

Table 1 - Universal service obligation – Funding arrangements

Universal service (US) is meant to make basic communication services available to all end-users at affordable prices by imposing an obligation on one or several undertakings to provide such services.

On the other hand, a country may also choose to set a policy goal to achieve universal availability of certain basic telecommunications services at affordable prices, and to support this with public money. In the latter case, there would be no formal obligation on an operator to provide any such basic services, but if an operator freely decides to provide the services it could benefit from public funds earmarked for such goal.

Generally the approach in most Latin-American countries is not imposing a formal US obligation on a defined undertaking but to use a “play-or-pay” approach.

This table gives an overview of:

- the scope of the universal service: which services are included;
- universal service providers and how they are designated: either by law, directly the government, or through a tender procedure; and
- funding for universal service, in case the provider incurs in a net cost for its provision: either by the government budget, the universal service provider itself or a dedicated fund, to which other operators contribute.

Country	Is there a formal US obligation?	If yes, what is the scope of universal service obligation?	Universal service providers	Designation mechanism	Technology neutral?	Method of funding	Implementation
BR	Yes	<p>Universal service obligations are established in a 5-year plan approved by presidential decree.</p> <p>The new universal service plan 2011-2015 was approved on June 2, 2011. Scope:</p> <ul style="list-style-type: none"> • individual access to fixed telephony services for residential and business customers in all municipalities with more than 300 inhabitants • public pay phones in all municipalities with more than 100 inhabitants • free access to emergency services from fixed line phones • incapacity adapted phones, both for individual subscribers (upon request) and 2% of public phones • collective access to 100% of public schools and health centres in rural 	<p>Providers of public fixed telecommunications services under the public regime.</p> <p>Embratel is the designated US provider for public payphones in rural areas (i.e. at least 30 km away from the nearest city).</p>	<p>Providers of public fixed telecommunications services under the public regime are automatically designated as US providers in their concession agreements.</p> <p>(General Telecommunications Act - LGT; Service Concession General Plan - PGO; and General Plan for Universal Service - PGMU).</p>	No	<p>Operators' contributions to a fund set up by Law 9998/2000 and managed by the Ministry of Communications.</p> <p>All telecommunication operators must contribute 1% of their annual revenues to the universal service fund.</p>	<p>Contributions have been made to the universal service fund since its establishment in 2000.</p> <p>However, disbursements to universal service providers have not been implemented yet due to a need to further define the compensation criteria.</p>

Country	Is there a formal US obligation?	If yes, what is the scope of universal service obligation?	Universal service providers	Designation mechanism	Technology neutral?	Method of funding	Implementation
		<p>areas by 2015</p> <ul style="list-style-type: none"> Obligation to offer special tariff plan to low income households (~13m households) provision of backhaul network in all municipalities. Minimum transmission speed maintained at the levels of the previous plan (Decree 6424/2008), ranging from at least 2 Mbps for municipalities with less than 5,000 inhabitants to 64 Mbps for those with more than 60,000 inhabitants. <p>NB See Latin America Oct. 2010.</p>					Bill 1481/07 (under discussion at the Senate) would allow use of 75% of universal fund resources for the provision of internet access to all Brazilian schools.
EU		<p>The Universal Service Directive defines the minimum scope of universal service to include:</p> <ul style="list-style-type: none"> connection to the public telephone network at a fixed location capable of supplying “functional internet access” and access to publicly available telephone services over that connection directories and directory enquiry services public pay phones special measures for disabled users <p>The European Commission will issue a communication in the 3Q 2011 on the need to review scope of universal service, based on a previous public consultation (see EU Telecom Tracker 4). The Commission may, if necessary, put forward legislative proposals to amend the Universal Service Directive.</p> <p>Some member states have extended the scope of universal service in their national legislation to include a universal broadband obligation (Finland in 2010, Spain in 2011), while others (UK, France) have set policy goals for universal broadband availability (but no extension of the universal service obligation).</p>	<p>24 out of 27 member states have one or more universal service providers, usually the fixed incumbent. Different operators may provide different components of the universal service obligation and/or cover different parts of the national territory.</p>	<p>Either by competitive tender or by direct designation by the government /law. Mostly for a determined period.</p>	Yes	<p>By the universal service provider itself.</p> <p>A possibility must be foreseen for universal service to be shared if it represents an “<i>unfair burden</i>”. In that case, national regulatory authorities must determine the net cost of its provision (considering also intangible benefits).</p> <p>If a net cost arises from universal service, funding can take place:</p> <ul style="list-style-type: none"> under transparent conditions from public funds through contributions from operators (in this case sharing mechanism) 	<p>In practice, in most EU member states the incumbent operator (universal service provider) bears the cost of universal service. Net cost of universal service shared only in 8 out of 27 member states.</p>

Country	Is there a formal US obligation?	If yes, what is the scope of universal service obligation?	Universal service providers	Designation mechanism	Technology neutral?	Method of funding	Implementation
						<p>must be administered by the NRA or an independent body under NRA supervision)</p> <p>Any charges related to the sharing of the cost of universal service obligations shall be unbundled and identified separately for each undertaking.</p>	