

Annual Report 2014-15

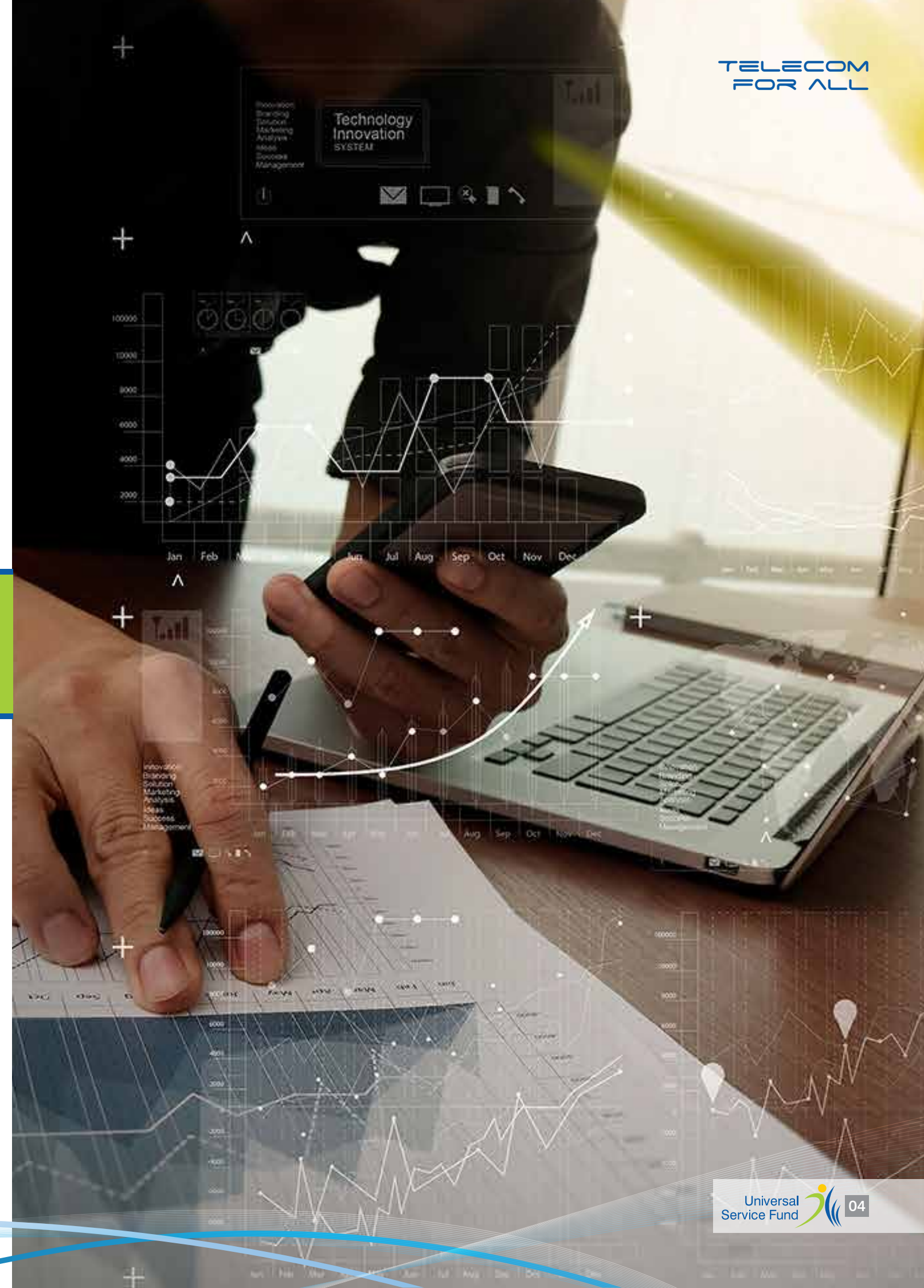


Universal Service Fund

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AN OVERVIEW



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of Universal Service Fund

For bridging the telecom access gap, many countries all across the world were running schemes for providing subsidy (or grant) to private operators around a decade ago. In order to initiate the same practice in Pakistan, the Universal Service Fund was established by the Government of Pakistan (Ministry of Information Technology) for the development of telecommunication services in un-served and under-served areas. This fund consists of contributions (1.5% of adjusted revenues) by the Telecom Operators with no Government funding involved.

Before establishment of the USF, there was a general belief that initiatives taken by public sector in Pakistan are either short-sighted or do not sustain for long due to lack of funds and weak implementation procedures. The introduction of USF on a public-private partnership basis proved this perception wrong. Although, Pakistan had witnessed phenomenal growth in the telecom sector, there were still areas where telecom services had not reached as they were not commercially viable. The problem was that these areas were the ones that were difficult to reach, sparsely populated and consequently required higher investments to provide telecom services. This is where USF came in.

The Universal Service Fund, which consists of contributions by privately owned Telcos, is implemented through the USF Company. The structure of the USF Company is a first of its kind in Pakistan, and a Corporate Model is being followed for achieving the targets set out in the USF policy. The Company has an independent and diversified Board of Directors which is equally balanced between four members from the government and four

from the private sector (the USF Board has representation of political leadership, technocrats, bureaucrats and consumers). The 9th director on the Board is the CEO of the USF Company.

The basic aim of the USF Company is to provide funds to telecom operators to deliver telecom services to previously un-served or under-served areas on the same commercial tariffs, prevalent throughout the country. Telecom services include basic telephony, broadband internet, and infrastructure for these services (like Optic Fiber) and Community Tele-centers (for those who cannot afford the necessary instruments/devices). It is important to note here that only licensees who are also contributors to the Universal Service Fund are eligible to participate in these projects.

In order to ensure that ICT facilities are availed by every segment of the society especially females, USF programmes are now laying great emphasis on women-centric projects. Objectives like women empowerment, creating entrepreneurial opportunities for females and their financial independence will be met through these efforts. These projects plan to enable females to play an active role in overall progress and prosperity of the country.

Since its inception, the USF Company has overcome many challenges to achieve its

objectives. Problems such as lack of security, difficult access due to remote areas with poor road infrastructure as well as treacherous terrain, no commercial electricity (prompting the mandatory use of Solar Energy in USF projects), continuous increase in costs due to the above mentioned logistical and security challenges coupled with high operational expenses and low revenue have made the implementation of the USF projects extremely demanding and difficult.

In spite of the issues narrated above, USF, in a very short period, has shifted the focus of the telecom operators towards rural population coverage and also came a long way to provide broadband and optic fiber services. The details of these projects have been covered in the subsequent sections of the report.

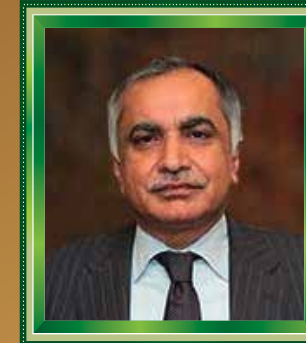


Board of Directors

Public Sector



Mrs. Anusha Rahman
Minister IT
(Chairperson-USF Board)



Mr. Azmat Ali Ranjha
Secretary IT



Mr. Mudassar Hussain
Member-Telecom
(Ministry of IT)

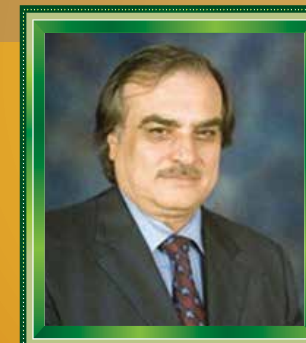


Dr. Ismail Shah
Chairman-PTA

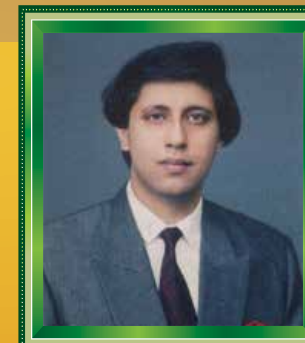
Private Sector



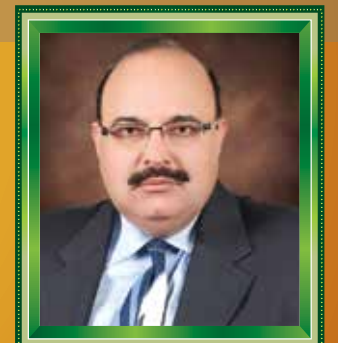
Mr. Fan Yun Jun
CEO-CM Pak



Mr. Walid Irshaid
CEO-PTCL



Mr. Azfar Manzoor
Vice President
(ISP Association of Pakistan)



Mr. Kaukab Iqbal
Chairman
Consumer Association
of Pakistan



Mr. Faisal Sattar
CEO-USF

Corporate Governance





Specific statements to comply with the requirements of the Code of Corporate Governance are as follows:

1. This report is also being submitted to the contributors of Universal Service Fund
2. USF Board makes the following statements, prepared under section 236 of the Ordinance:
 - a. The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance (Statement of Compliance).
 - b. The financial statements, prepared by the management of USF, present fairly its state of affairs, the result of its operations, cash flows and changes in equity
 - c. Proper books of account of the USF have been maintained

- d. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment except for the accounting policy for Subsidy expenses recognition (Note 3.6 of financial statements) and the related consequential amendments which has been applied for the first time during current year, which also resulted in restatement of previous two financial years.
- e. They recognize their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored; and
- f. The appointment of chairman and other members of the board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the public sector company as well as in line with the best practices

3. Given below is the remuneration to the CEO and Directors of USF Board

	Remuneration to CEO (Rs.)					
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-2013	FY 2013-2014	FY 2014-2015
Managerial Remuneration	8,250,000	8,250,000	7,842,742	7,354,167	4,883,064	7,668,750
Allowance	4,950,000	4,950,000	4,765,645	4,653,833	3,785,722	7,148,583
Total	13,200,000	13,200,000	12,608,387	12,008,000	8,668,786	14,817,333

Directors' Remuneration (Rs.)	440,000
Chairman Board/Minister IT	
Anusha Rehman	100,000
Member Telecom, MoIT	
Mudassar Hussain	100,000
Nominee of fixed-line licensees	
Walid Irshaid	80,000
Nominee of mobile cellular licensees	
Fan Yun Jun	20,000
Nominee of data licensees	
Azfar Manzoor	60,000
Representative of consumer groups	
Kaukab Iqbal	80,000

The amounts disclosed are the fee for attending the meeting and no salary, other benefits and performance related elements are paid to directors.

4. Details regarding clause no. 4 of Rule no. 17 are given below:

a. Subsidy or other financial support from Government:

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-2013	FY 2013-2014	FY 2014-2015
Government Grants (Rs.)	2,294,373,000	4,146,000,000	1,159,751,000	3,615,000,000	4,792,500,000	-----

b. Deviations from last year in operating results

	FY 2013-14	FY 2014-15
Number of muzas provided basic telephony and data services	4,000	4,100
Broadband connections	520,000	592,000
Educational Broadband Centers	1,100	1,236
No. of cities where broadband has been provided	288	350
Length of Optic Fiber Cable	5,000 kms	5,880 kms

"The USF Board in its 28th Board of Directors Meeting held on 5th June 2012 resolved and approved to revise the remuneration of the Directors for attending Board and Committee Meetings as follows:

- Rs.20,000 for attending Board Meetings
- Rs.10,000 for attending Committee Meetings "

c. Summary of operating and financial data of last 6 years (Rs.)

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-2013*	FY 2013-2014*	FY 2014-2015
Government Grants	2,294,373,000	4,146,000,000	1,159,751,000	3,615,000,000	4,792,500,000	
Operational Expenses	149,401,070	124,948,811	167,966,343	186,437,436	198,969,839	225,477,354
Capital Expenditure	8,235,629	206,519	28,501,420	8,720,178	15,576,313	21,494,396
Subsidy Grant for projects	2,150,906,853	3,487,706,917	1,444,605,074	2,635,073,557	3,857,450,257	4,255,447,122
Fee to Technical Auditor for projects	27,606,938	27,572,643	12,523,960	28,077,166	22,746,590	21,168,957
Balance Sheet –Assets						
Non- Current	17,719,731	10,028,592	31,181,191	31,214,815	37,659,460	46,047,278
Current	11,327,269	548,585,053	138,117,126	1,447,573,763	2,325,092,429	1,374,153,011
	29,047,000	558,613,645	169,298,317	1,478,788,578	2,362,751,889	1,420,200,289
Balance Sheet-Liabilities						
Non- Current	16,827,958	549,876,551	157,416,275	1,136,753,962	2,310,255,830	46,047,278
Current	12,219,042	8,737,094	11,882,042	342,034,616	52,496,059	1,374,153,011
	29,047,000	558,613,645	169,298,317	1,478,788,578	2,362,751,889	1,420,200,289
Commitment	11,334,121,008	7,818,838,448	12,761,561,248	13,813,613,269	12,153,056,626	9,238,422,139
B- Related Party Transactions (Rs.)						
Ministry of IT , GOP	2,294,373,000	4,146,000,000	1,159,751,000	3,615,000,000	4,792,500,000	-
Subsidy Payment PTCL	571,656,901	2,077,687,563	353,597,100	1,081,235,000	2,295,345,076	2,254,111,631
Subsidy Payment Telenor	521,029,119	372,000,000	-	-	-	-
Subsidy Payment CM Pak	-	-	-	618,187,554	323,297,735	-
Subsidy Payment World Call	157,144,250	-	-	-	-	-

• Restated as explained in note 2(d) of Corporate Governance above

d. Key Performance indicators

USF has shifted the focus of the telecom operators from urban towards rural population coverage and also came a long way to provide broadband and optic fiber services. All these services have played a huge role in socio-economic uplift of the under-privileged areas of Pakistan and led to better educational facilities, gender empowerment and bridging the digital divide. Till the end of FY 2014-15, 4,100 un-served muzas were provided basic telephony and data services, 592,000 broadband connections were provided and more than 5,880 kms of optic fiber cable has been laid. To take broadband internet to the villages, USF is launching another Program namely establishment of Telecenters. This project has immense potential to enable citizens of Pakistan to seek maximum socio-economic benefits through Information and Communication Technologies (ICTs).

e. No Statutory payment on account of taxes, duties, levies and charges is overdue or outstanding.

f. **Future Plans:** USF in the FY 2015-2016 is determined to achieve the following targets

Rural Telephony & E-Services Programme:

In the year 2015-2016 USF Co will target the lots encompassing Turbat, Chitral, Shangla, Sibbi, Kalat and Zhob under the RTeS Programme.

USF will complete Milestone 02 & 03 of Turbat Lot. In MS02; 35 Muazas will be covered with 17 BTS, 11 PCO's and 2 Telecenters. In MS03; 22 Muazas will be covered with 12 BTS and 11 PCO's. USF will also accomplish MS01 & 02 of Chitral Lot. In MS01; 266 Mauzas will be covered with 17 BTS and in MS02; 329 mauzas will be covered with 31 BTS.

MS01 of the following three projects are expected to be completed in the FY 2015-2016. Shangla lot consisting of 154 Mauzas will be covered with 78 BTS, Sibbi lot consisting of 505 mauzas will be covered with 99 BTS, Kalat lot consisting of 513 mauzas with 45 BTS and Zhob lot consisting of 330 mauzas will be covered with 76 BTS.

Broadband Programme:

Under the Broadband Programme USF Co will target then completion of the Multan, Faisalabad, Rawalpindi and the Northern Telecom Region Projects.

The Multan Telecom Region in MS03 and MS04 will be provided with 35,450 broadband connections; 93 EBC's and 29 CBC's, the Faisalabad Telecom Region in MS02, MS03, MS04 will be provided with

83,670 broadband connections; 194 EBC and 64 CBC's, the Rawalpindi Telecom Region in MS01, MS02, MS03 will be provided with 42,630 broadband connections; 98 EBC's and 13 CBC's and the Northern Telecom Region in MS01, MS02, MS03, MS04 will be provided with 74,018 broadband connections having 124 EBC and 25 CBC

Fiber Optic Cable Programme:

USF will complete Balochistan Package04 MS04 under the Fiber Optic cable Programme in the FY 2015-2016 in which a 606 kms of fiber optic cable will be laid.

g. The value of investments of provident, gratuity and pension funds based on their respective audit accounts is as follow:

USF Company is not maintaining any pension and provident fund. Employees Gratuity is maintained separately by Trustees. However, no investment is made for gratuity in FY 2014-15.

h. Following are the details of number of Board meetings held during the year and attendance by each director :

During the FY 2014-15 five (5) Board Meetings were held. These meetings were all chaired by the Minister of State for IT & Telecom, Mrs. Anusha Rahman Khan. These meetings were held on the following dates:

- September 15th,2014
- November 19th,2014
- January 22nd,2015
- May 14th,2015
- June 9th,2015

During the FY 2014-2015 the vacancy of Nominee Mobile Cellular licensee was vacated by Mr. Fan Yun Jun and was filled by Mr. Jeffery Alan Hedberg. The term of the present directors will expire on November 2nd, 2015.

Board Member	Total No of meetings	Meetings Attended
Chairperson	5	5
Vice-Chairman/Secretary IT	5	4
Member Telecom	5	5
Chairman PTA	5	5
Nominee fixed line licencees	5	4
Nominee Data Licencees	5	3
Nominee Mobile Cellular Licencees	5	1
Nominee Consumer Group	5	4
CEO USF	5	5

- i. Universal Service Fund is incorporated under the section 42 of the Companies Ordinance, 1984 (XLVII of 1984) and it's a company limited by Guarantee.

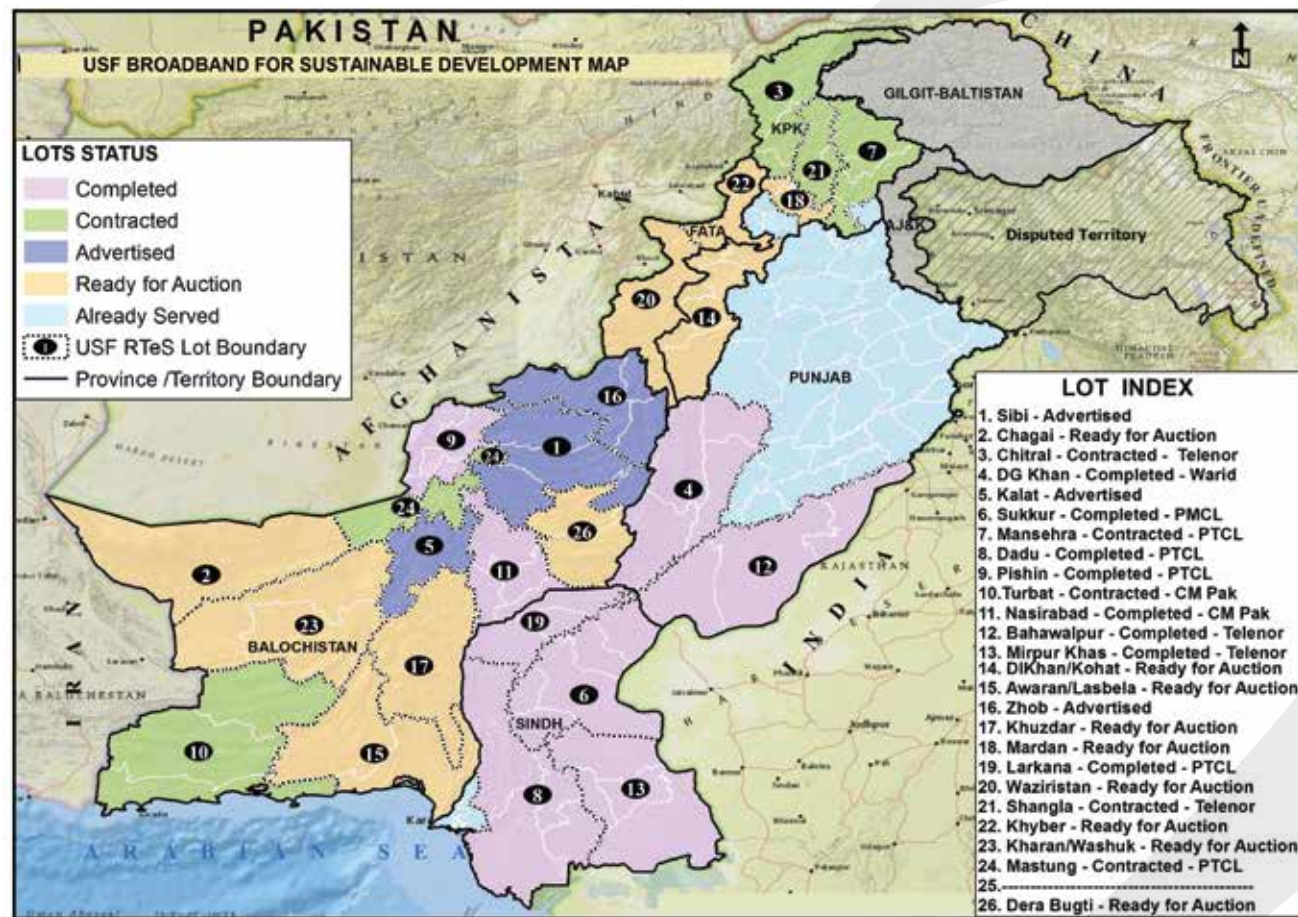
Programmes



a. Broadband for Sustainable Development Programme

This hallmark programme of USF is designed to provide data (Internet) services to the unserved Mauzas across the country. After issuance of 3G/4G licenses by the Federal Government, this programme has been redesigned to include the broadband equivalent data (internet) services as a compulsory component. For new projects, powering of telecommunication site through Solar Energy has also been made a part of each project

This section covers the broadband for sustainable projects initiated and completed by USF.

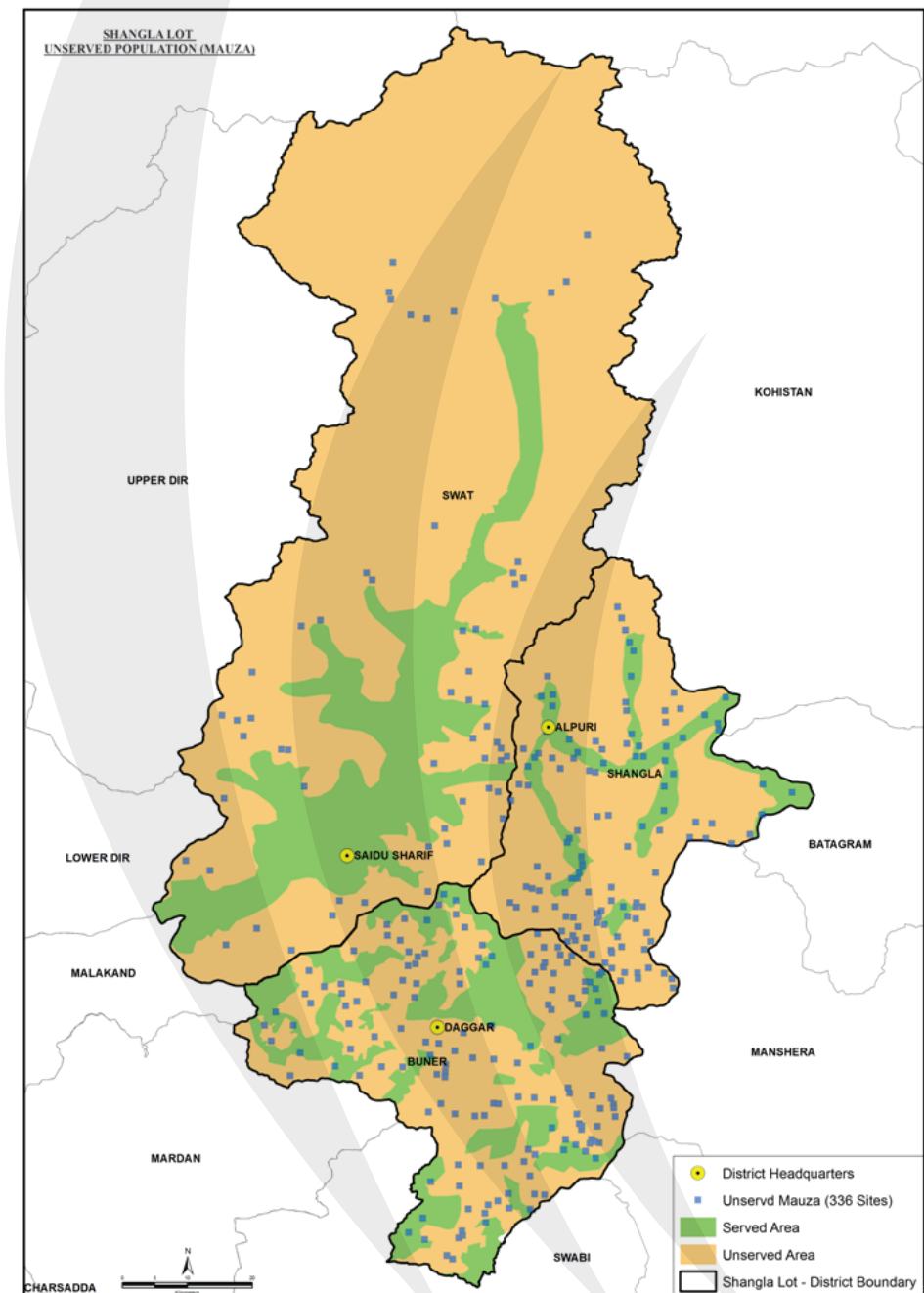


i. New Projects

Shangla Lot

Shangla Lot covers 12% of the area and 15% of total estimated Population of Khyber Pakhtunkhwa province. It includes Shangla, Swat and Buner districts. This Lot shares borders with Battagram and Kohistan Districts in the North, Dir and Malakand in West, Mardan and Swabi Districts in the South-East and Mansehra Districts in the East. Total un-served mauzas in this lot are 154 with population of more than 0.8 million people.

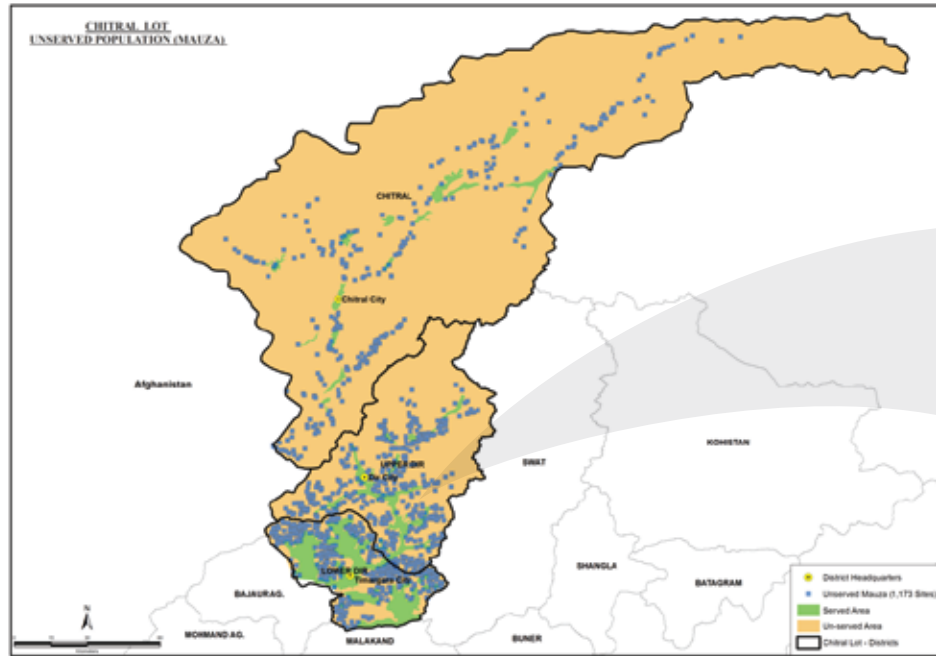
The contract for this project worth Rs. 1.95 Billion was awarded to Telenor in June 2015 for providing services in Shangla Lot



Chitral Lot

Chitral Lot covers 27% of the area and 10% of total estimated population of Khyber Pakhtunkhwa province and includes Chitral, Upper Dir and Lower Dir districts. This Lot shares borders with Afghanistan in the North and West, Swat District and Gilgit-Baltistan in East and Bajaur Agency and Malakand in south. Total un-served muzas in this lot are 1173 with population of 1.2 million people.

The contract for this project worth Rs. 1.905 Billion was awarded to Telenor in February 2015 for providing services in Chitral Lot.

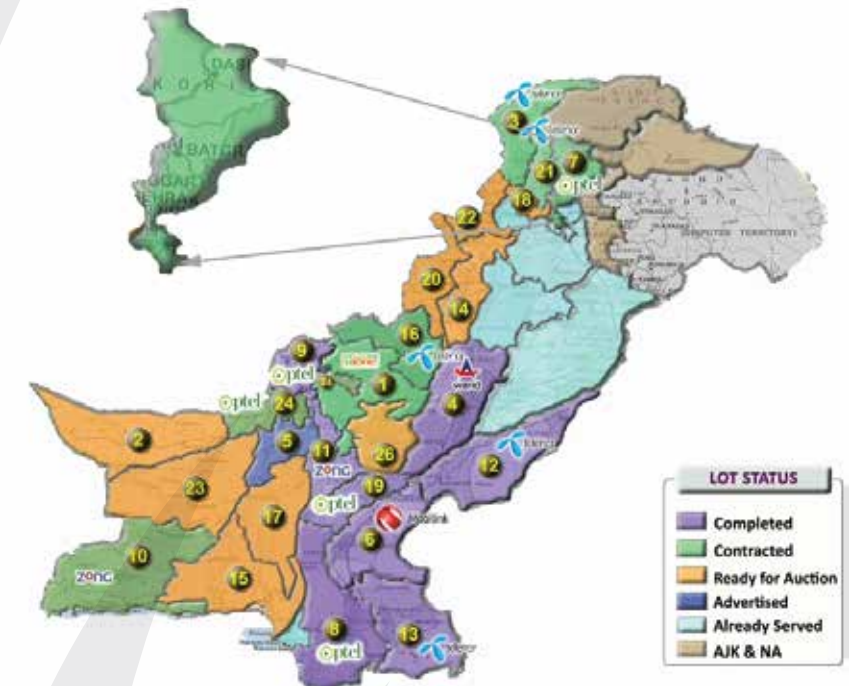


Mansehra Lot

Mansehra Lot covers roughly 20% of the area of Khyber Pakhtunkhwa in the North-East and consists of the districts of Abbottabad, Batagram, Haripur, Kohistan and Mansehra and has 12 tehsils. This lot has 1,479 un-served muzas with a population of around 921,000 people.

USF and PTCL entered this contract in June 2008. A subsidy of Rs. 300 Million is being provided to PTCL for providing services through this project.

Mansehra Lot



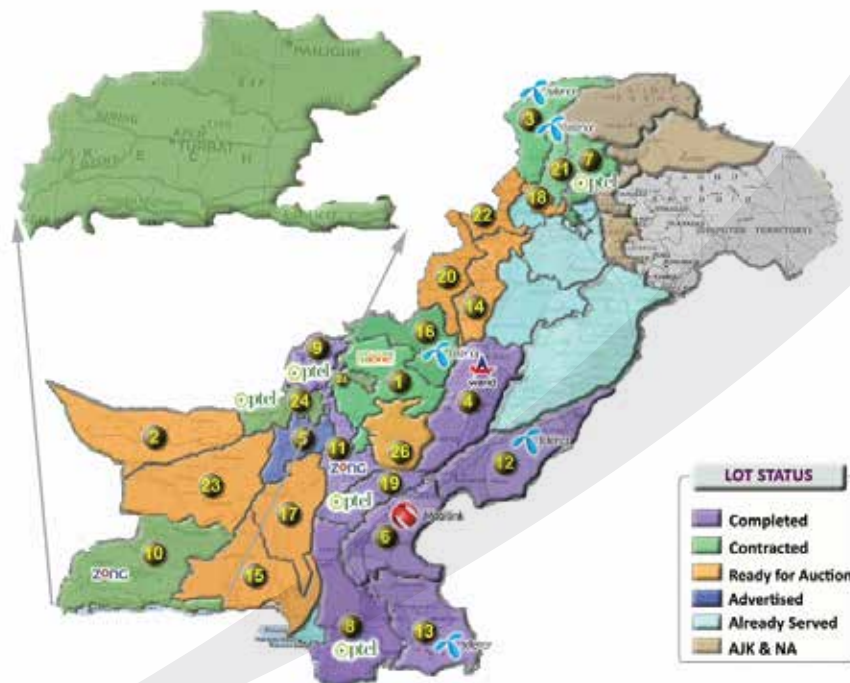
ii. On-going Projects

Turbat Lot

Turbat Lot

Turbat Lot covers 10% of the area and 8% of the total population of Balochistan. The lot covers strategically located warm waters' port of Gwadar and Turbat (Kech) districts. Turbat lot consists of Panjgoor, Gawadar and Trubat districts. Total un-served muzas in this lot are 190 with population of 245,426 people.

The contract for this project worth Rs. 3.95 Billion was awarded to CM Pak in February 2013 for providing services in Turbat Lot.



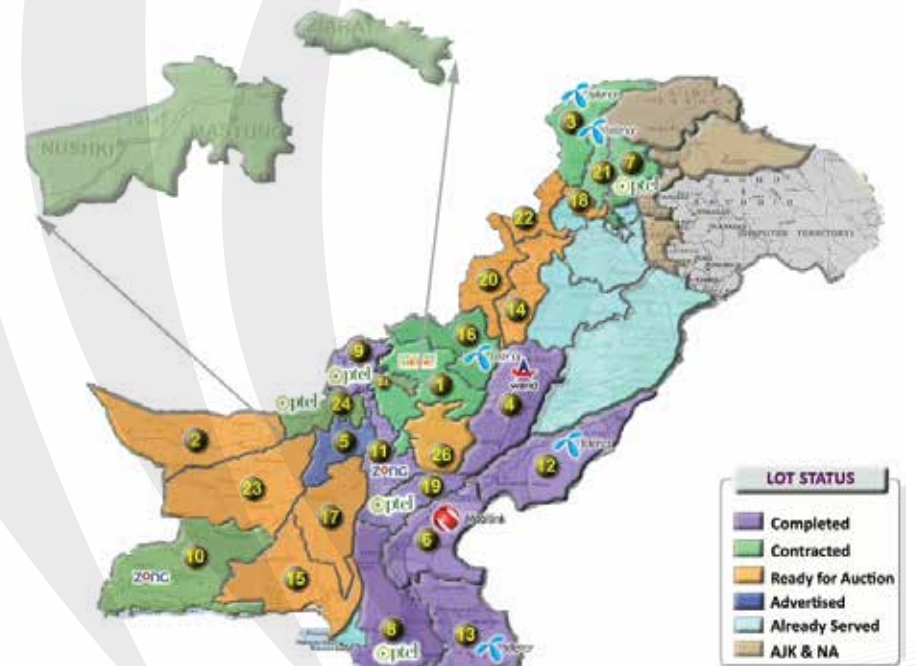
iii. Completed Projects

Mastung Lot

Mastung covers 6% of total population and 4% of the area of Balochistan, which includes Mastung, Nushki and Ziarat districts. Climate of Mastung Lot is hot in summers but cold in winters due to cold Siberian currents. A population of about 75,000 resides in 102 un-served muzas. Roughly 29% of the muzas in these districts are un-served covering 21% of un-served rural population of this lot.

The contract for this project worth Rs. 3.15 Billion was awarded to PTCL in May 2012 for providing services in Mastung lot.

Mastung Lot

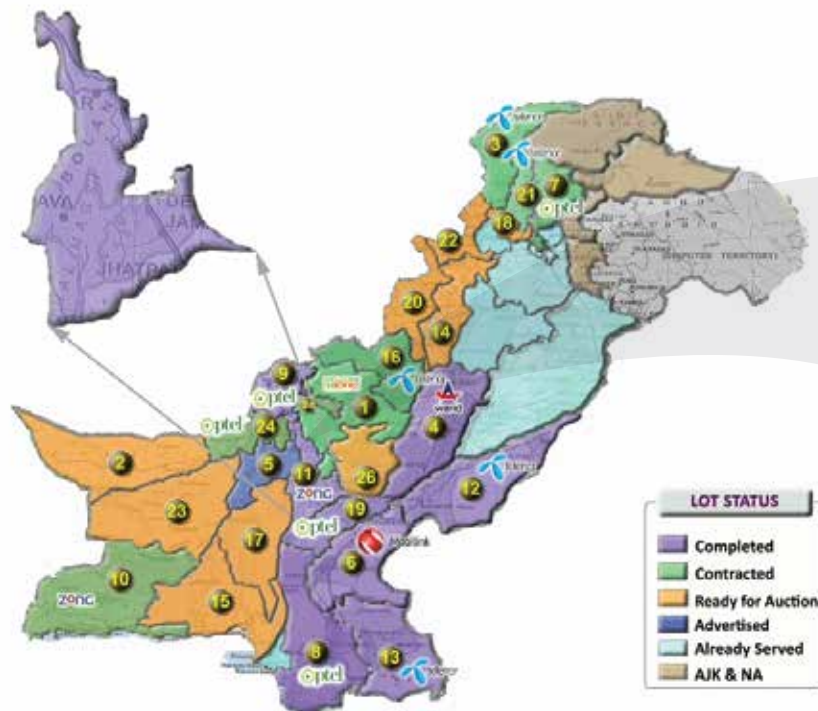


Nasirabad Lot

This project aims to provide basic telephony and data services in Nasirabad lot which covers roughly 5% of the area of Balochistan in the Central East. Generally, Nasirabad Lot has an arid climate with moist cold winters and hot dry summers. This lot comprises Bolan, Jaffarabad, Jhal Magsi and Nasirabad districts of Balochistan. There are 648 un-served muzas which have a population of around half a million.

The contract for this project worth Rs. 1.57 Billion was awarded to CM Pak for providing basic services in Nasirabad lot in July 2009.

Nasirabad Lot

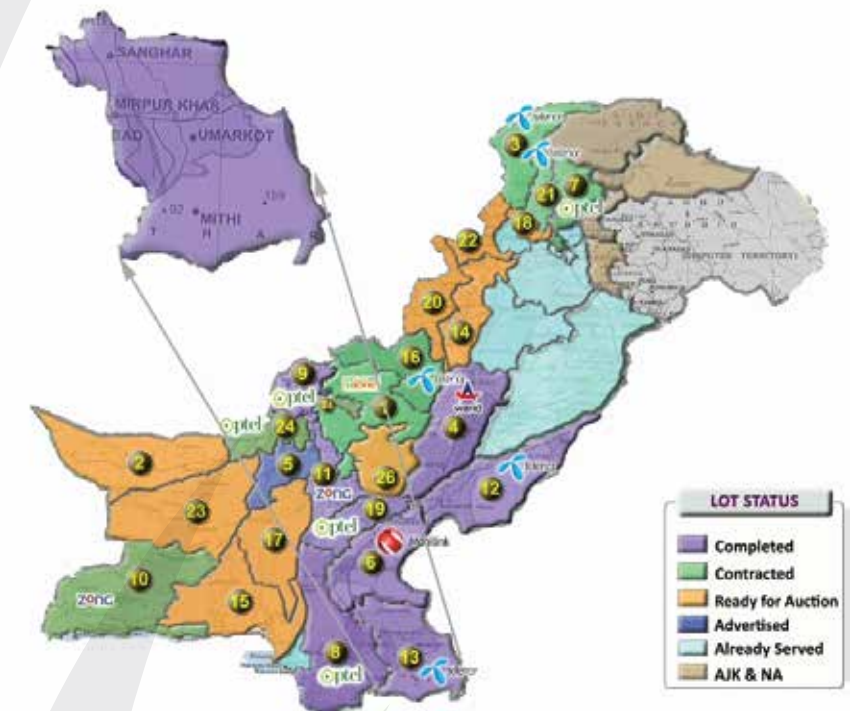


Mirpur Khas Lot

Mirpur Khas Lot covers 28% of the area and 13% of the total estimated population of Sind Province. It consists of Sanghar, Tharparkar, Umerkot and Mirpur Khas districts and has an un-served population of around 1.13 million living in 218 Muzas.

USF and Telenor entered into a Rs. 930 Million contract to provide services to the population in the un-served areas of Mirpur Khas in March 2009.

Mirpur Khas Lot

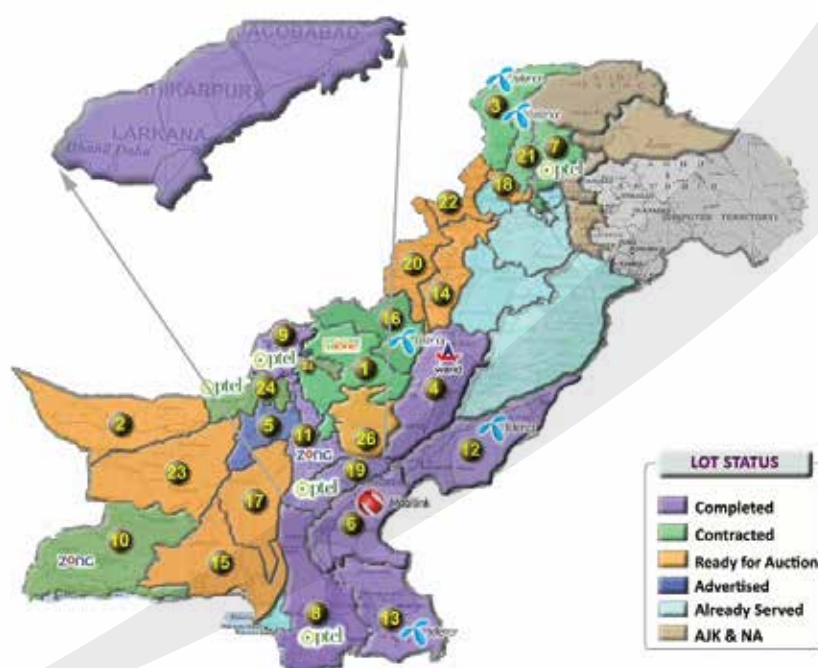


Larkana Lot

Larkana Lot

Larkana Lot covers 7% of the area and 10% of the total estimated population of Sindh. It shares borders with two provinces – Balochistan in the West and Punjab in the North. It consists of Larkana, Jacobabad and Shikarpur districts and has an un-served population of around 165,000 which lives in 72 muzas.

USF awarded this contract to PTCL in May 2009 for a subsidy of Rs. 228 Million.

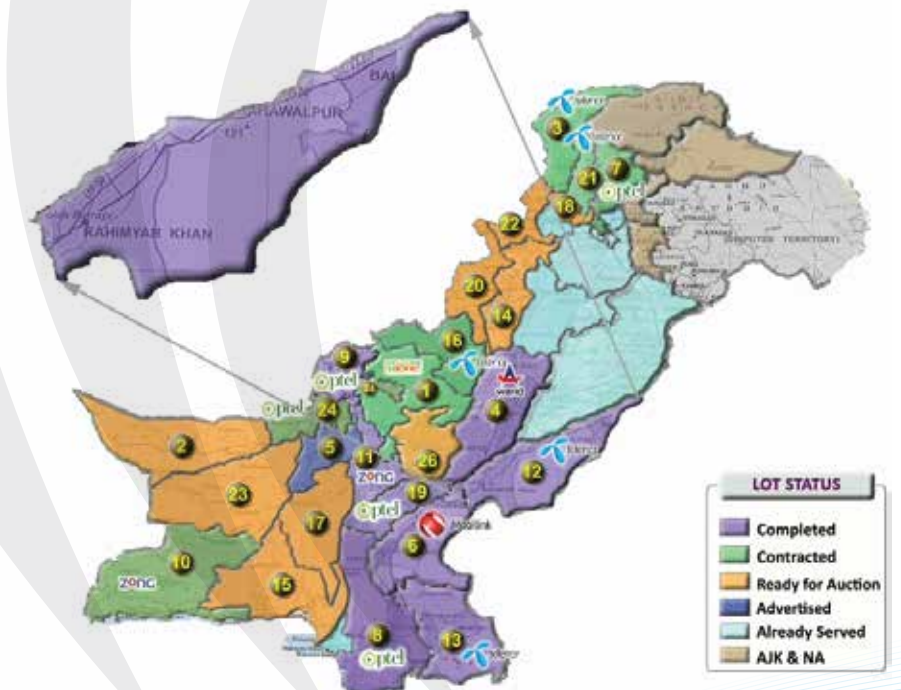


Bahawalpur Lot

Bahawalpur Lot covers 22% of the area and 11% of the total estimated population of Punjab Province and includes Bahawalnagar, Bahawalpur and Rahim Yar Khan Districts. This lot has an un-served population of around 242,144 living in 900 muzas.

This contract was signed with Telenor on September 22, 2008 for a subsidy of 248 Million.

Bahawalpur Lot

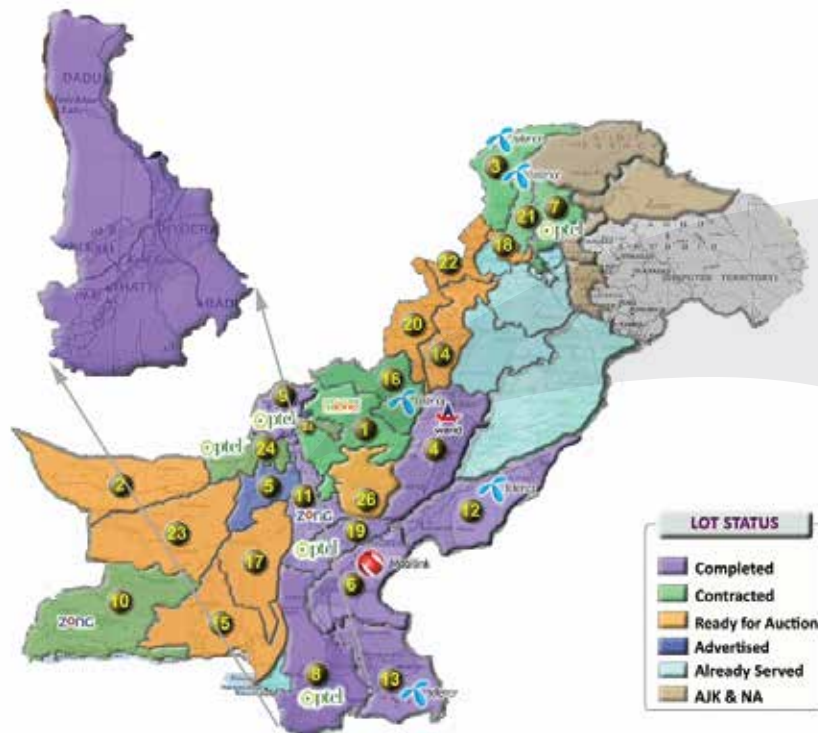


Dadu Lot

Dadu Lot roughly covers 14% of the total area of Sindh and lies from South-Central region to North-West of Sindh. It consists of the districts of Badin, Dadu, Hyderabad and Thatta and 12 tehsils. This lot has an un-served population of around 648,361 which lives in 427 muzas.

USF and PTCL entered this contract in July 2008 for a subsidy of Rs. 250 Million.

Dadu Lot

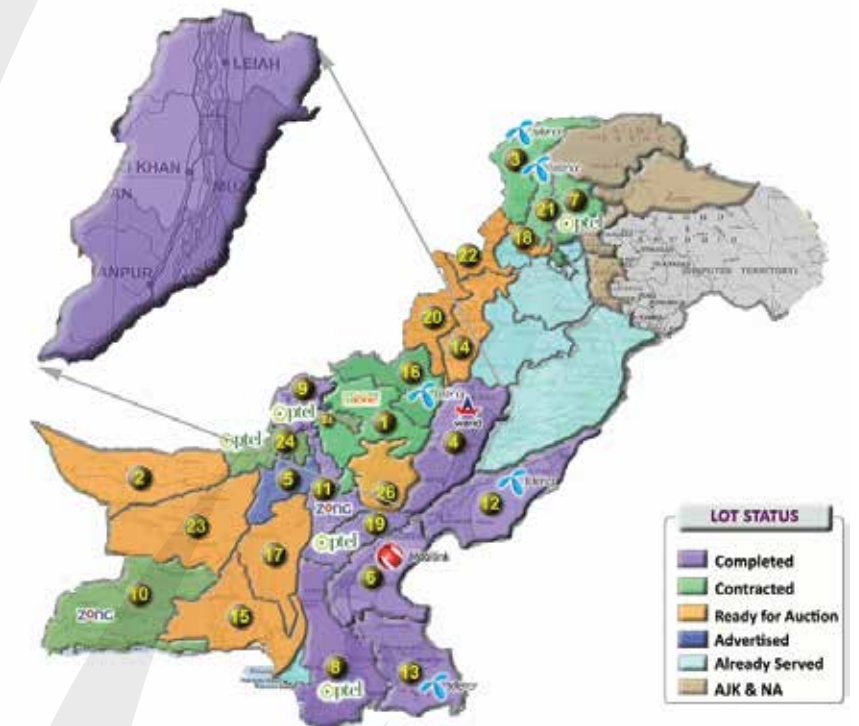


DG Khan Lot

Dera Ghazi Khan is one of the most populous cities in Southern Punjab and it is the largest district in Punjab in terms of area. This lot covers the extreme South-Western area of Punjab province, covering roughly 20% of the total Punjab area. It consists of the districts of DG Khan, Rajanpur, Layyah and Muzaffargarh. An un-served population of around 651,000 people resides in 539 muzas.

USF and Warid Telecom entered in this contract in February 2008 for a subsidy of Rs. 91 Million.

DG Khan Lot

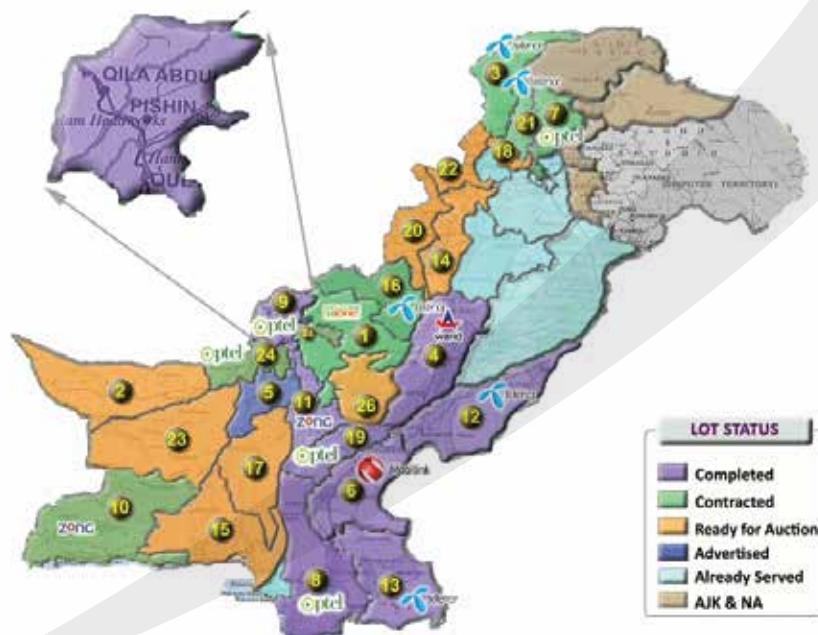


Pishin Lot

Pishin Lot covers roughly 5% in the North – Western part of Baluchistan province. It consists of the districts of Killa Abdullah, Pishin and Quetta. There are 312 un-served muzas in Pishin and an un-served population of around 229,000 people.

USF and PTCL entered in this contract in May 2008 for a subsidy of Rs. 175 Million.

Pishin Lot

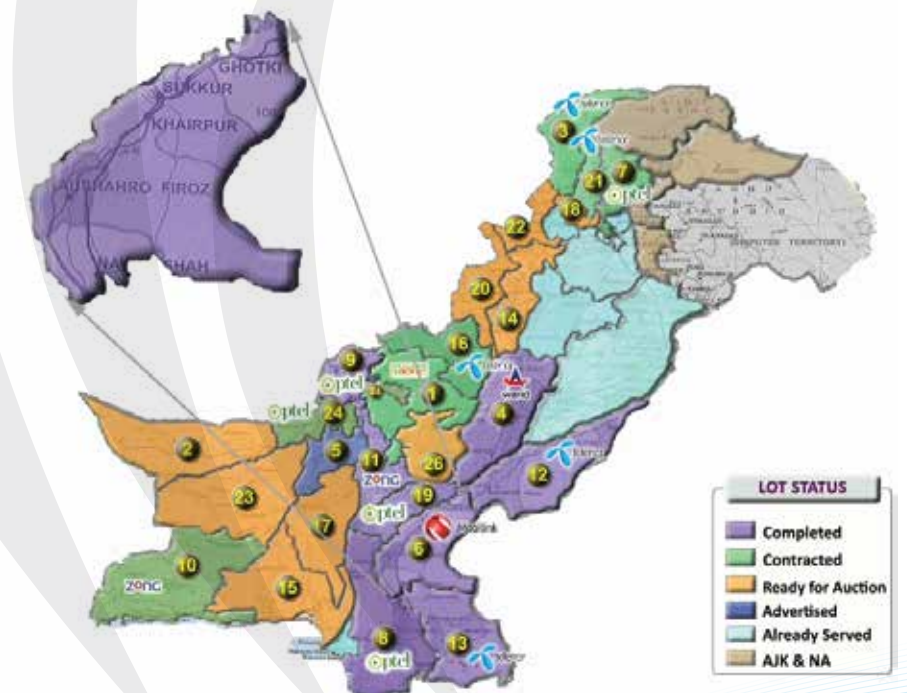


Sukkur Lot

Sukkur lot covers the area in the North-Eastern part of Sind province, covering roughly 25% of the total area of Sind. It consists of the districts of Sukkur, Ghotki, Khairpur, Nawabshah and Naushahro Froze. A population of around 658,000 people resides in 252 un-served muzas.

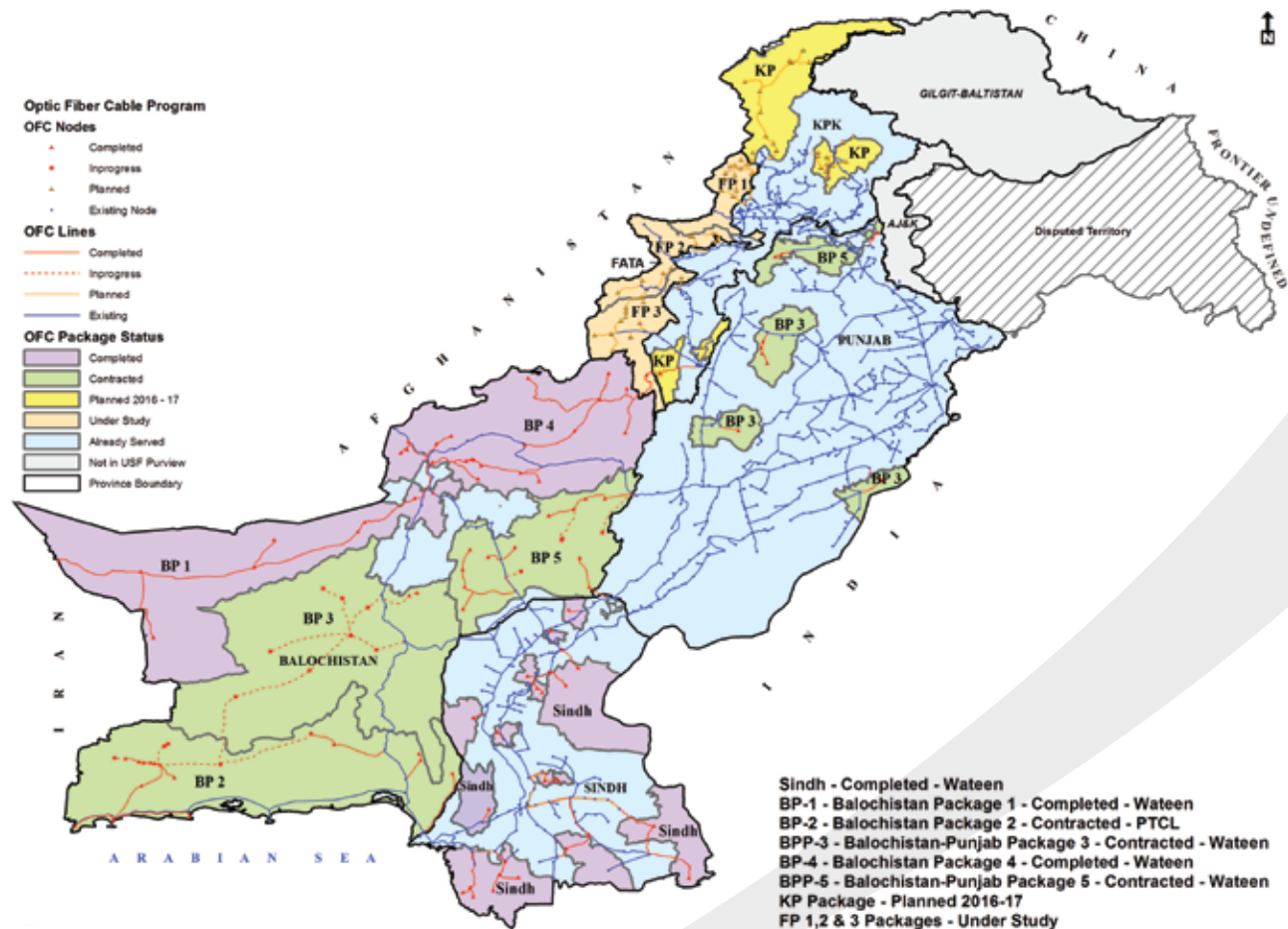
USF and Mobilink entered in this contract in January 2008 for a subsidy of Rs. 112 Million.

Sukkur Lot



b. Optic Fiber Programme

USF is promoting development of telecommunication services in un-served and under-served rural areas of Pakistan to make available and affordable, the voice telephony and basic data services, throughout the country. This requires also the establishment of a stable and reliable Optic Fiber Network in all corners. This programme is extending the Optic Fiber connectivity to the un-served Tehsil HQs in Pakistan, for meeting the growing requirements of Voice, Data and Video in these areas.

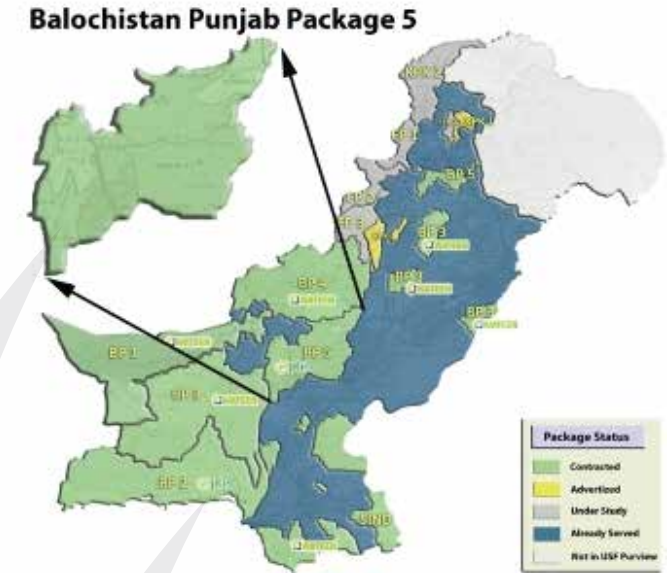


Following are the details of the optic fiber projects of USF till the end of FY 2014-15:

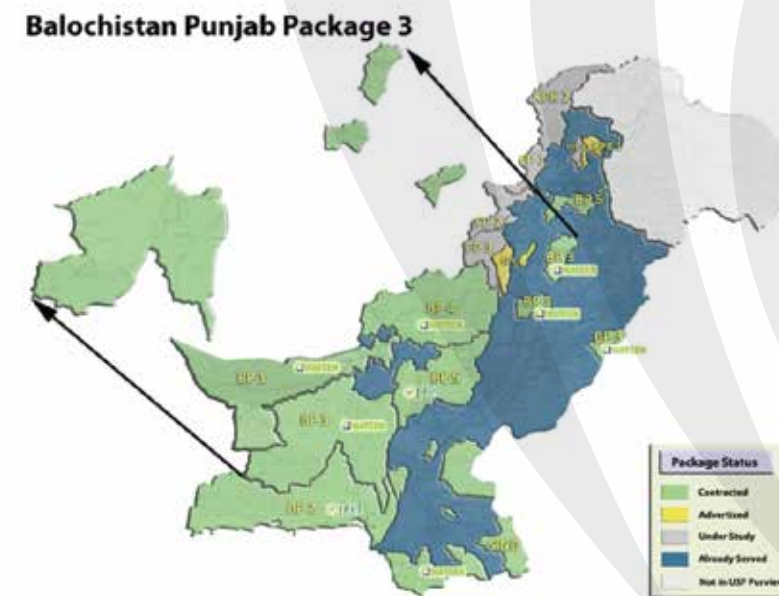
i. Ongoing Projects

Un-served Tehsils in Central Balochistan (Balochistan Punjab Package 5)

USF signed the contract for providing optic fiber connectivity to un-served tehsils of Central Balochistan and Punjab in May 2010. PTCL is being provided a subsidy of Rs. 1.498 Billion for laying 786 Kms of Optic Fiber Cable to connect 12 Tehsils of Bhag, Sanni, Dera Bugti, Phelawagh, Sui, Gandawa, Jhal Magsi, Kahan, Kohlu, Maiwand, Chhattar & Lehri in Balochistan (along with towns of Maiwand Riffles 71 & Maiwand Riffles 72) and 2 Tehsils of Jand & Kotli Sattian in Punjab (including towns of Lehtrar & Rangli). A population of nearly 1.5 million people is benefiting from this project.



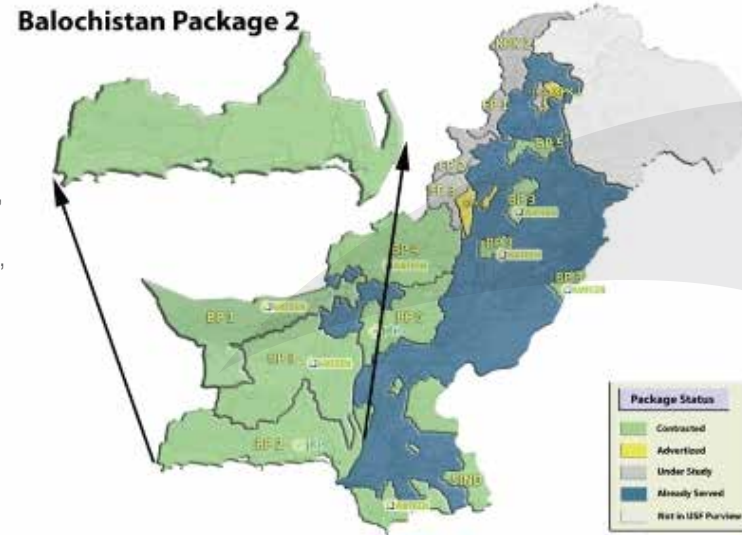
Un-served tehsils in Central Balochistan (Balochistan Punjab Package 3)



USF signed the contract for providing optic fiber connectivity to the un-served tehsils of Central Balochistan and Punjab on November 24, 2009. Wateen Telecom is being paid Rs. 986 Million for laying more than 1,361 kms of optic fiber to connect 9 un-served tehsils (including 6 Tehsil HQ's of Besima, Kharan, Washuk, Panjgoor, Zehri & Nal and 5 other towns of Gidder, Nag, Saleemabad Grog, Balbul(Dogan) in Central Balochistan and 3 Tehsil HQ's of Minchinabad, Choubara & Noorpur and 3 other towns of Addhi surgal, Addhi Kot & Rangpur Bakhor in Punjab). Around 680,000 people who live in these Tehsils, are benefiting from this project.

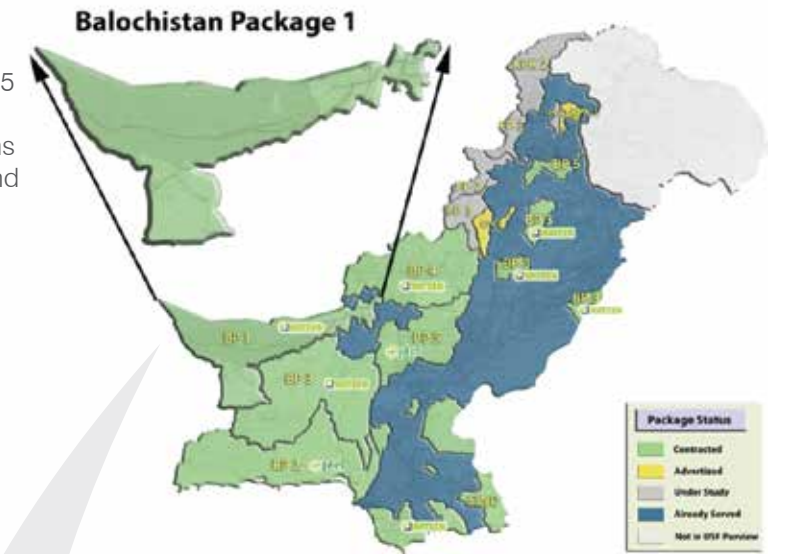
Un-served Tehsils in Southern Balochistan (Balochistan Package 2)

Contract worth Rs. 1.2 Billion was awarded to PTCL for laying about 1,400 Km of Optic Fiber cable in Southern Balochistan in June 2009. This is providing connectivity to Kech, Dasht, Buleda, Tump, Awaran, Jhal Jao, Dureji, Kanraj and Pasni Tehsil HQs including Peerdrk, Mehnaz, Kalag, Kalatuk, Nodaiz, Hoshab, Nasirabad, Bilecha, Duddar and Dhore (11 THQs and 10 Towns). In addition, this cable is providing additional link to Gawadar and Jiwani.



Un-served Tehsils in Western Balochistan (Balochistan Package 1)

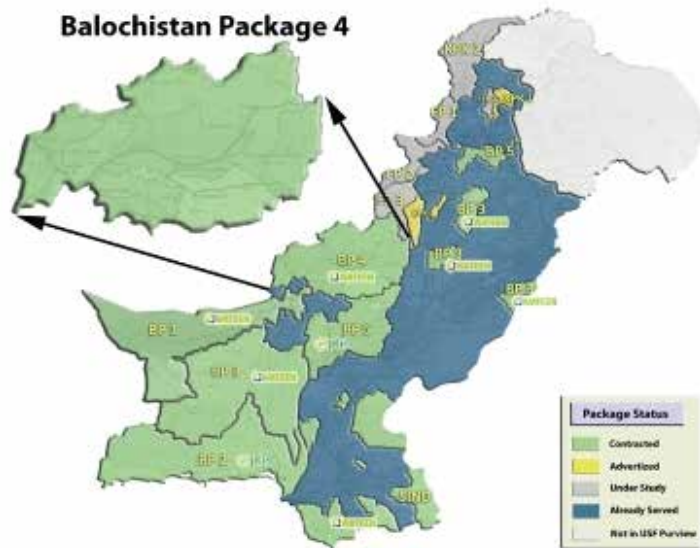
USF awarded another contract worth Rs. 374 million to Wateen Telecom to provide Optic Fiber connectivity to 5 un-served Tehsils of Mushkhel, Taftan, Dalbandin, Naushki & Dasht in Western Balochistan and also towns of Dringar, Ahmadwal, Nokundi and Chaghi (5THQs and 04 towns) in May 2009. Wateen Telecom has laid 887 kilometers of Optic Fiber Cables to connect these Tehsils.



ii. Completed Projects

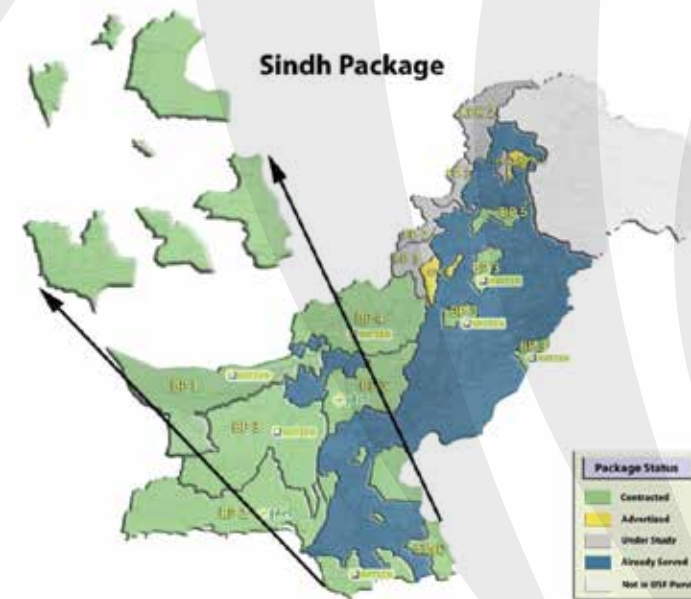
Un-served Tehsils in Central Balochistan (Balochistan Package 4)

USF signed a contract for providing optic fiber connectivity to un-served tehsils of Balochistan which includes Barshor, Musa Khel, Zhob and Ziarat (12 THQs and 07 towns) on July 13, 2011. Wateen Telecom has been provided subsidy of Rs. 1.975 Billion for laying 1,258 KMs of optic fiber cable. A population of nearly 1.7 million people is benefitting from this project.



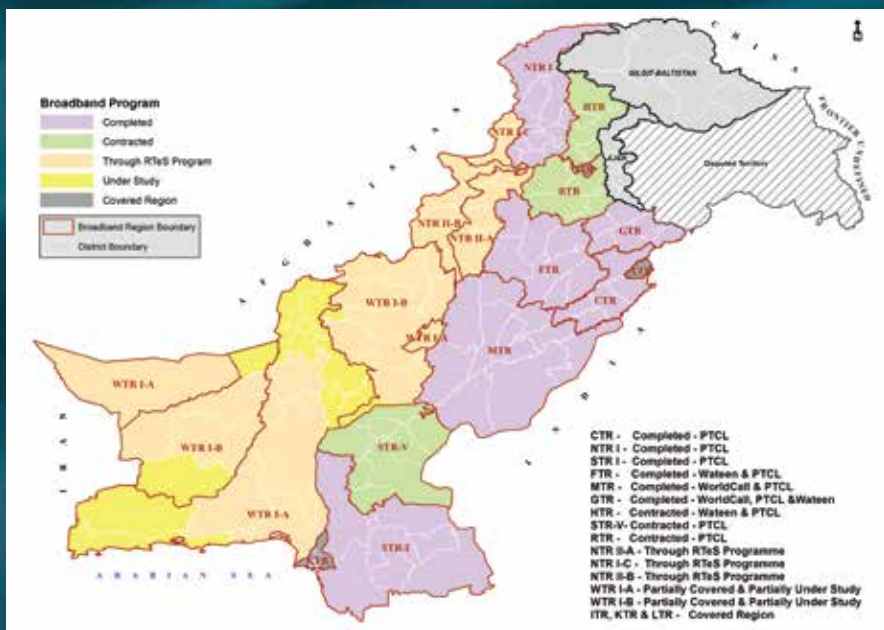
Un-served Tehsils in Sindh

USF signed a Rs. 449 Million contract with Wateen Telecom to provide Optic Fiber Connectivity to every un-served Tehsil in Sindh province on February 11, 2009. Through this contract, 17 out of a total of 91 Tehsils in Sindh which have no access to Fiber Optics, are being connected to rest of the country with Fiber. The route length of cable to connect these 17 Tehsils is 1,185 Kms and it is benefitting an un-served population of 3.5 Million.



c. Broadband in un-served urban areas Program

USF Broadband programme aims to deliver the social and economic benefits of ICTs to the masses through affordable broadband, thus helping to achieve Government's objective of breaking the poverty cycle and eliminating the social divide. Broadband is also a key element of the United Nations Millennium Development Goals on poverty reduction and is globally bringing a paradigm shift to the way people run their lives. It is also transforming every facet of communications, from entertainment and telephone services to delivery of vital services like health care.



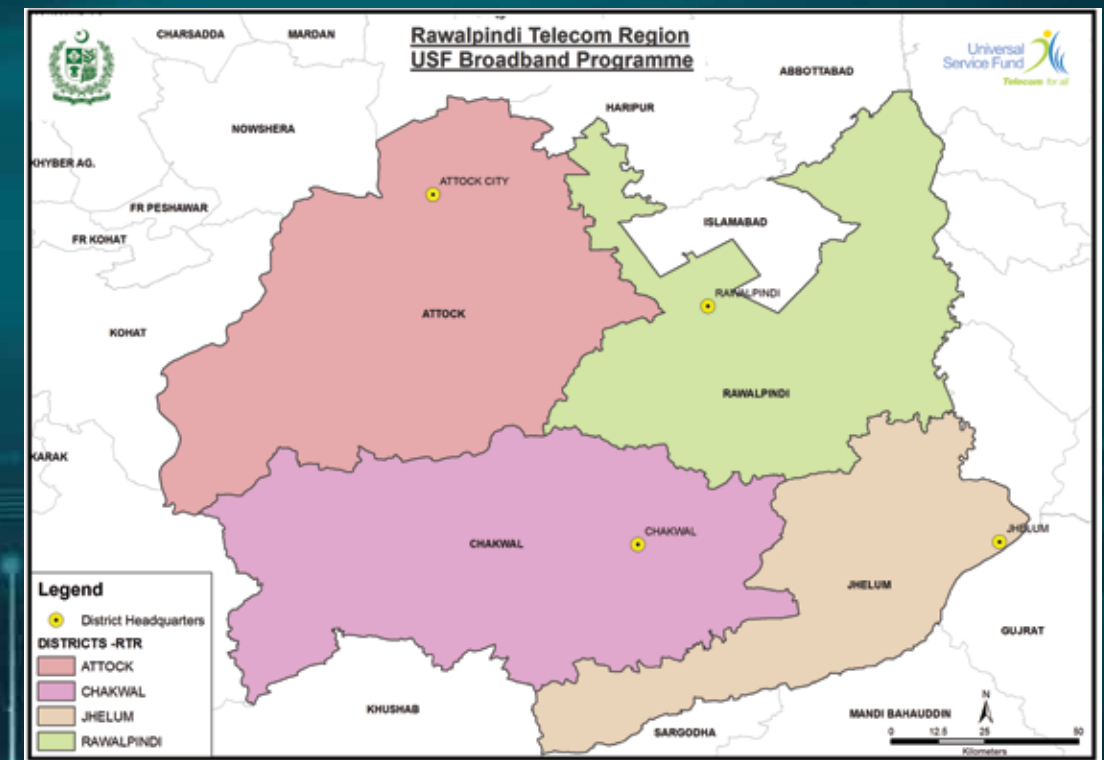
Given below are the details of the new, on-going and completed Broadband Projects till the end of FY 2014-15:

i. On-going Projects

Rawalpindi Telecom Region – 1

Rawalpindi Telecom Region-1 consists of the districts of Attock, Chakwal, Jhelum and Rawalpindi. This region has 26 cities and towns with a population of 1.5 Million people.

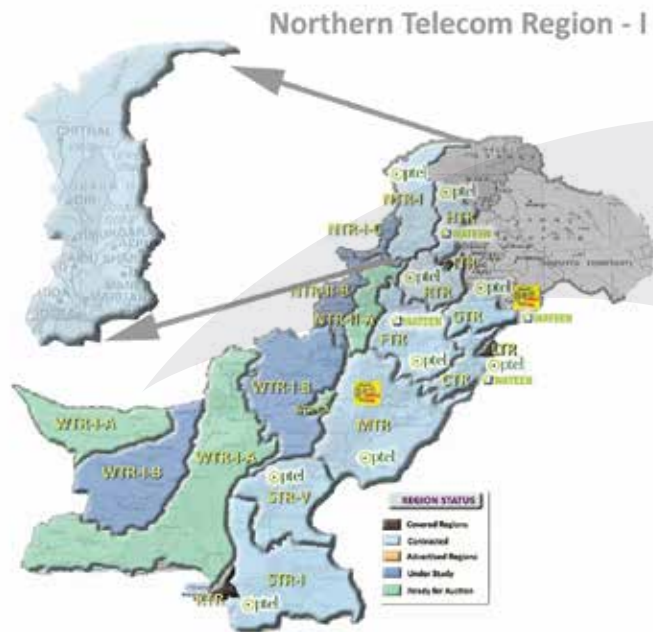
PTCL is being provided subsidy of Rs. 1.39 billion for providing services in RTR. Around 130 EBCs and 16 CBC will be established through this project. The contract for RTR was signed in December 2013.



Northern Telecom Region –I

Northern Telecom Region-I (NTR-I) consists of the districts of Buner, Charsadda, Chitral, Lower Dir, Malakand, Mardan, Nowshera, Shangla, Swabi, Swat and Upper Dir. This region has 37 cities and towns and a population of 2 million people.

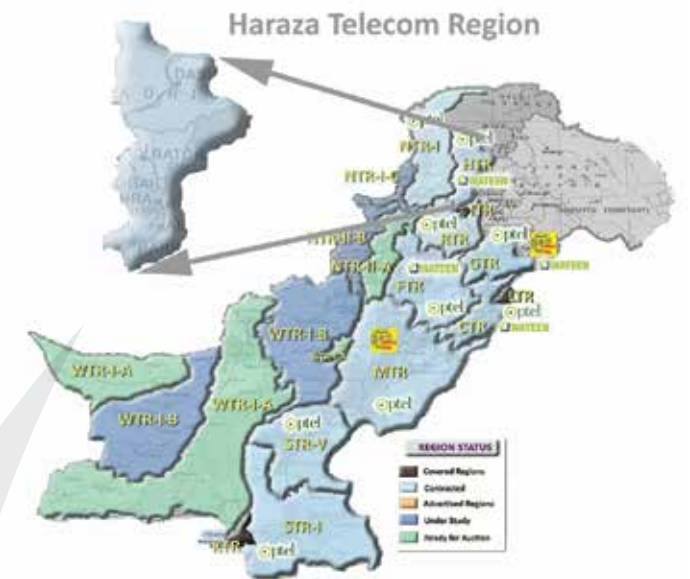
PTCL is being provided subsidy of Rs. 1.16 billion by USF as per the contract signed in December 2013. Target number of 124 EBCs, 25 CBCs and 25,000 broadband connection in this region are to be achieved.



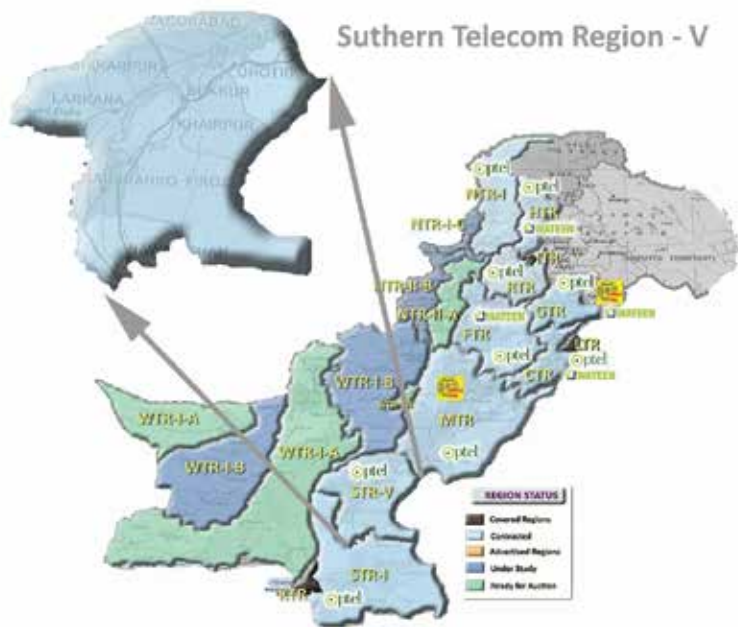
Hazara Telecom Region (HTR)

Hazara Telecom Region (HTR) consists of 17 towns of Abbottabad, Batagram, Haripur, Kohistan and Mansehra districts. Six hundred thousand people live in these small towns and cities.

USF signed a contract for providing broadband services in un-served urban areas of HTR with PTCL and Wateen Telecom on November 24, 2009. PTCL and Wateen Telecom together with contracted subsidy of Rs. 266 Million, are providing broadband internet services in HTR. Along with providing 10,750 broadband connections, 145 EBCs in higher-secondary schools, colleges and libraries and 21 CBCs are being established in all 17 towns of HTR.



Southern Telecom Region (STR V)

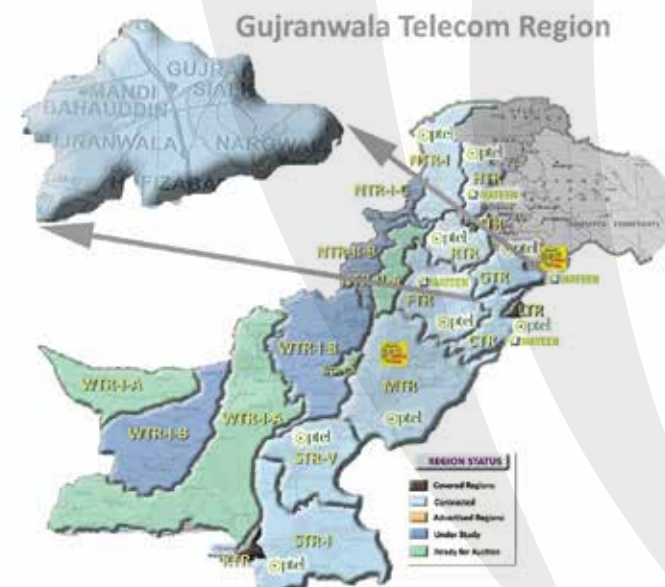


This region comprises of Ghotki, Joccoabad, Kambar Shahdadt, Kashmor, Khaipur, Larkana, Naushero Feroze, Shaheed Benazirabad (Nawab Shah), Shikarpur and Sukkur districts. This region has 73 towns and population of 3.8 million approximately.

PTCL is being provided subsidy of Rs 1.2 billion by USF, the contract was signed in May 2012. Target number of 125 EBCs, 55 CBCs and 56,500 broadband connections in this region is to be achieved.

iii. Completed Projects

Gujranwala Telecom Region (GTR)



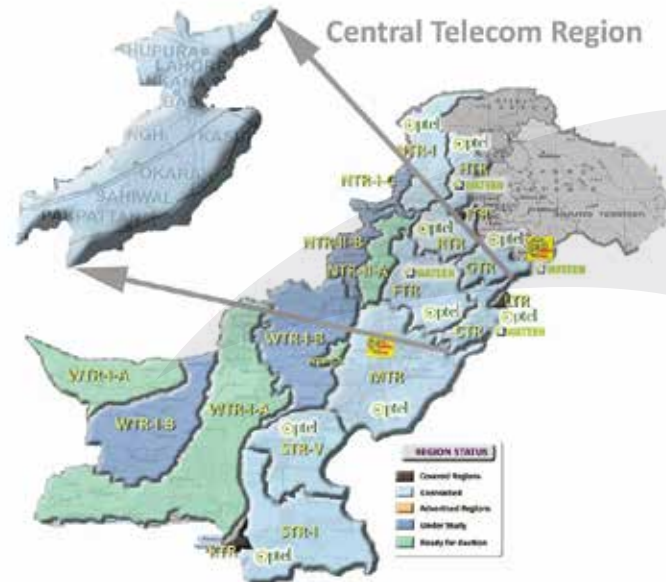
GTR comprises the districts of Gujranwala, Gujrat, Mandi Bahauddin, Narowal, Hafizabad, and Sialkot and has an un-served population of 3.1 Million.

USF signed contracts for providing broadband services in un-served urban areas of Gujranwala Telecom Region with PTCL and Worldcall in March 2010 and with Wateen Telecom in April 2010. PTCL, Worldcall and Wateen Telecom are being paid Rs.1.12 Billion, to provide broadband services in 46 towns. Along with providing 108,500 broadband connections, 154 Educational Broadband Centres (EBCs) have been established in higher-secondary schools, colleges and libraries and 34 CBCs have been established.

Central Telecom Region (CTR)

This region comprises of Kasur, Okara, Pakpattan, Sahiwal, Sheikhupura and Nankana Sahib districts and has 36 towns. This region has an un-served population of 3.3 Million.

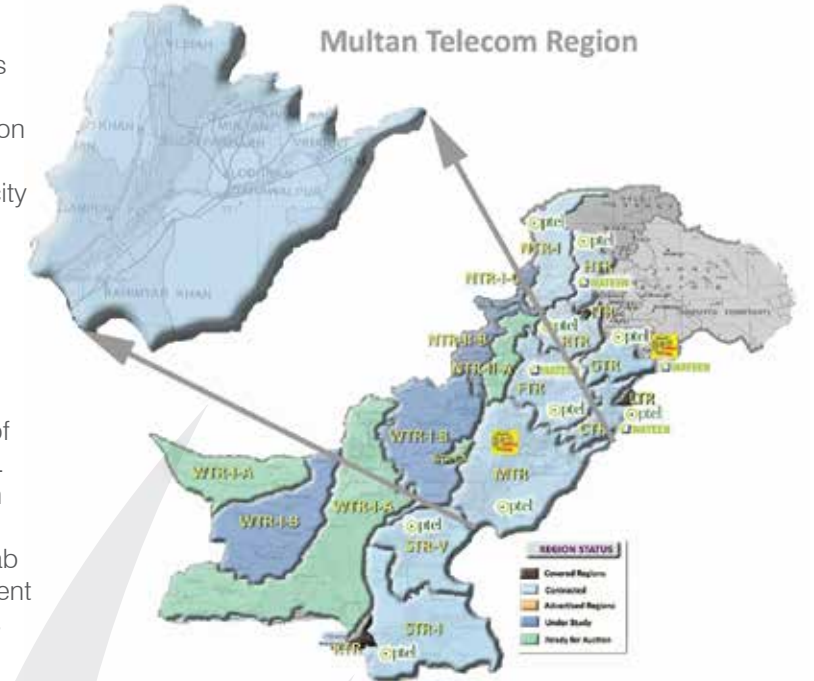
USF signed contract for providing broadband services in the un-served urban areas of Central Telecom Region with PTCL in April 2010. PTCL has been paid Rs. 513 Million under this project. In CTR, 85 higher secondary schools, colleges and public libraries are getting broadband and 24 Community Broadband Centres (CBCs) have been established. 48,000 broadband connections have also been provided under this project.



Multan Telecom Region (MTR)

Southern Punjab (known in the Telecom Industry as "Multan Telecom Region"), as a whole, has a total area of about 100,000 Sq Kms and a total population (rural and urban) of around 24 Million (i.e. 14% of Total Population of Pakistan). MTR (excluding the city of Multan) has an urban population of 4.4 Million which resides in 37 Cities/Towns. It consists of the districts of Bahawalnagar, Bahawalpur, D.G. Khan, Khanewal, Leyyah, Lodhran, Multan, Muzaffargarh, Rahim Yar Khan, Rajanpur and Vehari.

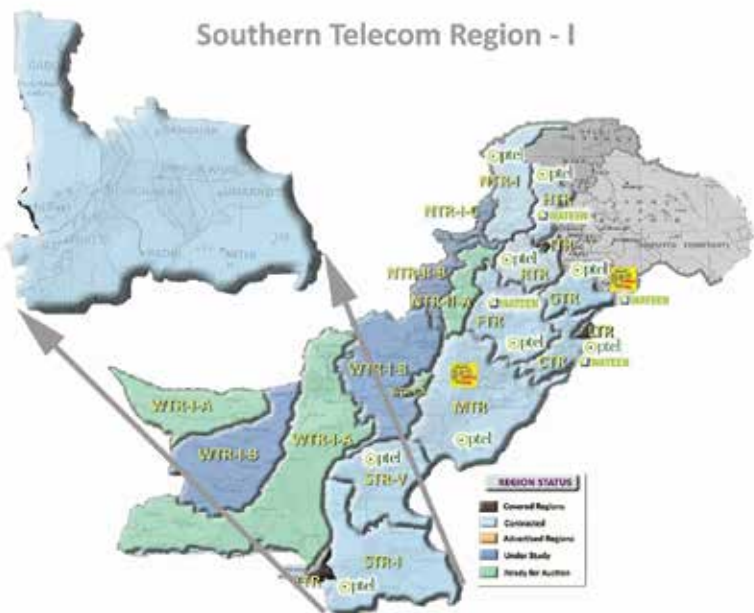
The contracts for the project to provide broadband internet connectivity in the un-served urban areas of MTR, were awarded in June and July 2009 to PTCL and World Call respectively worth Rs. 1.95 Billion in total. Through this project, 101,500 broadband connections have been provided in Southern Punjab (called MTR). The project also includes establishment of EBCs in 305 higher secondary schools, colleges and libraries and 84 CBCs for those who cannot afford PCs.



Southern Telecom Region-I (STR-1)

STR-1 comprises the districts of Badin, Dadu, Hyderabad, Jamshoro, Mirpur Khas, Sanghar, Tharparkar, Thatta and Umerkot and towns of Matiari, Tando Allah Yar, Tando Mohammad Khan

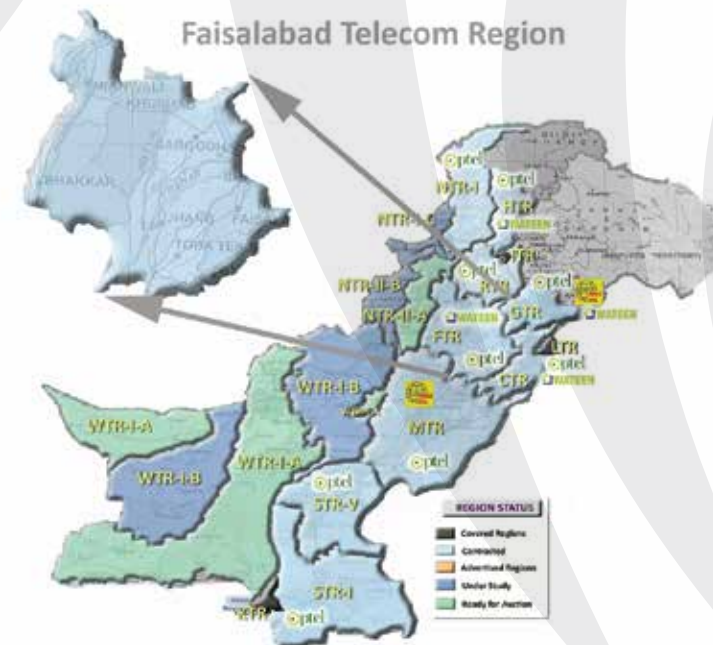
USF signed the contract for providing broadband services in un-served urban areas of this region (minus the city of Hyderabad) with PTCL in June 2009 worth Rs. 550 Million. Along with providing 20,146 broadband connections, 82 EBCs and 43 CBCs have also been established in 77 un-served towns/cities of STR-1.



Faisalabad Telecom Region (FTR)

This project involves providing broadband connectivity to districts of Faisalabad (excluding the served city of Faisalabad), Jhang, Sargodha, Toba Tek Singh, Khushab, Bhakkar and Mianwali. FTR has 56 towns and cities of various sizes and a population of more than 3 Million that will benefit from this project.

USF awarded contracts, worth Rs. 1.43 Billion in total, for providing Broadband Services in the Un-Served Urban areas of FTR to PTCL and Wateen Telecom on April 27, 2009. Through this project, initially 72,500 broadband connections have been provided by PTCL and 16,500 by Wateen Telecom. A major highlight of this project is the establishment of more than 243 EBCs in all the Higher Secondary Schools and Colleges in these towns and cities, besides setting up of more than 94 CBCs.



d. Special Projects

New Projects

Establishment of Computer Labs in Women Empowerment Centres of Pakistan Baitulmal



females in Pakistan who have not been able to fully benefit from educational and ICT facilities. In such a scenario, technology can play a pertinent role to enable the females in Pakistan to fully benefit from ICT facilities and make a contribution towards sustainable development of the country in the future.

USF aims, among other things, to utilize Information & Communication Technologies (ICT) in delivery of IT and e-services in un-served and under-served areas so that underprivileged people living in such areas can get benefits of modern ICT services. In FY 2015-16, USF will be establishing Computer Labs in Women Empowerment Centers which will help underprivileged female students to come at par with students of served urban areas.

Pakistan Bait-ul-Mal through Women Empowerment Centers (WECs) will endeavor to build the capacity of women across Pakistan. This project will trigger socio-economic uplift of females, ensure their digital inclusion and will also create entrepreneurial opportunities for women.

Establishment of Computer Labs in Pakistan Sweet Homes

USF will be implementing a project in FY 2015-16 for



setting up Computer Labs in Sweet Homes. The project will be run at 12 locations across Pakistan. There are 12 Sweet Home sites spread across 4 provinces in Punjab. Each of the 12 Sweet Homes will be provided with a fully furnished computer lab. The Sweet homes will be selected in consultation with Federal Ministry of Information Technology and concerned departments.

Establishment of Telecentres

To take broadband internet to the villages, USF is launching another Program namely establishment of

Telecenters. This project has immense potential to enable citizens of Pakistan to seek maximum socio-economic benefits through Information and Communication Technologies (ICTs).

Telecentres will provide opportunities to facilitate knowledge creation and sharing and will also strengthen or replace the traditional system which is being used to acquire knowledge. Services that have been planned to be provided at these centres are Civil Registration Services (Birth, Death, Marriage, Divorce, etc) in collaboration with NADRA, SIM Verification and E-Services (E-Health, E-Agriculture, E-Banking, E-Education, E-Commerce and E-Tourism).

In present age, women are making a significant contribution towards the socio-economic transformation and sustainable growth of a society. It is considered impossible to execute effective programmes for economic and social development of a country without a proactive role of females. It is therefore mandatory to initiate programmes that provide a level-playing field to girls to contribute towards the society in future. At the same time, it also becomes important to create or adopt technologies which will ensure the professional progress of girls in time to come. Unfortunately, there are still a huge number of

Financial Highlights till the end of FY 14-15



	Programme	Committed Subsidy till the end of FY 2014-15 (in Rs)	Subsidy Disbursed till the end of FY 2014-15 (in Rs)
1	Rural Telecom Programme	7,931,687,844	6,608,026,812
2	Broadband Programme	3,370,943,404	5,289,195,713
3	Optic Fiber Project	1,628,600,000	4,655,830,830
4	Special Projects	6,974,787	155,643,890
	Total	12,938,206,035	16,708,697,245