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United Nations Group on Information Society  
Open Consultations on Financial Mechanisms for Meeting the  
Challenges of ICT for Development,  
8-9 October 2009  
ITU World Forum  
Palexpo, Geneva, Switzerland

Dear Delegates

**Re: Financing backbone infrastructure (national, regional, international) and universal access to ICTs**

Thank you for offering us the opportunity to input this statement and the related presentation on Universal access and the use of Universal Service Funds to your meeting.

The GSM Association represents over 800 operator members deploying GSM/GPRS, 3G, IMT2000, HSPA and lately LTE based networks. In addition, we have strong relationships with manufacturers (both device and infrastructure) with over 100 companies contributing to GSMA activities in building a comprehensive mobile ecosystem supporting mobile broadband.

Mobile communication already provides universal voice and data services in developed countries and is doing so in many developing countries too, as it is the only viable solution for delivering rural communications and broadband.

Coverage will be extended to more than 90% of the global population by 2010, on a commercially viable basis. However, there will remain some areas where it will never be economically feasible to serve, as the cost will far outweigh the financial returns and possibly the social-economic benefits. In most countries, this gap may apply only to the last 2-5% of the population, which is equivalent to 20-30% of geographic area. Through the allocation of unspent and future universal service levies to mobile, it will be possible to reach close to 100% universal service coverage via mobile networks.

**The GSMA proposes the following recommendations for consideration on access in relation to USFs:**

- Governments should regard market forces as the primary means to extend access and connections to mobile communications. Universal service funds should play a secondary, 'last resort' role in the provision of access to communications and should only be adopted to extend coverage to relatively remote and high cost areas, where it is not commercially viable to build networks without subsidies.
- The over US\$4.4 billion that has been accrued by universal service funds and has not yet been disbursed should be invested in mobile coverage rollout. This should be complimented by the reduction of other barriers to mobile usage, such as tax, as a matter of priority. Such activity, together with the amounts to be levied in the next few years, could achieve close to 100% universal coverage by mobile networks to the world's population by 2012.
- Universal service funds should only be used as a short to medium term policy tool, which should be phased out over time. There is no justification to continue using this funding mechanism in markets where universal service goals have been achieved either through market provision or through government subsidies.
- Universal service funds should be spent on the lowest cost access technology, typically mobile networks, which have been demonstrated to be the most efficient way to extend access to telecommunications.
- Governments should make public their policies towards universal access and review progress regularly.

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