

**TELECOMMUNICATIONS (UNIVERSAL SERVICE FUND) REGULATIONS,
200[-]**

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[MEMBER STATE]

[SR&O]

200[-] No. [-]

(Gazetted [date])

IN EXERCISE of the powers conferred by section [-] of the Telecommunications Act 200[-], the Minister makes the following Regulations:

TELECOMMUNICATIONS (UNIVERSAL SERVICE FUND) REGULATIONS 200[-].

**PART I
PRELIMINARY**

Citation

1. These Regulations may be cited as the -
Telecommunications (Universal Service Fund) Regulations 200[-].

Commencement

2. These Regulations shall come into force on the date of its publication in the Gazette.

Interpretation

3. (1) In these Regulations unless the context otherwise requires –

“Act” means the Telecommunications Act No [-] of 200[-];

“Bid Bond” means a bond to ensure that a bid will remain valid during the period stated in the bidding document;

“Contract Bond” means a bond to secure the performance of a Fund Project;

“contractor” means a telecommunications provider who is awarded a contract in accordance with Regulation [-];

“financial year” means the financial year of the Commission;

“Fund” means the Universal Service Fund established under section [-] of the Act;

“Fund Administrator” means a person appointed under Regulation [-];

“Fund Operating Plan” means a document outlining proposals for Fund operations for a given year;

“Fund Project” means a project financed from the Fund;

“Fund Project Bidding Documents” means any document issued by the Commission on the basis of which bidders prepare bids and includes any document which contains instructions to bidders;

“Guidelines” means a document of policy and procedures issued by ECTEL under Regulation [-] for the effective carrying out of the provisions of these Regulations;

“open competitive bidding” means the procurement method in which bids are invited by openly advertising an invitation to bid;

“restricted bidding” means the direct solicitation of a limited number of potential bids where there is reason to believe that the service required is available from a limited number of potential contractors;

“sole source procurement” means the procurement method in which Fund Project implementation contracts are awarded to a telecommunications provider after negotiation without using a bidding procedure;

“universal service” includes the provision of:

- (a) public voice telephony;
- (b) internet access;
- (c) telecommunications services to schools, hospitals and similar institutions, and the physically challenged; or
- (d) other service by which people access efficient, affordable and modern telecommunications

- (2) Terms used in these Regulations shall have the meanings assigned to them under the Act.

Scope

- 4. The aim of these Regulations is to provide for the management of the Universal Service Fund.

PART II

UNIVERSAL SERVICE FUND

The Fund

- 5. (1) In accordance with sections [-] and [-] of the Act, there shall be established a Universal Service Fund.

- (2) The Fund shall be managed by the Commission which shall-
 - (a) collect and disburse monies accruing to the Fund; and
 - (b) make all relevant decisions with respect to the Fund consistent with the Act and these Regulations.
- (3) The Fund shall consist of-
 - (a) contributions by telecommunications providers as specified under the Act and by Order of the Minister;
 - (b) any funds that may be directly appropriated by Parliament for purposes of the Fund; and
 - (c) official grants, donations, bequests or other contributions, or transfers granted by an individual or other legal entity.
- (4) The Commission may refuse any bequest, donation, grant or other contribution if the Commission considers it inconsistent with the best interest of the Fund.

Objectives

6. (1) The Fund shall be used by the Commission to compensate any telecommunications provider who is required to provide Universal Service or to otherwise promote Universal Service pursuant to section [-] of the Act.
- (2) In using the Fund to promote universal service the Commission shall:
 - (a) encourage efficient access to and use of telecommunication networks and services throughout [Member State], with special focus on rural, under-served and maritime areas, with a goal to help promote social, educational and economic development;
 - (b) ensure the reasonable availability and affordability of basic and advanced telecommunications services, including voice telephony and Internet access, as well as broadband connectivity at the community, household and individual levels, particularly where the commercial telecommunications market may be unable to deliver such services in a financially viable manner independently, as well as to the physically challenged, elderly, and indigent communities;
 - (c) provide support for the introduction and expansion of telecommunications services to schools, health facilities and other organizations serving public needs;
 - (d) promote technological innovation in the telecommunications sector.

Role of the Commission

7. The Commission, in carrying out its obligations under the Act and these Regulations, shall -
- (a) develop appropriate indicators of telecommunications access within [Member State];
 - (b) identify appropriate targets for moving toward universal service nationwide within a reasonable time frame;
 - (c) determine, in consultation with ECTEL, the public and industry stakeholders, appropriate socio-economic criteria to identify the geographic areas, population groups, institutions and organizations that may be eligible to benefit from Fund Projects;
 - (d) establish the mechanisms for proper management of the Fund;
 - (e) approve the application, qualification, and competitive and restrictive bidding conditions for the awarding of funds under designated projects;
 - (f) evaluate and define the scope and terms of potential Fund Projects;
 - (g) monitor Fund Projects and enforce the terms of Fund Project contracts;
 - (h) monitor and enforce the mechanism for the assessment, collection and recovery of the required contributions to the Fund;
 - (i) liaise and consult with the Minister and ECTEL to promote consistency between the operation of the Fund and national and regional telecommunications policies and take into account the policy of Government when determining which fund projects would receive funding in any given financial year;
 - (j) liaise and consult with telecommunications providers and other industry stakeholders on the status of telecommunications industry technologies, markets, and other relevant developments;
 - (k) determine, in consultation with ECTEL, whether sole source procurement can be used;
 - (l) adopt the Guidelines issued by ECTEL for the effective carrying out of the provisions of these regulations; and
 - (m) implement the Guidelines for the operation of the Fund.

Role of ECTEL

8. (1) ECTEL shall provide assistance to the Commission in relation to the performance of technical tasks associated with the management of the Fund.
- (2) Without limiting the generality of sub-regulation (1) ECTEL may contribute financial, accounting, technical and legal expertise in any or all of the following:

- (a) maintenance of Fund accounts;
 - (b) telecommunications market analysis and review of Fund goals and objectives;
 - (c) identification of prospective Fund Projects;
 - (d) conduct of project appraisals for short-listed projects;
 - (e) development of documents and other materials for the competitive bidding process, including bidding documents;
 - (f) evaluation of bidder eligibility and technical and financial proposals;
 - (g) evaluation of bids;
 - (h) preparation of annual reports, project reviews and monitoring; and
 - (i) reviewing and monitoring Fund Projects.
- (3) ECTEL shall recommend to the Commission whether sole source procurement may be used where the Commission determines that sole source procurement is the method to be used to award a contract to implement a Fund Project.
- (4) ECTEL shall issue Guidelines for the effective carrying out of these Regulations.

Allocation of Funds

9. (1) The Commission shall take into account the objectives outlined in regulation 6 when allocating funds for Fund Projects.
- (2) In identifying projects for fund allocation the Commission:
- (a) shall promote the establishment of efficient, self-sustaining entities, which may continue to expand access to telecommunications on their own initiative, requiring the minimum amounts of Fund resources possible;
 - (b) may use the Fund to support projects that may not be economically feasible without Fund support;
 - (c) may use the Fund to finance projects to the extent necessary to create adequate economic incentives for investors.

PART III
FUND ADMINISTRATION

Fund Administrator

10. (1) There shall be a Fund Administrator who shall be appointed by the Commission.
- (2) In appointing the Fund Administrator, the Commission shall consider candidates who meet the following qualifying criteria-
 - (a) be a graduate of an accredited university, or a chartered or certified institute; and
 - (b) have knowledge and experience in one or more of the following: management, finance, accounting, telecommunications or any other related field to ensure adequate performance of the requirements of the position.
- (3) A candidate shall satisfy the Commission that he does not have a conflict of interest with regard to the principal functions of the Fund.
- (4) A person who fails to disclose a conflict of interest to the Commission shall be liable to have his appointment as Fund Administrator summarily terminated without compensation.
- (5) Subject to sub-regulation (6) the Fund Administrator shall be appointed on such terms and conditions as shall be set out in the contract of employment.
- (6) The Fund Administrator shall report to the administrative head of the secretariat of the Commission for all personnel and administrative matters.
- (7) The Fund Administrator shall submit his recommendations for Fund Project decisions to:
 - (a) the administrative head of the secretariat of the Commission; and
 - (b) the Chairman of the Commission.

Duties of the Fund Administrator

11. (1) Subject to the direction of the Commission, the Fund Administrator shall do all things necessary and incidental to the proper functioning of the Fund.
- (2) The Fund Administrator's duties shall include the following-
 - (a) assist the Commission in identifying potential projects for Fund support;
 - (b) define, prepare and distribute Fund Project Bidding Documents and other documentation for projects approved for Fund financing and implementation;

- (c) supervise and monitor Fund Projects;
- (d) participate in the selection of consultants to support Fund Project implementation;
- (e) sensitize the public of Fund matters;
- (f) supervise the preparation and monitoring of the Fund's Operating budget;
- (g) prepare progress reports on Fund Projects and overall Fund operations, and prepare or cause to be prepared the financial statements of the Fund for the approval of the Commission;
- (h) request and receive project proposals; and
- (i) prepare bid evaluation reports.

Conflict of Interest

12. (1) The Fund Administrator shall be considered to have a conflict of interest for the purposes of these Regulations, where he, or anyone in his immediate family has or acquires any pecuniary or other personal interest with respect to any Fund Project.
- (2) Where at any time the Fund Administrator has a conflict of interest in relation to any matter with respect to the Fund, the Fund Administrator shall immediately disclose the conflict of interest to the Commission and refrain from taking part, or any further part, in the matter.
- (3) In such instances as described in sub-regulation (2), the Commission may appoint a temporary or interim person to carry out the functions of Fund Administrator in relation to the relevant Fund Project.
- (4) Upon the Commission becoming aware of any conflict of interest, it shall take steps to ensure that the Fund Administrator does not participate in any decisions and actions relative to the matter giving rise to the conflict, and to modify its procedures accordingly with respect to that matter.

PART IV

ACCOUNTING REQUIREMENTS

Fund Bank Accounts

13. (1) Any monies accruing to the Fund shall be kept in one or more accounts, separate and independent from any other operating accounts of the Commission.
- (2) Any monies accruing to the Fund shall be initially deposited in a designated Fund bank account and shall be disbursed upon authorization

of the Commission for specific Fund related activities in accordance with the Guidelines.

Budgets

14. (1) The Commission shall prepare and keep separate budgets for the Fund Projects and Operations through accounting allocations.
- (2) The Operating Budget shall be used for operating the Fund and administrative expenses charged to the Fund shall not exceed 10% of the annual budget of the Fund.
- (3) The Fund Project Budget shall be allocated to Fund Projects that have been selected and approved for financing in accordance with these Regulations.
- (4) Before the end of the financial year, the Commission shall prepare budget forecasts for the Fund for the following financial year, subject to the Fund Operating Plan, in accordance with the Guidelines.

Accounts and Financial Audit

15. (1) The Commission shall keep books of accounts and maintain proper records of the operations of the Fund in accordance with International Accounting Standards.
- (2) The accounts of the Fund may at any time and shall, at the end of each financial year, be audited by an independent auditor appointed by the Commission on such terms and conditions as the Commission may determine.

Annual Report

16. The Commission shall include in its Annual Report:
 - (a) the audited Financial Statements of the Fund;
 - (b) details of activities supported by the Fund; and
 - (c) details of awards of contracts.

PART V

FUND PROJECTS

Proposals for Fund Projects

17. (1) A person may submit a proposal for a Fund Project, according to procedures and formats to be set forth by the Commission in the Guidelines.

- (2) The Fund Administrator shall request and receive project proposals for review.

Defining Fund Projects

18. (1) The Commission shall establish criteria, in accordance with the Guidelines for determining the scope and nature of projects that may be eligible for Fund support in any given financial year.
 - (2) The Commission shall determine which proposed projects shall receive financial support from the Fund in any given financial year.
 - (3) A determination in accordance with sub-regulation (2) shall be based upon clear and transparent procedures, which may also include public consultations.
 - (4) Fund Project Bidding Documents shall not unduly favour any particular bidder.

Financial Analysis Principles and Methods

19. (1) Any project to be financed from the Fund shall be developed with regard to the economic evaluation of the costs and benefits to the country and the targeted populations, in accordance with the Guidelines.
 - (2) The Commission shall seek to support projects that can be self-sustaining beyond the Fund support.
 - (3) The Commission shall consult with ECTEL when conducting financial and market analysis to evaluate factors that may influence a project's viability.
 - (4) In all financial and economic analysis, the Commission and ECTEL shall incorporate forward-looking estimates of costs and revenues, based upon realistic projections and verifiable sources of information concerning market trends.

Compensation for Fund Projects

20. (1) In accordance with Section [-] of the Act, the Fund shall compensate a telecommunication provider who is required to provide universal service.
 - (2) For the purposes of Section [-] of the Act compensation shall be based on the actual cost which is the net present value of net economic deficits that would be incurred by the telecommunications provider undertaking the full cost of the project on its own.
 - (3) Net economic deficit shall be calculated as the costs the provider would have avoided by not providing the service (including capital expenditures, operating expense, and a reasonable rate of return) less any revenues derived from providing the service.

PART VI

PROCUREMENT

Eligibility

- 21.** (1) Notwithstanding the terms of its licence, any telecommunications provider shall be automatically considered eligible to bid for any Fund Project.
- (2) A potential bidder shall not be eligible to bid for Fund Projects where that bidder has been barred from participation in the procurement process in accordance with the procedure outlined in the Guidelines.

Procurement

- 22.** (1) Subject to sub regulation (2) Fund project implementation contracts shall be awarded on the basis of an open competitive bidding procedure.
- (2) Notwithstanding sub-regulation (1), where the Commission deems appropriate, Fund Project implementation contracts may be awarded on the basis of a restricted bidding procedure, a sole source procurement procedure or an emergency procurement procedure.
- (3) The Commission shall determine which method of procurement is appropriate in the circumstances and manage the procurement process in accordance with the requirements and procedures set out in the Guidelines.
- (4) Where the Commission intends to use a method of procurement other than open competitive bidding, it shall notify the public of its intention to do so and the grounds for the choice of the procurement method to be used.

Open Competitive Bidding

- 23.** Where the Commission determines that open competitive bidding is appropriate in the circumstances, it shall prepare Fund Project Bidding Documents and publicly invite eligible interested parties to submit competitive bids.

Restricted Bidding

- 24.** Restricted bidding may be used where the estimated cost of the project is less than EC\$250,000.00

Sole Source Procurement

- 25.** Where the Commission determines, in consultation with ECTEL that there is only one economically feasible source to undertake a particular Fund project the Commission may use sole source procurement.

Emergency Procurement

26. (1) The Commission may make emergency procurements for a Fund Project without bidding or prior notice when there exists a threat to public health or public safety, or when immediate expenditure is necessary to prevent or minimize serious disruption in services.

(2) Emergency procurements for a given year pursuant to sub-regulation (1) shall not exceed 15% of the Fund Project Budget of any operating year.

Bid Bond

27. (1) The Commission may, where applicable and in such a manner as outlined in the Guidelines, include in the Fund Project Bidding Documents a requirement for a bid bond.

(2) Forfeiture of a bid bond shall be imposed by the Commission only in the event of:

- (a) a modification or withdrawal of a bid after the deadline for the submission of bids during its period of validity;
- (b) refusal by a bidder to accept a correction of an error appearing on the face of the bid;
- (c) failure by a successful bidder to sign a contract in accordance with the terms set forth in the Fund Project Bidding Documents;
- (d) failure by a successful bidder to provide a contract bond for the performance of the contract as required by the Commission.

Bid Opening

28. The Commission shall include in the Fund Project Bidding Documents the date, time, details and procedure for the opening of bids.

Bid Evaluation

29. (1) The Commission may co-opt independent evaluators to examine and evaluate the bids.

(2) On completion of the evaluation, the Fund Administrator shall prepare a written report detailing the examination and evaluation of bids and naming the winning bidder.

Notice

30. The Commission shall notify bidders of the results of the bidding process within twenty-eight days of the bid opening.

Rejection of all Bids

31. (1) The Commission may reject all bids within twenty one days of the bid opening where the Commission considers that the bids received are not

substantially responsive to the requirements of the Bidding Documents or that the bid prices are higher than the project budget and shall inform the bidders of the rejection by written notice.

- (2) Where the Commission rejects all bids because the lowest evaluated responsive bid exceeds the project budget, the Commission may:
 - (a) enter into negotiations within seven days of the notice referred to in regulation 31 with the lowest evaluated bidder to try and obtain a satisfactory contract; or
 - (b) repeat the invitation for bids.
- (3) Where the Commission rejects all bids because the bids are not substantially responsive to the requirements of the Fund Project Bidding Documents the Commission shall review the causes justifying the rejection and consider making revisions to the Fund Project Bidding Documents before repeating the invitation for bids.

32. **Award**

- (1) Where open competitive bidding or restricted bidding is used the Commission shall award the contract within twenty-one days of the identification of the bidder whose bid best meets the requirements and criteria set forth in the Fund Project Bidding Documents by written notice to the successful bidder.
- (2) Upon selection of the successful bidder, the Commission shall cause the results to be published in a newspaper of wide circulation in [Member State] or posted on the Commission's website or both where applicable.
- (3) After the award of the contract, the Commission shall cause the evaluation report to be opened to public inspection.
- (4) Where sole source or emergency procurements are used, the Commission shall award the contract within fourteen days of successful negotiation of the terms of the proposed contract.
- (5) The award of a contract shall be subject to the grant of a licence by the Minister.
- (6) The Commission may require a contractor to give a contract bond guaranteeing complete execution of the Fund Project as required by the contract.

Disputes and Protests

33. The Commission shall give consideration to any dispute or protest relating to:
 - (a) Fund Project Bidding Documents;
 - (b) choice of procurement method;
 - (c) contract awards;
 - (d) debarment of contractors; and

- (e) other Fund Project related matters in accordance with the Guidelines.

Cancellation of Invitations for Bids

- 34. (1) The Commission may cancel without penalty to bidders an invitation for bids or any other solicitation where it is in the best interest of the Fund.
- (7) The Commission shall notify bidders of the reasons for cancellation.
- (8) The Commission shall publish the reasons for cancellation on its website or in a newspaper of wide circulation or both where applicable.
- (4) Where an invitation for bid is cancelled, the Commission shall return within seven days in full any bid bond that was deposited with it to all bidders who were required to deposit a bid bond.

PART VII

PROJECT IMPLEMENTATION

Project Implementation and Follow-up

- 35. (1) The Commission shall ensure that all Fund Projects are implemented in accordance with the terms and conditions of the contract.
- (2) A contractor shall provide periodic reports to the Commission, detailing its progress in fulfilling contractual requirements and timetables, and explaining any delays.
- (3) The Commission may in cases it deems appropriate provide an advance payment of no greater than 20% of the total Fund Project, subject to reimbursement or a lien against equipment purchased in cases of non-compliance in accordance with regulation 38.

Project Accounts

- 36. (1) A contractor that receives Fund financing shall maintain separate books of account for each Fund Project and shall make these accounts available for review by the Commission within twenty-one days of its request.
- (2) Accounts kept under sub-regulation (1) shall include detailed records of all revenue and expenditure associated with the Fund Project.

Right to Audit Records

- 37. (1) A contractor receiving Fund financing shall maintain books and records relating to the performance of the contract for a period of seven (7) years from the date of final payment under the contract or completion of the contract, whichever is later.

