

**Government of Pakistan  
Ministry of Information Technology  
(IT & Telecom Division)**

\*\*\*\*\*

## **ONE YEAR PERFORMANCE REPORT**

Following are the major initiatives launched/implemented by this Ministry.

### **1. SPECTRUM AUCTION**

In line with Government priorities, Ministry of Information Technology has attached highest importance to transparent and timely auction of Spectrum for Next Generation of Mobile services in Pakistan. The Ministry, with prior approval of the Prime Minister issued a policy directive to initiate the auction process under Section 8(2) of the Pakistan (Reorganization) Act 1996. The directive was issued on October 7, 2013 mandating PTA for conducting the auction in line with the policy specified by Government for the purpose. Since the directive was issued, PTA has engaged the services of consultants, Value Partner Management Consulting, a company that has a highly experienced team of experts from the US, UK, Singapore and Spain. Spectrum Auction was held on 23<sup>rd</sup> April, 2014 in which Mobilink was able to secure 10 MHz of 3G spectrum in the 2100 MHz frequency for \$300.9 million. Telenor and Ufone each obtained 5 MHz of 3G spectrum (\$147.5 million) at the spectrum auction, while Zong obtained 10 MHz of 3G spectrum (\$306.9 million) and 10 MHz of 4G sepctrum (\$210 million). The entire auction process was successfully completed in completely transparent manner. Following major achievements are attributed to the auction:

- a. Availability of latest mobile technologies (4G/LTE) to the people of Pakistan.
- b. Creation of employment opportunities and increased economic growth. According to a study of PLUM UK, approximately 900,000 jobs will be created and has the potential of increasing 1.38% in GDP growth with 10% increase in broadband penetration.

- c. The auction winners will pay the bid price on payment terms which are unprecedented and ensures that payments are made timely while government does not lose out on Net Present value of the amount. The winners have the option to pay 100% upfront or to pay 50% upfront while remaining in 5 equal installments in next five years at interest of 3% + LIBOR whereas in previous auction (2004), the operators were allowed to pay in some instances in 15 years without any markup.
- d. The auction has fetched three times more price for per MHz spectrum as compared to 2004 auction due to professional and thorough deliberations at the Ministry and PTA.
- e. The price (US\$1.12 billion) which the Government has received is fairly above the budgeted targets set in previous years. The comparison is tabulated below:

S.No.	Year	Budget Amount in Pak Rupees	Budget Amount in US\$
1	2010-2011	50 billion	577.36 million
2	2011-2012	75 billion	793.31 million
3	2012-2013	80 billion	803.61 million

- f. Availability of high speed data access through 3G/4G will stimulate IT industry for application and content development.
- g. Pakistani human resource will have opportunity to be trained on latest technologies.

Apart from above, spectrum exceeding US\$ 500 million is available for auction in near future.

## 2. ISSUANCE OF NEW LICENSE

The long stalled matter relating to the issuance of new LDI license to CMPAK has been resolved by PTA. In order to break the logjam since 2007, the Ministry issued advice to PTA on 12<sup>th</sup> November, 2013 and PTA issued LDI license to CMPAK. This is a positive development that will not only enhance sector competition but will also provide greater consumer choices and improve quality of services offered by different mobile operators in the Country.

### **3. REVIEW AND INTEGRATION OF TELECOM SECTOR POLICIES**

The telecom policy was made for 5 years in 2003 and was due to be reviewed in 2008- however, remained pending till date. On assuming office, the Minister has proactively pursued a process for the review and integration of Telecom Sector policies in Pakistan. On account of effective follow up on the issue, World Bank has approved an Institutional Development Fund (IDF) grant of US\$ 500,000 for the policy review initiative. Since funding became available, the Ministry has successfully completed the process for hiring of an international consultant for advising and assisting MoIT in finalizing the integrated Telecom Sector policy framework. Contract negotiations with the approved consultant have been concluded. The Ministry hopes to complete the policy by end of June,2014.

### **4. ESTABLISHMENT OF NATIONAL INFORMATION TECHNOLOGY BOARD**

In the past, one key area in which the Ministry has been unable to achieve any significant results is the introduction of E-Government in Federal Government's institutions/organizations. Both, Pakistan Computer Bureau (PCB) and the Electronic Government Directorate (EGD) are concurrently responsible for implementing and supporting this important initiative of the Government but have failed to deliver. To identify the problem and to take remedial measures, MoIT has conducted a series of reviews based on which 13 different projects where serious irregularities were identified. After duly completing internal audits and inquiries, all these 13 cases have been forwarded to FIA for further investigation and prosecution, if necessary.

The Ministry has also decided to merge the two organizations (PCB and EGD) into a single entity to be named as the National Information Technology Board (NITB). The ground work on the proposal has been completed and Ministry has already placed this restructuring proposal before the Cabinet Committee on Restructuring (CCOR).

One of the major factors delaying the deployment of 'e-office' suite was non-completion of the project for data hosting facilities at the back end. Till the

government data hosting centre is completed, as an interim arrangement that allows uninterrupted roll out of e-Office applications to the Prime Minister Office, National Assembly Secretariat, & all Ministries, an agreement has been formalized with PTCL for free e-office application data hosting for a period of 15 months. This arrangement has been made with absolutely no cost to the Government and enabled progress in e-office roll out.

## **5. MEASURES TO CURB GREY TRAFFICKING**

One of the ongoing challenges confronted by MoIT is grey telephony which leads to significant revenue losses to the national exchequer by bye-passing the legal gateways to avoid taxes and regulatory fees. As per law, it is PTA's mandate to control grey trafficking. The grey traffic monitoring equipment which the LEAs had obtained in collaboration with PTA during the term of the previous Government was made operational by middle of September, 2013. The system identifies irregular traffic patterns through analysis of heavy caller's data and monitoring of voice traffic and shares the results with FIA for subsequent raids/legal action. Since the system became operational, there has been some improvement in terms of curbing the grey traffic. In addition, on the direction of MoIT, PTA has also taken following measures to discourage and penalize those involved in this racket:-

- Media Campaign, Call Centre Set up**

PTA established a dedicated 24/7 call centre to receive and process complaints against suspected grey traffic activity, made to the Authority by general public through dedicated toll free numbers and e-mail dispatches. People were advised to contact PTA if they receive a call from abroad but a local number is displayed on their mobile phones. A total of 32,789/- complaints have been received by the Authority so far since the call centre was established in October, 2013.

- **Raids Against Illegal Exchanges**

PTA and FIA jointly conducted a total of 37 raids across the country since 1<sup>st</sup> September 2013. This has resulted in arrests of 22 persons beside confiscation of 170 illegal Gateway equipment components.

- **SIM BLOCKING**

In addition, mobile numbers involved in illegal call termination (Grey Traffic) are being identified and blocked through various means including heavy caller data, call centre reporting etc. Consequently, a total of 115,153 SIMs have been blocked since 1<sup>st</sup> September, 2013.

The grey traffic surge is also attributed to the controversial ICH policy made during the previous government that is under review by the Grey Traffic Monitoring committee headed by the Finance Minister.

## 6. **UNIVERSAL SERVICES FUND**

The Universal Services Fund Board directed the USF Company to focus on three major areas:-

- (a) Establishment of Universal Telecentres.
- (b) Laying of Optic Fibre Cable.
- (c) Rural Telephony in FATA.

Through the Universal Service Fund, the Government of Pakistan is committed to minimize the Information and Communication gap between rural and urban communities. Therefore USF Co. has been established under the Ministry of IT to spread the benefits of Telecom revolution to all corners of Pakistan. Pending approval of PM, USF Co. is planning to implement a project of setting up 500 Universal Telecentres across the four provinces of Pakistan and ICT.

Each UTC will act as a resource center that will provide public access to ICT services primarily for the people in un-served, under-served rural and semi -urban areas of Pakistan. Universal Telecentres will be located at easily accessible locations powered through solar energy solution; also connected to internet and equipped with **desktops/laptops** connected to broadband internet.

The Universal Telecentres are proposed to be located at sites mutually decided by the Federal and Provincial governments. The Percentage distribution of sites for each province will be based on 7<sup>th</sup> NFC Award i.e. Punjab 51.74% (259), Sindh 24.55% (123), Khyber Pakhtunkhwa 14.62% (73) and Baluchistan 9.09% (45) and 3 in Islamabad.

Following services and equipment are proposed to be provided at each UTC. However, before finalizing the project design, input of provincial governments would be obtained.

<b>SERVICES</b>	<b>EQUIPMENT</b>
<ul style="list-style-type: none"> <li>• NADRA (Birth, Death, Marriage, Divorce and other relevant services)</li> <li>• SIM Verification (Biometric)</li> <li>• Broadband internet access</li> <li>• Three kinds of e-services as identified by the Provincial Government.</li> </ul>	<ul style="list-style-type: none"> <li>• Computers (10 desktops\laptops) with licensed operating system &amp; anti-virus software, printer/Scanners.</li> <li>• Furniture</li> <li>• Cabling, energy savers, fans and other minor items.</li> <li>• Solar System</li> </ul>

Presently, the project for the establishment of Universal Telecentres has been initiated as per the 2003 Telecom Policy requirement. Prior to final approval by the Prime Minister, USF Co. under the umbrella of Ministry of IT has completed the ground work necessary for the implementation of the Project. The Provincial Governments have identified sites for the project launch and USF Co. teams are in process of determining the feasibility and utility of the sites provided by the Provincial Governments. A presentation to the Prime Minister on the UTC Project is being scheduled by the Prime Minister's office. Fast track implementation of the project will start once the Prime Minister's approval has been received.

b) USF Optical Fiber Program aims at provision of Optic Fiber (OF) connectivity to underserved Tehsil HQs in Pakistan. The vision of this program is to provide high capacity fiber to serve as back bone for establishment of infrastructure for Telecommunications and ICT. Under this program, USF is deploying optical fiber nodes at each underserved Tehsil Headquarter and all major en-route towns with population 15,000 and above. USF Tehsil OFC Program will be followed by USF

Union Council OFC Program which aims at targeting all un-served Union Councils in the country. Currently, USF is gathering digitized geographical information of Union Councils after which USF will launch USF UC OFC Program.

c) FATA is one of the most deserving areas with respect to universal services and lacks many basic utilities including basic voice telephony. Due to ongoing military operations in the area, no large scale development work could be initiated in FATA for quite some time. USF has planned multiple projects in FATA but due to the on-ground situation, no work could be started. However, on the direction of USF Board chaired by the Minister, USF is planning to launch telephony projects in FATA.

## **7. Establishing Technology Parks in Pakistan**

Technology Parks play an instrumental role to encourage collaboration, digitization and innovation in both traditional socio-economic sectors and new emerging technologies. Ministry of IT, Government of Pakistan is in the process of shifting from small Software Technology Parks (housing just software related firms) to holistic 'ICT Parks'. The proposed ICT Parks would be developed with state-of-the-art infrastructure, aiming to bring together world-class technology in a multi-purpose environment. The Parks will promote academia/industry collaboration to mitigate gaps between Academia and IT Industry, boost IT exports and provision of cloud based ICT infrastructure and shared services and to create a 'springtime' environment and culture conducive to vibrant and dynamic innovation. In addition to IT companies, enterprises from a wide spectrum of sectors will be encouraged to locate to the ICT parks so as to encourage the establishment of R&D centers to facilitate the IT, telecom, pharmaceutical, Medical Devices, Biotechnology & Nanotechnology, banking and space sector, promotion of renewable energy. The concept of ICT Parks has been approved by the Planning Commission of Pakistan. The MoIT is in the process of preparation of PC-II in consultation with the World Bank Office in Pakistan. The World Bank has expressed its desire to invest up-to US\$ 45 million in this project, however letter of intent is awaited from World Bank.

## **8. UPDATE ON CYBERCRIME LEGISLATIONS**

An expert group comprising representatives from Ministry of IT, Ministry of Law, PTA, NTISB (Cabinet Division), Internet Service Providers of Pakistan, Pakistan Software Export Board and external lawyer finalized the draft Prevention of Electronic Crime Bill. However, during a meeting held in Ministry of IT on 26 November, 2013 chaired by Minister of State for IT, it was decided that the draft Bill should also be vetted by the relevant international organization i.e. International Telecommunication Union (ITU) to further enhance the authenticity of the draft before presenting it to the Cabinet. Accordingly, a renowned expert from ITU visited Pakistan from 13<sup>th</sup> -17<sup>th</sup> January 2014. After detailed consultations with all the stakeholders, the draft bill was finalized and has since been submitted to the Prime Minister for being placed before the Cabinet for approval.

## **9. e COMMERCE GATEWAY**

Ministry of IT is consulting with relevant stake holders on establishment of e-commerce gateway which will facilitate e-payments. In this regard, a proposal has been submitted to Ministry of Finance through the Ministry of Commerce by Pakistan Software Export Board, an attached department of Ministry of IT for necessary feedback.

## **10. ACCREDITATION AND CERTIFICATION OF IT COMPANIES**

Ministry of IT through Pakistan Software Export Board has initiated a process for accreditation and certification of Pakistani IT companies on ISO9001 and ISO27001 standards at subsidized rates. The aim of this initiative is earn recognition and to enhance the credibility of Pakistani IT industry in global arena.

## **11. LOCAL MANUFACTURING**

Ministry is engaged with telephone manufacturing companies to encourage local manufacturing of handsets on facilities through Public Private Partnership at TIP or otherwise by creating incentives such as tax holidays.

