

Creating Value for Money from Universal Access Funds

CTO Conference: Finance and Investment

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Introduction

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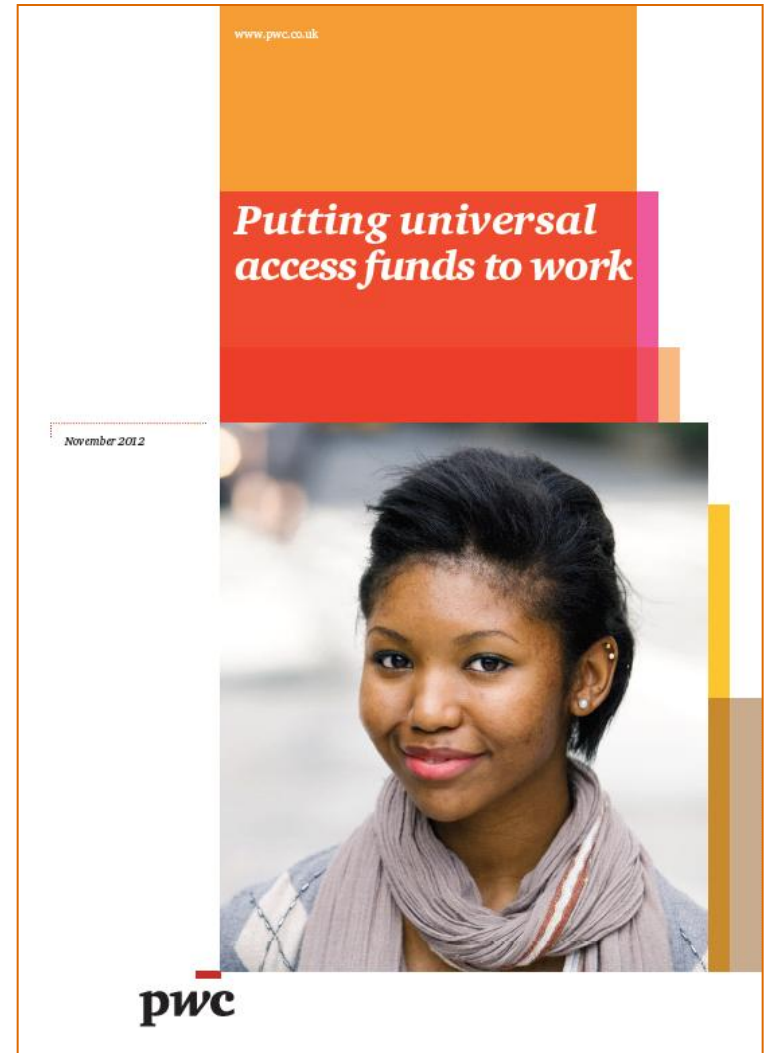
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Agenda

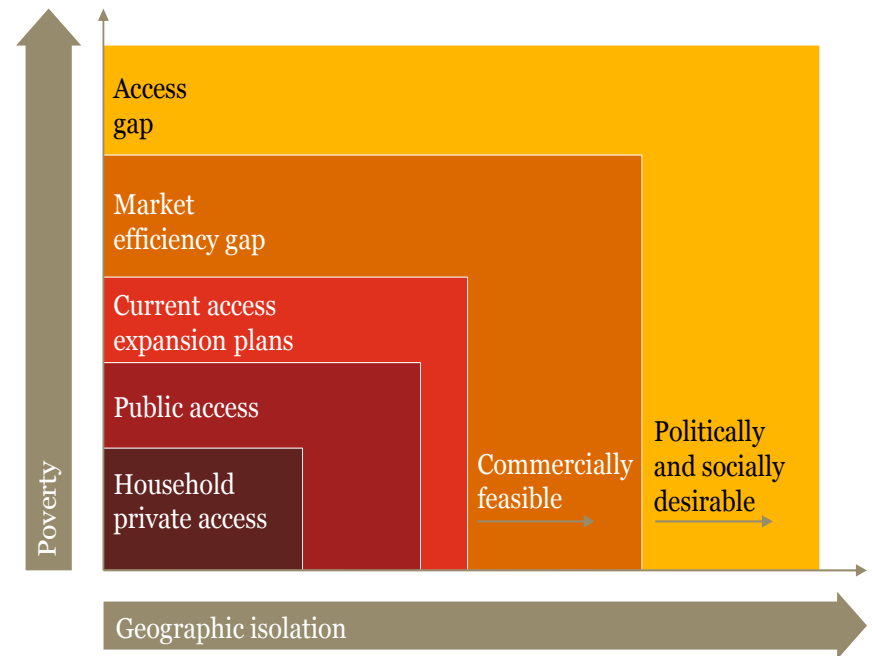
1. Universal Access Funds – a great idea but has it worked?
2. PwC Point of View
3. Over collected and under used
4. Inefficient use and operations
5. A huge opportunity for society
6. What's needed
7. A PwC Case Study: The Girls Education Challenge
8. The Challenges of Fund Management

Universal Access Funds – A great idea but has it worked?

UAF levies in over 100 countries

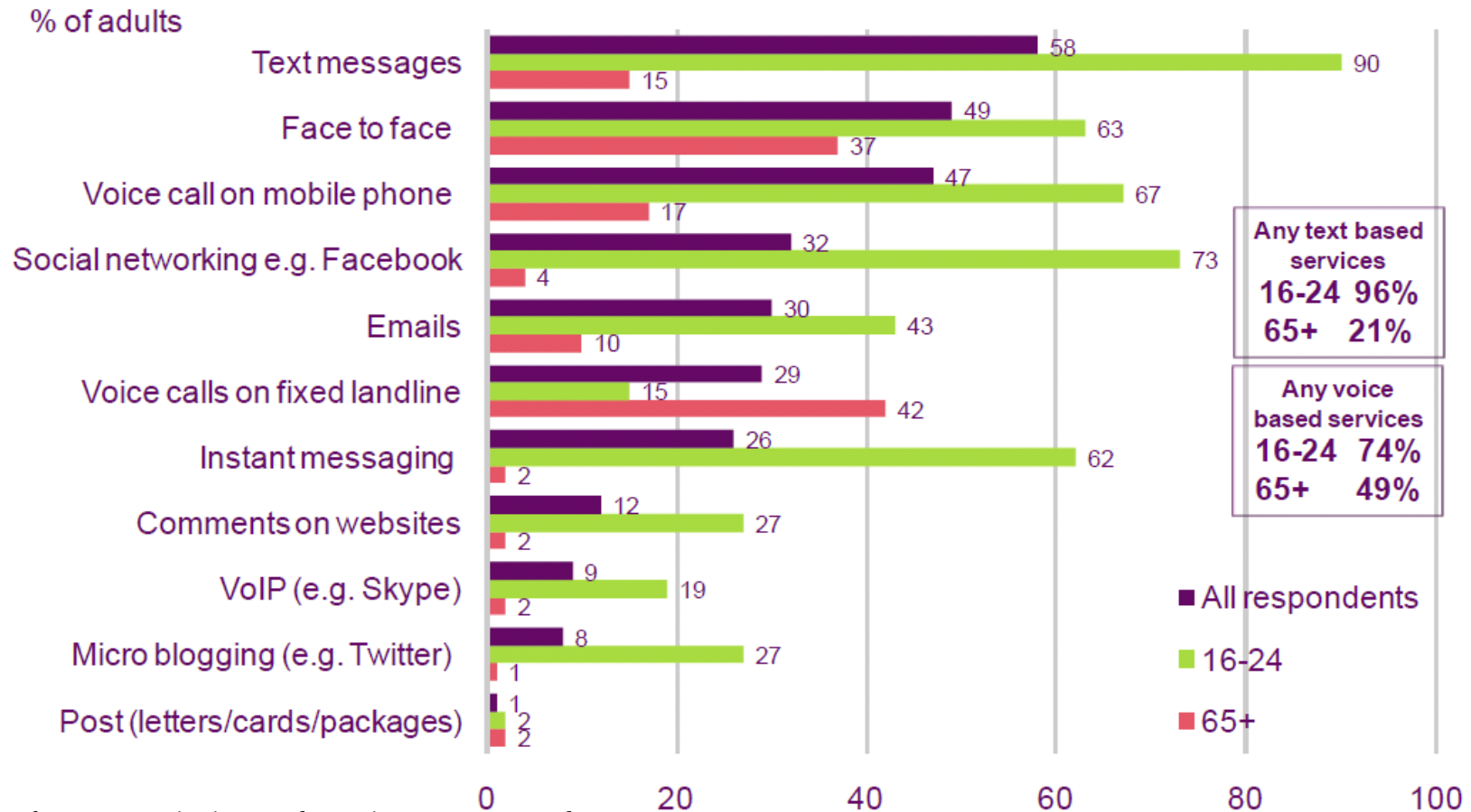
The objectives:

- Close the real access gap
- access to communications / enabled services
- Social inclusion



A changing landscape...

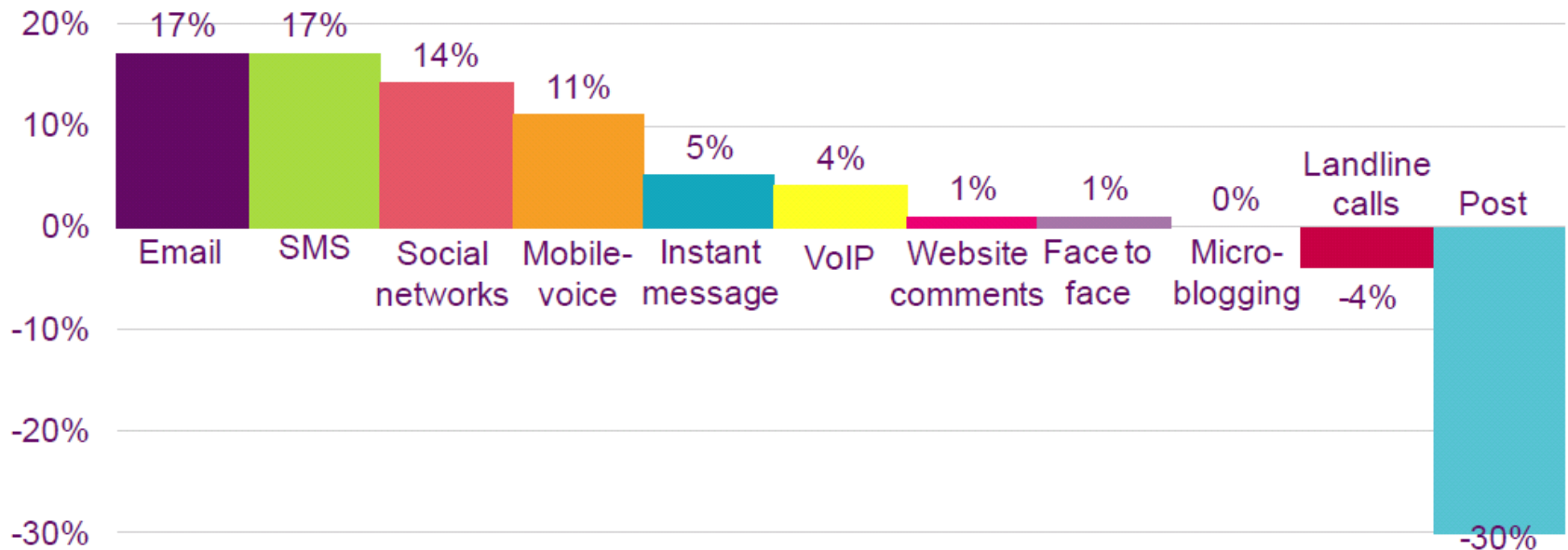
Method of communication used at least once a day to communicate with friends and family, by age of respondent



Ofcom, Communications Market Review 2012; 12 November 2012

Another telling chart

Net percentage change in use of communications methods (claimed)



Ofcom, Communications Market Review 2012; 12 November 2012

But what about emerging markets?

The Economist (this week's edition) has an article on the 'stickiness' of communications services in Africa

Among the items people are willing to give up in return for SIM credit there are:

- Bus journeys
- Food
- Drink
- The weekly value of these sacrifices averages just over 72 Kenyan shillings (84 American cents)
 - the daily wage of a Kenyan labourer can be as little as 1 \$.

Our Point of View

We agree

that universal access is a very valid policy objective

that intervention is needed to bring access to commercially unviable groups.

But we believe that,

in many cases, the mechanisms used have not worked

inefficient allocation of funds has resulted

a professional management of the Fund is needed to obtain better outcomes

significant improvements in coverage, penetration, usage, access availability, voice and data could be realised

The Benefits

- ✓ Economic growth
- ✓ Social inclusion and participation
- ✓ Education and health improvements
- ✓ Participation
- ✓ Availability of other the top applications
 - ✓ e-health
 - ✓ e-education
 - ✓ e-government, etc.).

But Has it Worked?

Over-collected...

- Significant revenues have been collected
- Levies range from 1% to 7%
- In 15 out of 32 countries, total amount collected exceeded USD 6bn

and under-spent

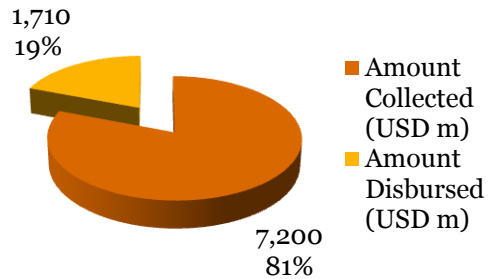
- Different models have been used
- Often, funds are not finding their way into the sector
- Around 75% of collected funds remain unspent



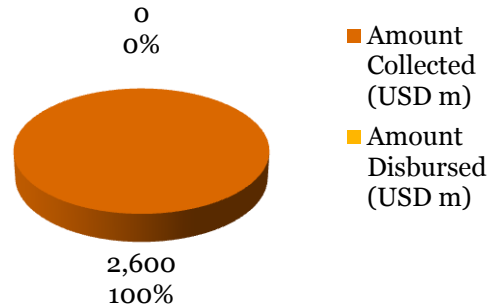
Source: GSMA, Intelcon 2009, CRAASA 2009,

Utilisation of Larger Funds (million, USD)

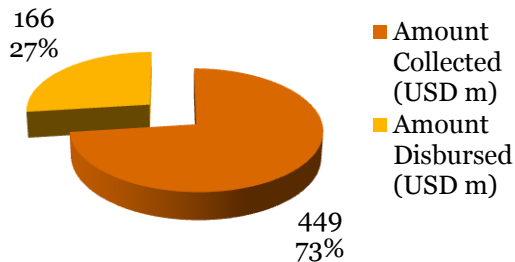
India



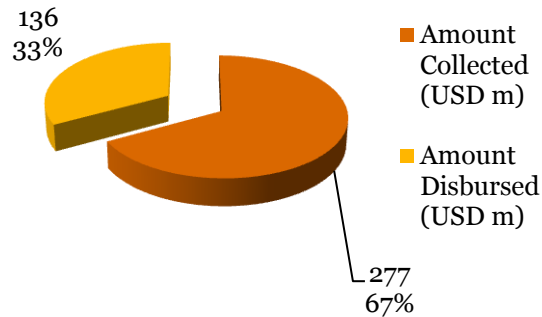
Brazil



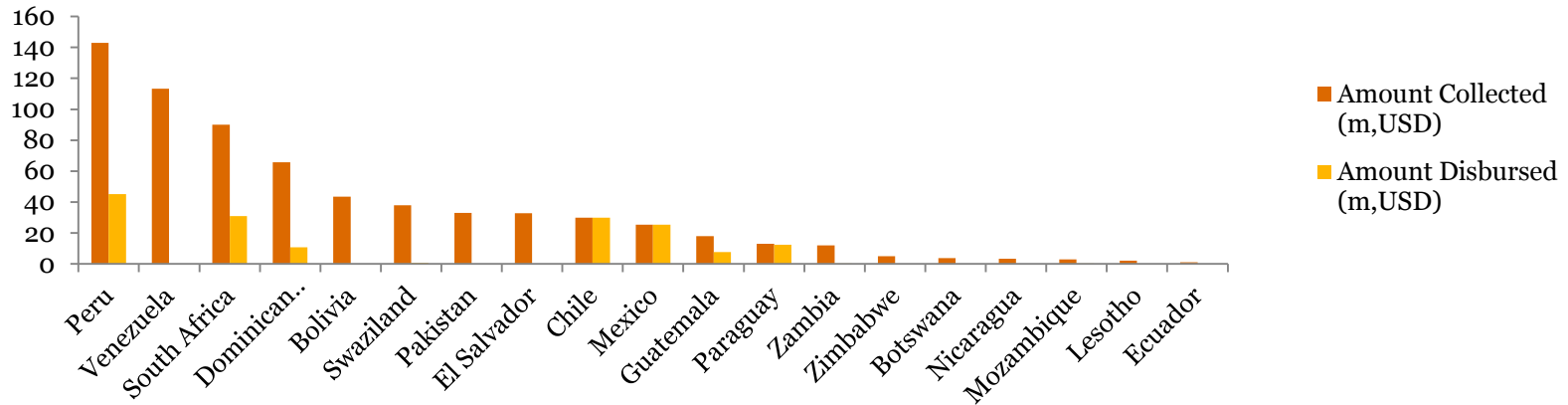
Colombia



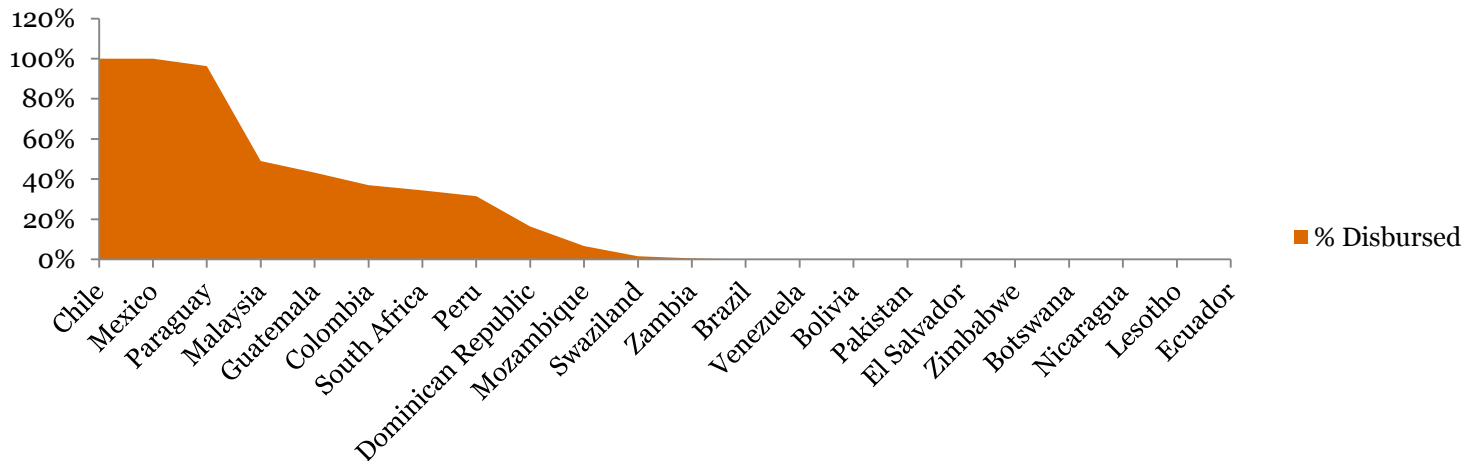
Malaysia



Utilisation of Smaller Funds (million, USD)



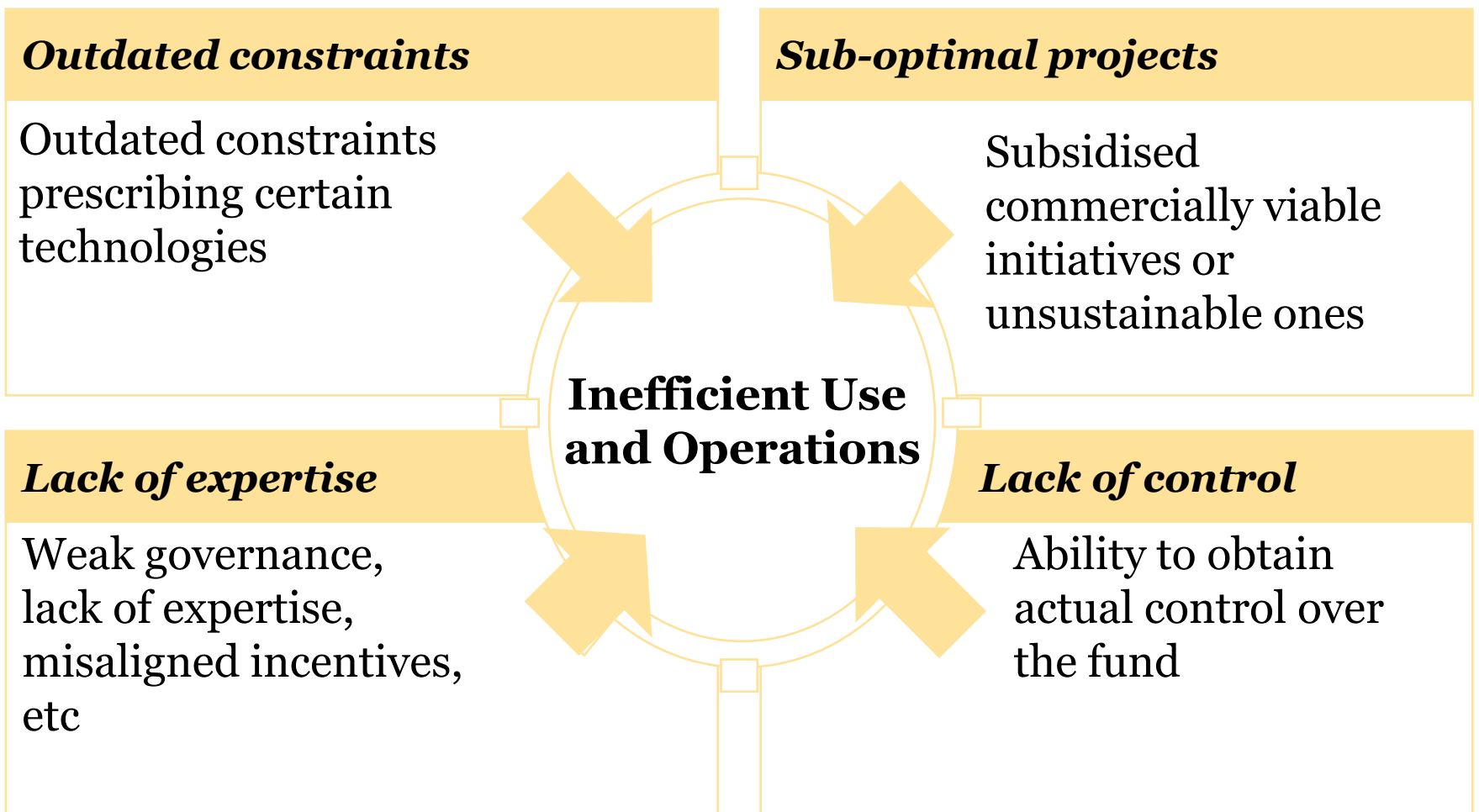
Percentage of Allocated Funds Disbursed



Withdrawing millions – or billions – of dollars from any industry without putting them to good use is inherently unproductive and wasteful.

There is huge potential from setting free these billions of dollars...

Funds are being used and run inefficiently...



A huge opportunity to generate value for society

A huge opportunity for improving outcomes.

Billions of funds are available

GSMA study suggests efficient allocation of levies amount to **USD 3.8 bn**¹

If these funds were to be spent efficiently, an additional 380 million people could be provided with communications services.

380m

1. "Universal Access – How Mobile can Bring Communications to All", GSMA Universal Access Funds
PwC

What's needed to make this happen?

Your decision...

Do it yourself – prompt and efficient allocation and disbursement

Outsource – reputable professional organisation

How do you make this happen?

Strategy

Programme Management

Communications

Operations

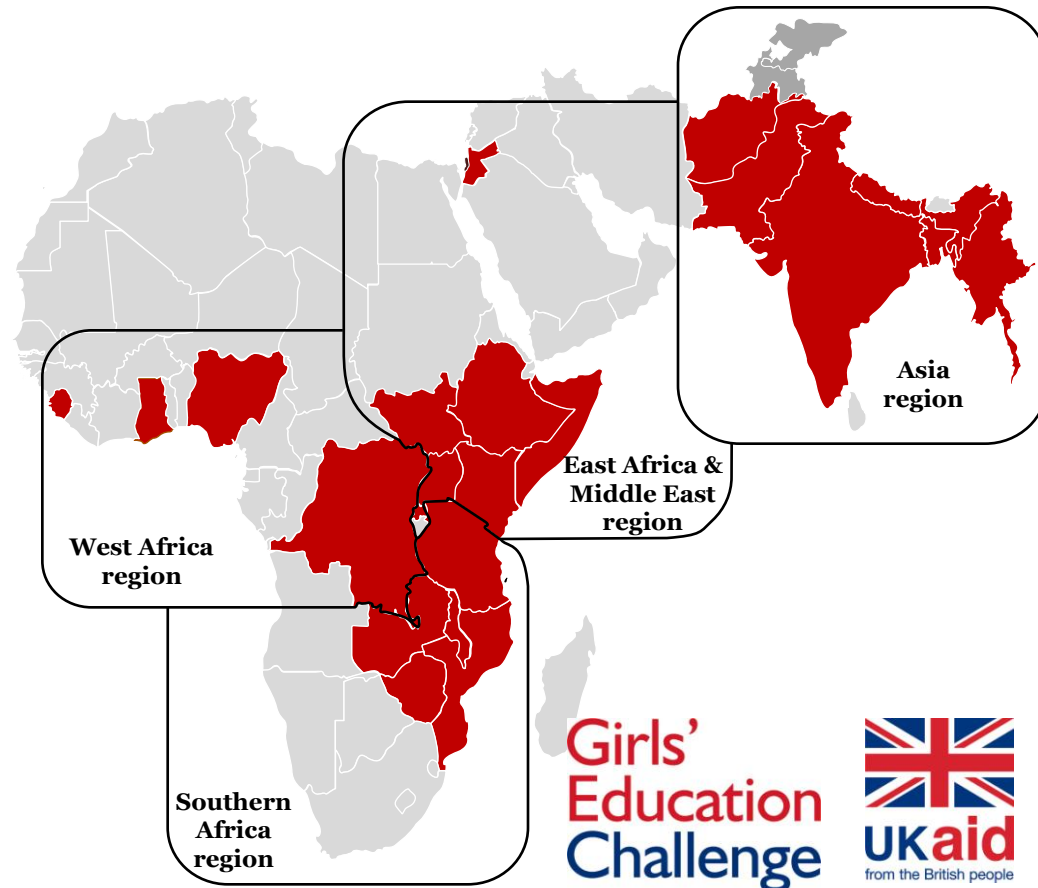
Finance

A PwC Case Study: The Girls Education Challenge

PwC is administering a significant fund for the UK DFID

The GEC

- £300m
- Supports NGOs, charities and private sector organisations
- Provide education opportunities to 1 million marginalised girls
- 22 of the poorest countries in Africa and Asia



The challenges of fund management

1

- *Addressing the real access gap*

2

- *Securing the co-operation of relevant stakeholders*

3

- *Success in achieving partnership/matched funding*

4

- *Availability of baseline data to measure success*

5

- *Promoting and leveraging the benefits between projects*

6

- *Implementing appropriate risk measures and safeguards*

7

- *Bringing together relevant expertise from different territories*

PwC's expertise of managing funds

PwC has extensive understanding and expertise of managing funds. PwC are well placed to provide the skills necessary for managing funds, including:

Network of professional services firms –

PwC has more than 161,000 people across 154 countries worldwide, providing expertise and financial oversight across the developed and developing world;

Experience of managing and monitoring fund expenditure –

PwC has extensive experience of working on a range of successful challenge funds, many of which are development-focused in difficult environments;

Mobilising large-scale fund programmes quickly and effectively –

PwC have previously designed, developed and launched funds to tight deadlines;

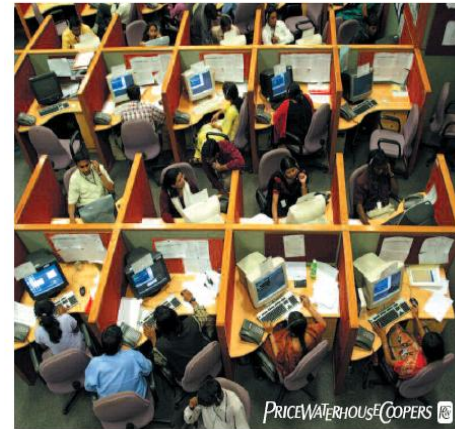
Handling client money –

PwC's processes for handling client money are well established, sophisticated and based on long experience; they are also overseen by external regulators.

Any Questions...?

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