

## S2: Appendix B - Universal Service Obligation (USO) in Indonesia

Since the issuance of Law 36/1999 on Telecoms, which marked the beginning of the period of competition in the Indonesian telecommunications market, as shown in Figure S8 telecommunications development areas have been classified into the following:

- The economic region is separately constructed by telecom operators.
- Non-economic regions built through the introduction of Universal Service Obligations (USO).



**Figure S8.** Analogy of economic and non-economic areas / USO regions in Indonesian telecoms development.

The USO contribution is a form of contribution to the development of telecommunications in the USO region by telecommunications operators. Article 16 of Law 36/1999 on Telecommunications, Article 27 of PP 52/2000 on the Implementation of Telecommunications, Article 33 of PP 46/2021 on Post, Telecommunications, and Broadcasting, and Article 187 of PM 5/2021 on the Implementation of Telecommunications govern:

1. Each telecommunications operator is required to contribute USO in the form of: a) provision of telecommunications infrastructure in the USO region; and/or b) additional compensation in the form of cash for financing the provision of telecommunications services within the USO territory.
2. For the implementation of the USO, the Minister of Communication and Informatics specifies: a) any region designated as USO territory; b) the amount of network capacity that must be built in the USO region; c) the type of telecommunications services that must be provided by service providers in the USO area; and d) telecommunications network operators designated to provide telecommunications networks in the USO region.

As has been the norm thus far, telecommunications companies provide USO contributions in the form of USO money. According to Article 188 of PM 5/2021 on the Implementation of Telecommunications, the USO contribution consists of 1.25 percent of the gross revenue of telecommunications activities. Currently, USO funding is administered by the Telecommunications and Information Accessibility Agency (BAKTI) [30], a non-echelon institution of the Ministry of Communication and Information. MNOs had their ups and downs. The

absence of guarantees for the sustainability of the USO budget is a major factor in the non-continuation of various programs. Therefore, the source of funds is not only from USF but can also be from the State Budget (APBN), Regional Revenue and Expenditure Budget (APBD), State-Owned Enterprises (BUMN), Regionally Owned Enterprises (BUMD), and the private sector.

## REFERENCE

- [30] Y. Antoni and M. Asvial, "Strategy of National Fiber Optic Backbone Network Utilization Enhancement in Rural Area of Indonesia," in 2019 IEEE International Conference on Innovative Research and Development (ICIRD), 28-30 June 2019 2019, pp. 1-8, doi: 10.1109/ICIRD47319.2019.9074750. (In English)