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RTDF Manual

For

**Study on Increasing ICT Access in Rural and
Peri-urban Areas of Nepal (PS-4)**

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ABBREVIATIONS

AEPC	Alternative Energy Promotion Centre
CDMA	Code Division Multiple Access
DLGSP	Decentralised Local Governance Support Programme
DDC	District Development Committee
ICT	Information and Communication Technologies
IDA	International Development Association
IFDF	ICT Facility Development Fund
INGO	International Non-Government Organisation
MOIC	Ministry of Information and Communication
MOSTE	Ministry of Science and Technology and Environment
NTA	Nepal Telecommunications Authority
PS-4	The consultant project within which this manual has been prepared, financed by The World Bank
RTDF	Rural Telecommunication Development Fund
RTDFMC	Rural Telecommunication Development Fund Management Committee
RUPP	Rural Urban Participatory Programme
WLL	Wireless Local Loop

1. Introduction

The Nepal Telecommunications Authority (NTA) is the telecommunications regulatory entity in Nepal. NTA is required to establish a fund for rural telecommunications.

*Telecommunications Act, 2053 (1997), s. 30 (4):
The Authority shall create a fund for the development, extension and operation of the Telecommunications Service in the rural area and the Licensee shall deposit such amount, every year, out of the annual income received by him as specified by the Authority.*

The fund has been named Rural Telecommunication Development Fund (RTDF). This manual is approved for the purpose of managing RTDF, defining the scope of support, and determining recipients of support along with methods for defining the amount and disbursement of support. The RTDF support is restricted to purposes stipulated in the Act, i.e., support is to be utilised for telecommunications in rural areas, therefore, does not cover other ICTs or ICT based services. The Fund also supports development and operation of such services in rural areas.

2. General principles

2.1 Definitions

ICT is an abbreviation for Information and Communication Technologies. Generally ICT is not limited to electronic technologies or Internet, and it covers e.g., paintings, newspapers and books also. For the purposes of this manual, ICT is limited to electronic technologies such as telecommunications (including fixed and mobile telephony, e-mail and Internet), information technologies (e.g., computers and software), copying machines, broadcasting, contents development for broadcasting and Internet, etc.

2.2 Purpose and objectives of the RTDF

The overall objective of the RTDF is to facilitate access to communications services in those areas where commercial supply does not exist.

The RTDF is a fund for supporting telecom infrastructure in those areas in which telecom service provision on commercial basis is not available. In addition, part of the RTDF funds may be used for Universal Access (public access points) services.

Universal access means public access points focussed on communications services like public phone, and public Internet access point that includes basic terminals like computer, printer, scanner and web-cam, when needed for transmission and receptions of voice/audio, text, images, etc.

Telecentres (in rural areas) and **Internet cafés** (in urban centres) could also include other ICT services and ICT equipment like photo copier, medical or other equipment and would provide, apart from communication services, information processing, training, repair and

maintenance services. While telecentres and Internet cafés also provide Universal Service, the RTDF support is limited to pure public access points without other ICT services.

Other ICT services include:

1. multipurpose telecentres with facilities beyond telecom;
2. computer training facilities for schools;
3. general radio and TV broadcast related access facilities for communities, community radio facilities;
4. content development for piloting through (radio, TV, and Internet) in the fields of education and training, health, education, agriculture, forestry, tourism and other e-governance services; and
5. Portal development for specific purposes to contribute to Poverty alleviation, employment generation and job creation, etc.

Telecentres and Internet cafés providing also other ICT services will be supported through another fund, IFDF, see section 2.6. The two funds will thus support the following areas:

RTDF	IFDF
telecom infrastructure, mainly one-time investment support	telecentres beyond pure communication, facilities and training
public phones	Internet cafés, training, not investments
public Internet access points (only communication through Internet)	computer training facilities for schools
	community radio and TV broadcasting
	content development
	portal development
	training and support for utilisation of ICTs
	design and planning of rural ICT projects
	research on utilisation

Table 1. The scope of RTDF and IFDF

As can be seen, there is a minor overlap between the two funds. The overlapping areas are public phones and internet access, which are also provided in telecentres and Internet cafés. The IFDF requires more community involvement than the RTDF.

The RTDF is a support fund purely for distributing support, and is not related to licensing. Entities requiring a licence will get a countrywide licence from the NTA in line with the Open Licensing principles in the Telecommunications Policy. The principle underlines the natural outcome that the operators already established in Nepal, upon winning support contracts, extend their operations to areas in which commercial coverage is not achievable. The principle also removes the need for price control, as existing operators apply their normal charges in supported areas, and no special "rural price control" is required. If necessary, charges of new operators may be capped using the charges of existing operators (benchmarking), which limits the administrative work required for price control. Such control shall be mentioned in tender documents.

2.3 Legal framework

2.3.1 Relevant policies and legislation

The relevant legislation consists of policy, primary and secondary legislation as well as by-laws made by the NTA.

At the time of approving this Manual, the applicable policy is the Telecommunications Policy 2004 and the applicable primary legislation is the Telecommunications Act of 1997.

2.3.2 Legal status of RTDF and the Management Committee

The RTDF is a semi-autonomous body under the Nepal Telecommunications Authority, established on the basis of the Telecommunications Act 1997 section 30 (4). The official responsibility of RTDF is vested with NTA. The RTDF Management Committee has the power to decide on support.

The functions and procedures of the RTDF can be established through a Government rule under the Telecommunications Act 1997 section 61 (1) or through bylaws created in accordance with provisions of the Telecommunications Act 1997 section 62. In order to expeditiously establish RTDF, application of section 62 is recommended.

In order to ensure that NTA can assume ultimate responsibility for decisions, the Chairman of NTA will have right to disapprove a decision in the Management Committee as specified in Section 3.2.4.

The financial year of RTDF shall be the same as for NTA.

2.4 Funding

2.4.1 Initial funding

NTA has collected funds for RTDF based on a telecom operator levy as authorised by the Telecommunications Act of 1997. These funds are initial funding of RTDF at the time of approving this Manual.

2.4.2 General funds

The main source of RTDF is annual operator levy imposed by NTA. The funds collected through levy are general funds of RTDF. Administrative expenditure of RTDF will be met with the general funds.

2.4.3 Other funding

RTDF may accept other funding from other sources such as the Government or donors on a case-by-case basis, provided that the purpose of proposed funding is within the approved

scope of RTDF. One such donor is The World Bank under the on-going IDA credit programme.

Other funding may be accepted as untied funds without restrictions or as tied funds for particular purposes provided that the amount is not less than NRs 10 million. Tied funds shall be used solely for the defined purposes after deduction of an administration fee of 7%, or as determined from time to time. Administration fee so deducted from the tied funds upon receipt shall be transferred to the general funds. Tied funds and their use shall be accounted and reported separately.

Other untied funding shall be added to the general funds of RTDF.

2.5 Termination of RTDF

If RTDF is considered unnecessary, NTA may decide to terminate RTDF provided that advance consent is received from the Ministry responsible for telecommunications policy. The decision and the consent shall include a schedule and a plan for use of remaining funds.

Upon termination, the remaining funds of RTDF shall become general funds of NTA.

2.6 Related organisations

A similar fund – ICT Facility Development Fund (IFDF) – will be created. The scope of the two funds is defined as follows:

RTDF supports telecom infrastructure and communication access points in areas where commercially provided facility is not available, while **IFDF** supports provision of other ICTs, such as copying, computer services, contents creation, and related activities in areas where fully commercial provision is not available or for educational and similar non-commercial purposes. The two funds, as well as other relevant funds, shall coordinate work to avoid overlap and gaps.

RTDF should actively cooperate with other related projects. One such project is the Renewable Energy Project¹, an EU project supporting solar energy and other alternative energy for small community type purposes. The project is actively searching suitable applications. RTDF supported projects will require energy, and a combination of these two has obvious synergy potential. The synergy should be planned during annual work plan preparation and during tendering preparation. DLGSP and RUPP are other two projects involved in implementing devolution and decentralisation of authority to DDCs and municipalities and then to the communities through DDCs and municipalities.

3. Organisation

3.1 Overall organisation of RTDF

The tentative organisation of RTDF with relevant functions is shown in Figure 1. However, initially Fund Manager would require no more than one officer assisting full time and one or

¹ www.aepcnepal.org.

two support staff. Thereafter, the staff required for managing various functions will depend on activities it undertakes and extent of work done through the consultants.

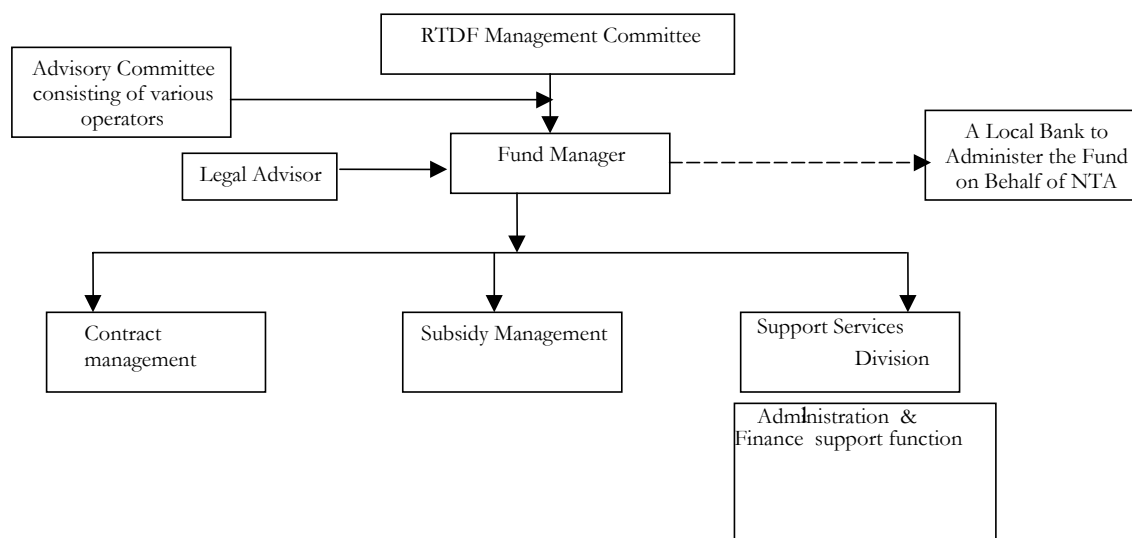


Figure 1. Tentative organisation scheme of RTDF when largest; The actual size initially will be much smaller

The RTDFMC will decide on the organisation from time to time, and is not bound by the organisation scheme presented in Figure 1.

Some functions can be outsourced, e.g., the Legal Advisor.

3.2 RTDF Management Committee RTDFMC

3.2.1 Composition of RTDFMC

The RTDFMC members are the following:

i.	Chairperson – Nepal Telecom Authority	1 seat
ii.	<i>Member with background in rural telecom (NTA)</i>	1 seat
iii.	<i>Member with background in rural development (external)</i>	1 seat
iv.	<i>Member with a background in Consumer Society/Association (external)</i>	1 seat
v.	<i>Member Fund Manager</i>	1 seat
Total Members of the RTDF Management Committee		5 Members

Table 2. Composition of RTDFMC

Members shall be appointed based on their personal capacity and expertise. Members shall act solely for the purpose of RTDF and not represent any external party such as the institutions from which they are appointed.

The RTDFMC shall appoint one of the officers in the RTDF as a secretary to the Management Committee with no voting rights.

3.2.2 Appointment, dismissal and remuneration of RTDFMC members

NTA appoints members of the RTDFMC for terms of three years. NTA shall solicit proposals for membership. Not less than one RTDFMC member shall be a woman. NTA shall ensure that members are not subject to conflict of interest. Members can be reappointed.

In order to ensure continuity, terms of members of RTDFMC shall be phased.

A member that is absent from three out of five consecutive meetings without a valid reason shall be dismissed, and a replacement member shall be appointed for the remainder of the period.

RTDFMC members shall be remunerated for meetings in which he or she has participated fully. NTA shall decide on the remuneration in line with remuneration comparable to the private sector and INGOs.

3.2.3 Powers and duties of RTDFMC

The RTDFMC has the power to decide on tendering and selection of support receivers, and decide on other support forms, in line with the Telecommunications Policy and policy directives.

The RTDFMC has the power to delegate powers as required.

The RTDFMC has the duty to:

- as a whole, oversee the main objective of RTDF, to develop rural communications infrastructure;
- manage tendering processes;
- develop and manage other support forms suitable for developing rural communication;
- create standard procedures for tendering and support forms;
- encourage local institutions and entrepreneurs to participate in the construction, maintenance and utilisation of rural communication infrastructure;
- Propose research topics and other initiatives regarding rural communications to NTA for developing the rural communications infrastructure and services in Nepal.

3.2.4 Meetings and decisions of RTDFMC

Meetings of the RTDFMC shall be convened and held as required. The agenda of the meeting sent out prior to the meeting to the members shall include proposals for decisions and underlying material to the extent possible.

A quorum of three voting members shall be required. Decisions shall require a simple majority of voting members present. In case of equal votes, the Chairperson's vote shall be deciding one.

The Chairperson of the RTDFMC has the right to disapprove individual decisions of the RTDFMC based on the ultimate NTA responsibility. When using such right, the Chairperson shall submit a reason thereof in writing.

In case of conflict of interest regarding a decision, the relevant RTDFMC member shall not participate in such a decision. Such conflict of interest shall be recorded in the proceedings of the meeting.

3.3 Advisory Committee and ad hoc committees

The Advisory Committee is established with the objective of enabling the main stakeholders, in particular private and other operators, involved in use of RTDF, to meet and share information and ideas, and to advise the management committee on how best to improve service delivery and credibility of RTDF.

The RTDFMC will decide on the number of persons in the Advisory Committee from time to time, and appoint the members of the Advisory Committee members for terms of two years from the parties including NTA, MOIC and MOST, user and consumer associations, operators, and other interested parties, and solicit proposals for the purpose. Members can be reappointed. The RTDFMC may invite other persons as the case may be, including the press, to the meetings as observers.

The Advisory Committee meetings are organised to discuss RTDF five year plans, annual plans, on-going projects and other issues mutually beneficial to all the partners of RTDF, and share information on best ways of improving management of RTDF. Input will also be sought from the Advisory Committee on support policies to be made by NTA and MOIC and on processes carried out by the RTDFMC on bidding, disbursement and other operational activities related to management of the Fund.

The Advisory Committee shall assist the RTDFMC in advising NTA on identifying and removing regulatory barriers for rural service provision, and in creating regulatory incentives for rural service provision.

The Advisory Committee meetings will be held two times per year, and in addition as required. The RTDFMC Chairperson shall chair the meeting.

The nature of the work of the Advisory Committee is mainly participating in semi-annual meetings, without formal power or responsibility. Therefore, no remuneration will be paid to the members.

The RTDFMC may appoint ad hoc committees as required.

3.4 Fund Manager of RTDF

The RTDFMC shall appoint the Fund Manager for 3 years. The Fund Manager can be reappointed. The Fund Manager shall be remunerated at the level of the private sector and INGOs.

The Fund Manager shall have the following specific duties:

- Manage the day-to-day operations of RTDF;

- Certifications and instructions for release of specific subsidy payments to the local bank;
- Coordinate with the Management Committee, donor(s), HMGN, and operators;
- Coordination (both internal and external) as well as public relations;
- Maintain sources for information similar to a library on rural service provision and funds in other countries;
- Manage finance and funding for meeting objectives & long term goals; and
- Prepare annual plans and other relevant matters for submission to the Management Committee.

3.5 Human resources of RTDF

3.5.1 Staff

The RTDFMC shall appoint professional fixed term staff. The Fund Manager shall appoint supporting staff and temporary staff.

The RTDFMC decides on remuneration of staff. Fixed term staff shall be remunerated at the level of the private sector and INGOs.

The RTDFMC decides on the main organisation and division of powers and responsibilities as well as the number of staff as required.

3.5.2 External consultants and outsourcing

The RTDFMC may decide on use of external consultants as required. External consultant contracts exceeding NRs 100,000 shall be based on competitive public tendering. Contracts on lower amounts may be granted directly.

4. Administration of RTDF

4.1 Administration of funds and budgeting

The funds of RTDF shall be administered separately from NTA funds.

Day-to-day administration of RTDF funds shall be outsourced to a suitable bank (RTDF Bank); with international banking rights. The bank shall be selected based on competitive tendering for a period of 3 years. RTDF Bank will take care of financial management of the fund based on an agreement as a result of the tendering process, as well as investing funds pending disbursement, when relevant.

RTDF will collect RTDF contributions from the operators based on information received from NTA. RTDF shall maintain records on contributions due and paid.

NTA shall authorise relevant RTDF staff to handle all agreements with RTDF Bank as well as bank transactions.

RTDF shall prepare an annual budget, taking into account the requirements of tied funds.

4.2 Annual report and financial statement

RTDF shall prepare an annual report within the same time frame as NTA annual report. The report shall include a description of activities, separately for activities financed through general funds and tied funds. The report shall also include a financial statement, separating general funds and tied funds, and disbursements. The report shall include a description of all contracts with consultant and other relevant contractors. The report shall include RTDF contributions due and paid by operators.

The annual report, the audit report and the approval shall be made public and available to the public as hard copy, against a reasonable fee, and as soft copy on RTDF Internet site free of charge.

4.3 Auditing and approval of financial statement

RTDF funds shall be audited together with NTA funds, and the financial statement shall be approved in the same manner as NTA financial statement.

5. Work plan

5.1 Annual plan

RTDF shall prepare a work plan for each financial year, for the purpose of internal management of activities, and for informing interested parties about on-going and planned activities.

The annual plan shall include at least the following parts:

- description of on-going projects;
- description of projects due for termination of support;
- description of verification of implementation of projects;
- research plan;
- plan for tendering of new projects; and
- Annual budget.

The annual plans should be prepared by coordinating activities with other related projects and organisations, such as energy projects, to create synergy and improve efficiency. Cooperation will also be important during promotion of use of communication. The RTDFMC shall approve the plan before the start of the relevant financial year. The plan shall be available on RTDF Internet site.

5.2 Rolling three year plan

The RTDF shall maintain a rolling three-year plan, updated annually. The three year plan shall include at least the following parts:

- purpose of the three year plan;
- coverage plan;
- support plan;

- three year budget;
- research plan; and
- Review of activities and working methods.

The research plan shall focus on rural communication, but also include relevant research on how other comparable countries have implemented and supported rural communication.

The three-year plan shall be available on RTDF Internet site.

5.3 Plan for initial activities

NTA is currently implementing rural telecommunication project for the Eastern Development Region using the proceeds of the IDA Credit. Until a new organisation under RTDFMC is in place, NTA can continue functioning as it is to perform the ongoing activities along with the planning activities related to the application of RTDF, to determine what it should do in the near future and in a medium term.

Further, NTA is entrusted to implement projects related to ICTs for rural areas including other ICTs under the IDA Credit. Under the current IDA Credit, in the first place, NTA has to implement a pilot project for Rural ICTs and then go on to carry out similar projects further to the extent the Credit can meet the required expenditure. PS-4 has already created pilot project design and identified medium term strategies and project to be implemented for rural ICTs.

As recommended by the study under PS-4, the other ICTs have to be implemented by IFDF when it becomes functional. However, NTA has to carry out activities related to other ICTs until the current IDA Credit can meet the expenditure for such implementation. Therefore, if IFDF is functional before current IDA Credit runs out, it is possible that same type of activities would be implemented by NTA and IFDF for sometime. The activities for such a period between the two organisations can be coordinated easily. One may suggest why not hand over the remaining part of the work to be carried out under IDA to the new organisation of IFDF, the fear remains that such a change in project management may not be easy from the World Bank point of view.

Thus the work which should be carried out by the RTDFMC (NTA) is to be planned working closely with operators, particularly with Nepal Telecom, who has very large implementation of CDMA network for rural area of the entire country and to determine the gaps in the plan which needs to be covered by RTDF. The medium term objective and targets for telecom infrastructure and access has been already proposed in the strategy report and further clarified in the pilot project design report by the study carried out under PS-4. RTDF can use this document as a guide in planning its activities.

6. Support principles

6.1 Overall support programme

No support will be granted without the explicit approval of the RTDFMC. The RTDFMC may grant approval of specified amounts for particular purposes for minor applications, and rules for disbursement. Such disbursement shall be periodically reported to the RTDFMC.

Initially the support programme will be based on support in the form of grants. Support in the form of loans may be included in the programme later, if considered relevant.

The support programme will be specified using a rolling three-year plan and annual plans, as stated above.

Initially, tentatively during the first three years, the main support for telecom infrastructure shall be based on one time investment support using maximum coverage for fixed amount of support. If that support form does not result in full coverage, other support forms may be considered.

Major rural support projects will require funding over several years. RTDF may make binding decision on distributing support over more than one year, based on available funding. If necessary, RTDF may also borrow funds from banks for the purpose of funding projects to be implemented over several years.

In parallel to the major support forms based on competitive tendering, the RTDFMC shall develop other forms of support for minor projects that can be implemented with efficient administrative work. One possibility is standard subsidies for activities of the same type.

Public phones and public Internet access points are generally free market businesses working without support. When supporting such activities, the support should take into account that the support does not significantly hamper establishment of additional public phones and public Internet access points without support.

6.2 Classification of supported projects

Support projects can be classified under different levels, depending on the type of the projects and expenditure involved as given below: Levels A-C belong to a group in which competitive bidding is necessary. Level D belongs to the other group which does not require competitive bidding.

Level A – Large project requiring support to cover all the administrative regions of the country and which includes provision of infrastructure and operation.

Level B – Projects that cover only part of the country and which includes provision of infrastructure and operation

Level C – Projects that may cover only provision of some facility but operations could be responsibility of the community.

Level D – Projects requiring no competitive bidding and as such can be based on part or whole support principle to the community adopted through government policy decision like the energy projects of AEPC. Several sub categories of this could be also formulated. But it is better to leave it to the RTDFMC, as the time progresses, to develop various flexible approaches as long as they are transparent and best serve the community concerned well.

6.3 Force majeure

A force majeure clause shall be included in contracts as relevant for implementation of rural infrastructure projects, regarding delays in implementation due to circumstances beyond the control of supplier or RTDF, as relevant, such as areas in which implementation is not possible, as well as interruption of operations.

Upon force majeure, the preferred amendment of contracts shall be restoration of operation, approved postponing of activities, transfer of activities to other areas, and similar actions that retain the volume of activities. The last alternative should be cancelling of projects.

7. Principles for selection of projects and recipients

7.1 General principles

RTDF is a fund for supporting telecom infrastructure. It should be applied where commercial coverage is not possible to implement. Following chart shows various phases in sequence to achieve countrywide coverage in general. Initial phase of development is that only major towns are provided with service and of course it is a slow process to achieve growth in service. As advised in policy work (PS-2), maximisation of coverage could be achieved bidding for mobile licenses if there were no exclusivity issues in the second phase. As mobile is definitely the poor man's means of communications in the present context of cost of service and relative ease of implementation in the wireless mode for dispersed population, this was recommended in the policy work. Beyond the mobile cover, bidding for maximum coverage with fixed amount of support can be carried out as a third phase strategy to cover more difficult areas. Any gaps that yet remain to be covered under the third phase would require special solution tailored as per case in the following phases.

Phase	Description and Comments
Initial coverage	The initial situation, coverage in major cities and towns, slow growth. Cherry-picking outcome, generally inefficient
Bidding for mobile licences: "maximum coverage for fixed licence fee"	New mobile licences can be used as a tool for maximising coverage without subsidies. Defines maximum commercial coverage in one exercise
Bidding for extended coverage using "maximum coverage for fixed support"	The first RTDF tenders for extending coverage to previously non-covered areas. Maximises the use of limited RTDF funds in an efficient way
Actions for residual coverage using various methods	The scattered locations that will not be covered during the previous steps require several tailored methods

Table 3. Main process for increasing coverage and maximising impact of RTDF

Table 3 focuses on major coverage and does not include parallel support decisions for minor projects, e.g., (i) supporting small rural operators; (ii) supporting public telephones and Internet access points, and (iii) implement pilot projects. These minor support projects may require different methods of support, to be worked out as required.

If phase 2 is not possible, RTDF shall use alternative methods to define commercial coverage, e.g., officially request the main operators to define areas in which they will provide coverage. Successful tendering will automatically result in coverage of remaining commercially viable areas with no or little support, and speed up such coverage.

Each phase in Table 3 includes two stages: (i) prioritising and selecting projects, taking into account the funds and administrative capacity of RTDF, and (ii) for each project, selecting the recipient of support. This will be repeated if necessary, until the phase is deemed sufficiently implemented.

For prioritisation, RTDF should first aim at projects that are commercially viable with an initial investment support, and later on proceed with projects that may require some continuous support. This principle is in partial conflict with another important principle, uniform geographic coverage, and a compromise between these two will be needed when preparing annual plans and three year plans.

The methods in Table 3, "maximum coverage for fixed fee / support", are fully compatible with the minimum subsidy principles (minimum support for defined coverage) that are promoted internationally. The maximum coverage principle may even result in less need for support than the principle "minimum support for defined coverage". In addition, the fixed support can be dimensioned according to the support budget, thus preventing a situation when the budget is not utilised (less support required than budgeted), or the budget is not sufficient (support requested in offers exceed the budget). Tendering for minimum support for defined coverage can be used as an alternative for maximum coverage for defined support principle when feasible.

Projects for infrastructure support should normally be based on the principle that operator with roughly suitable existing networks should be allowed to extend their network to the area requiring support. If so, user charges should be the same as in their normal operating areas. This principle will make special rural price control unnecessary. However, the tenders should not exclude new operators (e.g., new local rural operators) from offering.

Other methods will be needed for the last phase, and have to be developed as we proceed further over the period. One possibility is direct disbursement granted on application without tendering, and the other is bulk disbursement, one decision for a particular type of support. Both forms require a functioning cost control methodology, which will develop over the period.

RTDF should be flexible enough to permit quickly tendering of the minor projects when needed. One possibility is when a major rural development project is starting in an area without communication. One or two mobile towers may solve much of the communication needs. RTDF may issue a minimum support tender between mobile and fixed WLL operators to cover the area. The outcome would be communication not only for the project but also for the population in the covered area.

Selection criteria, methods and tenders should be technology neutral.

Selection applications and decisions on support as well as of disbursement and retrieval of support are public, and will be made available on RTDF internet site.

7.2 Eligibility of support recipients

Eligibility conditions for support will be as little restrictive as possible. RTDF is a support fund, and support will not be linked to licences. Most recipients of support will require a

licence. The Open Licensing principle, as stated in the Telecommunications Policy 2004, means that a licence will be granted to any applicant except for those services that require scarce spectrum. Thus new operators will normally and naturally be granted a licence.

For support no particular bidder prequalification requirements will apply. Provision of service as required is sufficient.

An applicant will be considered non-eligible for support in the following cases:

- the applicant has not paid its levy fully to RTDF; or
- if support has been decided to be retrieved from the applicant based on submission of wrong information, during a period stated in RTDF decision on retrieving support; or
- if the applicant has been found guilty to abuse of dominant position, during a period that NTA decides, or
- If the applicant is defendant in an on-going court trial on abuse of dominant position, until that trial is sorted out.

In the last case only those trials are taken into account that is on-going at the date of a support decision; new trials after the decision date do not cause postponing.

The rationale for the latter two cases is that it is unreasonable that Government financially supports actors that use a criminal offence to prevent or hamper other actors from normal legal activities.

7.3 General tendering methods

RTDF shall establish general tendering principles that shall be used in all tenders as relevant. The general tendering principles shall be published on RTDF web site.

7.4 Selection methods for levels

The selection methods to be adopted will depend on how the bids are designed and in which level they fall. Maximum coverage bids will depend on fixed support amount and coverage can be designed in terms such as minimum level of wireless signal available to cover the largest population for areas to be supported – one indicator is the maximum number of base stations such that they are located strategically to cover the largest population.

When programmes are designed and bids are prepared the selection criteria can also be designed. Selection criteria for community service projects are based on demand for service and support to the community to be provided. There is lot of experience in Nepal in relation to the methods of provision of services to be owned by the communities (e.g., Energy projects, water and sanitation projects, poverty alleviation programmes). RTDFMC can take cues from these and can apply wherever it fits in its support programme.

7.5 Commitment letter

A decision for support shall be binding to RTDF, and a letter to that extent shall be submitted to the applicant. The letter is not transferable to a third party, and cannot be used as a guarantee for a loan or similar.

8. Disbursement

8.1 Disbursement principles and procedures

RTDF aims at infrastructure coverage. Large operators, who are financially strong and have good access to commercial financing, will provide the bulk of such infrastructure. The main disbursement principle for projects implemented by these operators should be disbursement upon implementation.

Other types of projects may require up-front disbursement. Various disbursement methods will be defined during preparatory work.

Bulk disbursement means one formal decision for a certain type of support, for a defined time, up to a defined ceiling. Individual disbursement decisions can be done on a lower level, and may even be outsourced.

RTDF shall establish general principles for disbursement. These principles shall be published on RTDF website.

8.2 Verification of implementation for disbursement

Each support decision shall include clear rules for disbursement related to implementation phases with well defined milestones and notification procedure of the implementation milestones for release of support instalments.

Supported equipment and installations shall normally be insured so that replacement can be financed from insurance. An insurance certificate is normally a prerequisite for initial disbursement.

The approval of a support shall include a binding decision on procedure of disbursement of each instalment based on specified verification of the relevant implementation. Such a decision shall be communicated to the recipient as well as to RTDF Bank.

The recipient shall submit required verification to RTDF Bank, with a copy to RTDF. Upon receipt of the required verification, RTDF Bank shall pay the instalment to the recipient within 3 days. The required verification will contain well defined procedure and action by various agents with due diligence.

8.3 Performance monitoring

Support will normally be paid on submission of implementation (completion) reports. RTDF will use own staff and external consultants, as appropriate, for monitoring implementation. Major projects may be monitored fully, while minor and scattered projects may be monitored using sampling. Depending on the project, monitoring may be done before or after disbursement. RTDF bears the cost of such monitoring for verification of implementation.

Performance monitoring shall cover implementation as well as quality. The role of RTDF shall be limited to the period when support retrieval may be relevant. Once the support is final, performance monitoring shall be the responsibility of NTA as part of its normal activities.

8.4 Retrieving support paid on wrong basis

On finding that implementation reports are not accurate, RTDF shall retrieve a sum ranging from 5% of the contracted support amount up to twice the contracted support amount of the entire contract that has been assessed on sample basis and was not found accurate. Sampled evidence shall be considered sufficient, and shall represent the entire project.

Upon the request of the recipient, the entire contract implementation can be verified. In that case the recipient pays the entire cost of the verification, and in addition pays back twice the amount of the part of the contracted support that has not been properly implemented.