must be justified;

xii. **subsidy details** – estimated revenues & subsidy requirements. If a network project, subsidy should cover net cost of network expansion – i.e. after deducting projected revenues from area to be served;

xiii. **training, capacity building and any other human resource development plan** – the needs of the project and the assigned effort, plan, costs and partnership(s) to meet all stated goals for staff or users**;**

xiv. **community inputs** – if appropriate, an assessment of support from the local community to confirm that the requirements are understood by the community and the local sponsor(s); and

xv. **partnerships** – should outline the nature of partnerships required and secured for successful project implementation (NGO, private sector, donor, community, etc.).

b) Tendering – Business Plan Format

School/Institution/Company	Name of sponsoring organization
Location	State, County, Payam, Boma
Contact	Name Title Address Phone Email
Title of Project	(E.g. Public Land Mobile Network, Internet Public Access Centre)
Main objectives of project	Describe the essential vision of the project
User community	Who the main users of the facility will be (school or community or people with disabilities). If appropriate, show difference between initial phase and second phase.
Main benefits of the project	E.g. expansion of telecommunications network to cover unserved areas or increase of educational resources for the school, access to more career information, business development opportunities for the community, information access for general populace, etc.
Description of facilities to be provided/deployed.	Describe the scale of the network/center (e.g. Communications Terminal equipment, number of computers, printing, office services equipment, type of Internet access, etc.
Ownership & Management	Describe who will be responsible for the financial, technical/operational and human resource aspects of the project. Explain who the manager and staff will be, and whether / how much training is required.
Capital costs	Computer equipment

	Local Area Network
	Communications Terminal equipment
	Electrical power system
	Furniture
	Building/room/facility preparation
	Others
Operating cost	Staffing
	Communications / Internet (monthly, annually)
	Services
	Others
Costs already covered & by whom	Outline financial resources already identified.
Partnerships & assistance secured	Describe any agencies, NGOs, companies who have agreed to provide financial, technical, managerial assistance, and describe the inputs.
Support required from the Fund	Capital cost
	Operating cost (maximum three years)
	Training
	Outline the required/suggested schedule of payments
Future sustainability	Explain how the project will be self-sufficient or profitable after the first three years.
Equipment depreciation and replacement	Explain how the equipment will be upgraded and replaced at the end of its life (suggested computers be upgraded or changed after three years), and how this will be financed.
Services, revenues, community support & subscription	For projects that envisage public access center activities, explain the service and revenue structure Provide proposed fees for services Show how much public / business / parent subscriptions, etc. or other fee bases will be used.
Other means of support	E.g. supporting agencies, NGOs, volunteers, etc.
Financial schedule	Provide a basic cash flow tabulation of costs, revenues and asset balance sheet, projected for at least five years.

Risks and uncertainties management	Provide a brief discussion of the main risks to project success, and the challenges foreseen, the likelihood of their occurrence, and how the project sponsors will address them.
Complaint and response mechanism	Provide a brief discussion of how to handle complaints and address them.
Expected date of inauguration	
Proposal assistance	Show whether assistance was received with this proposal and whether the assistance will be ongoing
Name and Signature of preparing officer (Name)	(Signature) (Date)

Figure 3: Tendering – Business Plan Format

Source: Adopted from Botswana Universal Access and Service Fund Manual of Operating Procedures (2014)

ANNEX C

a) **Documents issued to bidders and interested stakeholders**

This section of the ISO&IP deals with documents that should be issued to all bidders and interested stakeholders before the bidding process begins, in the interest of predictability and transparency. At the end of the process, the following should be issued to the successful bidder:

i.   license (if applicable, and only if financing is linked to regulatory process) – a license to rollout the infrastructure, operate the new network or provide the services if the bidder was not already a licensee, or was not permitted to provide the services or networks in question – relevant schedules should be included;

ii. financing contract – the contract governing the payment of the subsidy by the Fund. It provides contractual certainty to permit the financing of the project – and service requirements.

iii. service agreement (can be combined with the Financing Contract) – the contract (or Annex to the Financing Contract) which specifies the targets and milestones, technical performance requirements, services to be provided, quality of service, etc., as well as penalties and remedies for failure to perform.

iv. the successful bidder must provide the Fund with a Performance Guarantee.

In light of the fact that the documents would have been made publicly available at the commencement of the process (pre-process documents), the finalization of the above should happen swiftly.

Any substantive changes to the above documents may require an additional public process. If substantive changes, such as those set out below, are made without the input of stakeholders, and in particular competitors, it may be argued that the process was unfair and that the terms on which the project was bid are different. Substantive changes would include changes to the following which may have been stipulated upfront such as:

- network construction milestones and service rollout,
- numbers of schools/hospitals/clinics/public institutions connected,
- numbers of cities connected, or people covered; and
- timeframes for delivery;

If any of the above changes are made, public consultation is advised.

ANNEX D

a) Monitoring and Evaluation

The Fund, like the other financial mechanisms, is outcomes based, and does not finance projects for the mere sake of financing them. It is important for the Fund to get a "return" on its investment even if that return is social or socio-economic as opposed to financial. To achieve this, in addition to good governance, as well as good project design, monitoring and evaluation are key. The Fund's role does not end at the allocation of monies – it must follow the projects, monitor them and evaluate them.

b) Definitions

While **monitoring** is the continuous assessment of project implementation in relation to agreed contracts and agreements, **evaluation** is the periodic assessment of a programme or project's relevance, performance, efficiency, and impact in relation to stated objectives.

c) World Bank's a 10-step Monitoring and Evaluation

The Fund will use the World Bank's a 10-step Monitoring and Evaluation ("M&E") model which involves everything from project initiation and conducting a readiness assessment, to selecting indicators and eventually having findings, using them and feeding them back into the organization.
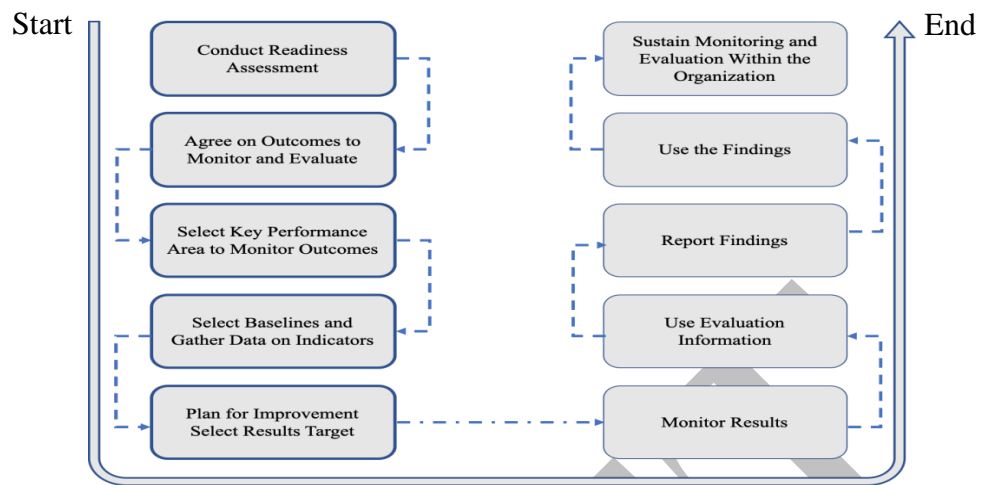
Figure 4: 10-Step Monitoring and Evaluation Framework
Source: Adopted from World Bank, 2004
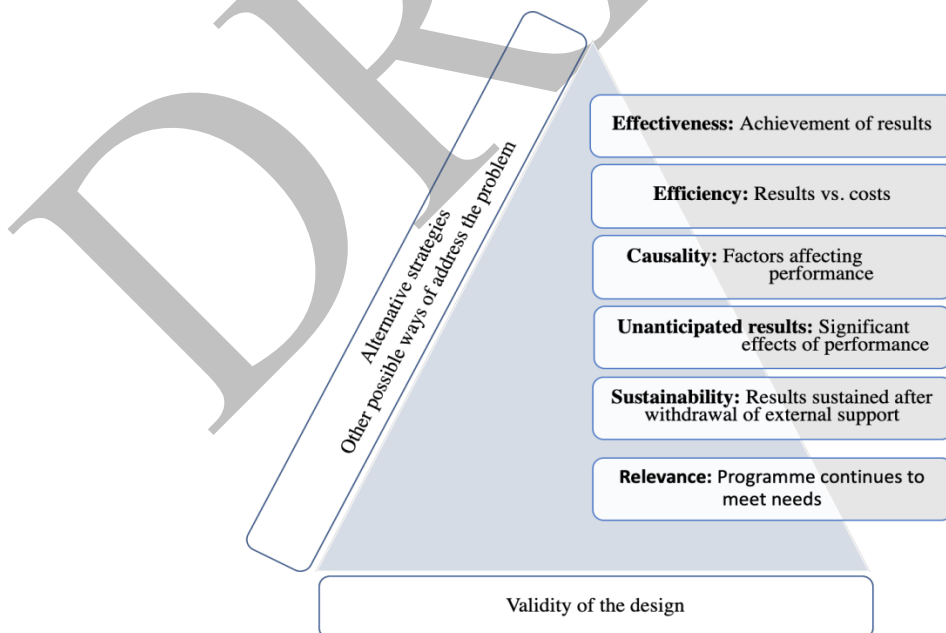
d) Objectives of Evaluation

Figure 5: Objectives of Evaluation, adopted from Core Evaluation Objectives, ILO, 2007.

Evaluation is critical for many reasons and to achieve very clear objectives. The core evaluation concerns to assess universal access programme and project performance include to:

- Assess effectiveness of the project,
- Its efficiency,
- Any unexpected results (positive and negative) and,
- To assess sustainability, amongst others.

Ultimately, it tests the validity of the design and whether alternative strategies may be relevant.

e) **Importance of M&E**

Monitoring and evaluation can help to strengthen project design and implementation and stimulate partnership with project stakeholders. It can:

- **Influence decisions**– relating to market reform and the sector financing strategy – Relevant analysis from project and policy evaluation can highlight the outcomes of previous interventions (non-financial), for example the outcomes of regulation, of similar projects in other countries within the region, or in countries with similar contexts, and the strengths and weaknesses of their implementation.
- **Improve project design** – effective M&E facilitated by the use of relevant indicators for monitoring project performance. can lead to improvements in project design. In order for this to work, however, basic data needs to be collected on a regular basis, and baseline data should be available against which to measure progress.
- **Incorporate views of stakeholders** – "ownership" of project objectives and stakeholder buy-in will only arise from consultation, particularly in the ICT sector which has diverse interests. This in turn increases accountability and encourages the sustainability of universal access projects. Objectives should

be set and indicators selected in consultation with stakeholders, so that objectives and targets are jointly "owned".

A reliable flow of information during implementation enables funders to keep track of progress and adjust operations to take account of actual implementation experience.