CASE STUDY ON THE PROVISION OF PUBLIC UTILITY TELECOMMUNICATION SERVICE IN VIETNAM

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Vietnam Public Utility Telecommunication Service Fund (VTF)
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PUT: Public Utility Telecommunication Service
The policy for PUT development in Vietnam

5 factors of the policy for PUT development in Vietnam

- The provision program in 5 year term
- PUT areas
- Beneficiary, Supporting form
- Contribution to VTF
- VTF’s operation

5 keys of Vietnam’s Policy
Vietnam Public Utility Telecommunication Service Fund

- Establishment year: 2004; Operation year: from 2005
- Mission: To assist Vietnam’s government in realizing the policy on provision of public utility telecommunication services throughout the country.
- Legal status: State’s financial institution, directly under Ministry of Information and Communications
- Operation purpose: Non-profitable goals

Website: [www.vtf.gov.vn](http://www.vtf.gov.vn)
VTF’s capital source

Charter capital: 500 Billion VND → ~ 34 million USD

Contribution of telecommunication enterprises → Annual ~ 55 million

Others: Allocated by the State; Aids, financial supports and voluntary contributions of domestic, overseas organizations and individuals for the providing public-utility telecommunication services in Vietnam (NGOs, others).

Capital total from 2005 to 2010 → ~ 325 million USD
List of PUT

- **Universal telecommunication service:**
  - Standard telephone service;
  - Standard Internet access service.

- **Obligatory telecommunication service:**
  - Emergency contact in giving first aid (115), extinguishing fire (114), public security (113).
  - Looking up telephone subscriber number inside the region (116).
  - Internet and telecommunication services required by MIC: Urgent national security and defense; Urgent in fighting flood, storm, fire, natural calamity and other disasters; Urgent in seeking and rescuing; managing activities; Urgent in fighting epidemics Other urgent contact.
PUT areas 2005 - 2009

Criteria to define:
1. Fixed tele-density per 100 people in comparison with the average density of the whole country;
2. Socio-economy: to reach the target of eliminating hunger and reducing poverty; giving priority on investing in developing socio-economy; remote areas where enterprise can not do business under the market mechanism.

By the end of 2010:
- 4,344 administration communes + 41 islands
- Population in PUT areas: ~ 21 million
  - ~ 24% country population
Support to PUT-provision from VTF (cont)

Supporting form (2005-2010)

- Financial support to end-users in designated areas, through telecom enterprise: terminal equipment, monthly charge.
- Financial supports for operator to cover expenses for development and maintenance of the provision of PUT. For example: Partially cost for maintaining network: Fixed line, Internet network, VSAT-satellite, Public Tele and Internet Centers.
- Soft loans: Offer telecom enterprise preferential loans to build network infrastructure.
Results program 2005 - 2010

- Fixed tele-density in PUT: nearly 16 sets/100 inhabitants (Objective of program: 5 sets/100 inhabitants).
- Number of commune with public telephone access point: ~97% nationwide.
- Number of commune with public Internet access point: ~ 55% nationwide.
- Rural households with fixed telephone: 39%
- Free for compulsory telecommunication.
- Large number of beneficiary: The population in PUT areas is about 21 million – 24% country population.
Shortcomings of PUT provision program 2005-2010

• In the areas with especially difficult socio-economic conditions: Slow infrastructure development with low quality, still has not meet the inhabitants’ demand.

• The number of commune, on nation wide, with Internet Access Point is lower than objective (70% - 50%).

• On average, fixed tele-density in PUT areas is high. But still, there are 32 communes without fixed line and 4 district with less than 5 sets/100 inhabitants.

• Internet subscribers and users in the areas with especially difficult socio-economic conditions: Low
Draft Objective for 2011 -2015

- 100% commune, on nation wide, with multi-telecom services connection points on broadband infrastructure.
- Internet subscriber (household) in the commune of the district with less than 2%: 5%
- More than 50% communes of poor districts (as regulated) with Public Internet
- Free for all for compulsory telecom services
- Maintain the result of program 2005-2010: Assist households with terminal equipment and monthly charges; Assist telecom operators in upgrading and expanding infrastructure
Obstacles to the development of PUT

• Network infrastructure: Huge investment but slow return (low demand) => Not attractive to enterprise => Difficult to expand public utility telecom service.

• ICT skills: ICT skills in PUT areas need to be improved.
  Another: VTF – Intel co-operation in pilot ICT training.

• Sustainable development of Tele-center: At present, VTF is providing financial support for public Telephone/Internet Access points. The problem is that how these Tele-centers can reach commercial sustainability after VTF’s supports end?

• Ability to pay in PUT areas

• Internet content: Important to expand PUT-provision and ensure the commercial sustainability of Public Internet Access Point. At present, it does not fall into
To overcome above obstacles, we look forward to cooperation between the VTF and partners in order to foster PUT – provision.

The co-operation forms can be:

- Technical assistance projects: to strengthen VTFs capacity for instance
- Training projects
- Collaborative projects
- Other
Annex 1: List of Legal documents of PUT in Vietnam

1. Decision No. 191/2004/QĐ-TTg dated November 8th, 2004 of Prime Minister on the setting up Organization and Operation of VTF.

2. Decision No. 07/2005/QĐ-BBCVT dated April 25th, 2005 of Minister of post and telematics on promulgating the regulations on Organization and Operation of VTF.

3. Decision No. 74/2006/QĐ-TTg dated April 7th, 2006 of Prime Minister on approval program on provision of public-utility telecommunication services by 2010

4. Decision No. 67/2006/TT-BTC dated July 18th, 2006 of Minister of Ministry of Finance on guidance implementation the financial management regime of VTF.

5. Decision No. 05/2006/QĐ-BBCVT dated November 6th, 2006 of Minister of MPT on guidance program on provision of public-utility telecommunication services by 2010
6. Decision No. 110/2005/TT-BTC dated April 7th, 2005 of Minister of Finance on Sponsor of Telecom company.

7. Decision No. 41/2006/QĐ-BBCVT dated September 19th, 2006 of Minister of post and telematics on promulgation UTS area.

8. Decision No. 43/2006/QĐ-TTg dated November 2nd, 2006 of Minister of post and telematics on list of UTS.

9. Decision No. 67/2006/TT-BTC dated July 18th, 2006 of Minister of Ministry of Finance on guidance implementation the financial management regime of VTF.

10. Decision No. 17/2007/QĐ-BBCVT dated November 6th, 2006 of Minister of post and telematics on allow level for UTS
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Thank You

http://aseanruralconnectivityconference2011.wordpress.com/