USAf

The Universal Service and Access Fund

USAF ANNUAL PERFOMENCE PLAN

Financial Years: 2015 - 2016

Contents

Foreword by Chief Executive Officer

The Universal Service and Access Fund [Fund] has a mandate that is expressed in the Electronic Communications Act 36 of 2006. It is financed through contributions from Telecommunication Licensees. The money in the Fund must be utilised for specific subsidies to needy persons, under-serviced areas, primary health care facilities and schools. ICASA collects contributions on behalf of the Fund.

There are various policy mechanisms that support the Fund's activities; these include SA Connect Policy, National Development Plan and National Infrastructure Plan.

In addition to existing policy mechanisms, it is likely that the ICT Policy review Panel, reporting to the Minister of telecommunications and Postal Services, will have an impact on the Fund's strategic and shorter-term activities. The precise impact of this new review panel is unknown yet. However, we are confident that our Strategic Plan will fit into the overall framework of the panel's considerations and that our Annual Performance Plan(s) can be adapted to accommodate any changes in priorities that come from the review process.

The Fund's operations are wholly supported by the Universal Service and Access Agency of South Africa (USAASA) and, as a result, it does not have a Human Capital complement. USAASA is undergoing organisational changes which include human capital and procedural enhancements and these may impact on the work of the Fund during the course of the strategic plan. Such impact is expected to be of a positive nature designed to enhance Fund performance. Section 5.2 of the Strategic Plan highlights relevant matters in detail and, in particular, identifies the budget challenges that have had a limiting effect on our ability to deliver on our mandate. A major part of our last budget was earmarked for Broadcasting Digital Migration but this has not progressed at the expected rate.

Ideally, the year's targets presented herein should be in preparation for a larger deployment as informed by the National Strategy on Universal Service and Access. Unfortunately, due to funding constraints, the mass deployment of infrastructure cannot be planned for as additional funds are yet to be allocated against the identified access gaps. This invariably

poses a risk to the country's 2020 goals and ultimately to the National Development Plan. Having submitted a request for addition MTEF funding to the Department of Telecommunications and Postal Services in July 2014, the targets will need to be aligned to the below once additional funding is approved:

- National Development Plan
- The National Growth Path
- The SA Connect Policy
- The Presidential Infrastructure Coordinating Commission

Despite funding challenges, the Fund is among the few active such structures in the continent. In relation to the Digital Migration, South Africa is the only country in the continent that subsidies needy persons to acquire set-top boxes.

We will continue to work with other government departments, Agencies and private sector to achieve our goals. We will further strengthen our relations with other countries and research institutions to share experience and best practice.

We thank Minister of Telecommunications and Postal Services and the Board for their continued guidance and support. We also thank all our external stakeholders and USAASA employees for their resolute commitment in ensuring that the Fund delivers on its mandate.

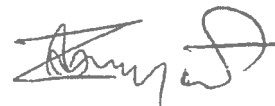**Zami Nkosi**
Chief Executive Officer

OFFICIAL SIGN - OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of USAASA under the guidance of Mrs. Pumla Radebe, Chairperson of the Board of Directors of Universal Service and Access Agency of South Africa (USAASA).

- Was prepared in line with the current situation of South Africa with regards to Universal Access and Service.

- Accurately reflects the strategies and targets which USAASA will endeavour to achieve given the resources and capabilities.

Mr. Zane Mheyamwa
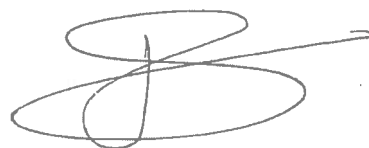Chief Financial Officer

Signature:

Mr. Sipho Mngqibisa
Acting: Head Official responsible for Planning

Signature:

Mr. Zami Nkosi
Chief Executive Officer

Signature:

Mrs. Pumla Radebe
Board Chairperson: USAASA

Signature:

Part A: Strategic overview

1. Updated Situational Analysis

1.1 Performance Delivery Environment

The Universal Service and Access Fund ("the USAF" or "the Fund") is an ICT development fund that is managed and administered by USAASA. During the strategic planning process for 2014–2015 the key issues in Universal Service and Access Agency of South Africa ("USAASA") and USAF were considered and those discussed herein are relevant to USAF environment, i.e. Performance-delivery environment issues that have an impact on the application of USAF for universal access and service. They can be summarized as:

- The high level of the persisting access gap must be addressed in in order for the country to realise of the National Development Plan (NDP) targets. This needs USAF, through its operations division Business Development Services (BDS) of USAASA, to realistically plan achievable targets while at the same managing stakeholder expectations.

- The advent of the National Broadband Policy (SA Connect) brings with it a high level of expectation from the USAF shareholder (government). There is a need for the USAF to fully exploit the potential of strategic partnerships with organisations such the South African Post Office (SAPO) for the rollout of the Information and Communication Technology (ICT) services. The Post Offices could be equipped to offer internet services as Wi-Fi hotspots and also act as a public ICT access centres.

Stakeholder relations management is key to USAF's reputation as it plans to position USAASA and promote organisational priorities of USAF. It is key that the Fund is managed in a manner that is transparent and fair so that stakeholder trust is gained; and so that operators are incentivized to partner with the USAF to deliver universal access projects.

Internal organisational environment issues that have an impact on the application of USAF for universal access and service:

- Limited funding to rollout broadband backbone infrastructure will require USAASA to prioritise its alternative fund raising efforts supported by a fundable business case.

- A robust and integrated internal Information Technology (IT) system, such as an Enterprise Resource Planning (ERP) solution, will also be required to enhance the capacity of USAASA to be able to handle an increased volume of work as the rollout of the broadband by the USAF scales up.
- The opportunities that will prevail for the next 5-year term of government (2015–2020) exposes the capabilities of USAASA to efficiently and effectively manage USAF. To bolster this challenge, USAASA plans to embark on an intensive organisational development exercise in order to enhance the capacity of the organisation for the achievement of its mandate.

1.2 Organisational Environment

The Business Development unit of USAASA is responsible for project delivery of the Fund.

2. Revisions to Legislative and Other Mandates

2.1 Constitutional Mandate

There have been no changes to USAF's constitutional mandate.

2.2 Legislative Mandate

The changes in the legislation [ECA] result in the Fund having to align to the new requirements. This might entail procuring additional resources in the organisation. A recent change is that ICASA collect Fund money from operators directly on behalf of USAF, this money is no longer collected by USAASA via National Treasury.

2.3 Policy Mandate

There have been no changes to USAF's policy mandate. However, changes are proposed in the general ICT policy framework and these changes may have a bearing on USAASA and the Fund. USAASA will monitor these developments.

3. Overview of 2015/2016 Budget and MTEF Estimates

3.1 Expenditure estimates

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2011/12	2012/13	2013/14	2014/15	2011/12 - 2014/15	2011/12 - 2014/15	2015/16	2016/17	2017/18	2015/16 - 2017/18	2015/16 - 2017/18
Administration	719	714	2,053	3,683	48.90%	4.40%	3,581	3,746	3,945	24.30%	0.80%
Access centre Handover programme	1,105	4,003	–	–	-100.00%	14.40%	–	–	–	–	–
Broadband infrastructure and subsidization	–	–	21,575	28,545	16.90%	8.50%	28,545	29,858	31,440	13.40%	6.70%
Rehabilitation & connectivity: Communities and schools	215	2,893	–	–	-100.00%	4.50%	–	–	–	–	–
ICT Rapid Deployment Programme	3,056	36,279	21,418	17,862	6.90%	44.90%	17,862	18,776	19,771	-2.60%	4.90%
Development of Standard operating manual/National Strategy	14	2,710	–	–	-100.00%	2.40%	–	–	–	–	–
Broadcasting Digital Migration Programme (DTT)	–	–	240,000	791,000	–	21.00%	181,160	589,384	272,098	40.40%	87.70%
Total expense	**5,109**	**46,599**	**285,046**	**841,090**	**77.20%**	**100.00%**	**231,148**	**641,764**	**327,254**	**36.20%**	**100.00%**

3.2   Relating Expenditure trends to Strategic Outcome Oriented Goals

The average growth rate on facilitation of the deployment of infrastructure as well as general administration costs is 5% over the MTEF per year.   The reason for this is that the spending is limited by the amount of funding granted in a particular year. The Fund tries to cover as many of the mandated areas as possible with the allocated funds. The average growth rate of the Rapid Deployment of Access Centres is 10%, the reason for this is that there is still a lot of work to be covered with School Connectivity.

The Agency and Fund are mandated to provide 100% coverage for digitisation in 2015/16. However the allocated budget runs over 3 years as shown below:

Description	2015/2016	2016/2017	2017/2018
Administration	3 581	3 746	3 945
Broadband Infrastructure	28 545	29 858	31 440
Rapid deployment and connectivity	17 862	18 776	19 771
BDM	181 160	589 384	272 098
Total	*231 148*	*641 764*	*327 254*

The funding is still not sufficient for the subsidisation of set-top boxes to the estimated 6.2 million households that require assistance to purchase and install these. It should be noted that the initial calculation with respect to funding was based on 5 million households but this number has since increased to 6.2 million.

The funding allocated in the next three years makes it difficult for the Agency to embark on other projects except the Broadcasting Digital Migration (BDM) and the Broadband projects. Due to the commitment of the Agency to support connectivity for the next two financial years the Agency and Fund will only be mainly providing connectivity and not rolling out infrastructure.

Part B: Programme and Sub-programme Plans

4. Fund Programmes

USAF (Business Development Services in the Agency) is a Fund established to subsiding projects for universal access and universal service projects. The Fund projects are aligned to National Development Plan, SIP 15, National Broadband Policy and other key government priorities. USAF's project priorities include the rollout of broadband backbone, ICT connectivity and BDM to the Digital Terrestrial Television (DTT) network through the provision of subsidies to needy households and institutions in the case of connectivity.

4.1 Strategic Objective Annual Targets 2015 - 2018

Outputs (Strategic Objective)	Key Performance Indicator (KPI)	Audited/Actual Performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To facilitate the rollout of broadband infrastructure in 195 identified under-serviced municipal areas by 2020.	1 Uptake and usage of a number of sustainable broadband networks initiated, from the list of 195 identified under-serviced local municipalities as per ICASA declaration of unserved and underserviced areas.	New indicator		2 broadband projects initiated	2 broadband projects completed	2 under-serviced local municipalities broadband projects initiated & completed: Albert Luthuli Local Municipality, and, Vhembe Local Municipality	1 under-serviced local municipality broadband project initiated & completed	1 under-serviced local municipality broadband project initiated & completed

Outputs (Strategic Objective)	Key Performance Indicator (KPI)	Audited/Actual Performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To facilitate the connectivity of schools including schools for Persons with Disabilities 2018/2019	2 Increased percentage of **schools for persons with disabilities (PWD)** having ICT connectivity	New Target	New Target	New target	5 schools	3 schools for PWDS in underserved municipalities connected to ICT services	No programming planned due to financial constraints	No programming planned due to financial constraints

Outputs (Strategic Objective)	Key Performance Indicator (KPI)		Audited/Actual Performance			Estimated performance ce 2014/15	Medium-term targets		
			2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To ensure that 100% of targeted needy households' are subsidised to access digital broadcasting signal by 2015	3	Percentage of 5.2 million needy households subsidised/ funded for connection to digital broadcast	Nil	Nil	Nil	Nil	4.3% of targeted 5.2 million households subsidised/ funded for connection to digital broadcast	14.2% (Cumulative) of targeted 5.2 million households subsidised/ funded for connection to digital broadcast	6.5% (Cumulative) of targeted 5.2 million households subsidised/ funded for connection to digital broadcast

4.2 Quarterly Targets for 2015/2016

Broadband

Strategic Goal	Current under-serviced areas connected through affordable, available, sustainable and qualitative broadband.				
Strategic Objective	To facilitate the rollout of broadband infrastructure in 195 identified under-serviced municipal areas by 2020.				
Objective Statement	Subsidise provision of broadband backbone infrastructure in targeted under-serviced areas.				
Baseline	Project specification report in accordance to USAF manual (project specification: including amongst others targeted area – baseline data; historical trends; stakeholder expectations; universal access expert judgments and research findings; development impact; and commercial aspects of service and price, affordability, costs, policy and regulation.				
Performance Indicator	Reporting period	Annual target 2015/16	Quarterly Targets		
			1st	2nd	3rd	4th
Uptake and usage of a number of sustainable broadband networks initiated, from the list of 195 identified under-serviced local municipalities as per ICASA declaration of unserved and underserviced areas.	Quarterly	02 under-serviced local municipalities broadband projects initiated & completed: Albert Luthuli Local Municipality, and, Vhembe Local Municipality	• Environmental rights applications completed • Third Party agreements signed • 30% Backhaul extension/ upgrade completed	• 100% backhaul upgrade completed • 30% base stations upgraded	70% base stations upgraded	• 100% base stations upgraded • Launch of the Broadband network

School Connectivity

Strategic Goal	Innovative ICT offerings that respond to the needs of education, primary health care and government institutions in under-serviced areas provided. ICT platforms provided to People with Disabilities
Strategic Objective	To facilitate the connectivity of schools including schools for Persons with disabilities by 2018/2019.
Objective Statement	Subsidise provision of ICT connectivity to public schools and Persons with disabilities schools.
Baseline	Project specification report in accordance to USAF manual (project specification: including amongst others targeted area access centres, business, and government institutions – baseline data; historical trends; stakeholder expectations; universal access expert judgments and research findings; development impact (Persons with disabilities, SMMEs & Co-operatives); and commercial aspects of service and price, affordability, costs, policy and regulation.

Performance Indicator	Reporting period	Annual target 2015/16	Quarterly Targets			
			1st	2nd	3rd	4th
Increased percentage of schools of persons with disabilities (PWD) having ICT connectivity	Quarterly	3 schools for PWDS in under serviced municipalities connected to ICT services	Broadband Network upgrade	Broadband Network Upgrade	3 schools connected to ICT services	Broadband services launch at the 3 connected schools

Broadcasting Digital Migration

Strategic Goal	Digital access to TV provided to 5.2 million needy households.				
Strategic Objective	To ensure that 100% of targeted needy households' are subsidised to access digital broadcasting signal by 2015.				
Objective Statement	Subsidise the installation of Set Top Boxes.				
Baseline	The report on identified households and contracted service providers.				
Performance Indicator	Reporting period	Annual target 2015/16	Quarterly Targets		
			1st	2nd	3rd	4th
Percentage of 5.2 million needy households subsidised/ funded for connection to digital broadcast	Quarterly	4.3% of targeted 5.2 million households subsidised/ funded for connection to digital broadcast	55 900 households supplied with set-top boxes through a subsidy or 100% funding	55 900 households supplied with set-top boxes through a subsidy or 100% funding	55 900 households supplied with set-top boxes through a subsidy or 100% funding	55 900 households supplied with set-top boxes through a subsidy or 100% funding

4.3   Reconciling Performance Targets with the Budget and MTEF

- It should be noted that there are over 12,000 schools that require assistance with connectivity, an additional 130 schools for people with disabilities and another (see item 4.1 for annual targets). The current budget is vastly insufficient to provide services to these organisations and the Agency and the Fund are

- The initial figure of 5.2 million households requiring assistance for digital migration has been revised upward, to 6.2 million, based on the most recent figures from Statistics South Africa. It should be noted that the budget for subsidised set-top boxes was based on the figure of 5 million.

Performance and expenditure trends

The BDM project's funds constitute on average 85% of the total funding allocate to the Agency. The delays in finalising the BDM of the policy has resulted in the fund under spending the allocated funds.

Part C: Links to other Plans

5.   Links to the long-term Infrastructure and other Capital Plans

The year targets presented herein are in preparation for a larger deployment informed by the National Strategy on Universal Service and Access as enunciated by the targets contained in the USAF Strategic Plan. The targets will be aligned to the following:

1. National Development Plan

2. The National Growth Path

3. The Broadband Policy (SA Connect)

4. The Presidential Infrastructure Coordinating Commission (PICC) – SIP 15

6.   Conditional Grants

USAF does not have any conditional grants on which to report.

7.   Public-private Partnerships

USAF has not engaged in any Public Private Partnerships.

ANNEXURE E - Indicator Profiles

Broadband

Indicator title	Uptake and usage of a number of sustainable broadband networks initiated, from the list of 195 identified under-serviced local municipalities as per ICASA declaration of unserved and underserviced areas.
Short definition	USAASA to facilitate the availability of broadband infrastructure in underserviced areas of the country. To ensure that the infrastructure is sustainable over the long term, USAASA will facilitate that all Government institutions within each municipality be provided with services as paying 'anchor clients'. This strategy ensures that the operator/operators are able to generate income for continued operation of the infrastructure.
Purpose/importance	South Africa's broadband penetration is amongst the lowest in the world, which makes many parts of the country uneconomically attractive to both local and international investors. This indicator ensures that underserviced areas are able to have access to local and international markets, which has been known to have a positive impact on economic growth. This is also in line with the country's need (through SIP 15) to connect all South Africans to broadband by 2020.
Source/collection of data	Statistics SA's Census 2011
Method of calculation	The number of municipalities with broadband coverage that reaches all populated areas of the municipality. (Simple count)
Data limitations	None
Type of indicator	Outcomes based
Calculation type	Non-cumulative
Reporting cycle	Quarterly reporting
New indicator	Continues without change from previous years.
Desired performance	All key Government institutions and local businesses within a local municipality connected to deployed networks.
Indicator responsibility	Executive Manager: BDS (USAF Operations)

Schools Connectivity

Indicator title	Increased percentage of schools for Persons with disabilities (PWD) having ICT connectivity
Short definition	The main purpose of the indicator is to provide Persons with disabilities in rural areas with affordable ICT access
Purpose/importance	Universal service and access for PWD
Source/collection of data	Department of Women Children and People with Disabilities and USAASA projects unit
Method of calculation	Simple count
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	To establish the need of disability community in order to respond according to their needs
Indicator responsibility	Executive Manager BDS

Broadcasting Digital Migration

Indicator title	Percentage of 5.2 million needy households subsidised/ funded for connection to digital broadcast
Short definition	Needy households are applicants who will fall within the qualifying criteria set out by DTPS, USAASA and SAPO as follows which is pending DTPS approval, - Income of ≤R3, 200.00 per month i.e. Salary advise and / Bank Statement. - Own a Television Set with a valid T.V license according to the South African Bureau Channel (SABC) standards - Southern African Citizen - Upfront payment of 30% on the STB cost for applicants outside the SKA.
Purpose/importance	Impact on the Subsidized Household: > Better technology, > Quality pictures and sounds, > More channels and > access to radio Linkage to the organisational mandate: > lower operating cost for broadcasting and transmission for SABC and for the Network operators which will results in mobile cost which will enable the needy persons to be in a position to afford acquiring consumer communications product.
Source/collection of data	SABC (TV Licenses) + SAPO (SAPO outlets) + Stats SA (Income)
Method of calculation	Based on the number of installation paid by SAPO
Data limitations	**Controllable:** Expired T.V. licenses, system integration, **Uncontrollable:** Changes in income, No Identity documents, and number of different families living in the same household.
Type of indicator	For BDM: Output for the needy household and Spectrum: Impact to release valuable spectrum to be utilized for other services.
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	A minimum of 226 248 STBs installed in approved households
Indicator responsibility	Executive Manager BDS