



USAF STRATEGIC PLAN

Financial Years: 2016 - 2020



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USAF Strategic Plan Foreword by the Board Chairperson

On behalf of the Board and team at the Universal Service and Access Fund (USAF), I am pleased to present the Fund's Strategic Plan and Annual Performance Plan (APP). The Board, in consultation with management, has spent the last 6 months working to prepare, and now deliver a comprehensive Strategic Plan and APP.

This Strategic Plan covers a five-year period from 2015/16 to 2019/20. It sets out the Fund's intentions in terms of strategic objectives over the five-year period. This is complemented by the Fund's APP for 2015/2016, setting out specific goals and targets for the upcoming year.

The USAF is one of around 76 Funds globally and 25 legally established funds in Africa that are mandated to provide subsidies and incentives to industry to roll out ICT infrastructure and provide services to underservice communities. Despite their prevalence, Funds have had mixed results in the continent and globally, and our aim during the Strategic Plan period is to ensure that South Africa's Fund is amongst the front-runners in developing credible and effective projects that deliver universal access to ICTs for all. To achieve this, USAF will work closely with all stakeholders to ensure the best possible outcome for all parties.

A particularly exciting challenge facing the Fund in the coming years is broadcasting digital migration. The Fund has been preparing for this and will play a crucial role in the provision of set top boxes to qualifying households that require assistance. The Fund's other priorities will be funding the rollout of broadband infrastructure, the achievement of school connectivity and the improvement of access for persons with disabilities, especially in educational settings.

The Board has developed a Fund Manual that will serve as a guide in ensuring transparency and fairness in the distribution of allocated funds. To ensure a coordinated faster infrastructure roll-out in under-served communities, the Fund will continue to work with the private sector. It is our intention to meet South Africa Connect Policy targets and National Development Plan goals.

As the Board, we are proud to submit this plan for funding consideration.



Mrs. Pumla Radebe

Chairperson: USAF Board of Directors

OFFICIAL SIGN - OFF

It is hereby certified that this Strategic 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.

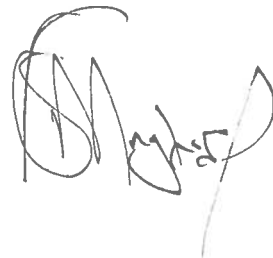
Mr. Zane Mheyamwa
Chief Financial Officer

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. Vision

The vision for USAF is: “Universal Access and Service to ICT for All”.

2. Mission

The mission for USAF is:

- To facilitate the rollout of adequate Information and Communication Technology (ICT) infrastructure to enable universal access to under-serviced areas in South Africa.
- To facilitate ICT service to under-serviced areas and thereby contributing to the reduction of poverty and unemployment in South Africa.
- To promote and pursue the goal of Universal Access and Services and contribute to the sharing and preservation of information in order to build South Africa’s sustainable knowledge society.

3. Values

The values for USAF are:

- **Batho Pele** – We believe in providing excellent, efficient and effective service to all customers and stakeholders.
- **Integrity** – We uphold high standards of trust; condemn bribery and corruption; and uphold honesty and respect in all interactions with stakeholders.
- **Accountability** – We foster employee ownership and responsibility in ensuring quality service.
- **Innovation** – We support employee creativity in delivering all our services.
- **Transparency** – We encourage openness in all our activities.
- **Teamwork** – We strive to create a harmonious work environment, where all employees and contributors are respected.

4. Legislative and other Mandates

4.1 Constitutional Mandates

The Constitution of South Africa (1996) describes the Bill of Rights as a cornerstone of democracy in South Africa and states that: “It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom”. Section 16 of the Bill of Rights is one of the sections unpinning the higher guiding principle of USAASA’s mandate to provide access and service that will ensure freedom of expression for the people of South Africa:

16. Freedom of expression

1. Everyone has the right to freedom of expression, which includes –
 - a. freedom of the press and other media;
 - b. freedom to receive or impart information or ideas;
 - c. freedom of artistic creativity; and
 - d. academic freedom and freedom of scientific research.

The right to free expression has been interpreted also as a right to the resources, facilities and equipment to enable free expression. It follows that the right to have access to telecommunication resources, facilities and equipment is a basic right in South Africa. In addition, Section 32 of the Bill of Rights also describes the “Right to information” and if access is limited due to a lack of ICT resources, facilities and access, this right cannot be fulfilled.

4.2 Legislative Mandates

The Universal Service and Access Fund of South Africa (“the Fund” or “the USAF”) is established by an Act of Parliament. The existence, functions, duties and mandate of the Fund are governed by sections 88 of the Electronic Communications Act 36 of 2005 (“the ECA”), which came into operation on 19 July 2006. The Fund is financed by contributions from electric communications licensees. The money in the Fund must be utilised for specific subsidies to needy persons, under-serviced areas and schools. Administratively, in terms of Section 89 of the ECA, ICASA is responsible for the collection of USAF contributions on behalf of the USAF.

In terms of the ECA, the Fund must:

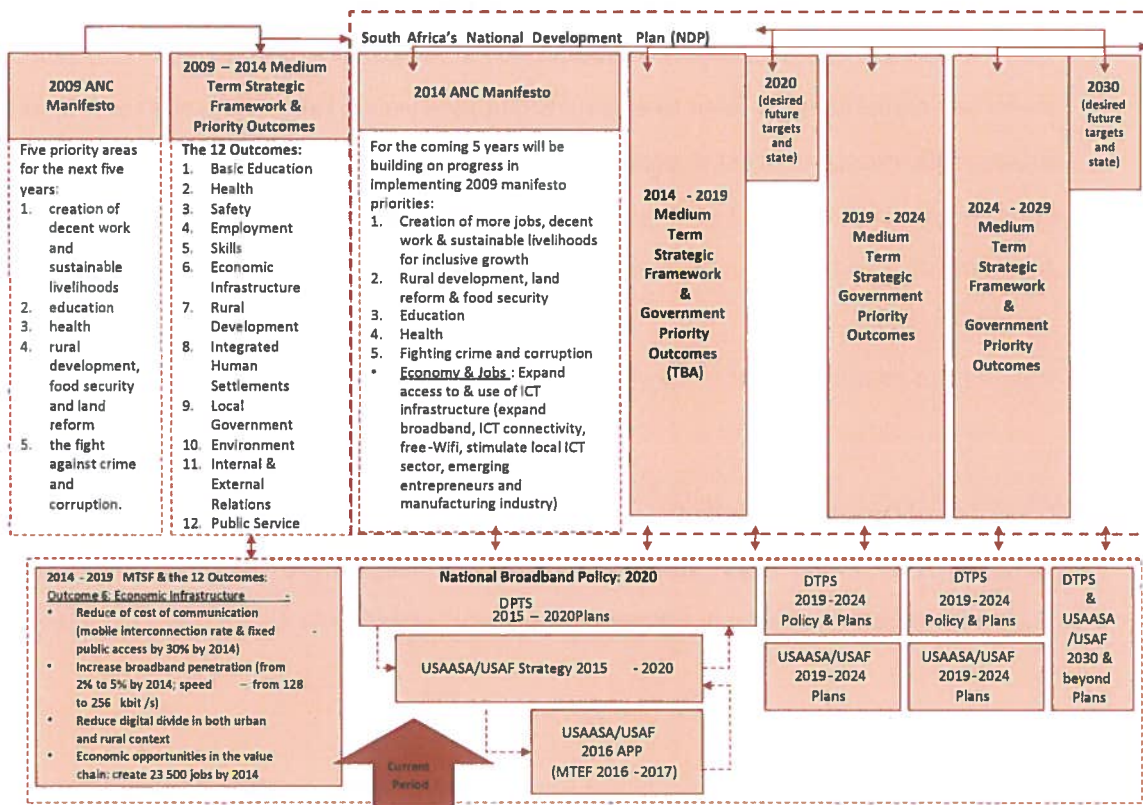
- Utilise the USAF exclusively for the payment of certain subsidies; and
- Provide incentives to network licensees to construct operate and maintain networks in under-serviced areas.

The ECA was amended in 2014, and specifically on USAF, there is a provision that the Minister, acting with the concurrence of the Minister of Finance, may prescribe additional uses of money held in the USAF.

4.3 Policy Mandate

An overview of the principle policies and priorities of Government that impact on the USAF’s strategic priorities and delivery, are outlined in figure 1.

Figure 1: South Africa’s Planning Horizon in the Context of the National Development Plan



Source: National Development Plan, 2012

4.3.1 Medium-Term Strategic Framework

The next five years Medium Term Strategic Framework (MTSF) priorities are:

- 1) Creation of more jobs, decent work and sustainable livelihoods for inclusive growth;
- 2) Rural development, land reform and food security;
- 3) Education;
- 4) Health; and
- 5) Fighting crime and corruption.

These priorities are supported by various strategies. USAASA is directly impacted by the first priority, related to economic growth and job creation through industrialisation and infrastructure expansion. The manifesto's strategies indicate that job creation will be a priority of infrastructure programmes and that more than 250,000 jobs will be sustained through the construction, operation and maintenance of infrastructure and manufacture of local components. Focus will be placed on catalytic projects in energy, transport, ICT and water.

USAASA directly operates in the ICT space, and it is further indicated in the priorities that there is a need to rapidly expand access to, and use of, ICT infrastructure as follows:

- Invest in a comprehensive plan to expand broadband access throughout the country and substantially reduce the cost of communication;
- Connect all schools, public health and other government facilities through broadband by 2020, and at least 90% of communities should have substantial and superfast broadband capacity by 2020.
- Support and develop free-Wi-Fi areas in cities, towns and rural areas.

4.3.2 National Development Plan

The National Development Plan (NDP) has important implications for USAASA, and on how USAASA plans and aligns itself to the government policy agenda as is further described in this section.

The National Development Plan (NDP) aims to eradicate poverty, increase employment and reduce inequality by 2030. The NDP encompasses other critical policy instruments, which are also driving governments' policy agenda, and these are:

- The New Growth Path, which focus on economic development;
- The National Infrastructure Plan, which guides the roll-out of infrastructure and includes the Presidential Infrastructure Coordinating Commission (PICC) launched Strategic Integration Project (SIP-15);
- Industrial Policy Action Plan, which supports the re-industrialisation of the economy.

NDP goals that have an influence on USAASA's Strategy and Work include:

- Implementation of an integrated e-strategy for the country
- 100% broadband penetration by 2020 (>2mbs)
- By 2030 deployment of a full range of government, educational, and informational services

New Growth Path Strategies:

Jobs Driver 3: Seizing the potential of new economies. Technological innovation opens the opportunity for substantial employment creation.

- New Growth Path targets the creation of 100,000 new jobs by 2020 in the knowledge-intensive sectors of ICT, higher education, healthcare, mining-related technologies, pharmaceuticals and biotechnology.

SIP-15: Expanding Access to Communication Technology

AIM: 100% access to digital ICTs to all South Africans by 2020 as a driver of new economic opportunities and digital equity. Interim implementing agencies include: Sentech, Broadband Infraco, Telkom, SANRAL, Eskom, Transnet, **Universal Services and Access Agency of South Africa (USAASA)**, and the private sector.

4.3.3 South Africa's Broadband Policy: South Africa Connect

In terms of the Electronic Communications Act, 2005 (Act No.36 of 2005), the Department of Communication of South Africa published a policy document "South Africa Connect: Creating Opportunities, Ensuring inclusion: South Africa's Broadband Policy". This was gazetted on 6 December 2013.

South Africa's Broadband Policy outlines four key strategies that have a direct impact on the strategies and operations of USAASA, and these are:

- Broadband must reach a critical mass in South Africa;
- Access to broadband must be affordable;
- Demand-side skills must be developed so that broadband services can be used effectively;
and
- Supply-side skills must be developed so that the economic and innovative potential of broadband can be exploited.

4.4 Relevant Court Rulings

No current or pending court rulings.

4.5 Planned Policy Initiatives

The Minister of Telecommunications & Postal Services has since established a 22-member ICT Policy Review Panel, who were nominated following a call for public nominations. This Panel, working with closely with the leadership of the Department, will be recommending the best communications policy frameworks that will ensure that all South Africans take full advantage of the possibilities and opportunities created by convergence and digitization of communications technologies. The new policy frameworks should ensure that we do not create a digital divide where access to quality communications services, technologies, infrastructure and content is not enjoyed by all South Africans.

The planned policy initiative will affect the strategic trajectory of the Fund and its operational activities.

5. Situational Analysis

Although many countries in the region have Universal Service Funds, the USAF is one of the few funds of this nature that are operational in Sub-Saharan Africa. The features of the Fund are that it relates to – (1) financing the Fund through contributions by private operator of a percentage of their turnover; (2) incentivising the private operators through a subsidy scheme to provide ICT services in otherwise uneconomic regions; and (3) a special independent agency responsible for Fund management and administration is one of the best models for promoting the achievement of universal access and service goals.

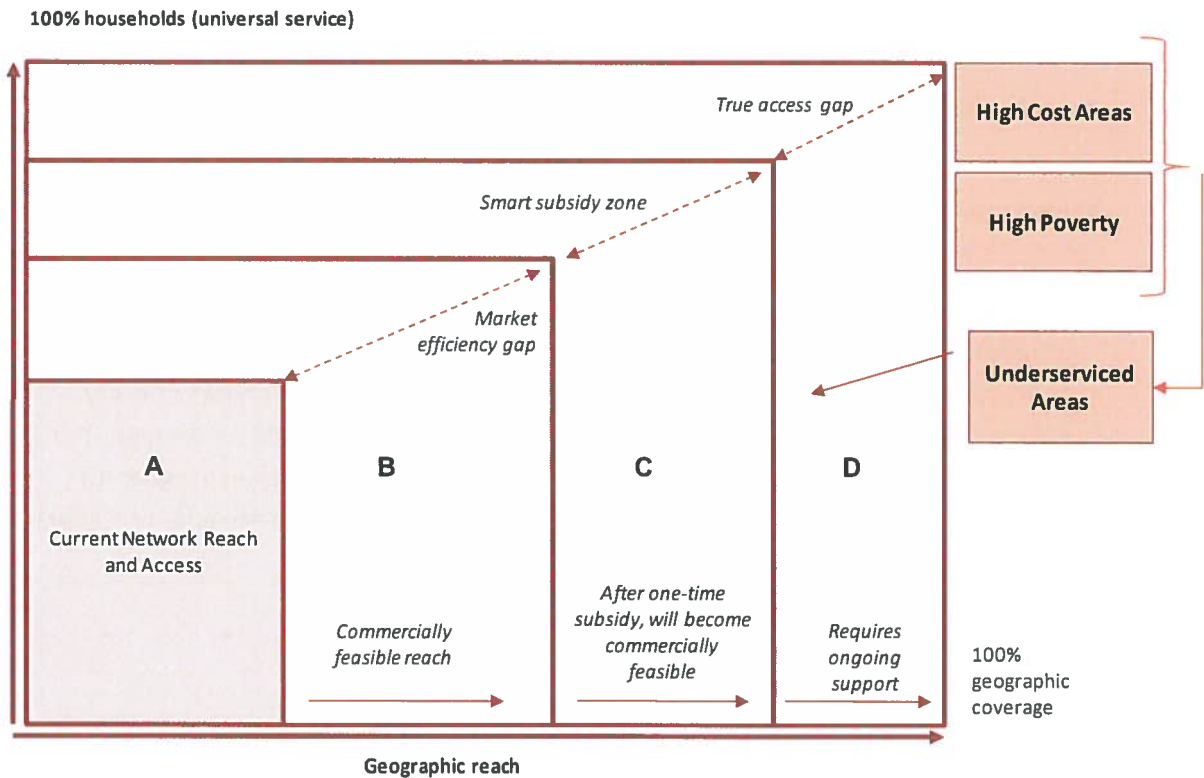
The situational analysis provides an overview of the performance environment for USAF in relation to closing the access gap and the implication for the Fund's internal environment to address the need to accelerate broadband rollout and connectivity for under-served communities and households in South Africa.

5.1 Performance Environment

5.1.1 Closing the Access Gap

A key environmental factor for USAF is for the Fund to be utilised to close the access gap. Figure 1 provides a theoretical framework for guiding strategic decisions for closing the access gap.

Figure 2 Access Gap Framework



The framework has two dimensions aligned to the goal of universal access and service achieving 100% geographic coverage and 100% household ICT penetration. According to the framework, ICT access and service has four market segments, including:

- A. Current Network Reach and Access that is already serviced, such as urban centres that have full coverage and high penetration of ICT broadband and connectivity.
- B. A market efficiency gap, which is feasible for network operators to reach this market, and their profitability, is dependent on operators' competitiveness.
- C. The level of ICT penetration at such geographic areas is lower and there is a critical mass of households to sustain ICT services. However the cost of establishment is higher,

hindering operators from venturing into such territories. Such geographic areas have potential to grow and require operators to be provided once-off support. These are mainly under-serviced areas.

- D. The true access gap has the lowest ICT penetration levels, where the cost of providing ICT broadband and service is very high and the level of poverty and unemployment in such areas are also very high. These are the areas that require on-going government support and subsidy for the operators to provide ICT services. These are mainly un-served areas.

5.1.2 Universal Access and Universal Service Criteria

The table below provides an overview of the objectives of universal access and universal service. These objectives inform the design and development of a typical USAF project.

Table 1: Universal Access and Universal Service Objectives

Universal Access	Universal Service
<p>Universal access entails availability of affordable, good quality and efficient telecommunications services, including good quality access to the Internet.</p>	<p>Universal service entails the provision of affordable and equitable telecommunications services to every individual or household on demand. The main objective is to achieve higher ICT penetration in both urban and rural areas.</p>

Universal Access and Universal Service Objectives:

- Provide ICT services in un-served and underserved areas where operators are reluctant to operate, due to the uncertainty of recovering their investment. These services have to meet the following parameters:
 - **Affordability:** given that access to ICT services is classified as a human right, prices set up under universal services programmes must be at such a level that a large part of the population can afford them.
 - **Accessibility:** this refers to the geographic distribution of ICT services points of the presence which should be as close as possible to users, including people with disability
 - **Availability:** users should have access to ICT services at any time
 - **Sustainability:** the ICT points of presence build in line with a universal service/access objective should be managed and maintained so that their sustainability is ensured. This requires the adoption of a process of periodic reviews and adjustment mechanisms.
 - **Quality of service:** services provided under universal service/access programmes should have the same quality as those provided in more serviced zones.

- Reduce the digital divide between urban and rural areas and ensuring a more balanced distribution of ICT services to all the population.
- Promote the development of local ICT-based businesses and contribution to the expansion of ICT networks coverage.
- Stimulate the development of local private business communities by providing suitable communication tools to facilitate interaction and exchange of goods and services with remote business communities
- Promote the use of ICT applications in social, cultural and economic oriented programmes to improve the standard of life on local communities particularly in rural areas:
 - **E-health:** Experience has shown that ICTY applications can improve health care delivery, i.e. by facilitating remote consultation, diagnosis and treatment. ICT applications can also make possible the assistance/training of high-qualified physicians from major cities to rural health workers. In disease prevention or epidemic situation, ICT tools have proven their efficiency, the more common example being the dissemination of health messages by broadcasting media.
 - **E-Education and e-Learning:** ICT tools may improve the accessibility and quality of education, general/ICT literacy and life-long-learning by providing for remote access to up-to-date training methods and programmes. ICT can contribute effectively to reducing the geographical gap between urban and rural areas in education sector.
 - **E-Governance:** ICT can contribute to fostering empowerment and participation and making government processes more efficient and transparent by encouraging communication and information-sharing among people and organisations, and within government.
 - **E-Commerce:** e-Commerce can facilitate trade in goods and services including banking, procurement and marketing.
Improving efficiency and accessibility to markets by rural people in their day-to-day economic and social activities like agriculture/animal husbandry, crafts, natural resources, self-employment, financial transactions and etc.

Source: TRASA, 2002 and ARICEA, 2004¹

¹Association of Regulators of Information and Communications of Eastern and Southern Africa (ARICEA); (2004); Common Market For Eastern and Southern Africa (COMESA): Policy Guidelines on Universal Service/Access; August 2004; Available: http://www.itu.int/ITU-D/projects/ITU_EC_ACP/hipssa/docs/118_Policy_Guidelines_Universal_Service.pdf; Accessed 10 December 2012

5.1.3 Universal Service and Access in the Global Context

There are approximately 76 Universal Service and Access Funds (USAF) globally², with about 25 such funds in Africa. The USAF is but one means of financing universal service and access and is complemented by, amongst others private sector investment, direct subsidies from government and recently specific Broadband Funds. The setting up of USAFs in Africa, followed a liberalisation continuum in most cases which included partially or totally privatising incumbent operators (57% of African countries) and introducing separate regulators (91%) and encouraging competition across ICT markets – this is the norm across the continent, with only a few countries as exceptions.

Although 25 funds exist in law in Africa, not all are active. A recent GSM Association (“GSMA”) survey of 21 African Funds found that

- All funds cover fixed line
- About 50% cover mobile
- In terms of internet, 13 cover dial up internet
- Only 4 cover broadband (globally about 34% of Funds cover broadband)
- 9 cover “other services”

Based on an analysis of the Funds, it is proposed that good cases of “Active Funds” include those in the following countries: Ghana (\$21m/ year); Nigeria (\$140m); Morocco (\$31m/ year); and Uganda (\$45m/ year). They represent good practice in that the funds are:

- Active - they regularly disburse the monies collected and account for same; this is unlike many Funds which have gained a reputation for collecting money and either not disbursing it, or using it for other purposes (i.e. providing it to National Treasury for general government use)
- They have a focus on rural connectivity and/or broadband and have well designed and documented projects

In considering ‘modern’ funds, it appears that most funds that now deal with broadband access have increased the AAA approach of **Affordability, Accessibility and Availability**. These have underpinned universal access and service for decades, and have added Awareness and Ability. These last two “A’s” are key for users to be able to use broadband and

² ITU, 2013

require that a holistic approach to broadband is taken, which includes consideration of the demand side and issues relating to uptake and usage – training, content, applications and language are amongst these issues. Whilst they have not traditionally been addressed by Funds, including USAASA, these factors will affect the success of broadband deployment, uptake and usage.

5.1.4 National considerations

SA Connect sets the following targets:

Table 2 SA Connect Targets

Target	Penetration measure	Baseline (2013)	By 2016	By 2020	By 2030
Broadband access in Mbps user experience	% of population	33.7% Internet access	50% at 5Mbps	90% at 5Mbps 50% at 100Mbps	100% at 10Mbps 80% at 100Mbps
Schools	% of schools	25% connected	50% at 10 Mbps	100% at 10Mbps 80% at 100Mbps	100% at 1Gbps
Health facilities	% of health facilities	13% connected	50% at 10Mbps	100% at 10Mbps 80% at 100Mbps	100% at 1Gbps
Public sector facilities	% of government offices		50% at 5Mbps	100% at 10Mbps	100% at 100Mbps

Source: DTPS, 2014

These targets are to be reviewed periodically and supplemented by pricing and quality of service targets as well as speed of installation and fault repair – this review is the domain of ICASA.

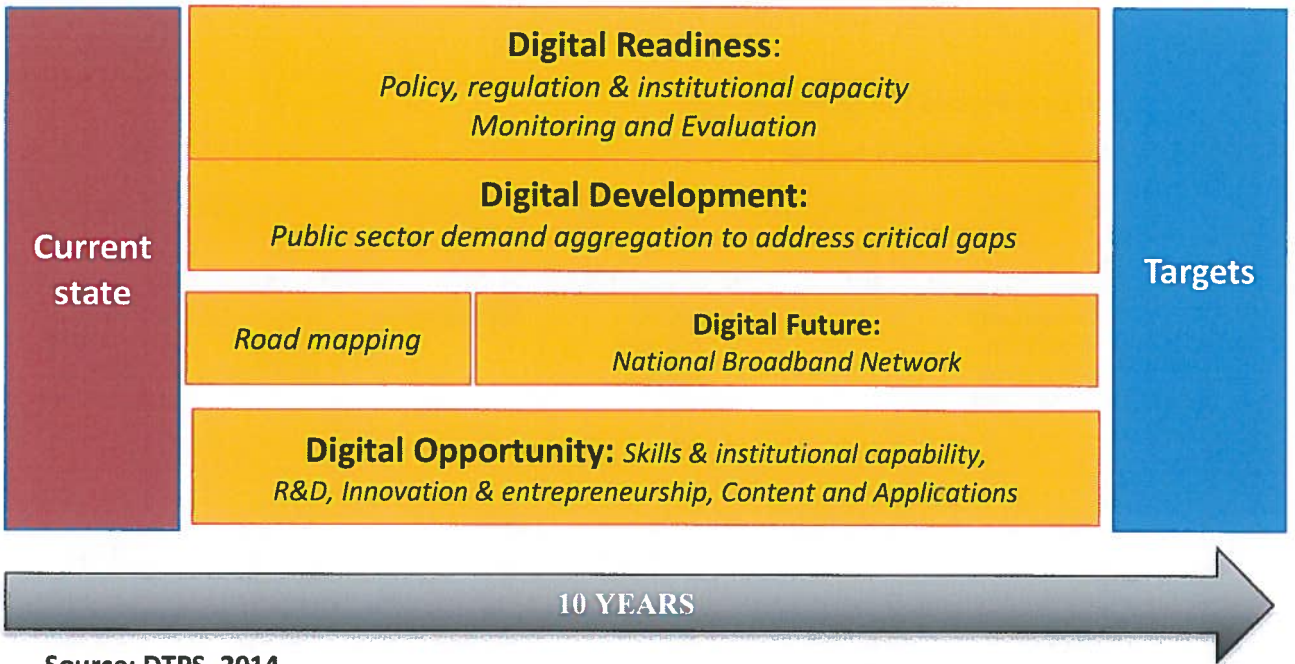
SA Connect is a four-pronged strategy, consisting of 4 “sub-strategies” which will move the country from the current state to achieving its targets over the next ten years. The four prongs or ‘sub-strategies’ of SA Connect are:

- Digital readiness
- Digital development

- Digital future
- Digital opportunity

Each of the strategies is depicted in the diagram below.

Figure 3 SA Connect Strategies

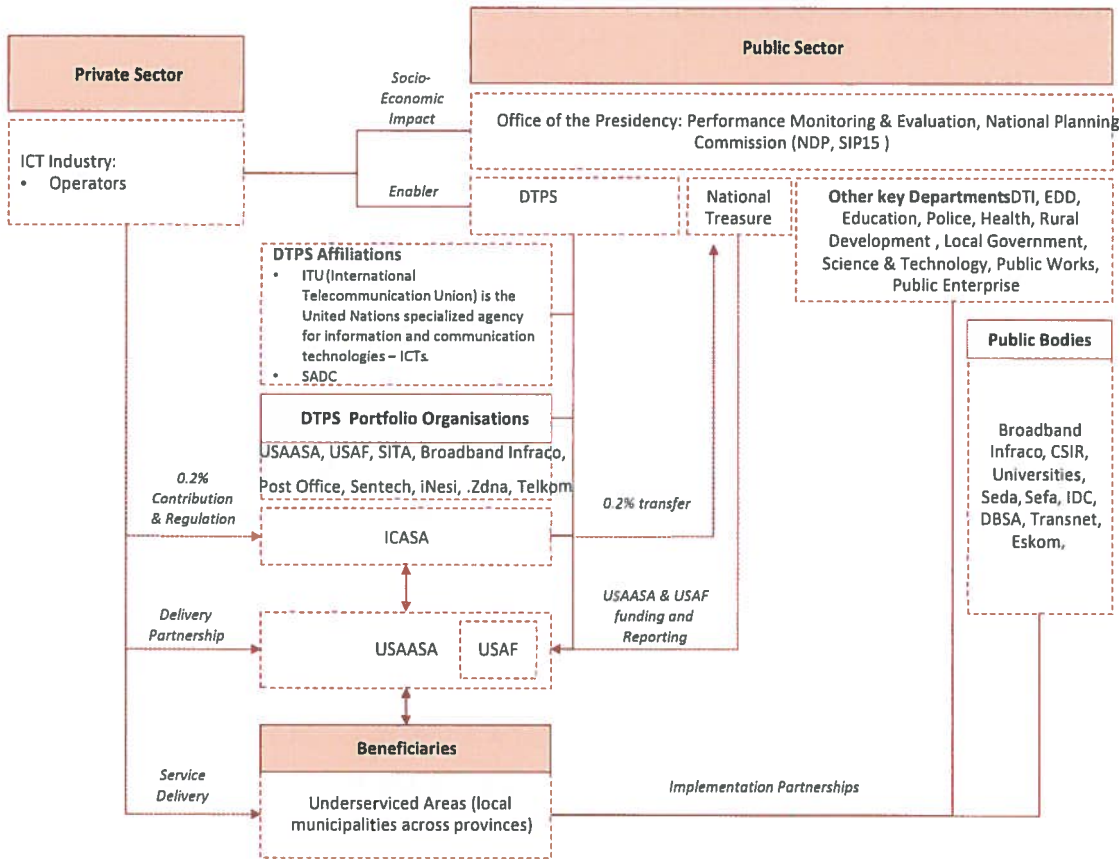


SA Connect guides the ICT sector as a whole, and USAASA and the USAF in particular in terms of the approach taken to promoting broadband deployment, usage and uptake.

5.1.5 Institutional Framework

The institutional framework maps out some of key stakeholders that have an influence in the business of the USAF. Figure 4 provides an overview of key stakeholders in the public and private sector that have an influence on the business of USAASA, the USAF and its beneficiaries.

Figure 4 Institutional Framework



As per prescripts of the ECA, ICASA is responsible for licence conditions and regulations and collection of a levy 0.2% from ICT industry operators as per their annual turnover. This 0.2% forms part of the allocation from National Treasury for USAF to fund universal access and service projects in the country. The USAF budget is appropriated by Parliament through the Department of Telecommunications and Postal Services. This levy is collected by ICASA on behalf of USAF.

For the benefit of society, USAASA uses the USAF to incentivise the private sector to expand its service delivery to under-served areas for the achievement of accessible broadband and high ICT penetration.

5.2 Organisational Environment

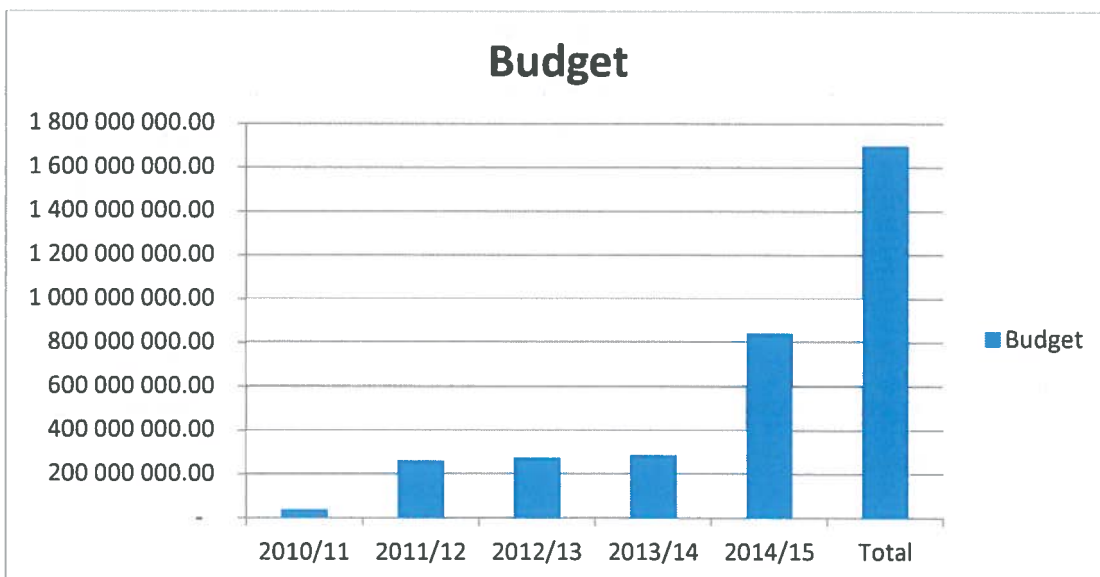
5.2.1 Structure of the Organisation

USAF does not have human capital. All human resources supporting the Fund are resident in USAASA. Specifically, the Business Development unit of the Agency is responsible for project delivery of the Fund.

5.2.2 Financial Resources

Over the previous 5-year period 2010/11 to 2014/15, USAF received total funding totalling R1, 7 Billion. This funding is appropriated by Parliament through the Department of Telecommunications and Postal Services. In future, ICASA will collect this money from licensees directly in terms of Section of the ECA, as amended. The budget allocation is for delivery of projects pertaining directly to the expansion of ICT services and access in under-served areas in South Africa. Figure 5 displays a 5-year USAF budget allocation. The smallest budget during the entire period was allocated during financial year 2010/11, constituting 2% of the total 5-year allocation. The 2014/15 budget was the largest, at 49% of the R1, 7 billion. The large increase in the budget in 2014/15 was due to additional amount for the broadcasting digital migration, which to date, has not occurred.

Figure 5 USAF’s Five-Year Budget, 2010/11 to 2014/15



5.2.3 Internal Processes

The Fund is supported in the implementation of projects by the resources and work of the Agency. All human resources, supply chain management, financial and legal requirements are met by the Agency. The Fund operates to strict project design, implementation, management and close out principles. A key delivery requirement of the organisation is performance reporting. To enhance the management information, there is need to implement an Enterprise Resource Planning (ERP) solution. The Agency intends purchasing and implementing an ERP solution in the 2015/16 financial year at an additional cost of R35m. An application to National Treasury has been made in this regard and the Agency awaits the outcome of this request.

5.3 Description of the Strategic Planning Process

The USAF Board initiated its strategy formulation process to develop its 5-year strategic plan for the period 2015–2020 and 2015 annual business plan for submission to the Department of Telecommunications and Postal Services (the DTPS) and presentation to the Parliamentary Portfolio Committee.

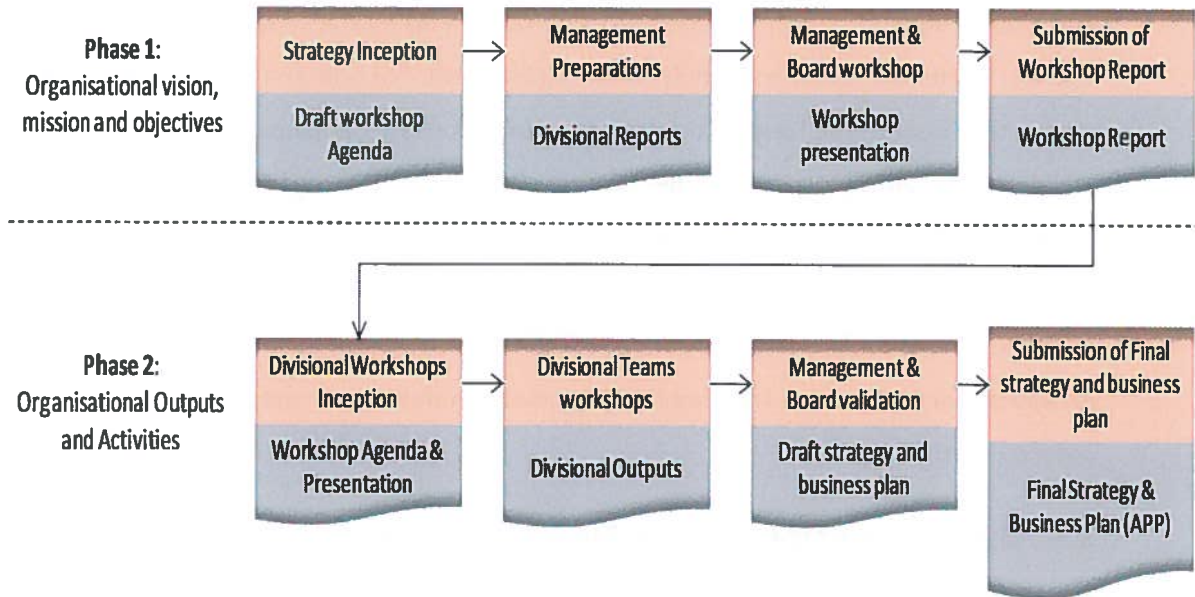
The USAF strategic formulation process is informed by the legislative and policy framework administered by the DTPS and also The National Development Plan, 2012 and South Africa Connect Policy, 2013 and the Medium-Term Strategic Framework 2014-2019.

USAF adopted a two-phased approach to formulate the five-year strategy that comprises the following major phases:

In **Phase 1**, an assessment of the external and internal environment was undertaken in order to identify the key issues and trends that are likely to influence or impact on the organisation over the next several years. Furthermore, it involved the first strategic planning session with management and Board in formulating and confirming the USAASA's vision, mission, values and outcomes, and strategic objectives.

Phase 2, focused on refining the organisational outputs and activities in line with the strategic objectives and outcomes. A number of consultation workshops were held with USAASA's management team to formulate and confirm organisational strategy.

Figure 6 Strategy Formulation Process



6. Strategic Outcome Oriented Goals of the Institution

1	Strategic Outcome Oriented Goal	Accessible Broadband Infrastructure
	Goal Statement	Current under-serviced areas connected through affordable, available, sustainable and qualitative broadband.

2	Strategic Outcome Oriented Goal	Under-serviced Areas Connectivity
	Goal Statement	Innovative ICT offerings that respond to the needs of education, primary health care and government institutions in under-serviced areas provided.

3	Strategic Outcome Oriented Goal	ICT connectivity for People with Disabilities
	Goal Statement	ICT platforms provided to People with Disabilities

4	Strategic Outcome Oriented Goal	Digital Broadcast Connectivity
	Goal Statement	Digital access provided to needy households

Part B: Strategic Objectives

7. Fund Programmes

7.1 Fund Strategic Objectives

Strategic Objective	Accessible Broadband Infrastructure
Objective Statement	The fund will provide incentives and subsidies to provide under-served areas connected through affordable, available, sustainable and qualitative broadband.
Baseline	195 local municipalities are under-served

Strategic Objective	Under-served area connectivity
Objective Statement	The fund will provide incentives and subsidies to provide connectivity to previously under-served through affordable, available, sustainable and qualitative broadband.
Baseline	33.7% of the South African have internet access (SA connect) 25% of schools connected in 2013 (SA Connect) 13% of health facilities connect in 2013 (SA Connect)

Strategic Objective	ICT connectivity for People with Disabilities]
Objective Statement	Provision of ICT platforms and assistive technologies to ensure digital inclusion for People with Disabilities
Baseline	486 schools for People with Disabilities in South Africa.

Strategic Objective	Digital Broadcast Connectivity
Objective Statement	To ensure that 100% of targeted needy households' are subsidised to access digital broadcast by 2015 <i>Note: the achievement of the objective is dependent on funds available until 2017/18, finalisation of specifications and appointment of service providers</i>
Baseline	No set top-boxes have been procured yet as project have not yet started.

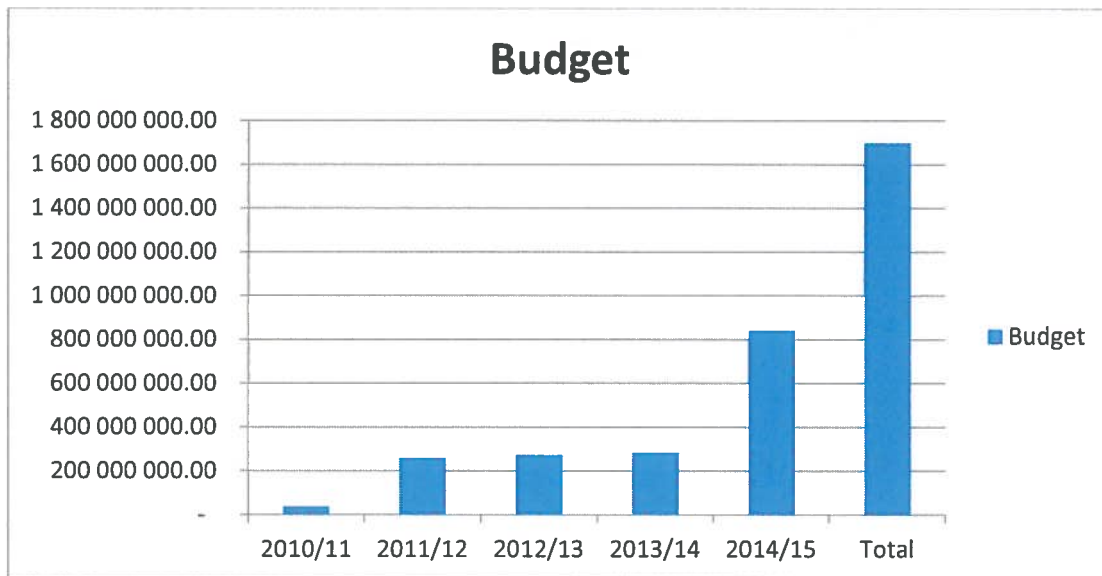
7.2 Resource Considerations

	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		2015/16	2016/17	2017/18	2015/16 - 2017/18	
R thousand												
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%

Human Capital

All support and administration of the Fund is undertaken by Agency staff. The Fund therefore does not have staff. The Fund accounts for solely projects and infrastructure.

Financial Resources



7.3 Risk Management

USAF’s top five risks have been identified as set out below. Where it is within USAASA and the USAF’s control, their mitigation is addressed briefly below and generally in the development and design of the Strategic Plan:

7.3.1 Low uptake and usage of the digital broadcast services

Unaffordability of the Set Top Boxes (S.T.B) coupled with lack of a range of initiatives to target beneficiaries at different stages of adoption, such as providing them with information on digital broadcasting opportunities, benefits, relevance etc are the root causes. The effect of this risk may be a failed switch-over marked with possible public protests, failed realisation of an all-inclusive digital broadcasting services, and failure to unlock potential economic benefits flowing from the switch over. To mitigate the risk, public consultations are to be conducted by USAASA. Marketing of the DTT project will be handled at departmental level.

7.3.2 Ability to ensure quality and cost-competitive broadband services

This risk is due to the inability of USAASA and the USAF to influence prices charged by network operators. The effect of the risk is low uptake and usage, leading to unused broadband infrastructure. The ability to influence on policy and regulation in South Africa may mitigate this risk and USAASA will seek to address this through increase engagement with the relevant stakeholders.

7.3.3 Potential for court action in the BDM Project

The root cause of this risk is caused by the intense interest in the project and the components of the tenders and implications of the migration. The effect of this risk is the requirement for considerable legal resources as well as a complete delay in the implementation of the project leading to a national failure on an international stage.

7.3.4 Ineffective approach of building a strong and broad base of deployed infrastructure usage

Inadequate research capacity, inadequate level of awareness through raising the level of knowledge among beneficiaries on how technology can help them to be more competitive, to change their mind-set from "not investing in technology to save cost" to "investing in technology to stay competitive" and inadequate consideration of assistive technologies for people with disabilities are some of the root causes. The effect of this risk would be non-usage of ICT offerings/platforms in under-serviced areas and for people with disabilities, SMME's and Co-operatives. In mitigation of the risk, USAASA is ensuring that there is adequate research capacity.

7.3.5 Unsustainable high impact end-to-end ICT solutions to close access gaps

Inadequate research capacity and lack of policy research and operating manual are the root cause. This may result in the Agency failing to meet the entity's beneficiaries' and key stakeholders' requirements and self-limitation of scope of work. Furthermore, this risk poses a threat to the core programme of the Agency i.e. providing valuable information to government policy makers and regulators, the ICT industry, businesses and citizens about the

state of ICT access in South Africa. In mitigation of this risk, the Agency will re-focus and appropriately resource its information centre to ensure research is undertaken and published in the coming year.

Part C: Links to other Plans

8. Links to the Long-term Infrastructure and other Capital Plans

Ideally, the year 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 funds 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 additional 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:

1. National Development Plan
2. The National Growth Path
3. The Broadband Policy (SA Connect)
4. The Presidential Infrastructure Coordinating Commission (SIP 15)

9. Conditional Grants

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

10. Public-Private Partnerships

USAF has not engaged in any Public Private Partnerships.

Strategic Goal	Current under-served areas connected through affordable, available, sustainable and qualitative broadband.				
Strategic Objective	To facilitate the rollout of broadband infrastructure in 195 identified under-served municipal areas by 2020.				
Objective Statement	Subsidise provision of broadband backbone infrastructure in targeted under-served 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	Performance Targets				
	2015/16	2016/17	2017/18	2018/2019	2019/2020
Uptake and usage of a number of sustainable broadband networks initiated, from the list of 195 identified under-served local municipalities as per ICASA declaration of unserved and underserved areas.	02 under-served local municipalities broadband projects initiated & completed: Albert Luthuli Local Municipality, and, Vhembe Local Municipality	01 under-served local municipality broadband project initiated & completed	01 under-served local municipality broadband project initiated & completed	01 under-served local municipality broadband project initiated & completed	01 under-served local municipality broadband project initiated & completed

Strategic Goal	Innovative ICT offerings that respond to the needs of education, primary health care and government institutions in under-serviced areas provided.				
Strategic Objective	ICT platforms provided to People with Disabilities To facilitate the connectivity of schools including schools for People with Disability by 2018/ 2019.				
Objective Statement	Subsidise provision of ICT connectivity to public schools and People with Disability 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 (People with Disability, SMMEs & Co-operatives) ; and commercial aspects of service and price, affordability, costs, policy and regulation.				
Performance Indicator	Performance Targets				
	2015/16	2016/17	2017/18	2018/2019	2019/2020
Increased percentage of schools for people with disabilities (PWD) having ICT connectivity	3 schools in under serviced municipalities connected to ICT services.	No Planned activities due to financial constrains	No Planned activities due to financial constraints	No Planned activities due to financial constraints	No Planned activities due to financial constraints

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	Subsidize the installation of Set Top Boxes.			
Baseline	The report on identified households and contracted service providers.			
Performance Indicator	Performance Targets			
	2015/16	2016/17	2017/18	2018/2019
Percentage of 5.2 million needy households subsidised/ funded for connection to digital broadcast	4.3% of targeted 5.2 million households subsidised/ funded for connection to digital broadcast	14.2% (Cumulative) targeted 5.2 million households subsidised/ funded for connection to digital broadcast	6.5%(Cumulative) targeted 5.2 million households subsidised/ funded for connection to digital broadcast	No Planned activities; no funding allocation
				No Planned activities; no funding allocation

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-served local municipalities as per ICASA declaration of unserved and underserved areas.
Short definition	USAASA to facilitate the availability of broadband infrastructure in underserved 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 underserved 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, <ul style="list-style-type: none"> - 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