

TABLE OF CONTENTS

1	Introduction	- 2 -
1.1	What is the Universal Service Fund?	- 2 -
1.2	Regulatory Instruments of the USF	- 3 -
1.3	Telecommunications Act 2009	- 4 -
1.4	USF Operating Plan.....	- 4 -
1.5	USF Budget	- 4 -
2	Telecommunications in St. Vincent and the Grenadines.....	7
2.1	Universal Service Fund (USF) Project Status	7
3	Summary Market Assessment	12
3.1	Revenue of Telecom Operators.....	13
3.2	Portable computers entering St. Vincent.....	17
3.3	Desktops entering St. Vincent and the Grenadines	18
3.4	Mobile phones entering St. Vincent and the Grenadines	19
3.5	Penetration Rates for Telecommunication Services	20
4	Priority Goals 2017	21
5	USF Priority Goals 2018	23
6	USF Budget Estimates	24

1 INTRODUCTION

The National Telecommunications Regulatory Commission (NTRC) of St. Vincent and the Grenadines was established by the Telecommunications Act (Cap 418) of the Revised Laws of St. Vincent and the Grenadines 2009 to efficiently regulate the telecommunications sector in collaboration with the Eastern Caribbean Telecommunications Authority (ECTEL). The NTRC was also mandated to manage the Universal Service Fund (USF).

1.1 WHAT IS THE UNIVERSAL SERVICE FUND?

The Universal Service Fund (USF) was established under Section 42 of the Telecommunications Act (Cap 418) of the Revised Laws of St. Vincent and the Grenadines in 2009. The Fund was set up to compensate any telecommunications provider who is required to provide or to promote Universal Service. Universal Services include: Public voice telephony, Internet access, telecommunication services to schools, hospitals and similar institutions, and to the physically challenged. This USF encourages efficient access to, and the use of telecommunication networks and services throughout St. Vincent and the Grenadines, with special focus on rural, underserved and maritime areas. The provision of Universal Service will provide social, educational and economic development for our nation.

The Fund will also ensure the reasonable availability and affordability of basic and advanced telecommunication services, where commercial telecommunication markets may be unable to deliver such services in a financially viable manner independently.

The USF is mainly funded by annual payments made by telecommunication providers. The Fund may also receive income from appropriations made by Parliament and official grants, donations, bequests or other contributions if the NTRC considers it consistent with the best interest of the Fund. The annual payments received from telecommunication providers range from 0.25% of gross revenue for the first year of a license, 0.5% of gross revenue for the second year, 1% for the third year, 1.5% for the fourth year, 1.75% for the fifth year and 2 % for the sixth and each subsequent year of its licence and throughout the remaining period of the license.

1.2 REGULATORY INSTRUMENTS OF THE USF

There are several regulatory instruments that govern the Universal Service Fund. They are as follows:

1.2.1 Telecommunications (Universal Service Fund Contribution Order) Regulations S.R.O. #4 of 2017.

This was gazetted in January 2017, this revised Order sets out the method for the calculation of payments and the deadlines for payments. This document is accessible by the below link:

http://www.ntrc.vc/regulations/USF_contribution_order.pdf

1.2.2 Telecommunications (Universal Service Fund) Regulations (Universal Service Fund) Regulations (Cap 418) of the Revised Laws of St. Vincent and the Grenadines 2009

The Regulations were gazetted on September 16, 2008 and the aim of the Regulations is to provide a broad framework for the efficient and effective management of the Fund. This document is accessible by the below link:

http://www.ntrc.vc/regulations/Universal_Service_Fund_regulations_1.pdf

1.2.3 Telecommunications (Universal Service Fund) Guidelines 2009

This document outlines specific procedures and policies for the management of the USF in St. Vincent and the Grenadines. The basis for the development and use of the Guidelines derived from the Telecommunications (Universal Service Fund) Regulations. This document is accessible by the below link:

http://www.ntrc.vc/usf/USF_guidelines.pdf

1.3 TELECOMMUNICATIONS ACT 2009

Section 42 of this Act mandates the establishment of the USF. This document is accessible by the below link:

http://www.ntrc.vc/regulations/telecom_act_2001_SRO_NO_1.pdf

1.4 USF OPERATING PLAN

The USF Operating Plan is a policy document which outlines the priority objectives of the USF within St. Vincent and the Grenadines on an annual basis. This document summarizes the state of development of telecommunications in the country and it sets forth the broad objectives, targets and types of projects that the Fund may seek to promote during the year. It also provides a financial status of the fund to stakeholders.

1.5 USF BUDGET

For the year ended December 31, 2017, the Universal Service Fund was budgeted to receive a total of One Million, Three Hundred and Ninety Eight Thousand Six Hundred and Seventy Three Dollars (\$1,398,673.00) from telecommunications service providers. The interest on the account

was projected to be Six Thousand Dollars (\$6,000.00) and other income of Eighty Thousand Dollars (\$80,000.00) which consists of a grant from the Caribbean Development Bank and other entities to assist with the hosting of the MyApp Summer Program and the I Squared Competition. The actual revenue received by the Universal Service Fund in 2017 was One Million, Four Hundred and Thirteen Thousand and Ninety Five Dollars (\$1,413,095.00). The additional revenue relates to outstanding fees settled by the telecommunications providers. A total of Seven Thousand Eight Hundred and Seventy Three Dollars (\$7,873.00) was received as interest on the account. Other income of Seventy Thousand Dollars (\$70,000.00) was received from the Caribbean Development Bank as a contribution to our annual MyApp Summer Programs and Eleven Thousand Dollars (\$11,000.00) was received from Sponsors for our annual i2 Competition.

Expenditure

Recurrent:

For the year ended December 31, 2017, the USF projected to spend Four Hundred and Fifty Eight Thousand, One Hundred and Fifty Two Dollars (\$458,152.00) on recurrent expenditure. However, Four Hundred and Thirty Two thousand and Ninety Five Dollars (\$432,095.00) was actually spent.

Projects:

For the year ended December 31, 2017, the USF budgeted to spend One Million and Eight Hundred and Ninety Two Thousand, Four Hundred and Seventy Dollars (\$1,892,477.00) for payment on projects. However, One Million, Two Hundred and Twenty Two Thousand and Ninety Dollars (\$1,220,090.00) was actually spent. A number of our projects ended in 2017 and have been retendered and no new contracts have yet been signed.

Figure 1

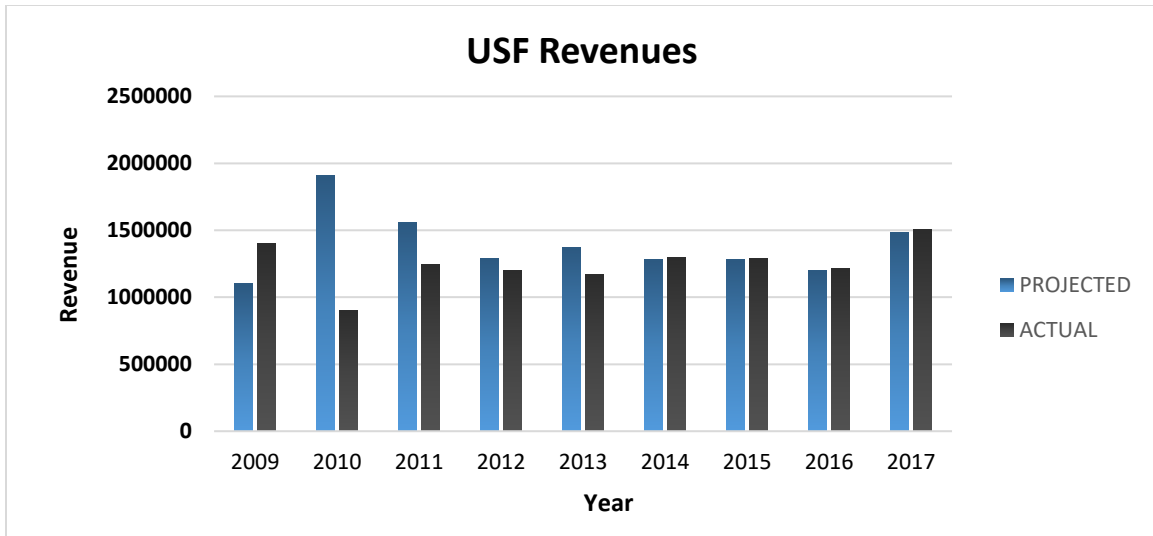


Fig 1. Shows data from the NTRC Annual Report 2017

2 TELECOMMUNICATIONS IN ST. VINCENT AND THE GRENADINES

In St. Vincent and the Grenadines, access to the internet is a very important aspect of daily life for most citizens. This is evident from data collected from the centrally managed cloud dashboard for 322 wireless access points at 125 locations nationwide implemented under various projects of the Universal Service fund. Using this central platform, it was noted that for the year 2017, a total of 224.69 Terabytes of data was consumed by 139,540 individual devices. Of these individual users, 37,319 devices were Samsung mobile devices which contributed to over 30% of the total devices connected to the access points. This was followed by Apple with 14,651 devices contributing to just over 11% of all devices connected. The proliferation of wireless internet enabled devices and the need for and dependency on wireless networks have increased locally over the last few years. This is one of the primary reasons why the services being provided by the USF is geared toward wireless connectivity. In addition to providing wireless internet access, the NTRC has continued with the objective of ICT training in the rural areas in 2017 with the Myapp Summer Program which provides students in the rural areas the ability to get the necessary training in software development. In 2017, the program was held in Petit Bordel and Union Island where a total of thirty five (35) students took part. In 2018, the NTRC will be hosting the program in Bequia where twenty (20) students will be trained.

2.1 UNIVERSAL SERVICE FUND (USF) PROJECT STATUS

In 2017, no new contracts were signed for the implementation of new projects by the USF. This decision was made due to the unavailability of sufficient funds to embark on any new projects. Thus far, the USF has successfully undertaken a total of seven projects.

2.1.1 Internet Project

The first project undertaken by the USF in SVG was called the Internet Project, and was signed in with telecommunications provider Cable & Wireless, at a cost of Four Hundred and Twenty-Seven Thousand, Six Hundred and Eight Dollars and Ninety-Eight Cents (\$427,608.98). It saw twenty-eight (28) rural locations outfitted with wireless internal and external internet access points with minimum speeds of 8 Mbps. These locations included thirteen (13) Learning Resource Centers, nine (9) rural schools and six (6) Community Centers. This project was commissioned on July 6, 2011, and ran for a period of five (5) years. This project was combined with another project, the Community center project and was retendered in the third quarter of 2016. The Commission is in the final stage of negotiation with this project and it is expected to be signed in the third quarter of 2018.

2.1.2 Payphone Project

The second project is called the Payphone Project and was signed with Cable and Wireless in 2011, at a cost of One Million, Four Hundred Thousand, Five Hundred and Seventy-Five Dollars and Forty-Five Cents (\$1,400,575.45). This project has seen twenty-five (25) payphones installed at various locations across SVG – including tourism sites, beaches and at points along the main road. Internet access was also provided at tourism sites and beaches at a minimal cost. Overt vandal proof security cameras were also installed at selected tourism sites and at the beaches to minimize the threat of vandalism to the payphones, as well as to provide some security for visitors to these locations. This project took just over six years to be commissioned as all of the services were not in place at all of the locations under this project previously. The commission process involved visits to all locations with a representative from Cable and Wireless to ensure that the equipment and services at all of the sites were in place. Attempts were made in 2015 and 2016 to commission the project, however, the services were found to be lacking at some sites. In January of 2017, the project was commissioned as the service and equipment at all sites were found to be in place and operational.

Schools Project

The third, and largest project is the Schools Project – which provides internet services to all one hundred and seven (107) educational institutions in St. Vincent and the Grenadines via interior and exterior wireless access points, with speeds of up to 20 Mbps. This contract was signed in 2011 in telecommunications provider Cable and Wireless, and the project was commissioned in 2012. The project expired in 2017 and was retendered. The new project will see the continuation of the services at all of the location in the previous contract with improved speeds and coverage to several of the schools. This contract is estimated to be in place by the third quarter of 2018.

2.1.3 Maritime Project

The fourth project, which is the VHF Maritime Project, was implemented to provide access to both emergency and non-emergency communications in the Exclusive Economic Zone (EEZ) of St. Vincent and the Grenadines and saw the implementation of a GMDSS system in St. Vincent and the Grenadines. The project was executed for a total cost of One Million, One Hundred and Twenty Five Thousand, and Seven Hundred and Eighty Eastern Caribbean Dollars (\$1,125,780.00) and was being maintained for a period of five years. Five Hundred and Forty Thousand Dollars (\$540,000.0) of this amount was accessed from the World Bank for the purchase and installation of the equipment. The remaining Five Hundred and Eighty Five Thousand, Seven Hundred and Eighty One Dollars (\$585,781.00) was paid by the Universal Service Fund for the maintenance of the services and equipment over the 5 year period.

GMDSS stands for Global Maritime Distress and Safety System and it is a set of safety procedures, types of equipment and communication protocols used to increase safety and make it easier to rescue distressed ships, boats and even aircrafts. GMDSS provides for distress alerts, distress relays, search and rescue, on scene communication and location services. This system is mandatory for all ships subject to the Safety of Life At Sea (SOLAS) convention of 1974. The basic concept of this system is that the Coast Guard, as well as vessels in the immediate area of a ship in distress, will be rapidly alerted to the emergency so that they can assist with minimum delay time. Digital Selective Calling (DSC) is one of the

most important aspects of this GMDSS system and is a standard for sending pre-defined digital message via the pressing of one button. Noting this fact, the NTRC identified and implemented this project to improve the VHF maritime coverage around the country.

Under this project the control system was installed at the Coast Guard Base while three antennas and three transceivers were installed at the Mt St Andrews remote site. These two locations are also linked via a 2Mb leased circuit.

Under this project, several training sessions were held in 2016 in collaboration with the St. Vincent and the Grenadines Coast Guard Services with fishermen in various communities informing them of the system and use of the VHF DSC enabled radios. This project was retendered in 2017 as the initial contract which expired in 2017. The new contract will see the continuation of the maintenance of the services and equipment under the project. The contract is expected to be in place by the third quarter of 2018.

2.1.4 Police and Health Center Project

The fifth project is the Police and Health Center Project. This project provides wireless internet access at all twenty-nine (29) Police Stations and forty-two (42) Health Centers throughout St. Vincent and the Grenadines at a minimum speed of 8 Mbps. The cost of this project is Seven Hundred and Eleven Thousand, and Fifteen Dollars (\$711,015.00), and is being implemented by Karib Cable for a period of two (2) years. Thirty-one (31) computers were also installed at various clinics and fourteen (14) computers were installed at the Milton Cato Memorial Hospital. The Royal St. Vincent and the Grenadines Police Force (RSVGPF) Training School was also outfitted with ten (10) computers to assist the recruits and other officers with their research work. This project was commissioned on June 12, 2015 and the NTRC has been routinely monitoring the services being provided to ensure that the necessary measures can be implemented to reduce the down time of the service. The project was retendered in 2017 and a new contract is expected to be entered into in the third quarter of 2018.

2.1.5 Community Center Project

The sixth project implemented is the Community Center Project. This project provides wireless internet access at eleven (11) Community Centers in various communities throughout St. Vincent and the Grenadines, as well as a Learning Resource Centre, and seven (7) group institutions and public venues, all at a minimum speed of 20 Mbps. The contract for this project was signed in 2012 with Karib Cable, at a cost of one hundred and nineteen thousand, five hundred and three dollars and twenty-nine cents (\$119,503.29), and is being implemented for a period of two (2) years. The project was commissioned on March 4, 2014. Under this project, the newly established Salvation Army Children's Home was outfitted with six (6) computers and internet access to assist with the development of the children's ICT skills. All residents from the various communities, where these project sites are located, will have access to the wireless internet on a 24/7 basis.

This project was combined with the internet project and was retendered in the third quarter of 2016. These two projects were amalgamated due to the fact that they provided the same services at similar locations. In addition to this, both projects were coming to an end and the NTRC saw it advantageous to merge the two projects which would save administrative cost over the long run. The Commission is in the final stage of negotiation with this project and it is expected to be signed in the third quarter of 2018.

2.1.6 SMART Project

The seventh project that is currently being undertaken by the NTRC is the SMART Project. This project was designed to facilitate the necessary infrastructure and platforms at SVGCC to enable it to offer its existing and new courses online and in real time. Another component of this project is that three hundred and forty (340) households benefited from subsidized internet access at a price of ten dollars (\$10) per month for a maximum of two (2) years. Additionally, a state-of-the-art computer lab containing thirty-five (35) high powered computers, including twenty (20) Apple Mac computers, were handed over to the Division of Technical Education, SVGCC. This project was executed at a total of One Million, Six Hundred and

Ninety-Eight Thousand, Nine hundred and Ninety-Four Dollars (\$1,698,994.00), and is being implemented by LIME. This project was commissioned on September 25, 2014.

The programs at the St. Vincent and the Grenadines Community College which include the Associate Degree in Cyber Security and an Associate Degree in Software Development are in operation now and the programs are based at the Division of Arts and General Sciences and General Studies campus of the SVGCC in Villa.

2.1.7 St. Vincent and the Grenadines National Broadband Plan

Our NTRC developed a draft National Broadband plan in 2016. With funding assistance from the Caribbean Regional Communications Infrastructure Program (CARCIP) project, the NTRC in collaboration with the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology alongside a World Bank Consultant conducted public consultations on the draft plan throughout the nation in the first quarter of 2017. With feedback from the consultations the final draft of the plan was completed in June 2017. The NTRC anticipates that the final draft of the Broadband Plan be taken to Cabinet in 2018 for adoption and execution. One of the main components of the Broadband plan is to bring broadband penetration levels above 90% by 2023.

3 SUMMARY MARKET ASSESSMENT

The USF was unable to execute new projects in 2017 but has continued to maintain three hundred and twenty-eight (328) free wireless internet access points across the country and other services and equipment which are in place under the seven projects being executed under the Fund. The Government of St. Vincent and the Grenadines have been working on providing additional capacity within the region as it pertains to ICT development. The Caribbean Regional Communications Infrastructure Program (CARCIP) is another project being implemented. CARCIP is a World Bank financed initiative which seeks to provide better broadband access to the Grenadine islands from the mainland of St. Vincent and Grenada. This project also seeks to advance the development of an ICT-enabled service industry in the Caribbean region. CARCIP will be structured into two components.

There are 2 components of the CARCIP project as follows;

1. Expansion of the Government Wide Area Network (GWAN) and Supply & Installation of an IP PBX.
2. The Installation, Maintenance and Operation of an Undersea Cable System for Grenada and St. Vincent and the Grenadines.

Key deliverables of the Components:

- A dedicated Government Wide Area Network (GWAN) network infrastructure;
- GWAN is to be a Fibre based network connecting all Government locations specified;
- GWAN Core has a Primary and Secondary core for geo-diverse redundancy;
- Centralized Security Services to protect the network against complex and malicious threats;
- A new Government IP PBX system & 911 IP PBX System
- Subsea cable system connecting the Grenadine Islands of Bequia, Mustique, Canuoan, and Union Island to the mainland of St. Vincent and Grenada.

The signing of the contracts between the Governments of Grenada, St. Lucia and St. Vincent and the Grenadines and Digicel OECS Ltd and Digicel St. Vincent Ltd was completed on July 23, 2018. CARCIP completion date has been extended to February 1, 2020 to facilitate the implementation of the broadband activity.

3.1 REVENUE OF TELECOM OPERATORS

Figure 2 below shows the revenues received by the respective telecommunication operators. The revenue generated by telecommunications operators decreased by a margin of 4% in 2017. This was due to a reduction in domestic revenue for mobile service as well as a marginal reduction in Cable TV revenue and fixed line revenue.

Figure 2

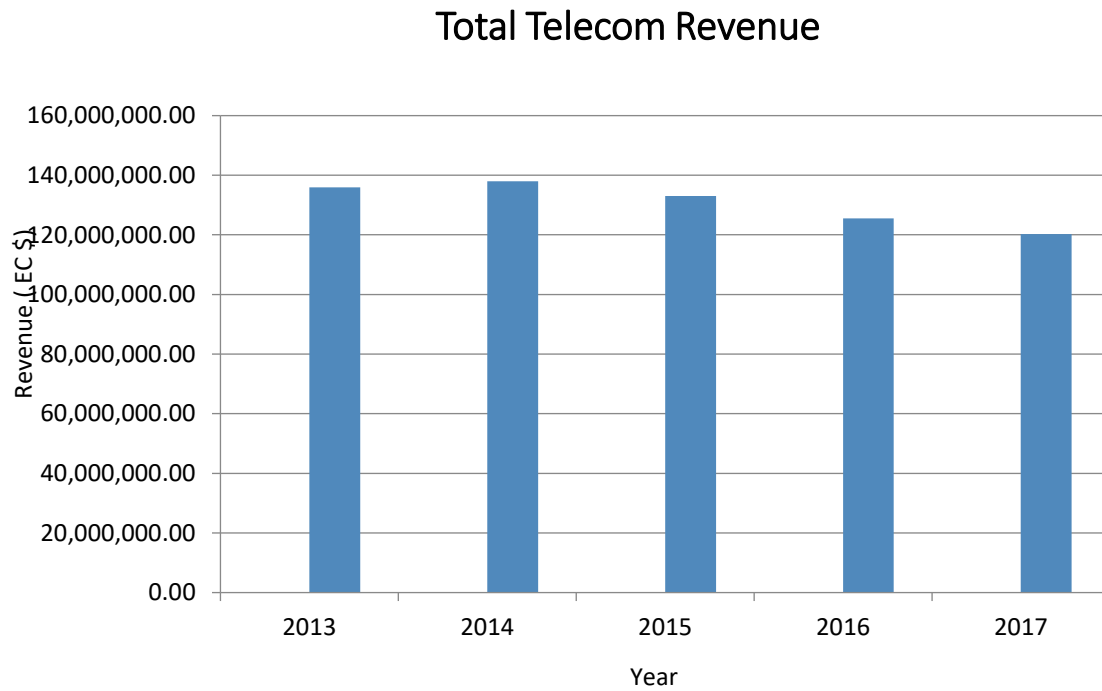


Fig 2. Shows data from the telecommunications providers in SVG

Figure 3 shows a comparison in Fixed Line Subscribers for Cable & Wireless and Karib Cable. In 2017, Cable & Wireless and Karib Cable recorded a decrease for the Fixed Line Subscribers.

Figure 3

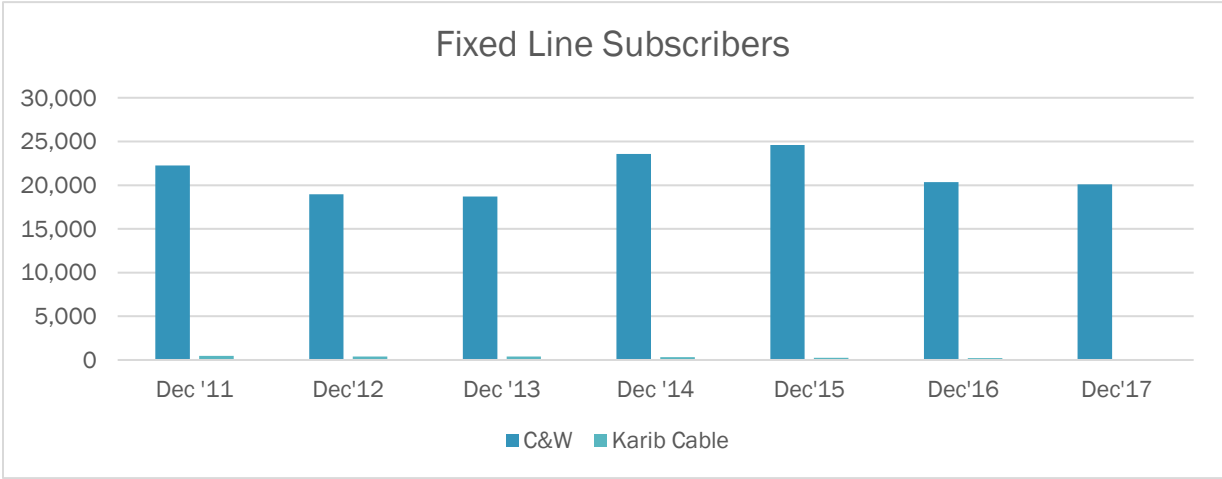


Fig 3. Shows data from the telecommunications providers in SVG

Figure 4 below shows the number of Broadband Internet Subscribers from 2011 to 2017 on a whole. There has been a slight decline in 2012, however there has been an increase in the Broadband Internet Subscribers from 2013.

Figure 4

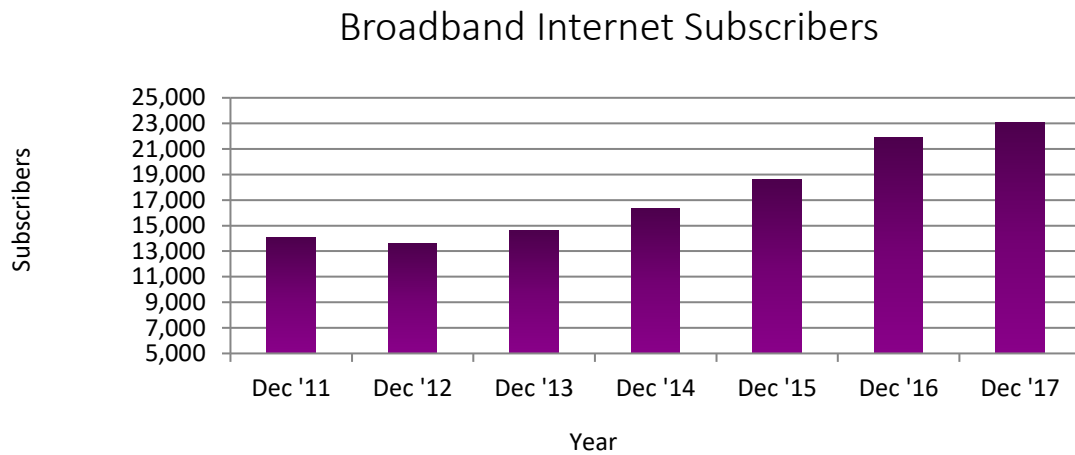


Fig 4. Shows data from the telecommunications providers in SVG

3.2 PORTABLE COMPUTERS ENTERING ST. VINCENT

Figure 5 depicts the number of portable computers entering St. Vincent and the Grenadines. In 2017, 4761 laptops were imported in SVG. This is a 23% decrease from the year 2016 which saw 6189 devices being imported.

Figure 5

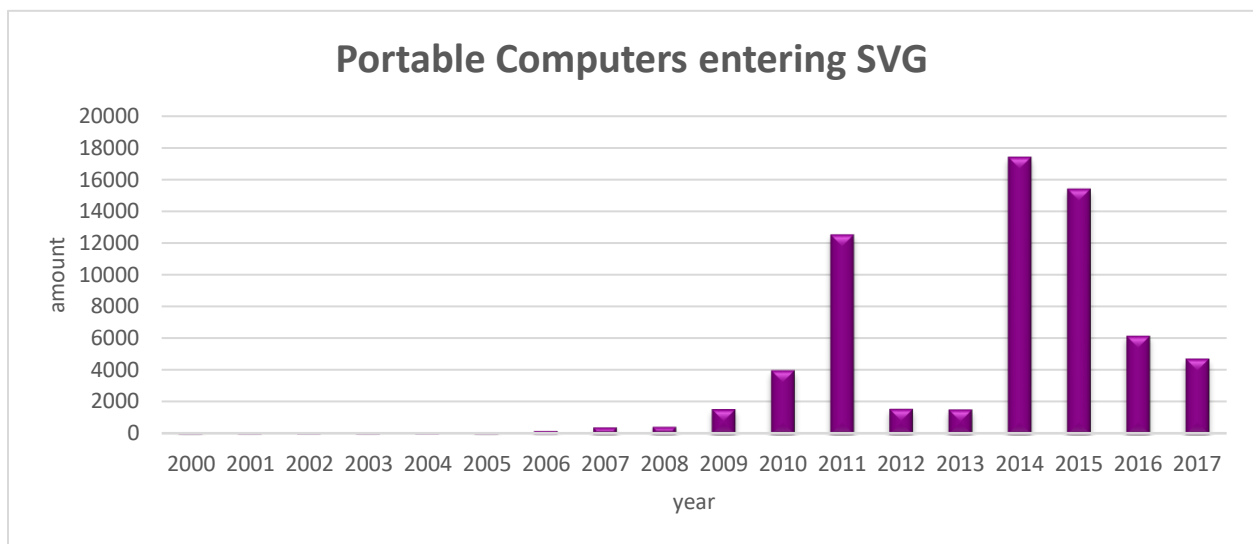


Fig 5. Shows data from the Customs and Excise Department

3.3 DESKTOPS ENTERING ST. VINCENT AND THE GRENADINES

Figure 6 below shows the number of desktop computers entering the country. The graph shows that there was a decrease in the number of desktops being imported. In 2016, there were 1,665 units which were imported as compared to the figure of 1,438 units for 2017. This represents a 13.11% decrease in the figures for 2016.

Figure 6

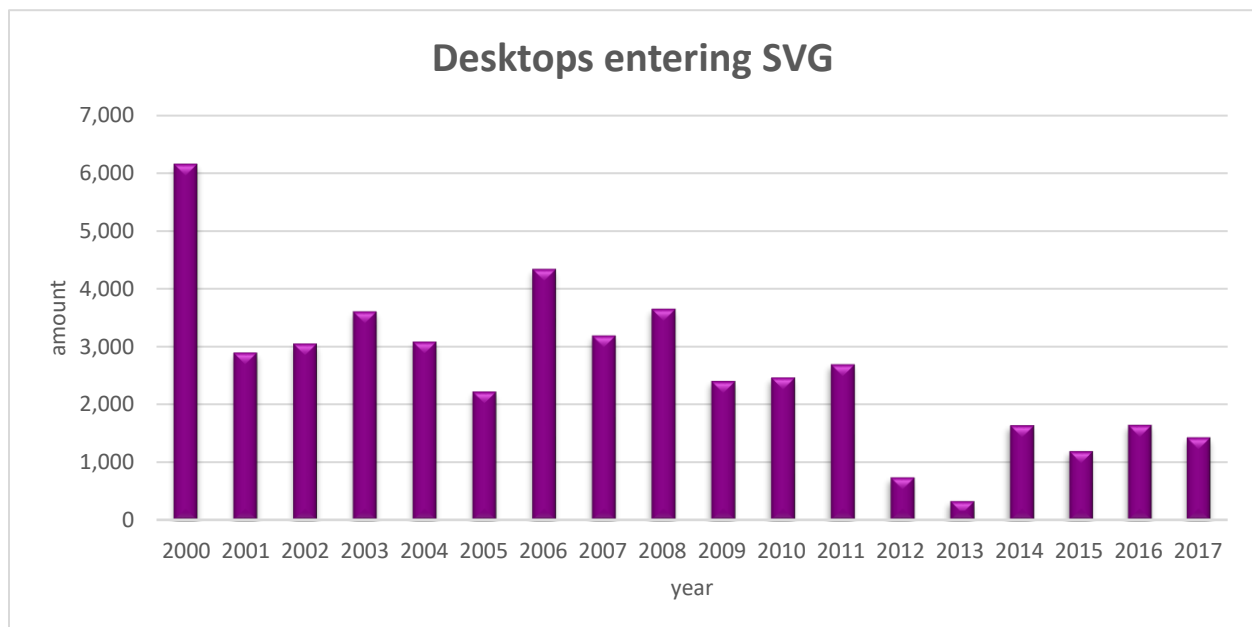


Fig 6. Shows data from the Customs and Excise Department

3.4 MOBILE PHONES ENTERING ST. VINCENT AND THE GRENADINES

Figure 7 below shows the number of mobile phones entering the country. The graph shows that there has been a decrease in the number of mobile phones being imported. The figure decreased from 32,522 in 2016 to 27,277 in 2017, showing a 16.12% decrease in the number of mobile phones imported in the year 2017.

Figure 7

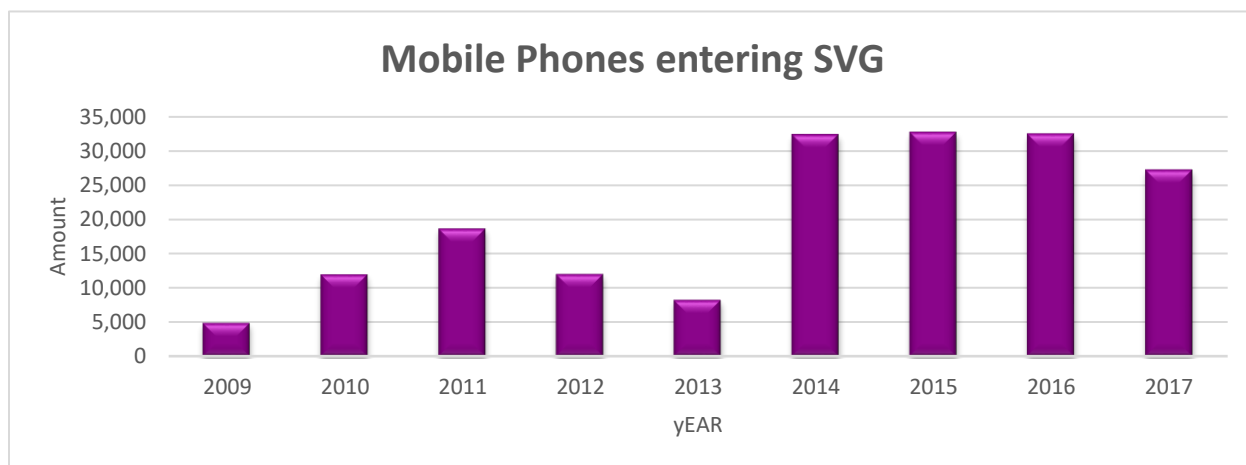
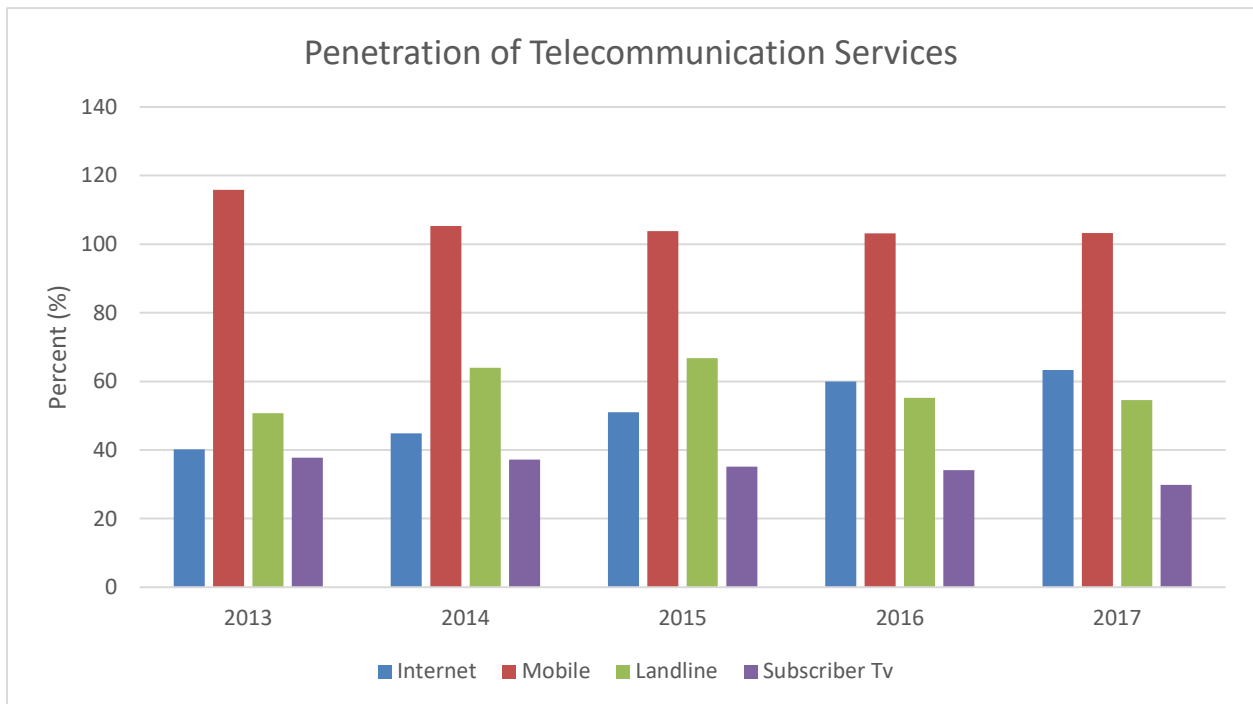


Fig 7. Shows data from the Customs and Excise Department

3.5 PENETRATION RATES FOR TELECOMMUNICATION SERVICES

Figure 8 below shows the penetration rates for various telecommunication services over the last five years. These services include Internet, Mobile landline and subscriber TV.



4 PRIORITY GOALS 2017

The Operating Plan for 2017 outlined one overall priority goal, which was to seek additional funding for the implementation of new projects. From this goal, two other goals were identified as priorities requiring the attention of the USF for the year 2017. The status of priority goal and the sub goals are as follows:

- 1. The 2017 Operating Plan will be established. This plan will set out the objectives of the Fund for the operating year 2017.**

This task was completed as the USF Operating Plan for 2017 was prepared and circulated to the various stakeholders in June of 2017.

- 2. The USF will be working on seeking funding from international donor organizations for two projects which have been developed. The USF will be working along with the regional NTRCs so that we can benefit from these projects.**

This objective was not complete as the USF was unable to find a funding agency to fund the projects which were developed for external funding. The Commission is working along with the Ministry of Foreign Affairs with respect to the identification of possible funding agencies to provide funding for these projects.

- 3. Projects which have been implemented thus far under the USF will be routinely visited to ensure that the services and equipment being paid for are present at the various locations.**

This task was completed as the NTRC visited sites under all of the projects currently being implemented by the USF to ensure that the services and equipment are in place.

- 4. Public awareness activities will continue, and will include school discussions at various schools, community discussions, radio and television presentations.**

This task was completed as the NTRC held several schools visits, held several radio and television presentations and also held one town hall meeting in Fitz Hughes to make the public aware of the various activities of the NTRC and the USF.

- 5. The USF will ensure that the commissioning process for the Payphone Project is finalized within the first half of 2017.**

This task was completed as the payphone project was commissioned in January of 2017.

- 6. The retendering of the schools project will be undertaken in the second quarter of 2017 as the current contract for this project will be coming to an end.**

This task was completed as the scope was developed and tendered out in 2017. Negotiations are currently being undertaken and a contract is expected to be signed by the third quarter of 2018.

- 7. The retendering of the Police and Health Center Project will be undertaken in the second quarter of 2017 as the current contract for this project will be coming to an end.**

This task was completed as the scope was developed and tendered in 2017. Negotiations are currently being undertaken and a contract is expected to be signed by the third quarter of 2018.

- 8. The retendering of the Maritime Project will be undertaken in the fourth quarter of 2017 as the current contract for this project will be coming to an end.**

This task was completed as the scope was developed and tendered out in 2017. Negotiations are currently being undertaken and a contract is expected to be entered into by the third quarter of 2018.

- 9. An increase in the contribution rate to the USF by the telecommunication providers from 1% to 2%.**

This task was completed as the Telecommunications (Universal Service Fund Contribution Order) Regulations S.R.O. #4 of 2017 was gazetted. This provision will see the contribution rate to the USF being incrementally increased from 1% to a maximum of 2%.

5 USF PRIORITY GOALS 2018

The USF priority goals for 2018 are as follows:

1. The 2018 Operating Plan will be established. This plan will set out the objectives of the Fund for the operating year 2018.
2. The USF will seek funding from international donor organizations for two projects which have been developed. The USF will be working along with the regional NTRCs so that we can benefit from these projects.
3. The NTRC with the assistance of the Statistical Department will be conducting a National ICT survey in St. Vincent and the Grenadines on behalf of the Caribbean Regional Communication Infrastructure Program (CARCIP).
4. Projects which have been implemented thus far under the USF will be routinely visited to ensure that the services and equipment being paid for are present at the various locations.
5. Public awareness activities will continue, and will include school discussions at various schools, community discussions, radio and television presentations.
6. The USF will seek to enter into a new contract for the Community Access Project once the terms and conditions benefit all stakeholders involved.
7. The USF will seek to enter into a new contract for the Schools Project once the terms and conditions benefit all stakeholders involved.
8. The USF will seek to enter into a new contract for the Maritime Project once the terms and conditions benefit all stakeholders involved.

6 USF BUDGET ESTIMATES

The USF is funded by contributions made by telecommunication providers as specified under the Act and by the Order of the Minister, any funds that may be directly appropriated by Parliament for the purposes of the Fund, and official grants, donations, bequests or other contributions, or transfers granted by an individual or other legal entity.

The Fund is projected to receive approximately Two Million Dollars in 2018. This consists of contributions from telecommunications service providers of One Million, Eight Hundred Thousand, Five Hundred and Fifty Five Dollars (\$1,800,555.00), and an interest on the Fund's account of Two Thousand, Five Hundred Dollars (\$2,500.00). This projection for the interest amount is as a result of the expected project payments in 2017 which will significantly decrease the amount of funds available for the USF.