face2face
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Interview
Mr. Parvez Iftikhar
CEO, USFC

FIBER AND BROADBAND FOR UN-SERVED AREAS!

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Broadband
Hopes, Wishes & Efforts

Universal Service Fund was created after the recommendations of ITU for the promotion of telecom services in neglected areas of developing countries. The Fund contributed by telecom operators, has slightly differing names in different countries but it has one common attribute. The Fund is notorious for sitting idle. Funds equivalent to billions of dollars are collecting dust of time in the vaults of respective governments. Pakistan has taken a unique step by creating Universal Service Fund Company headed by a telecom professional from private sector to utilize the hitherto idle fund. Suddenly, things are beginning to happen. In addition to promoting basic telecom services in unserved and under served areas, the USFC is now working to expand broadband and laying of fiber optic in selected regions. Parvez Iftikhar, CEO, USFC and the architect of these initiatives, shares his views with our readers

TelecomPlus: What is the strategy of USF to promote broadband in Pakistan?

Parvez Iftikhar: It is a well known fact that the state of Broadband in Pakistan is extremely poor and therefore we need to take some extraordinary steps. Keeping this in mind we, at USF, have devised an action plan. I am thankful for the active support of Minister, Secretary and Member Telecom of IT&T and Chairman PTA, without which we would not have reached this stage.

The strategy is to subsidize the rollout of broadband networks to expand it as fast as possible. We will involve more than one Broadband Service Providers using whatever the technologies are available. The bidders will quote the subsidy they will require for broadband rollout in un-served areas. After the bids are received, we will evaluate the technical solutions and open financial bids of technically qualified bidders.

We will set a minimum number of broadband targets which, in a given region, would be further divided into sub regions. The idea is that the bidders do not just concentrate on the most lucrative areas of the region. We need broadband to spread evenly across. After opening the bids, we will straight-away reject one third of the bids that are on the higher side. Remaining two thirds will be asked to match the lowest bidder and sign contracts with us. After signing the contracts, the bidders will receive 20% of their subsidy in advance. Rest of the payments shall be divided into 4 parts payable on reaching milestones of 25% each. Before making each payment, the technical auditors appointed by USF will go and verify that indeed 25% connections have been established in that particular sub region. The target numbers will have to be achieved within a given timeframe. Targets achieved after the expiry of the time frame will not qualify for the subsidy. This reflects the kind of urgency we would like to infuse regarding quick rollout of broadband. Broadband would eventually come to Pakistan anyway, our job is to expedite it, before its too late. Since USF is technology neutral, we expect different technologies like DSL, WiMax, EVDO, WiFi, FTTH, etc to contribute towards achieving the goals.

Here I would also like to explain that USF "subsidy" is not subsidy in the classical sense. USF subsidy comes from contributions by the telecom sector which goes back to the sector to meet the national objectives. Under this program, only the capital expenditure will be subsidized. The contracts bind the service providers to provide services in those areas and there are bank guarantees from the subsidy winners to ensure that.

What has so far been done by USF?

Up till now, USF has been concentrating on basic telephony in un-served rural areas. This program was started in 2007. We first identified the un-served rural areas. For that we have divided the country in about 25, so-called, "Lots". We auction subsidy to provide telecom services to those un-served villages on a Lot by Lot basis. Till now we have contracted 7 such Lots, in areas of Malakand, Sukkar, DG Khan, Quetta/Pishin, Dadu, Mansehra and Bahawalpur. We have advertised another 4 Lots, in areas of Kalat/Mastung, DI Khan, Mirpurkhas and Sibbi. More such Lots will follow. This effort has generated an economic activity of approximately Rs.4 billion in these far flung 7 Lots. Out of this 4 billion, the subsidy amount is Rs.1.5 billion.

In the case of basic telephony, the un-served areas are villages, in the case of broadband it is the urban areas. For this we looked at 3 categories of areas. The 1st category is the rural areas comprising villages where about 60% of our population resides. Unfortunately in these areas there are neither PCs nor computer literacy. Therefore we will have to approach these areas in a different way, through telecenters. There will be thousands of such centers. We are trying to make access easier to these areas by laying Optic Fiber Cables, through another project.

The 2nd category of areas are covered or served areas like the big cities. Although,

> **We have, in consultation with the stakeholders, devised a methodology to make it possible for every service provider to join the broadband initiative. We have tried to accommodate their suggestions and remove their concerns as much as we could. At the pace we have been moving in this important domain, we will never catch up. Unless all of us join the effort, the broadband revolution will not happen**

in terms of broadband, these are almost all underserved. But several Broadband Service Providers are operating in those areas and we are not offering subsidies over there for the time being.
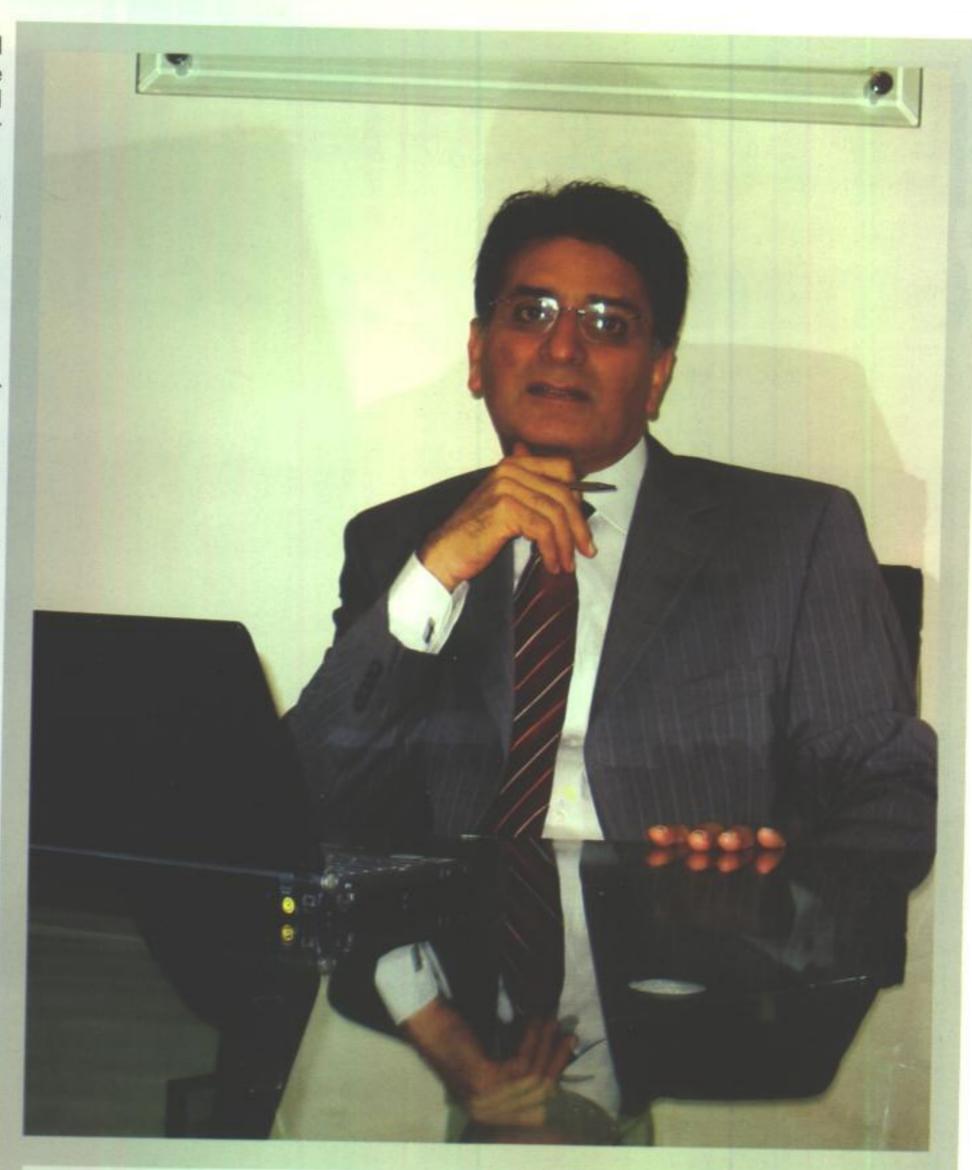
In the 3rd category are the smaller cities which are urban areas with some computer literacy and Internet usage through slow, dialup connections. These are the "un-served urban areas". At this point in time, we are targeting this 3rd category. In this category there are about 500 towns of different sizes in which about 17% population of the country lives. The first broadband project being undertaken is in an area called FTR which is short for Faisalabad Telecommunication Region. The city of Faisalabad is not included because it is a 1st category area. Here we are covering districts of Faisalabad, Sargodha, Khushab, Mianwali, Bhakkar, Jhang and Toba Tek Singh. According to our studies, there are already 150,000 Internet users in these areas of FTR.

In these areas there are 285 high schools and colleges with 72,000 students. We have made it obligatory for the subsidy winners to set-up Educational Broadband Centers here. The subsidy winners will also arrange to train 2 trainers of such institution and provide free broadband with 512K bandwidth for one year. In areas covered by this project, there are 250 vocational institutions with 14,000 students. There are 22 education centers for special people. There are 60 hospitals of various sizes and 560 other health centers with tremendous prospects for telemedicine applications. Also, there are 300 branches of banks and financial institutions. NADRA has set-up 20 e-Sahulat kiosks and after introduction of broadband many more can be set up for the convenience of general public. There are other potential users of broadband services like post offices, government departments, courts, libraries, remote learning centers of Open University and Virtual University etc. In short, when broadband is rolled out in FTR and such other areas of the country, there wouldn't be any dearth of users. Last but not least, there will be around 100 Community Broadband Centers in FTR which will allow people, who do not have PCs at home, to gain access to broadband.

How can you encourage operators to lay fiber in less lucrative areas?

The other project that has been started deals with just that. Actually fiber, once laid is the cheapest medium to transmit bandwidth, which is essential for all types of ICT Services – telephony, broadband, tele-centers, tele-medicine, e-services like e-commerce, e-governance, etc. etc. Therefore fiber access is of great importance. There are 405 Tehsils in Pakistan and AJK of which about 31% do not have fiber access. Nearly 10% of country's population lives there. To bring fiber to every Tehsil, we have divided the country in 12, so-called, "Packages".

We will auction subsidies in these Packages, one by one. The winning bidders will have

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to lay fiber to each un-served Tehsil of the Package. In Sindh, which is our first project, approximately 670 Kms of fiber will be laid. The total optic fiber that will be laid in the whole country is more than 6,600 Kms. At the end of the project covering 12 Packages, there will be no Tehsil in Pakistan without optic fiber connectivity.

Like to add anything?

I hope that the Service Providers will appreciate our efforts and extend full support to achieve these national objectives. We have, in consultation with the stakeholders and with the help of MoIT and PTA, devised a methodology to make it possible for every

service provider to join these initiatives. We have tried to accommodate their suggestions and remove their concerns as much as we could. For instance, we have left out 1st category cities on the insistence of our friends from the DSL side, including PTCL. We now ask them to come forward, use the opportunity and make broadband a success in Pakistan. At the pace we, as a nation, have been moving in this important domain, we will never catch up. Unless all of us join the effort, the broadband revolution will not happen. That is why I hope, I wish and I pray that operators, service providers and stakeholders will join in to make it a success.