Annual Reports FY 2014-15 & 2013-14

Contents

1. An Overview of Universal Service Fund

For bridging the telecom access gap, many countries all across the world were running schemes for providing subsidy (or grant) to private operators around a decade ago. In order to initiate the same practice in Pakistan, Universal Service Fund was established by the Government of Pakistan (Ministry of Information Technology) for the development of telecommunication services in un-served and under-served areas in 2006. This fund consists of contributions (1.5% of adjusted revenues) by the Telecom Operators with no Government funding involved.

Before the establishment of USF, there was a general belief that initiatives taken by public sector in Pakistan are either short-sighted or do not sustain for long due to lack of funds and weak implementation procedures. The introduction of USF on a public-private partnership basis proved this perception wrong. Although, Pakistan had witnessed phenomenal growth in the telecom sector, there were still areas where telecom services had not reached as they were not commercially viable. Problem was that these areas were the ones that were not only difficult to reach but also required higher investments to provide telecom services. This is where USF came in.

USF, which consists of contributions by privately owned Telcos, is implemented through USF Company. The structure of USF Company is first of its kind in Pakistan and a Corporate Model is being followed for achieving the targets set for the company in USF policy. USF Company has an independent and diversified Board of Directors which is equally balanced between four members from the government and four from the private sector (USF Board has representation of political leadership, technocrats, bureaucrats and consumers). CEO is the 9th director of the Board.

The basic aim of USF Company is to provide funds to telecom operators to deliver telecom services to previously un-served or under-served areas and enabling the operators to provide these services on normal commercial terms. Telecom services include basic telephony, broadband internet, infrastructure for these services (like Optic Fiber) and Community Tele-centers (for those who cannot afford the necessary instruments/devices). It is noteworthy to mention here that licensees who are also contributors are eligible to get contracts for these projects

Since its inception, USF has come across various challenges to achieve its objectives. Problems such as security issues, access problems (physical/electronic), no power, increase in costs (inflation, rupee exchange rate), high taxes coupled with high operational expenses and low revenue have been arising during the implementation of the programmes.

In spite of the issues narrated above, USF, in a period of eight years, has shifted the focus of the telecom operators from urban towards rural population coverage and also came a long way to provide broadband and optic fiber services. The details of these projects have been covered in the subsequent sections of the report.

2. Programmes

a. Rural Telecom Programme

USF has been running rural telecom projects to provide basic telephony and data services in numerous remote areas of Pakistan thus creating opportunities for the individuals in rural areas to get equal access to ICT facilities.

In this Program, a total number of **4,053** un-served muzas (Total number of contracted muzas = **6,454**) have been covered till the end of FY 2014-15 with basic telephony and data services in areas where people had to walk kilometers to make a single phone call.

This section covers the rural telecom projects initiated during the **FY 2014-15 & FY 2013-14** and the overall progress of the ongoing projects during these financial years.
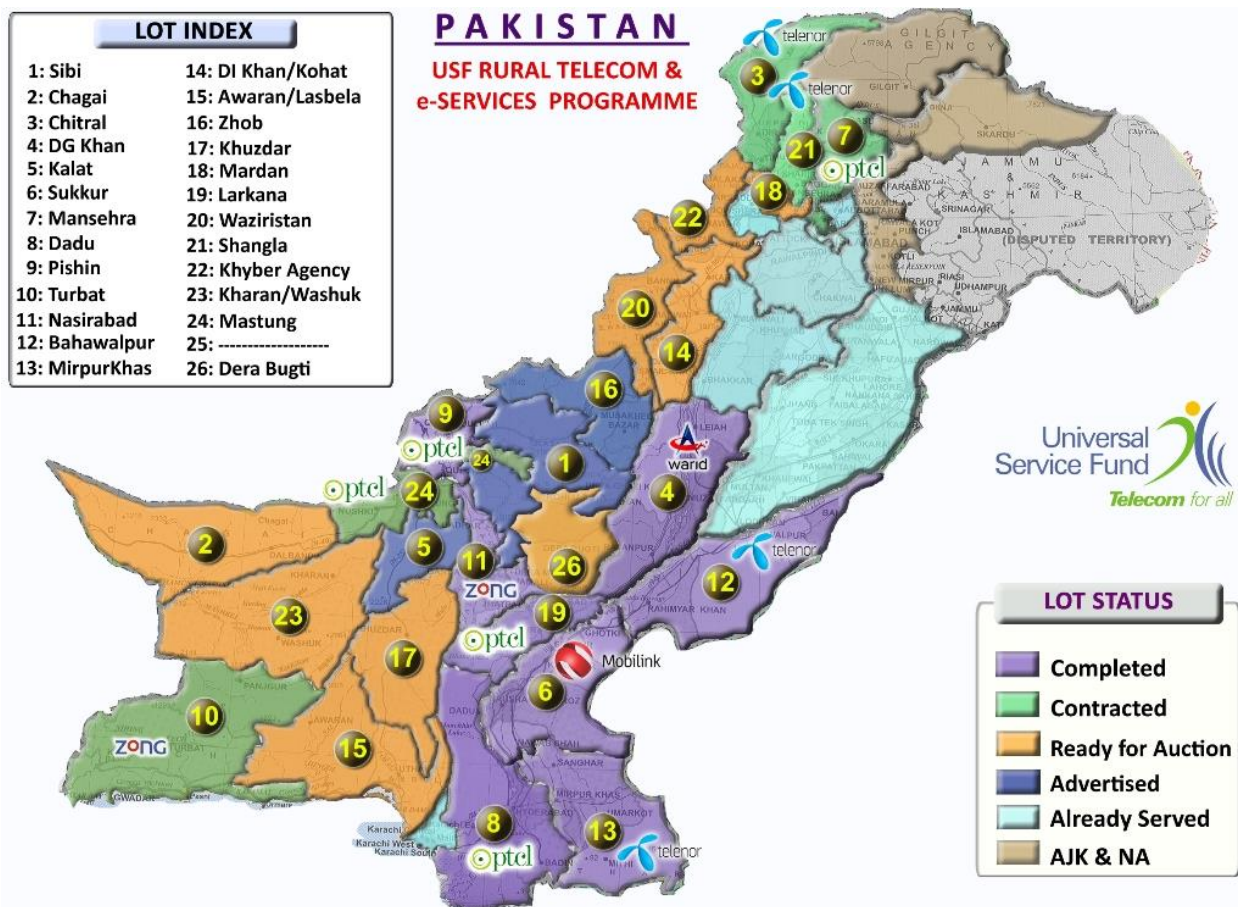
i. New Projects

Shangla Lot

Shangla Lot covers 12% of the area and 15% of total estimated population of Khyber Pakhtunkhwa province. It includes Shangla, Swat and Buner districts. This Lot shares borders with Battagram and Kohistan Districts in the North, Dir and Malakand in West, Mardan and Swabi Districts in the South-East, and Mansehra District in the East. Total muzas in this lot are 154 with population of more than 0.8 million people.
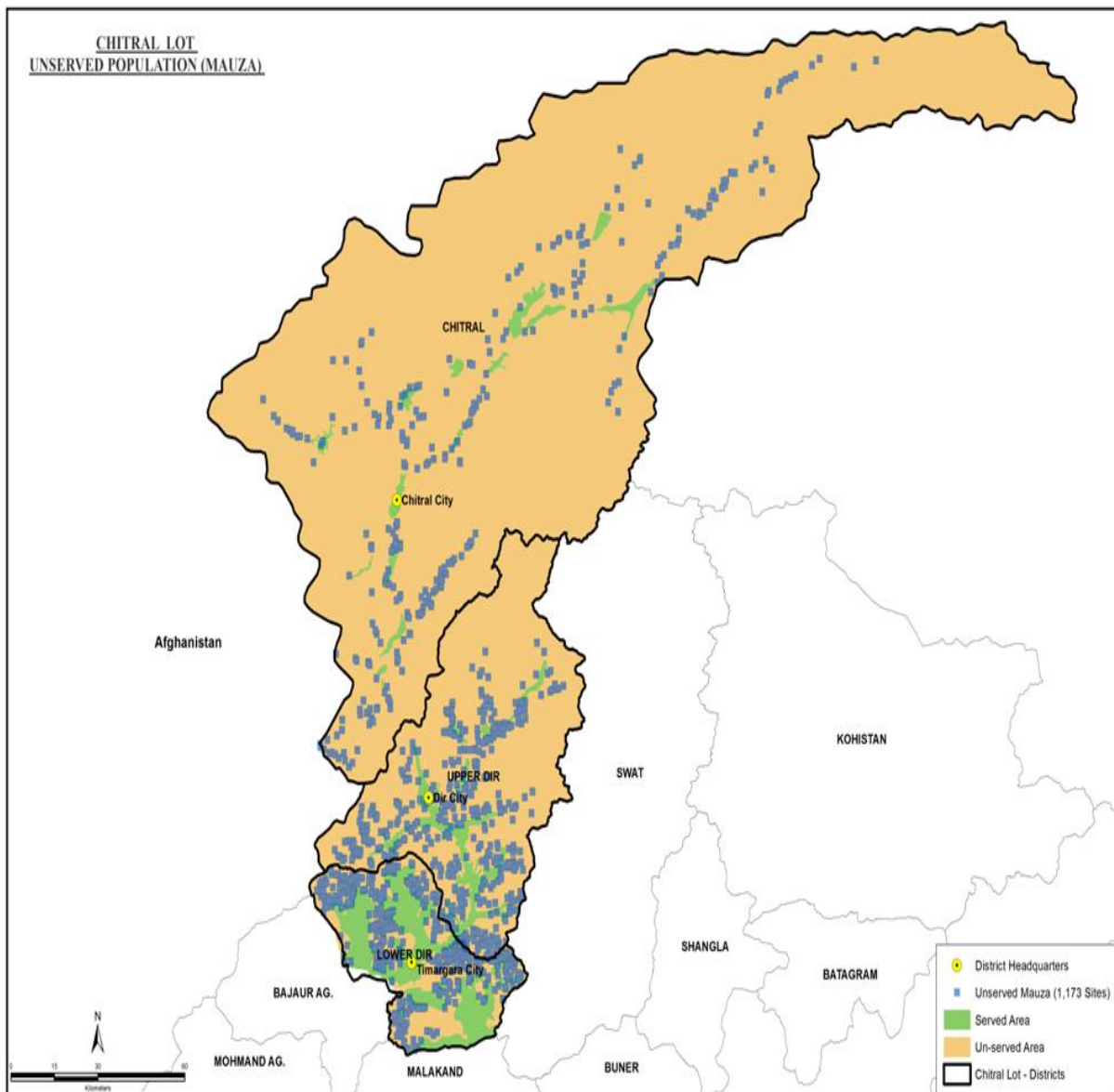
The contract for this project worth Rs. 1.95 Billion was awarded to Telenor in June 2015 for providing basic telephony and data services in Shangla Lot
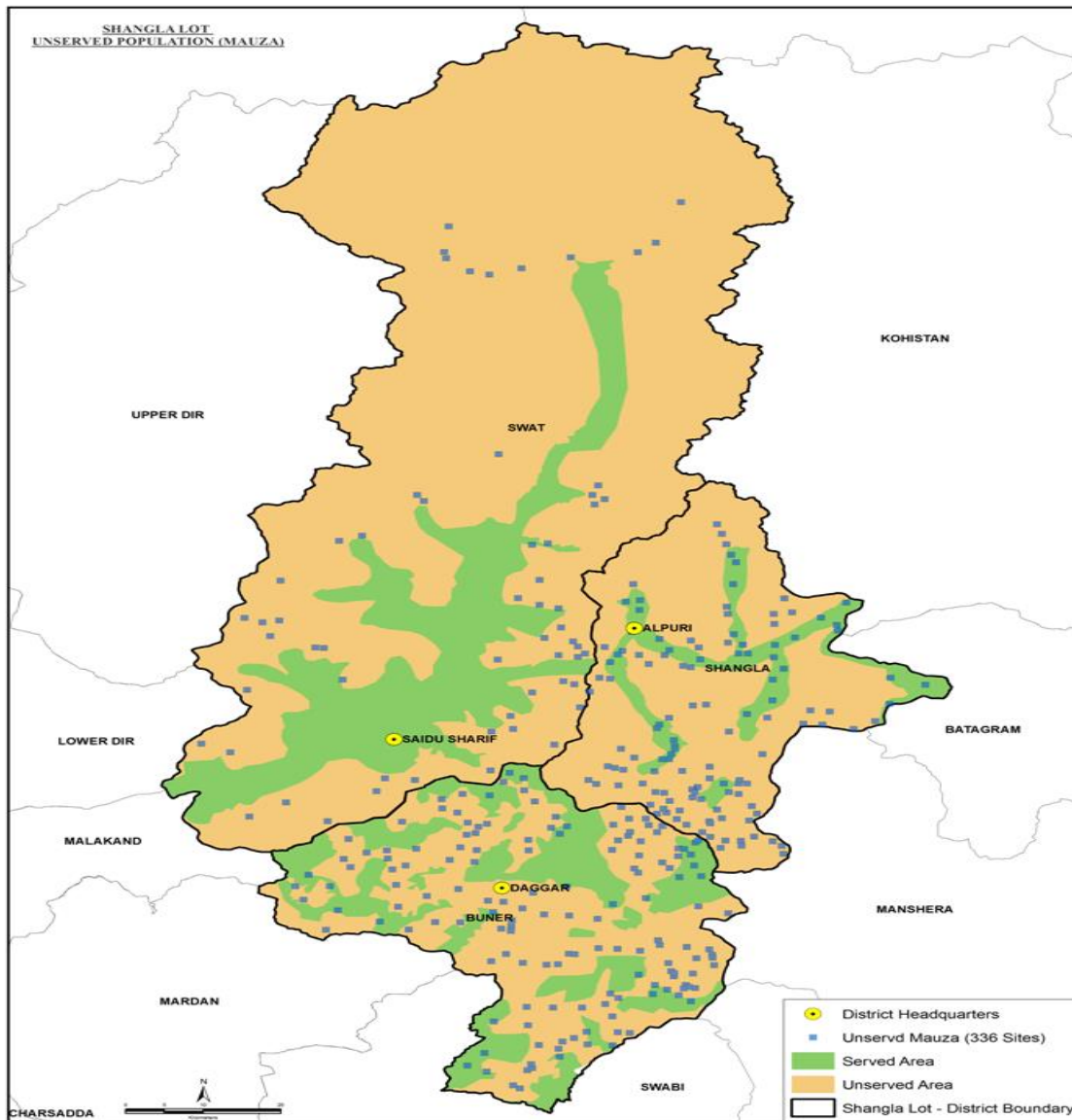
Chitral Lot

Chitral Lot covers 27% of the area and 10% of total estimated population of Khyber Pakhtunkhwa province and includes Chitral, Upper Dir and Lower Dir districts. This Lot shares borders with Afghanistan in the North and West, Swat District and Gilgit- Baltistan in East and Bajaur Agency and Malakand in south. Total muzas in this lot are 1173 with population of 1.2 million people.

The contract for this project worth Rs. 1.905 Billion was awarded to Telenor in February 2015 for providing basic telephony and data services in Chitral Lot.

ii. Ongoing Projects

Turbat Lot

Turbat Lot covers 10% of the area and 8% of the total population of Balochistan. The lot covers strategically located warm waters' port of Gwadar and Turbat (Kech) districts. Turbat lot consists of Panjgoor, Gawadar and Trubat districts. Total muzas in this lot are 190 with population of 300,000 people.

The contract for this project worth Rs. 3.95 Billion was awarded to CM Pak in February 2013 for providing basic telephony and data services in Turbat Lot. Two project implementation milestones have been achieved by the end of FY 2014-15 by covering 57 muzas.
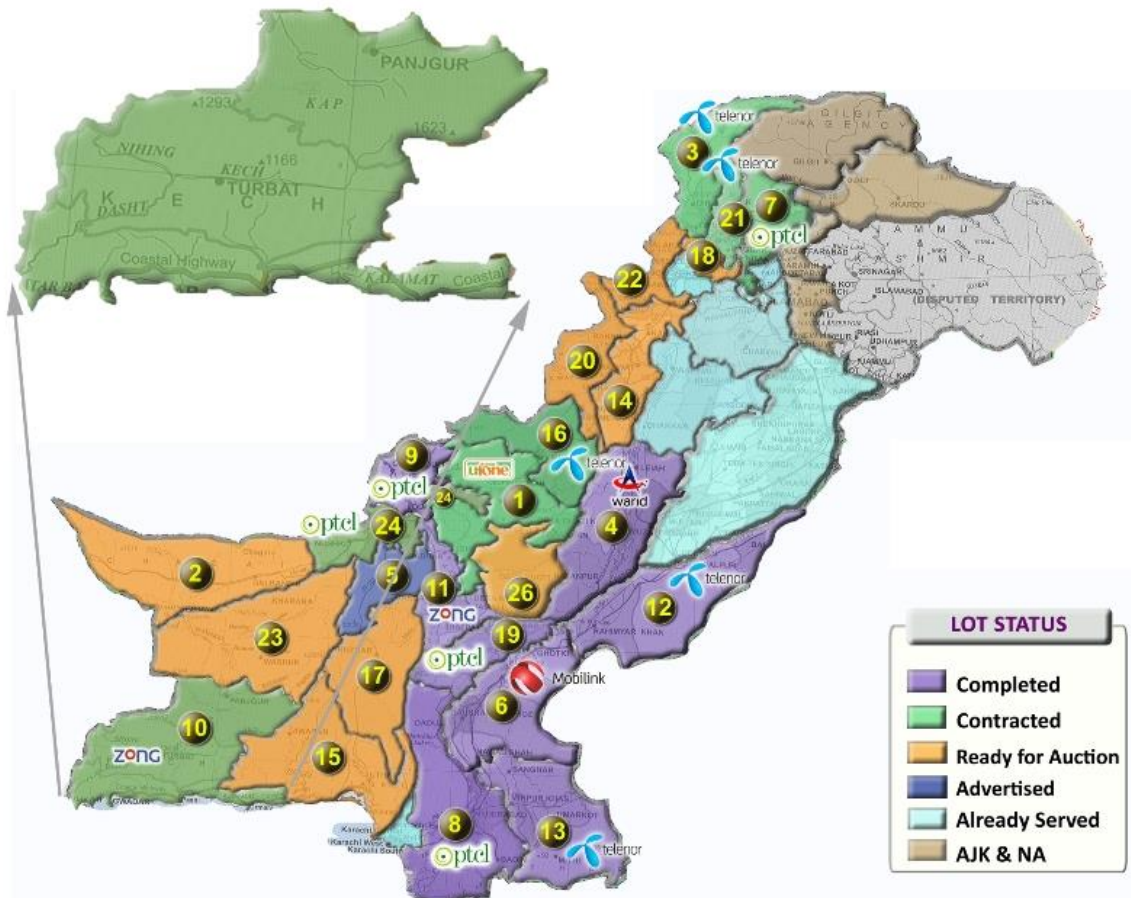
Mansehra Lot

Mansehra Lot covers roughly 20% of the area of Khyber Pakhtunkhwa in the North-East and consists of the districts of Abbottabad, Batagram, Haripur, Kohistan and Mansehra and has 12 tehsils. This lot has 1,479 muzas and an un-served population of around 921,000 people.

USF and PTCL entered this contract on June 24, 2008. A subsidy of Rs. 300 Million is being provided to PTCL for providing services through this project. First two milestones of this project have been achieved by covering 631 muzas till the end of FY 2014-15.
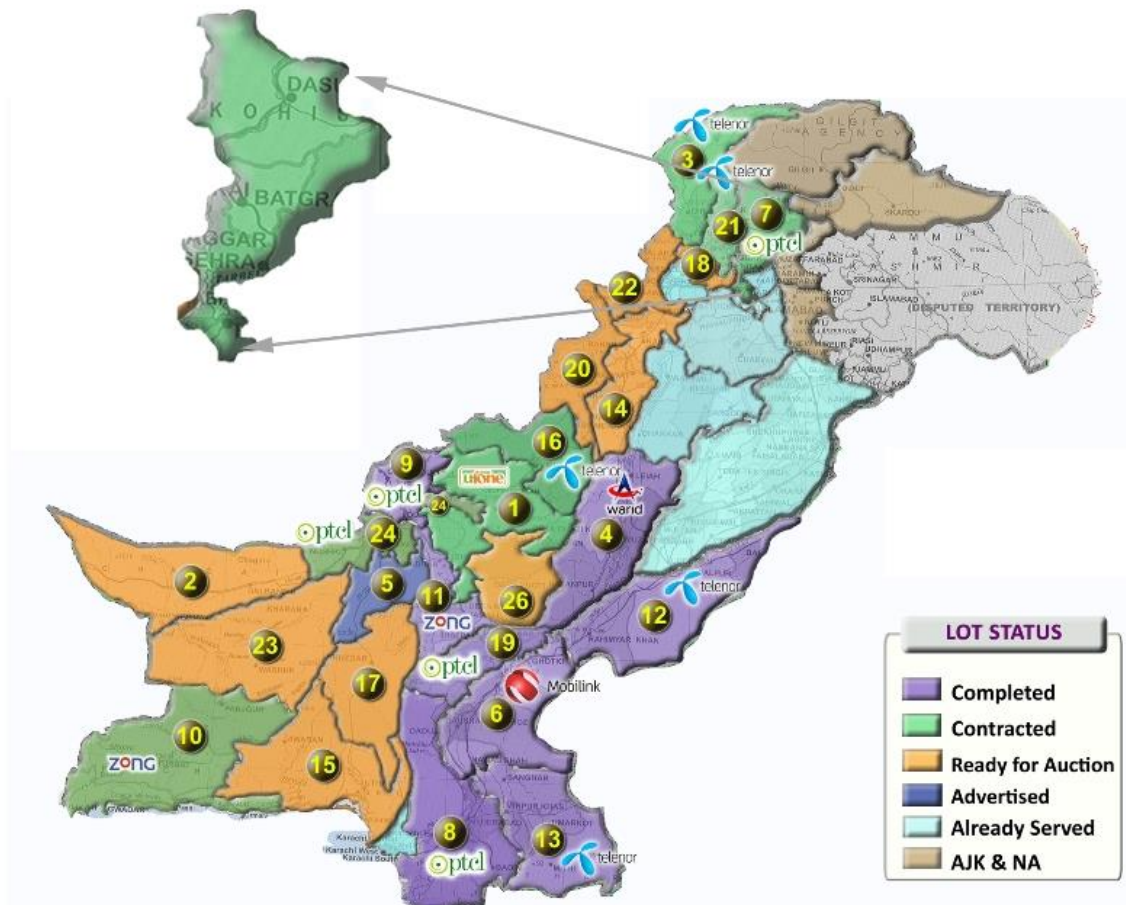
iii. Completed Projects

Mastung Lot

Mastung covers 6% of total population and 4% of the area of Balochistan, which includes Mastung, Nushki and Ziarat districts. Climate of Mastung Lot is hot in summers but cold in winters due to cold Siberian currents. Total settlements (Muza) in this lot are 351 with population 0.36 million, approximately. Roughly 29% of the muza in these districts are un-served covering 21% of un-served rural population of this lot.

The contract for this project worth Rs. 3.15 Billion was awarded to PTCL in May 2012 for providing basic telephony and data services in Mastung lot. All project implementation milestones have been achieved by the end of FY 2014-15.


Mastung Lot
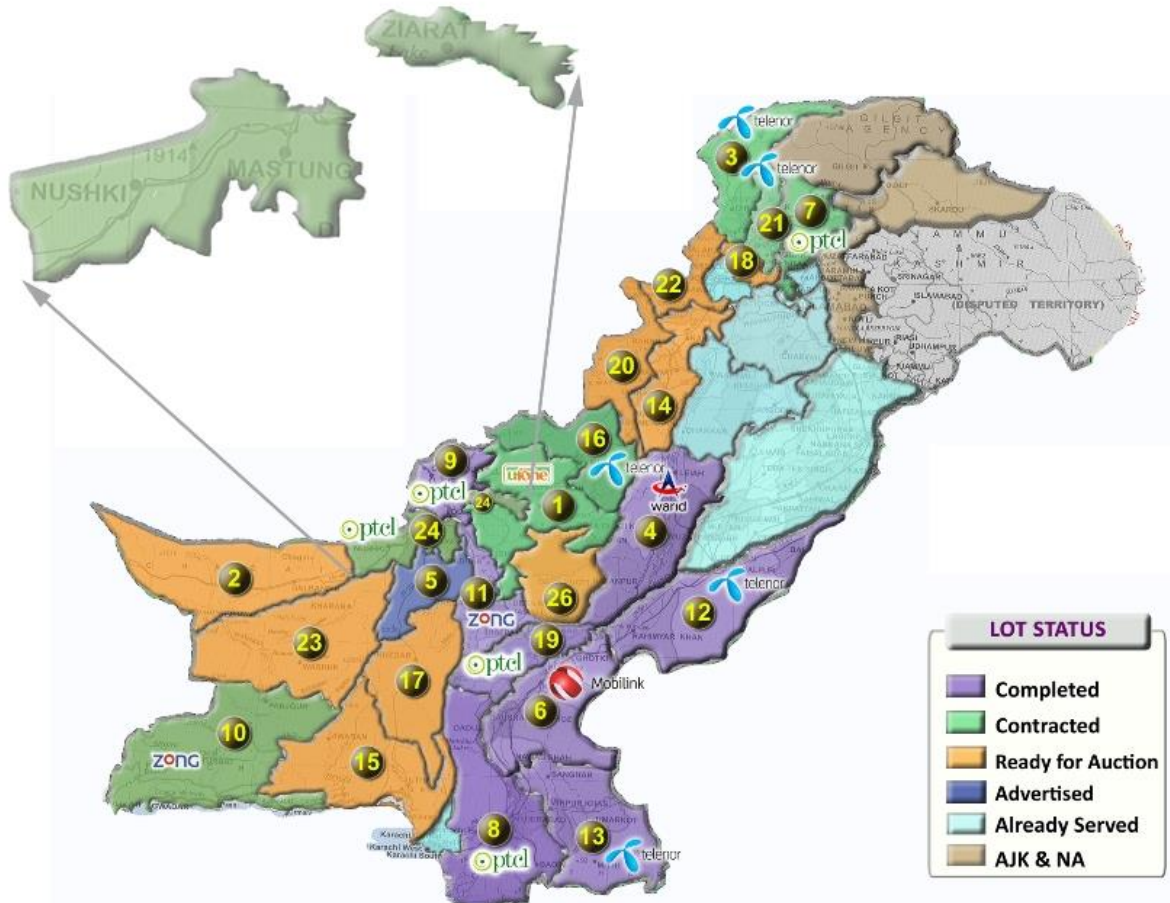
Nasirabad Lot

This project aims to provide basic telephony and data services in Nasirabad lot which covers roughly 5% of the area of Balochistan in the Central East. Generally, Nasirabad Lot has an arid climate with moist cold winters and hot dry summers. This lot comprises Bolan, Jaffarabad, Jhal Magsi and Nasirabad districts of Balochistan. There are 648 un-served muzas which have a population of around a million.

The contract for this project worth Rs. 1.57 Billion was awarded to CM Pak for providing basic telephony and data services in Nasirabad lot in July 2009. All project implementation milestones have been achieved by the end of FY 14-15.

Nasirabad Lot
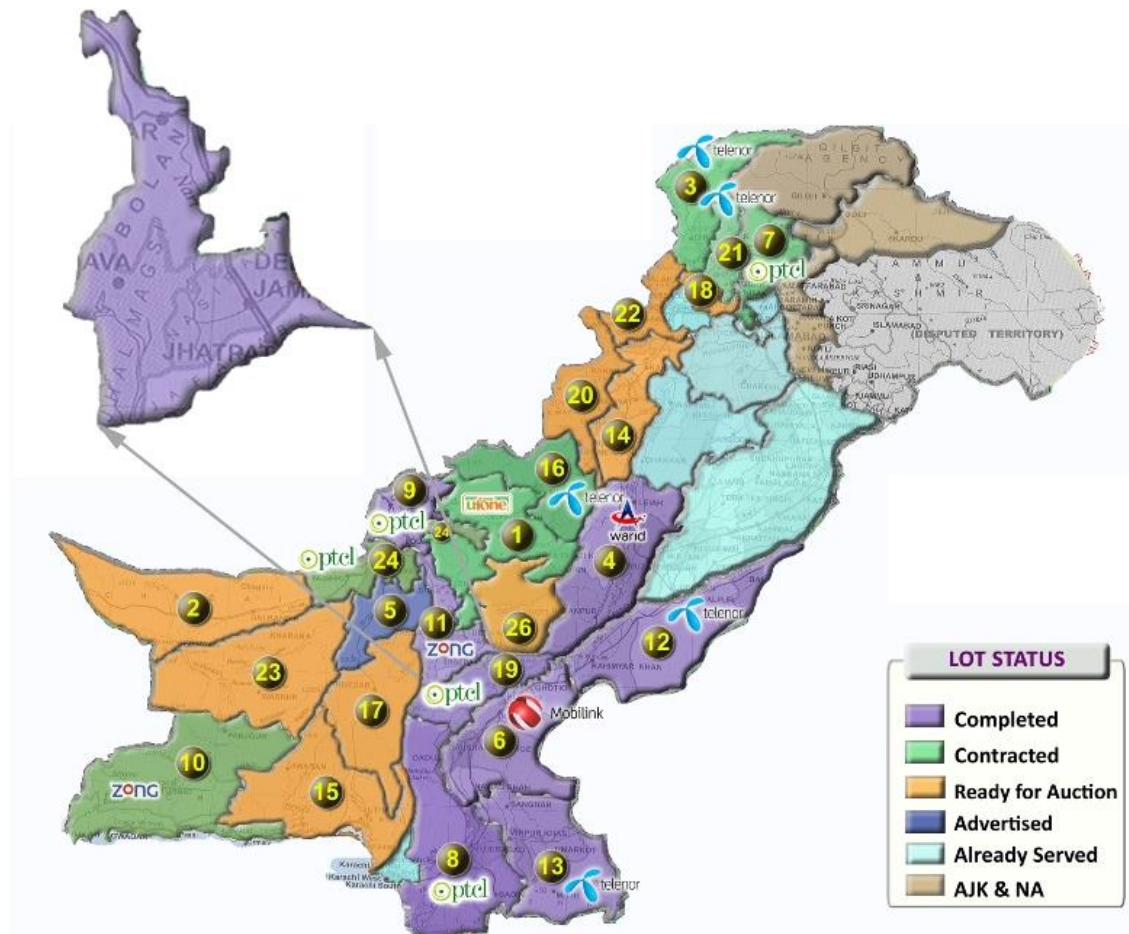
Larkana Lot

Larkana Lot covers 7% of the area and 10% of the total estimated population of Sindh. It shares borders with two provinces – Balochistan in the West and Punjab in the North. It consists of Larkana, Jacobabad and Shikarpur districts and has an un-served population of 165,000. This population lives in 72 muzas.

USF awarded this contract to PTCL on May 17, 2009 for a subsidy of Rs. 228 Million. All project implementation milestone for USF Larkana lot have been achieved by PTCL.
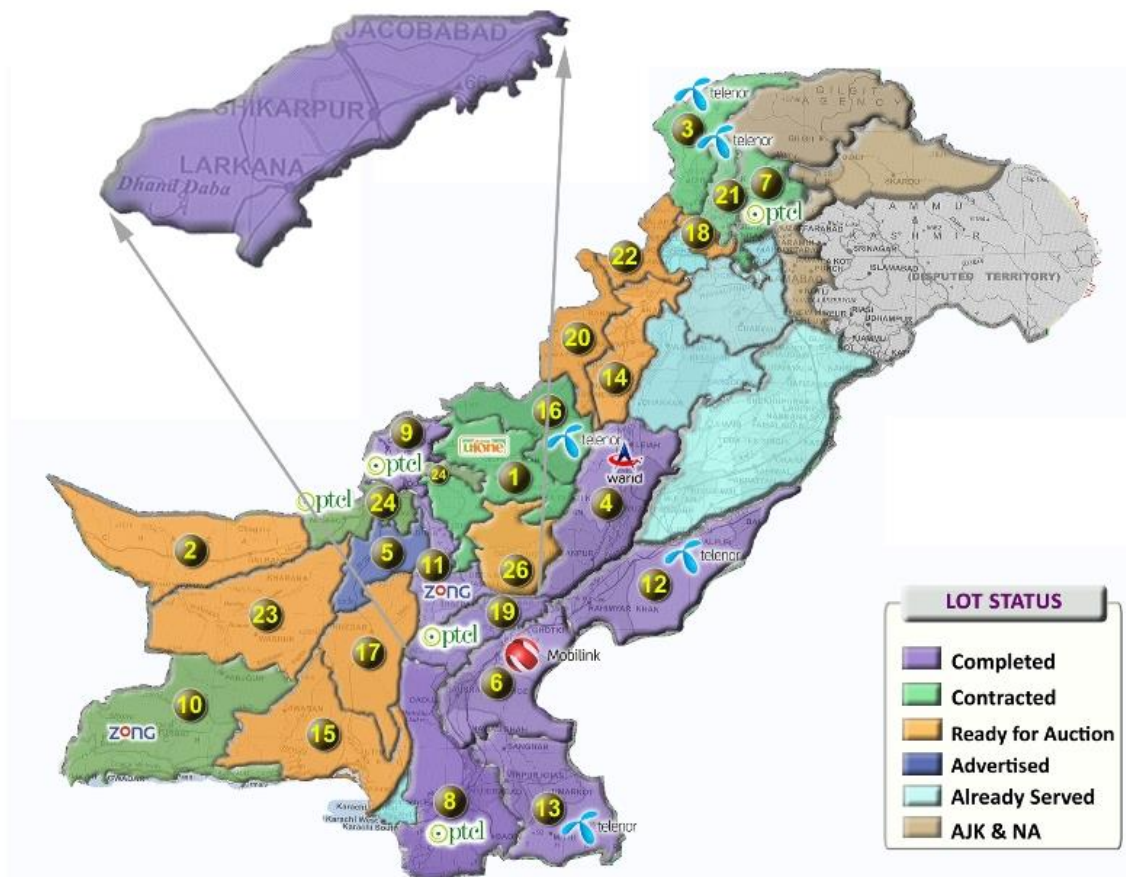

Mirpur Khas Lot

Mirpur Khas Lot covers 28% of the area and 13% of the total estimated population of Sind Province. It consists of Sanghar, Tharparkar, Umerkot and Mirpur Khas districts and has an un-served population of around 1.13 million. This population lives in 218 Muzas.

USF and Telenor entered into a Rs. 930 Million contract to provide basic telephony and data services to the population in the un-served areas of Mirpur Khas on March 13, 2009. All milestones for the implementation of this project have been achieved.


Mirpur Khas Lot
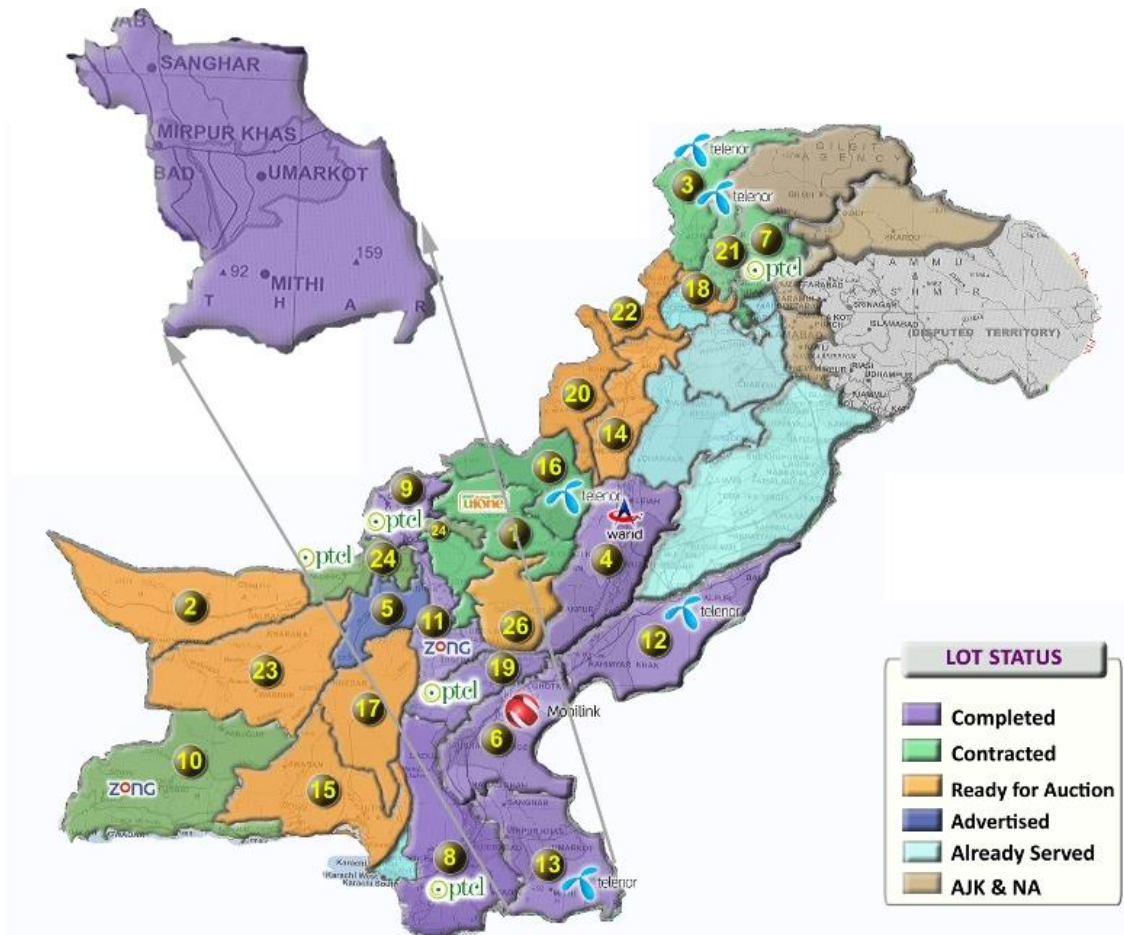
Bahawalpur Lot

Bahawalpur Lot covers 22% of the area and 11% of the total estimated population of Punjab Province and includes Bahawalnagar, Bahawalpur and Rahim Yar Khan Districts. This lot has an un-served population of around 242,144 people. This population lives in 888 muzas.

This contract was signed on September 22, 2008 for a subsidy of 248 Million. All project implementation milestones have been achieved in Bahawalpur lot covering a total muzas of 888.

Bahawalpur Lot
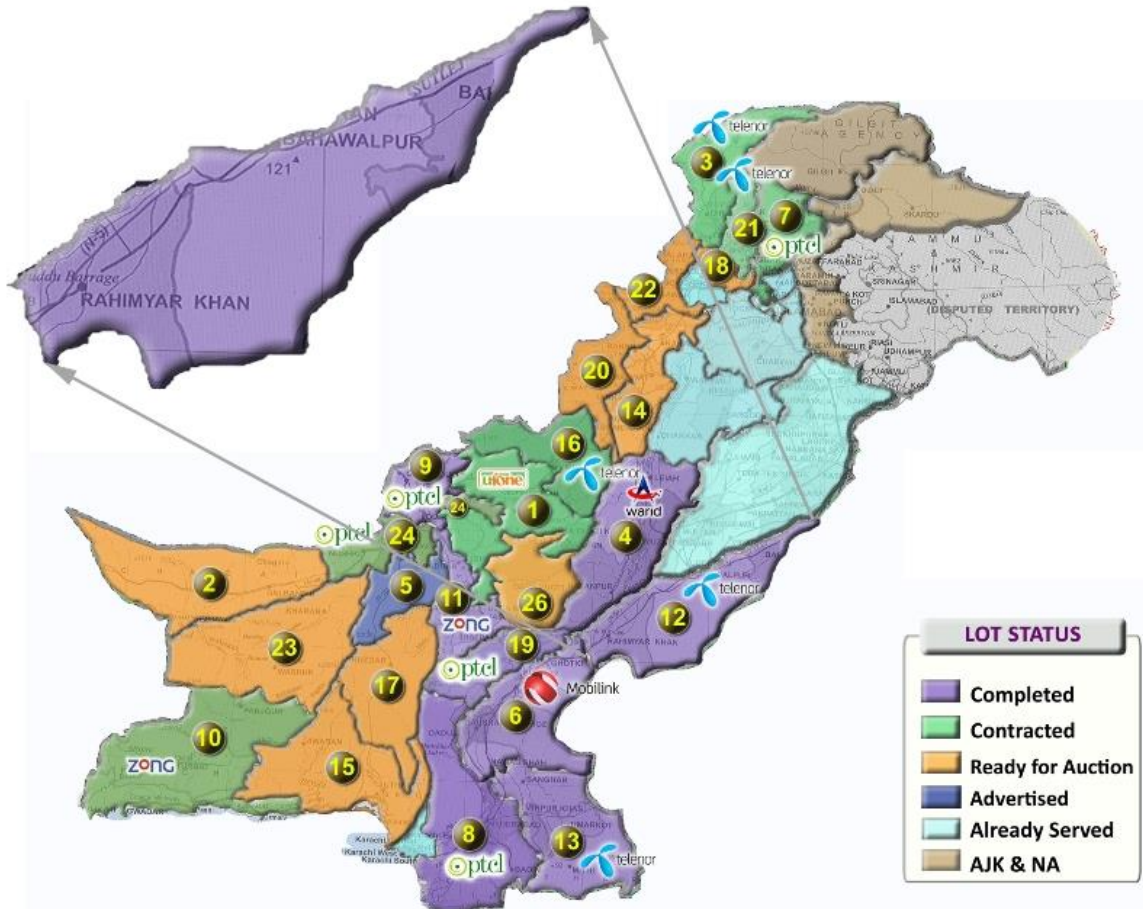
Dadu Lot

Dadu Lot roughly covers 14% of the total area of Sindh and lies from South-Central region to North-West of Sindh. It consists of the districts of Badin, Dadu, Hyderabad and Thatta and 12 tehsils. This lot has an un-served population of around 648,361 which lives in 427 muzas.

USF and PTCL entered this contract on July 25, 2008 for a subsidy of Rs. 250 Million. All project implementation milestones for USF Dadu Lot have been achieved by PTCL.

Dadu Lot
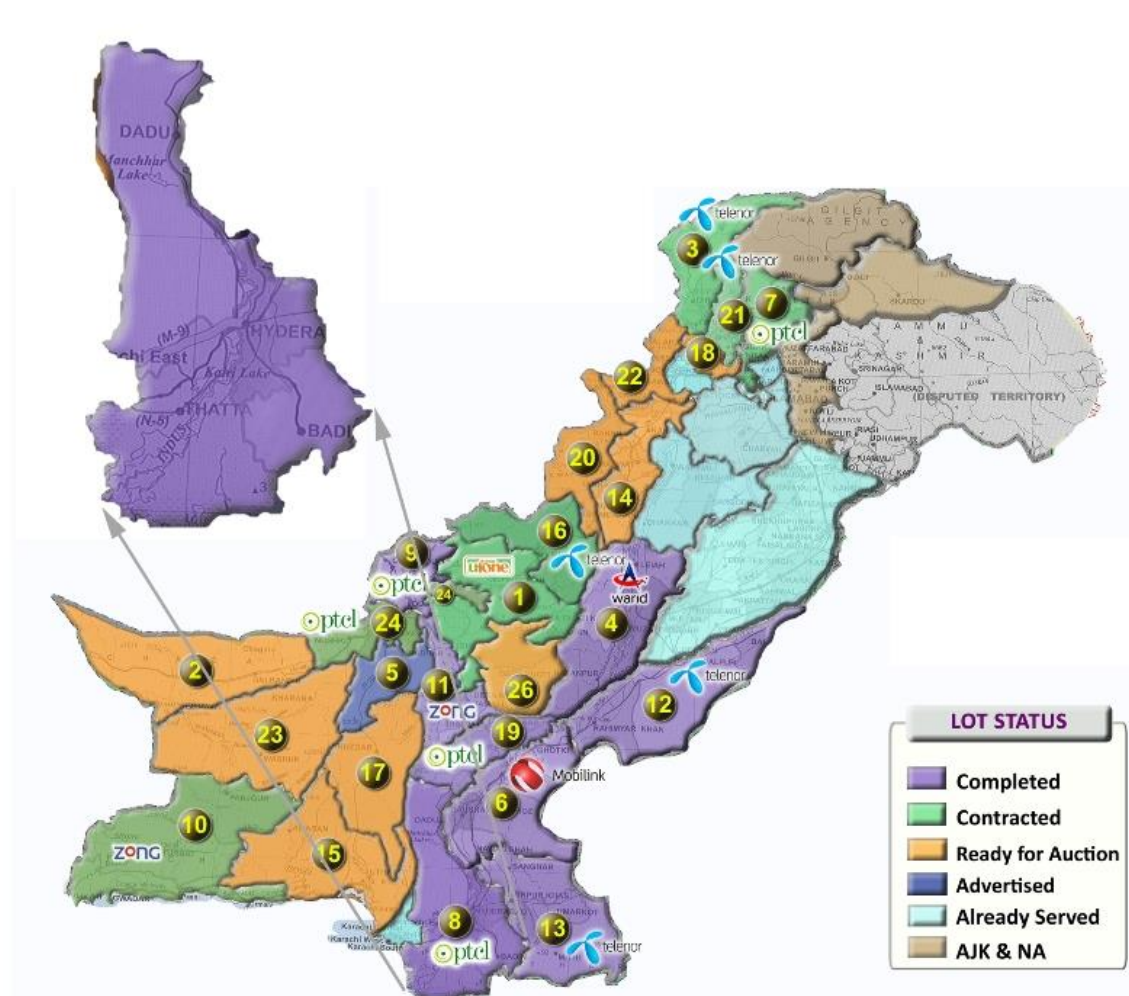
Pishin Lot

Pishin Lot covers roughly 5% in the North – Western part of Baluchistan province. It consists of the districts of Killa Abdullah, Pishin and Quetta. There are 312 un-served muzas in Pishin and an un-served population of around 229,000 people.

USF and PTCL entered in this contract on May 29, 2008 for a subsidy of Rs. 175 Million. All project implementation milestones for USF Pishin Lot have been achieved by PTCL.

Pishin Lot
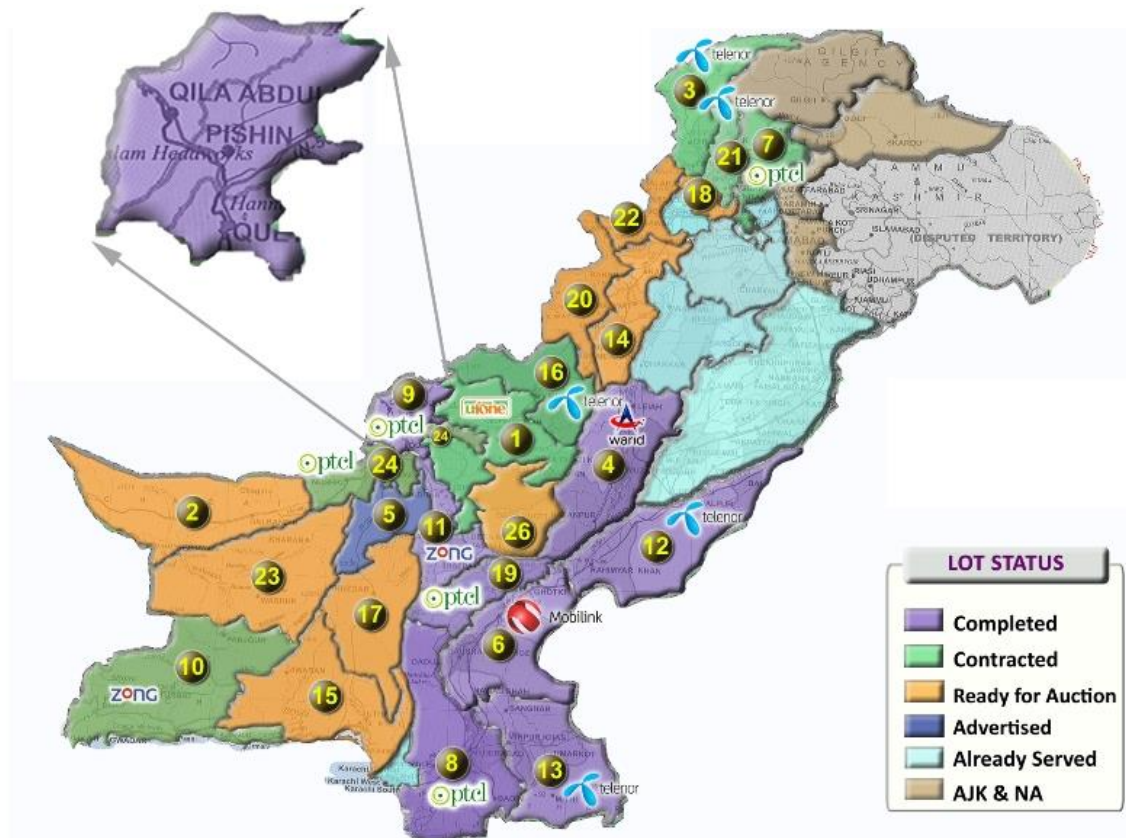
DG Khan Lot

Dera Ghazi Khan is one of the most populous cities in Southern Punjab and it is the largest district in Punjab in terms of area. This lot covers the extreme South-Western area of Punjab province, covering roughly 20% of the total Punjab area. It consists of the districts of DG Khan, Rajanpur, Layyaah and Muzaffargarh. An un-served population of 651,000 people resides in 539 muzas.

USF and Warid Telecom entered in this contract on February 07, 2008 for a subsidy of Rs. 91 Million. All project implementation milestones have been achieved by Warid Telecom.

DG Khan Lot
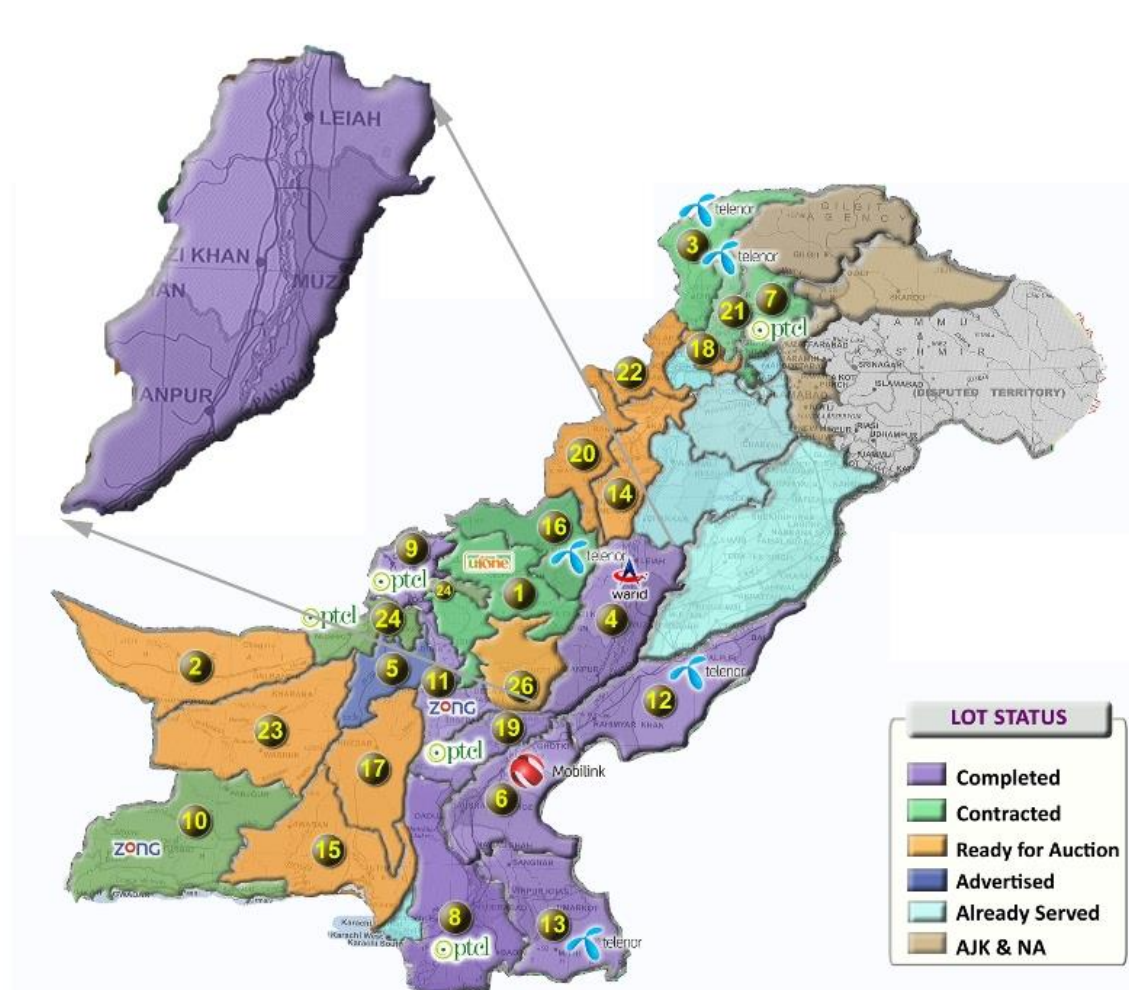
Sukkur Lot

Sukkur lot covers the area in the North-Eastern part of Sind province, covering roughly 25% of the total area of Sind. It consists of the districts of Sukkur, Ghotki, Khairpur, Nawabshah and Naushahro Froze. An un-served population of around 658,000 people resides in 253 muzas.

USF and Mobilink entered in this contract on January 15, 2008 for a subsidy of Rs. 112 Million. All project implementation milestones have been achieved for this project.

Sukkur Lot

Annual Reports for FY 2013-14 & 2014-15
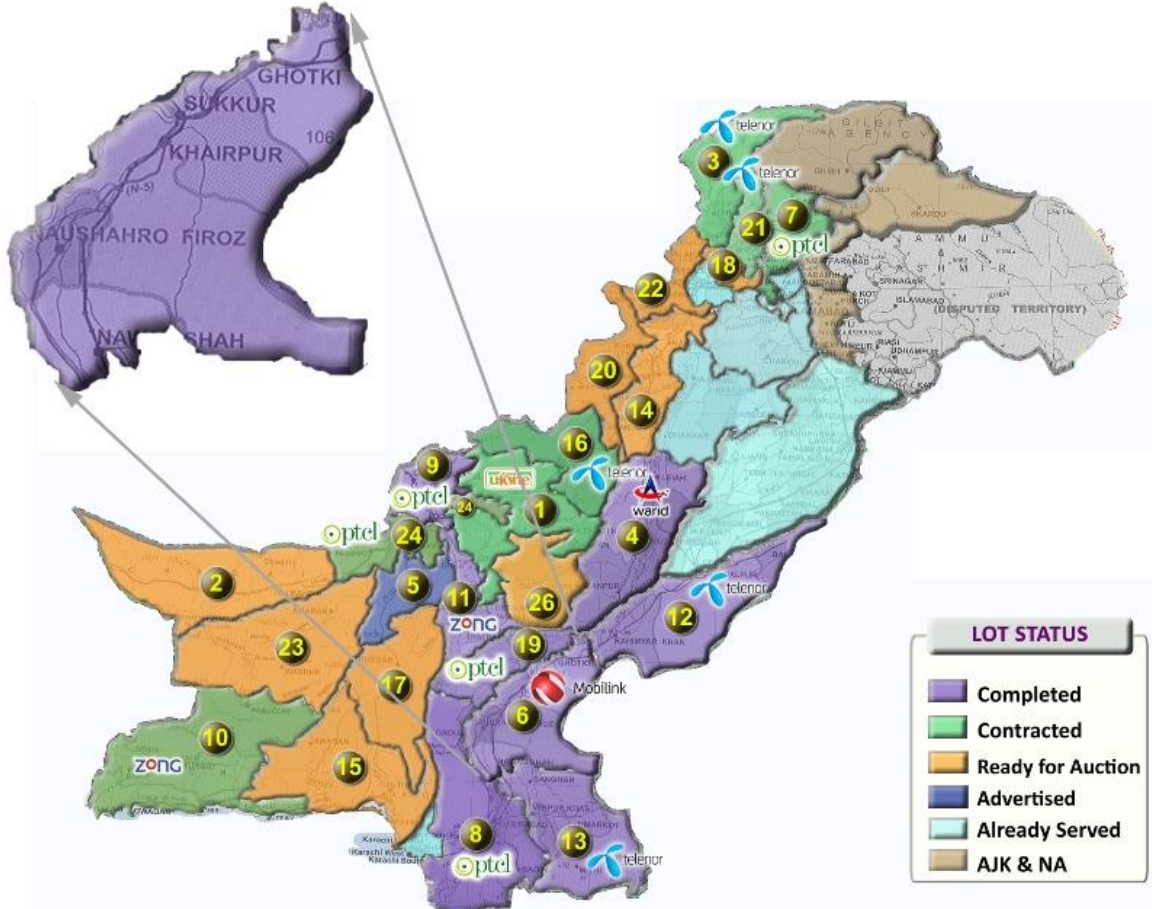
b. Optic Fiber Programme

USF is promoting development of telecommunication services in un-served and under-served rural areas of Pakistan to make available and affordable, the voice telephony and basic data services, throughout the country. This requires also the establishment of a stable and reliable Optic Fiber Network in all corners. This programme is extending the Optic Fiber connectivity to the un-served Tehsil HQs in Pakistan, for meeting the growing requirements of Voice, Data and Video in these areas.

In Optic Fiber Program, more than **6,000** kms of optic fiber cable (Contracted length of optic fiber cable = **6500** kms) has been laid to connect un-served tehsils and towns till the end of FY 2014-15.
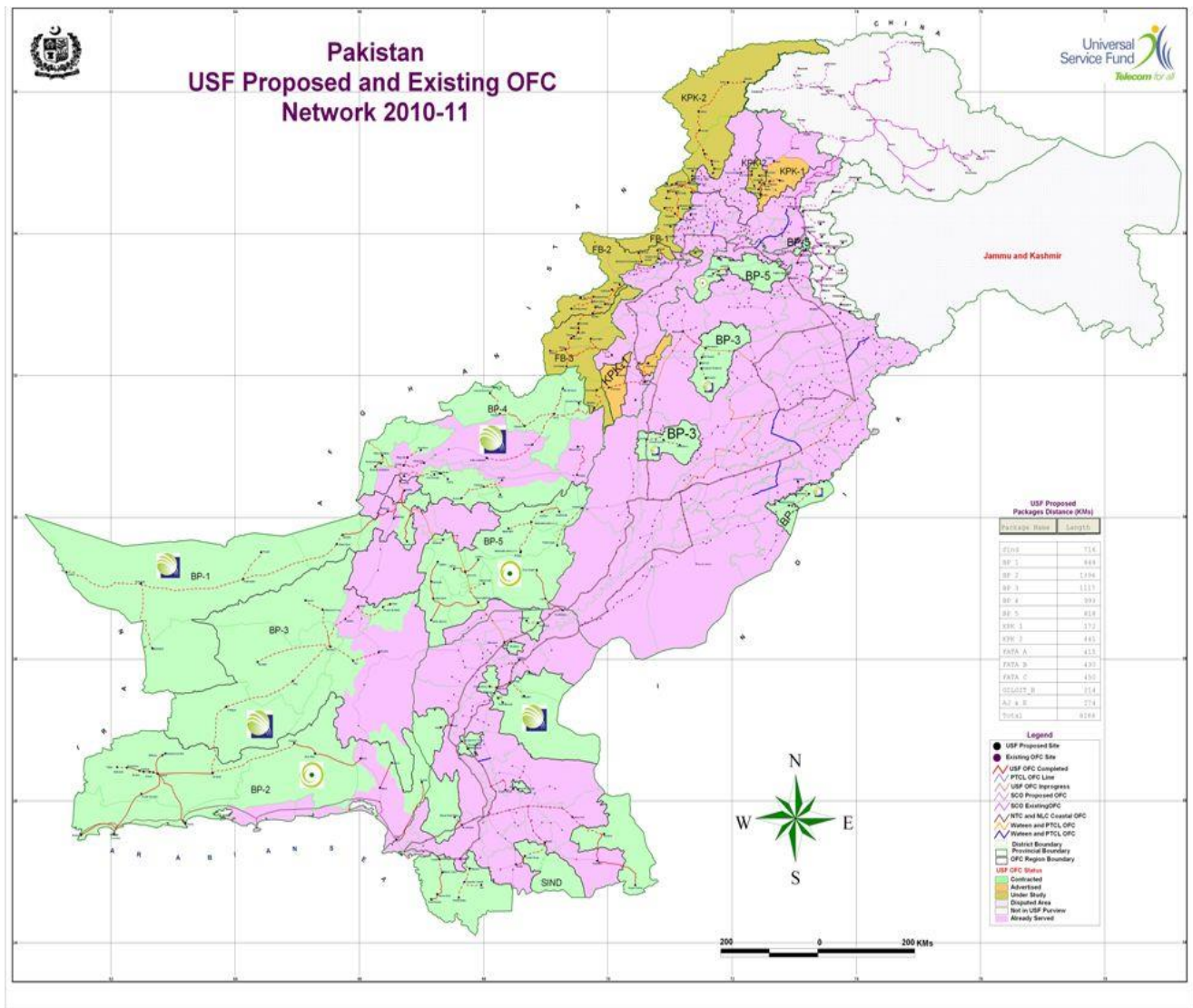
Following are the details of the optic fiber projects of USF till the end of FY 2014-15:

i. Ongoing Projects

Un-served Tehsils in Central Balochistan (Balochistan Punjab Package 5)

USF signed the contract for providing optic fiber connectivity to un-served tehsils of Central Balochistan and Punjab on May 17, 2010. PTCL is being provided a subsidy of Rs. 1.5 Billion for laying 786 Kms of Optic Fiber Cable to connect 12 Tehsils of Bhag, Sanni, Dera Bugti, Phelawagh, Sui, Gandawa, Jhal Magsi, Kahan, Kohlu, Maiwand, Chattar & Lehri in Balochistan (along with Shoran, Maiwand Riffles 71 & Maiwand Riffles 72) and 2 Tehsils of Jand & Kotli Sattian in Punjab (including towns of Lehtrar & Rangli). A population of nearly 1.5 million people is benefitting from this project. Two project implementation milestones have been achieved by connecting 15 tehsils and towns for Balochistan Package 5 by the end of FY 2014-15.


Balochistan Punjab Package 5

Un-served tehsils in Central Balochistan (Balochistan Punjab Package 3)

USF signed the contract for providing optic fiber connectivity to the un-served tehsils of Central Balochistan and Punjab on November 24, 2009. Wateen Telecom is being paid Rs. 986 Million for laying more than 1,100 kms of optic fiber to connect 9 un-served tehsils (including 6 Tehsil HQ's of Besima, Kharan, Washuk, Panjgoor, Zehri & Nal and 5 other towns of Gidder, Nag, Saleemabad Grog, Balbul(Dogan) in Central Balochistan and 3 Tehsil HQ's of Minchinabad, Choubara & Noorpur and 3 other towns of Addhi surgal, Addhi Kot & Rangpur Bakhor in Punjab). Around seven hundred thousand people who live in these Tehsils, will benefit from this

project. Two project implementation milestones have been achieved by connecting 09 tehsils and towns for Balochistan Package 3.
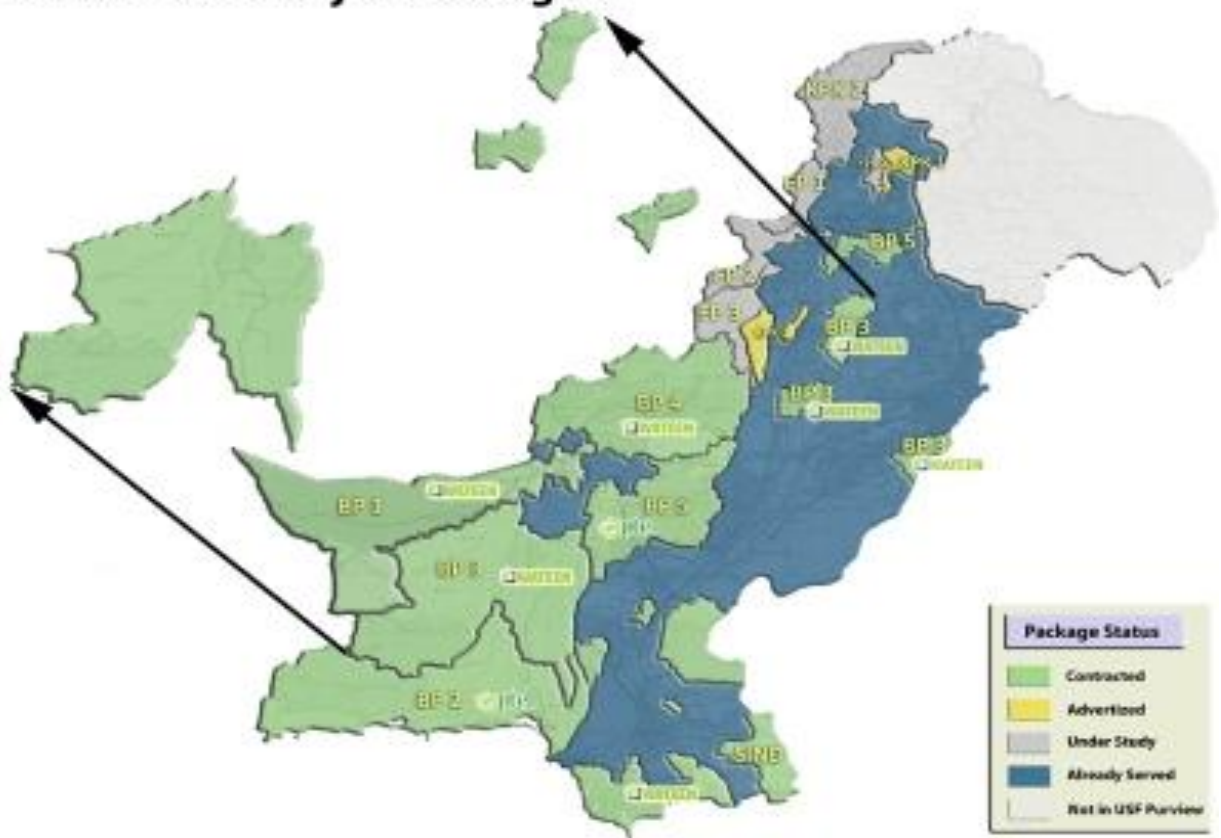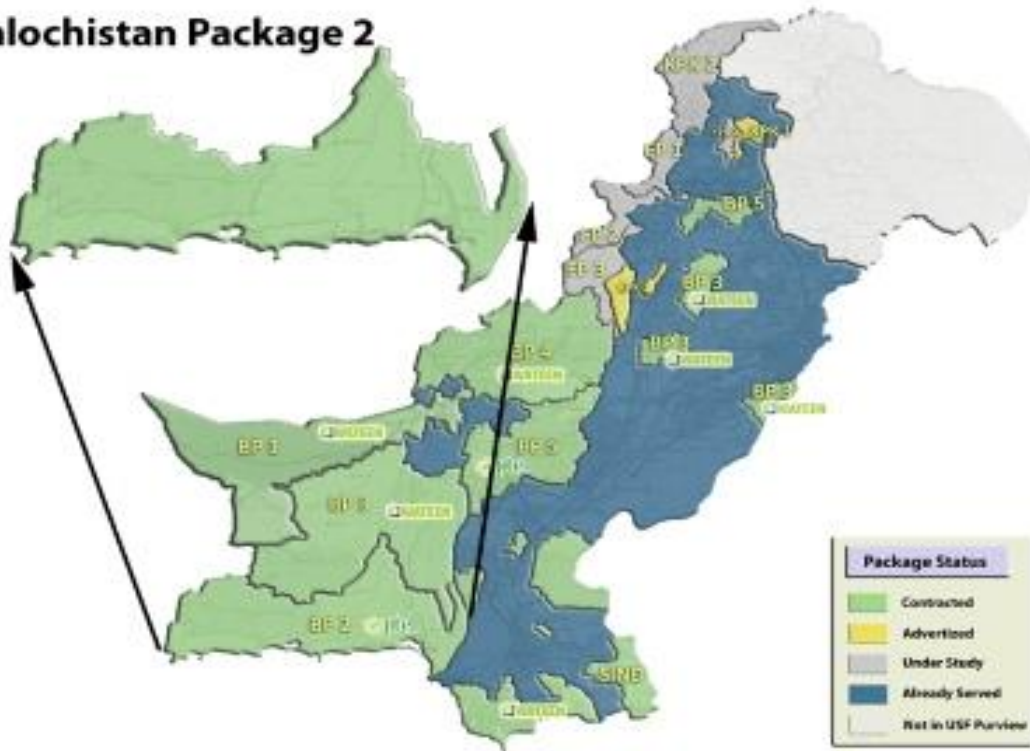

Un-served Tehsils in Southern Balochistan (Balochistan Package 2)

Contract worth Rs. 1.2 Billion was awarded to PTCL for laying 1,400 Km of Optic Fiber cable in Southern Balochistan on June 25, 2009. This will provide connectivity to Kech, Dasht, Buleda, Tump, Awaran, Jhal Jao, Dureji, Kanraj and Pasni Tehsil HQs including Peerdrk, Mehnaz, Kalag, Kalatuk, Nodaiz, Hoshab, Nasirabad, Bilecha and Daddar cities. In addition, this cable will provide additional link to Gawadar and Jiwani. Three project implementation milestones have successfully been achieved which involves providing optic fiber connectivity in 11 tehsils HQs and towns.
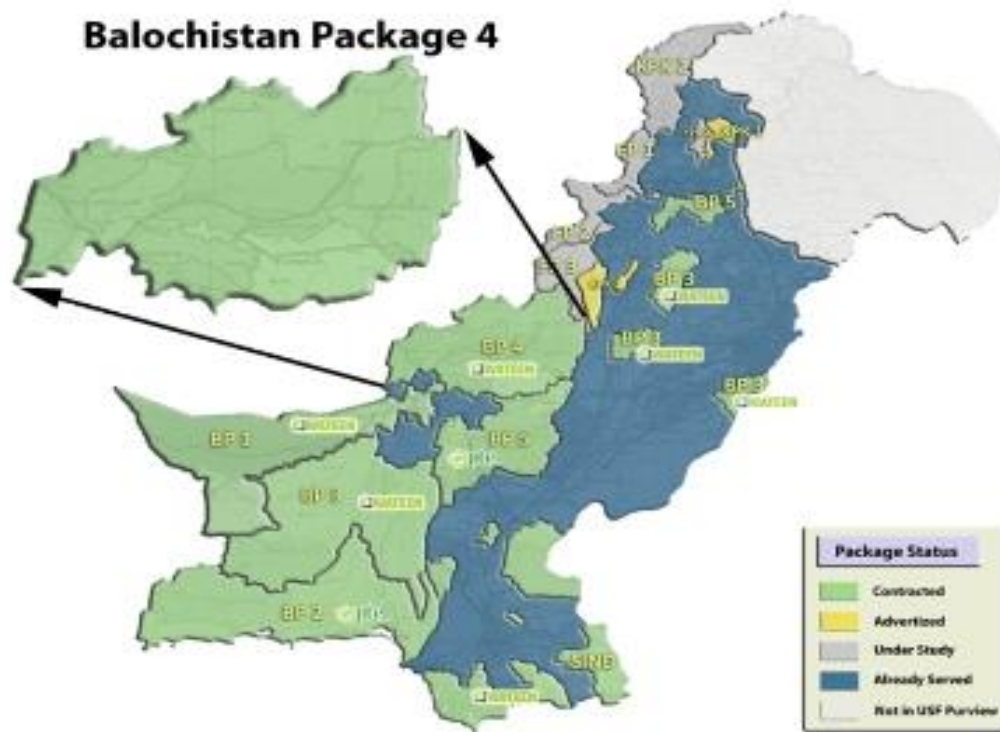
Balochistan Package 2

ii. Completed Projects

Un-served Tehsils in Central Balochistan (Balochistan Package 4)

USF signed a contract for providing optic fiber connectivity to un-served tehsils of Balochistan which includes Barshor, Musa Khel, Zhob and Ziarat on July 13, 2011. Wateen Telecom is being provided subsidy of Rs. 1.97 Billion for laying 1,100 KMs of optic fiber cable. A population of nearly 1.7 million people is benefitting from this project. All project milestones have been achieved by the end of FY 2014-15.

Balochistan Package 4

Un-served Tehsils in Western Balochistan (Balochistan Package 1)

USF awarded another contract worth Rs. 374 million to Wateen Telecom to provide Optic Fiber connectivity to 5 un-served Tehsils of Mushkhel, Taftan, Dalbandin, Nokundi & Dasht in Western Balochistan touching also the cities of Dringar, Ahmadwal, Nokundi and Chaghi on May 17, 2009. Wateen Telecom is laying 900 kilometers of Optic Fiber Cables to connect these Tehsils. All project implementation milestones have been achieved.

Balochistan Package 1
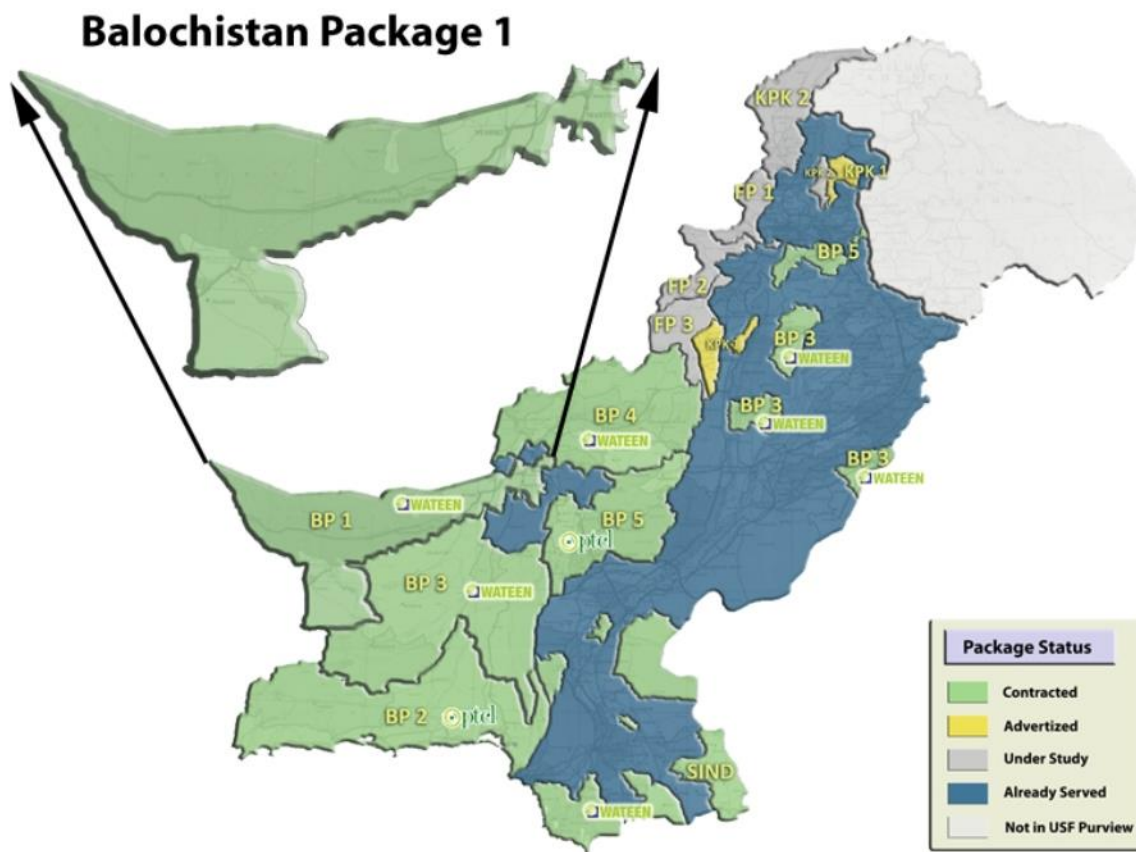
Un-served Tehsils in Sindh

USF signed a Rs. 449 Million contract with Wateen Telecom to provide Optic Fiber Connectivity to every un-served Tehsil in Sindh province on February 11, 2009. Through this contract, 18 out of a total of 91 Teshils in Sind which have no access to Fiber Optics, will be connected to rest of the country with Fiber. The approximated route length of cable to connect these 18 Tehsils comes to more than 1000 Kms and will benefit an un-served population of 3.5 Million. All project implementation milestones have been achieved by Wateen Telecom.

Sindh Package

Package Status

🟩	Contracted
🟨	Advertized
⬜	Under Study
🟦	Already Served
⬜	Not in USF Purview
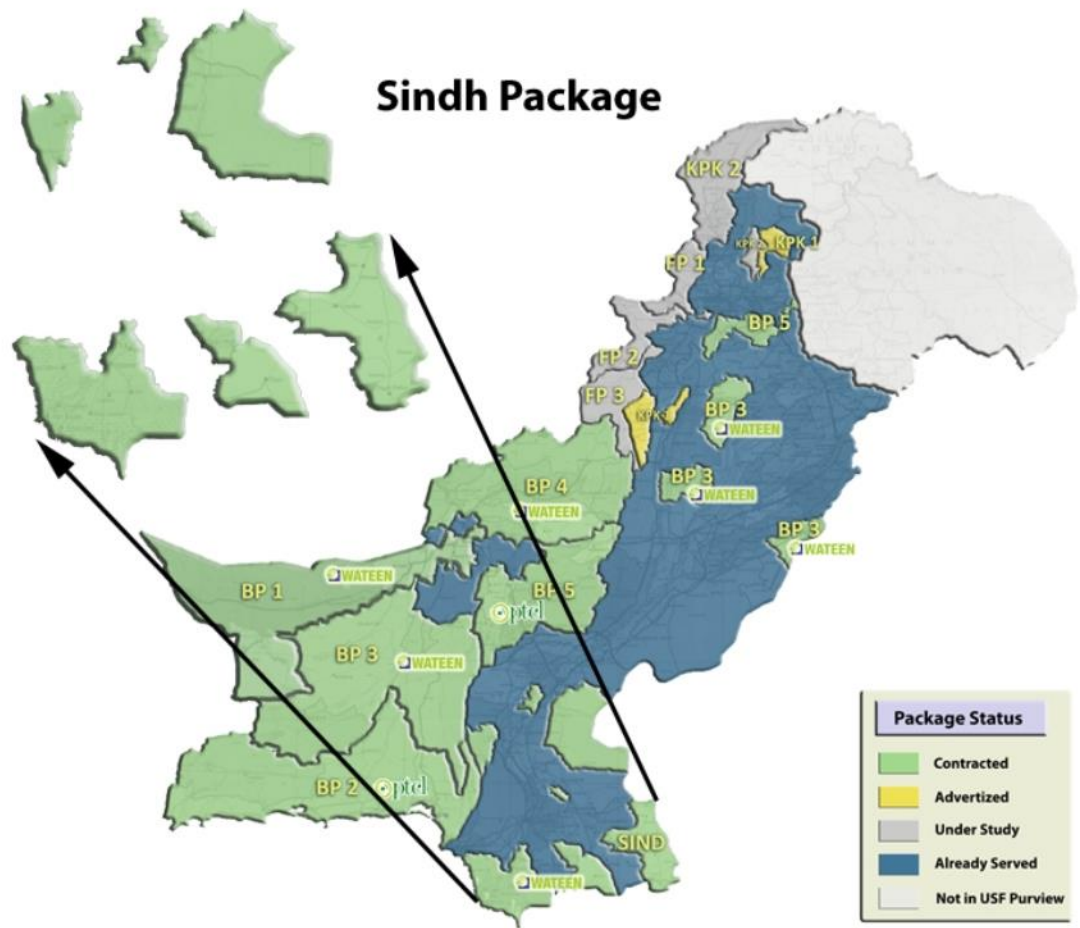
c. Broadband Program

USF Broadband programme aims to deliver the social and economic benefits of ICTs to the masses through affordable broadband, thus helping to achieve Government's objective of breaking the poverty cycle and eliminating the social divide. Broadband is also a key element of the United Nations Millennium Development Goals on poverty reduction and is globally bringing a paradigm shift to the way people run their lives. It is also transforming every facet of communications, from entertainment and telephone services to delivery of vital services like health care.

Till the end of FY 2014-15, in Broadband program, **839,044** broadband connections (Total number of contracted broadband connections = **490,250**) have been provided in **305** cities/towns (total number of contracted cities/towns = **398**) along with establishment of **1,269** Educational Broadband centers (EBCs) (total number of contracted EBCs = **1,439**) and **362** Community Broadband centers (CBCs) (total number of contracted CBCs = **410**).
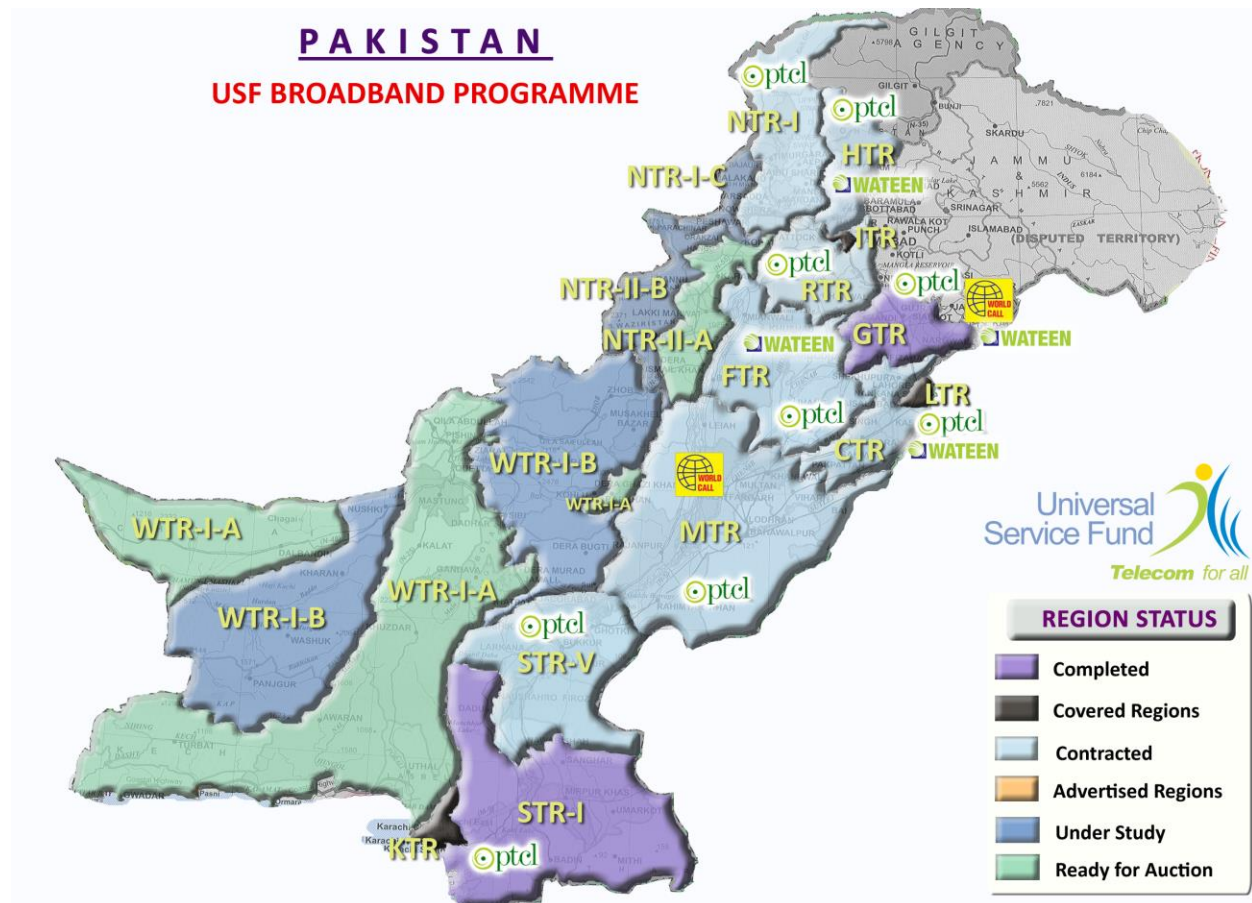
Given below are the details of the Broadband Projects being run by USF till the end of FY 2014-15:

i. New Projects

Rawalpindi Telecom Region – 1

Rawalpindi Telecom Region-1 consists of the districts of Attock, Chakwal, Jhelum and Rawalpindi. This region has 26 cities and towns with a population of 1.5 Million people.

PTCL is being provided subsidy of Rs. 1.313 billion as per the contract signed in December 2013. Till the end of FY 2014-15, two project implementation milestones were achieved by PTCL.
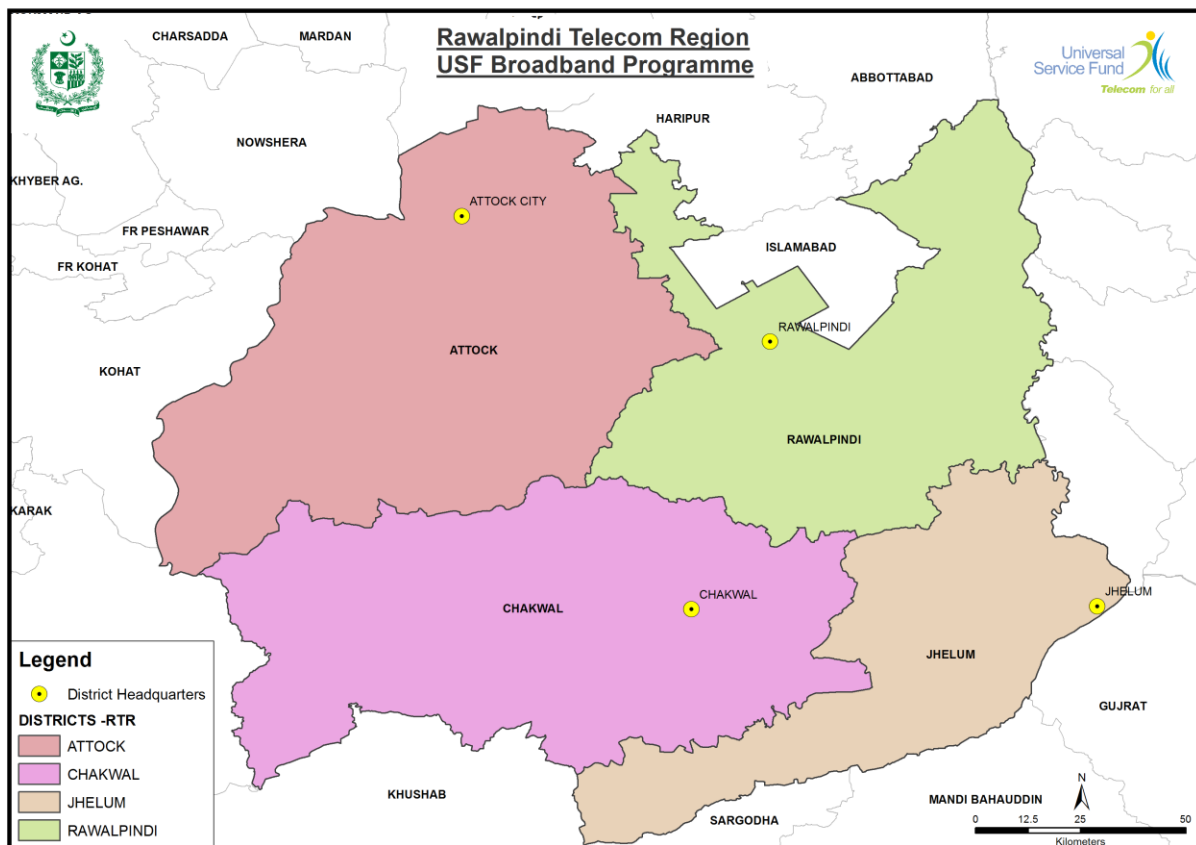

ii. Ongoing Projects

Northern Telecom Region –I

Northern Telecom Region-I (NTR-I) consists of the districts of Buner, Charsadda, Chitral, Lower Dir, Malakand, Mardan, Nowshera, Shangla, Swabi, Swat and Upper Dir. This region has 37 cities and towns and a population of 2 million people.

PTCL is being provided subsidy of Rs. 1.16 billion by USF as per the contract signed on June 24, 2013. Target number of 124 EBCs, 25 CBCs and 25,000 broadband connection in this region are to be achieved. Till the end of FY 2014-15, 3 project implementation milestones have been achieved by PTCL

Northern Telecom Region - I
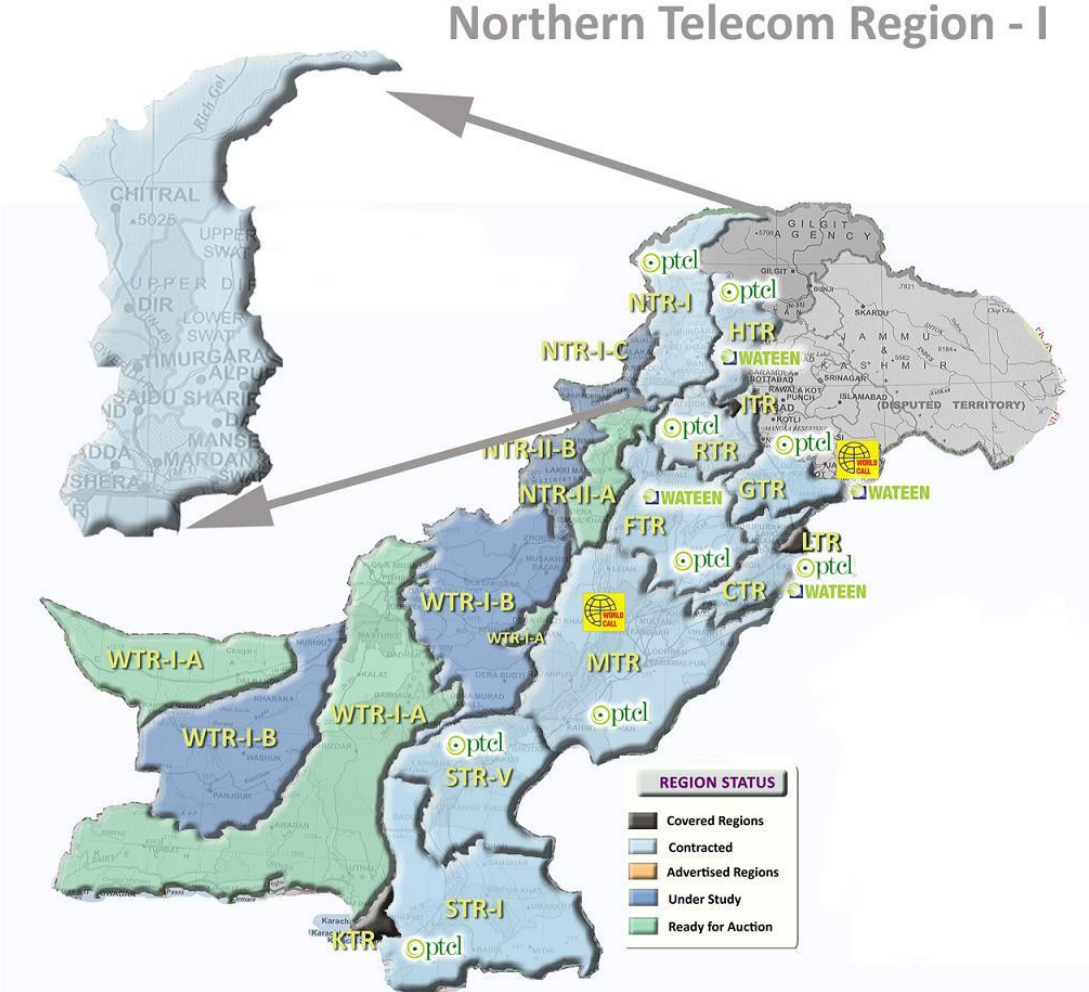
Southern Telecom Region (STR V)

This region comprises of Ghotki, Joccoabad, Kambar Shahdadkot, Kashmor, Khairpur, Larkana, Naushero Feroze, Shaheed Benazirabad (Nawab Shah), Shikarpur and Sukkur districts. This region has 73 towns and population of 3.3 million approximately.

PTCL is being provided subsidy of Rs 1.2 billion by USF, the contract was signed on May 8th 2012. Target number of 125 EBCs, 55 CBCs and 56,500 broadband connections in this region is to be achieved. Two project implementation milestones have been achieved by the end of FY 2014-15.

Suthern Telecom Region - V
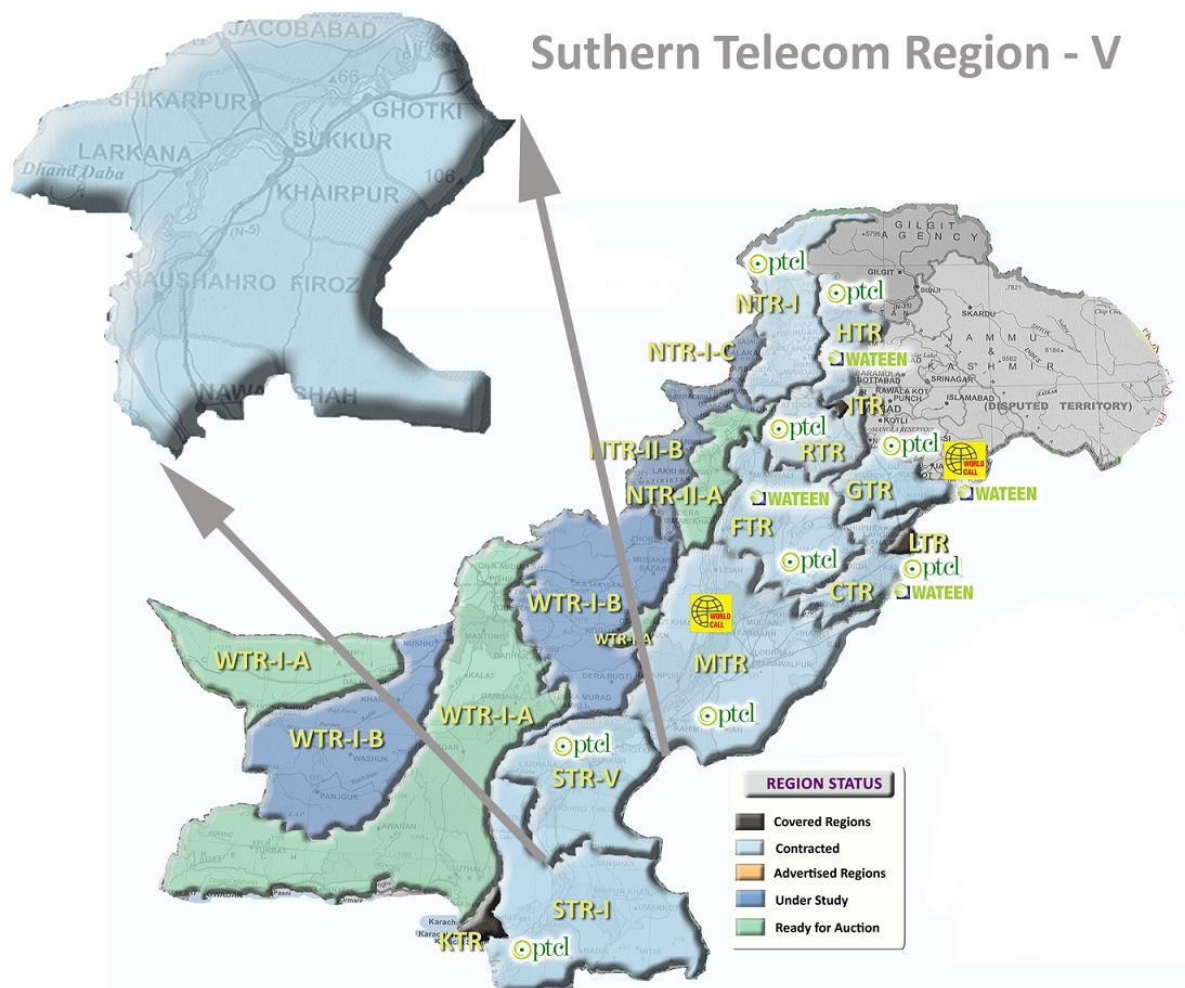
iii. Completed Projects

Gujranwala Telecom Region (GTR)

GTR comprises the districts of Gujranwala, Gujrat, Mandi Bahauddin, Narowal, Hafizabad, and Sialkot and has an un-served population of 3.1 Million.

USF signed contracts for providing broadband services in un-served urban areas of Gujranwala Telecom Region with PTCL and Worldcall in March 2010 and with Wateen Telecom in April 2010. PTCL, Worldcall and Wateen Telecom are being paid Rs.1.12 Billion, to provide broadband services in 44 towns. Along with providing 108,500 broadband connections, 154 Educational Broadband Centres (EBCs) will be established in higher-secondary schools, colleges and libraries and 34 CBCs will be established. PTCL, Worldcall and Wateen have achieved all implementation milestones.

Gujranwala Telecom Region
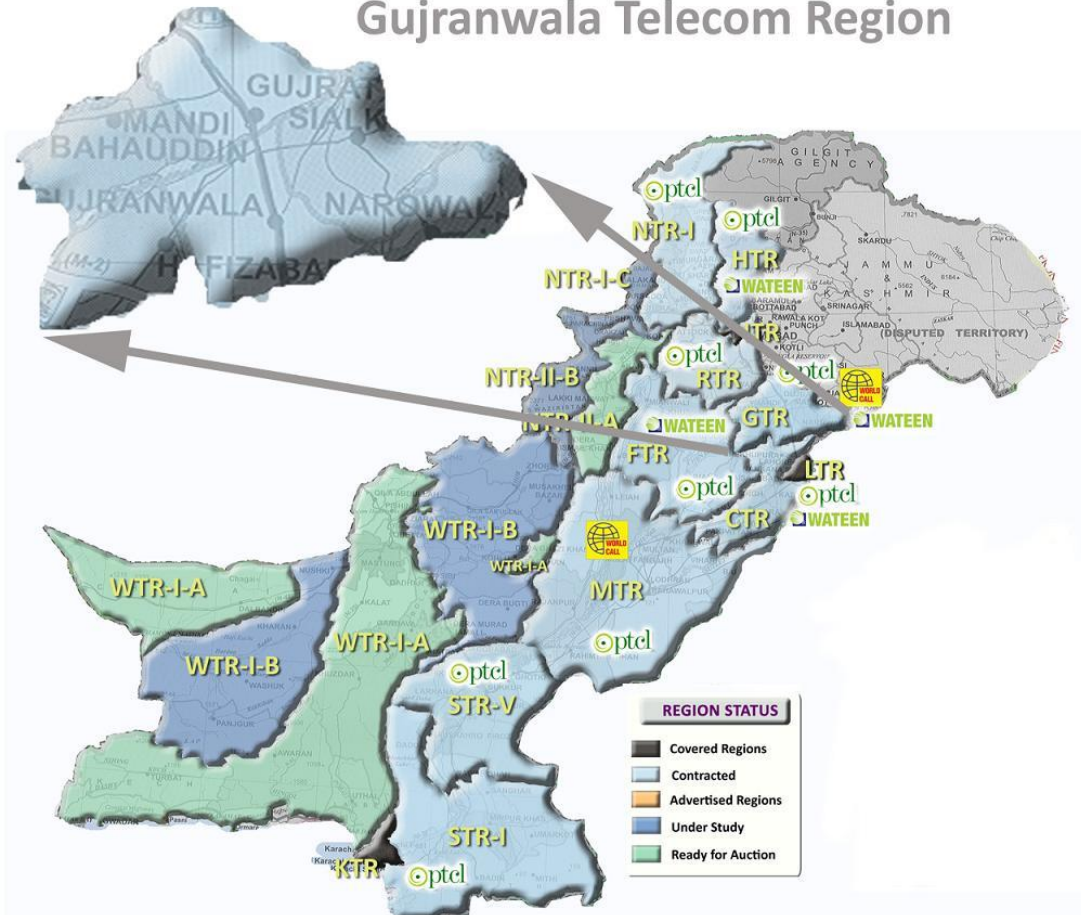
Central Telecom Region (CTR)

This region comprises of Kasur, Okara, Pakpattan, Sahiwal, Sheikhupura and Nankana Sahib districts and has 36 towns. This region has an un-served population of 3.3 Million.

USF signed contracts for providing broadband services in the un-served urban areas of Central Telecom Region with PTCL and Wateen Telecom in April 2010. They are being paid Rs. 1.037 Billion under this project. In CTR, 215 higher secondary schools, colleges and public libraries will get broadband and 57 Community Broadband Centres (CBCs) will be established. 101,500 broadband connections are also targeted to be provided under this project. All project implementation milestones have been achieved by PTCL.
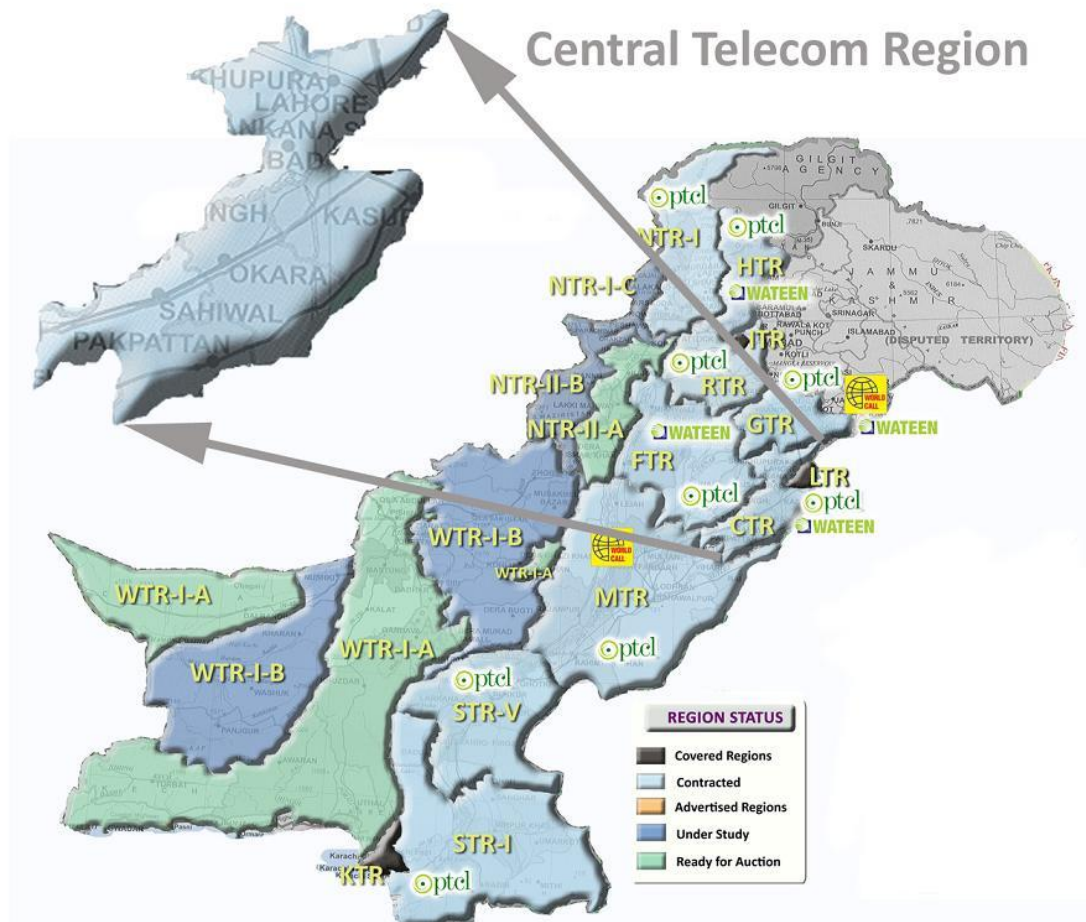
Hazara Telecom Region (HTR)

Hazara Telecom Region (HTR) consists of 17 towns of Abbottabad, Batagram, Haripur, Kohistan and Mansehra districts. Six hundred thousand people live in these small towns and cities.
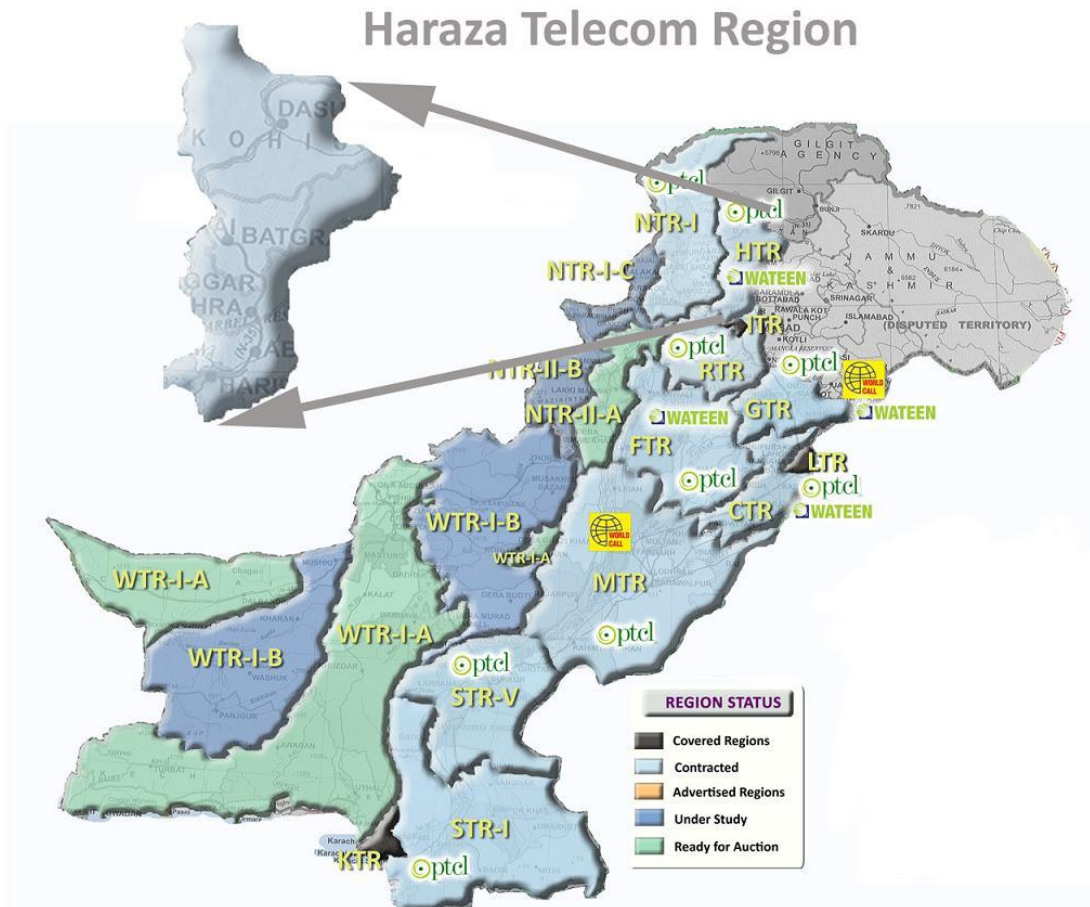
USF signed a contract for providing broadband services in un-served urban areas of HTR with PTCL and Wateen Telecom on November 24, 2009. PTCL and Wateen Telecom together will be paid Rs. 266 Million, to provide broadband internet services in HTR. Along with providing 10,750 broadband connections, 145 EBCs in higher-secondary schools, colleges and libraries and 21 CBCs will be established in all 17 towns of HTR. All project implementation milestones have been achieved by Wateen and PTCL.
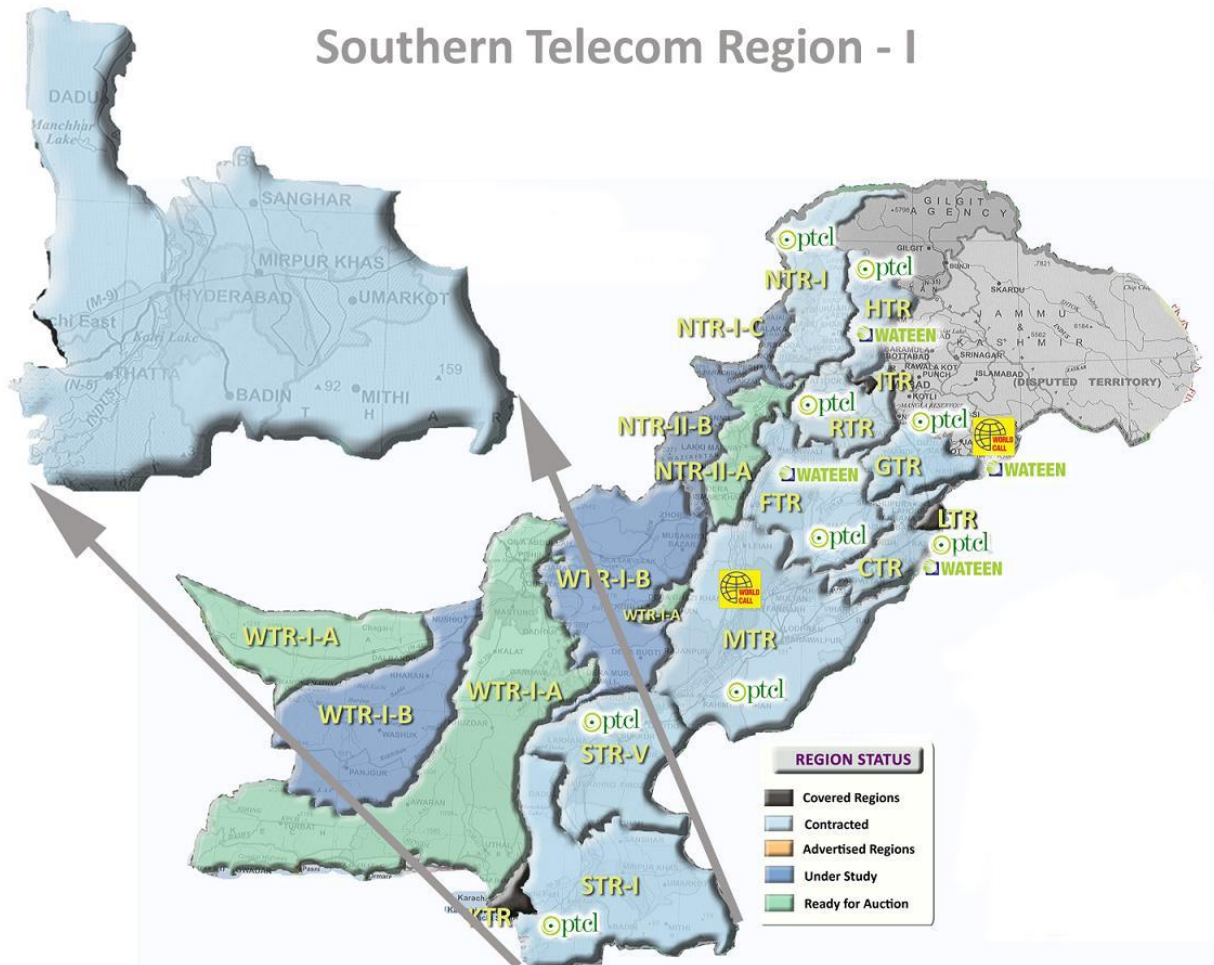
Haraza Telecom Region

Southern Telecom Region-I (STR-1)

STR-1 comprises the districts of Badin, Dadu, Hyderabad, Jamshoro, Mirpur Khas, Sanghar, Tharparkar, Thatta, Matiari, Tando Allah Yar, Tando Mohammad Khan and Umerkot.

USF signed the contract for providing broadband services in un-served urban areas of this region (minus the city of Hyderabad) with PTCL in June 2009 worth Rs. 550 Million. Along with providing 23,500 broadband connections, 82 EBCs and 43 CBCs will also be established in 77 un-served towns/cities of STR-1. All project implementation milestones have also been achieved.

Southern Telecom Region - I

Multan Telecom Region (MTR)

Southern Punjab (known in the Telecom Industry as "Multan Telecom Region"), as a whole, has a total area of about 100,000 Sq Kms and a total population (rural and urban) of around 24 Million (i.e. 14% of Total Population of Pakistan). MTR (excluding the city of Multan) has an urban population of 4.4 Million which resides in 37 Cities/Towns. It consists of the districts of Bahawalnagar, Bahawalpur, D.G. Khan, Khanewal, Leyyah, Lodhran, Multan, Muzaffargarh, Rahim Yar khan, Rajanpur and Vehari.

The contracts for the project to provide broadband internet connectivity in the un-served urban areas of MTR, were awarded in June and July 2009 to PTCL and World Call respectively worth Rs. 1.95 Billion in total. Through this project, 101,500 broadband connections will be provided in Southern Punjab (called MTR). The project also includes establishment of EBCs in 327 higher secondary schools, colleges and libraries and 85 CBCs for those who cannot afford PCs. PTCL and Worldcall have achieved all project milestones.

Multan Telecom Region
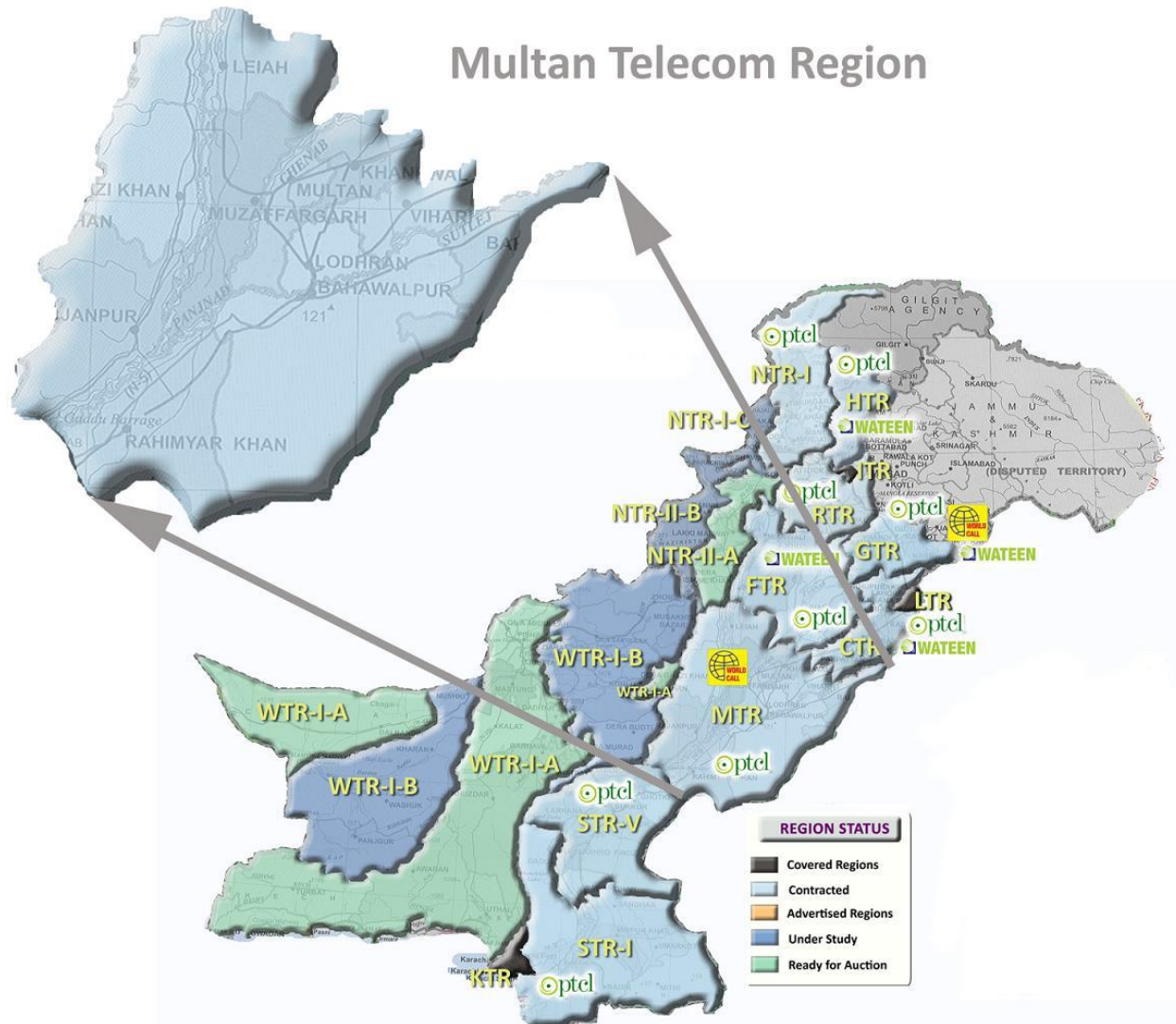
Faisalabad Telecom Region (FTR)

This project involves providing broadband connectivity to districts of Faisalabad (excluding the served city of Faisalabad), Jhang, Sargodha, Toba Tek Singh, Khushab, Bhakkar, Chiniot and Mianwali. FTR has 53 towns and cities of various sizes and a population of more than 3 Million that will benefit from this project.

USF awarded contracts, worth Rs. 1.43 Billion in total, for providing Broadband Services in the Un-Served Urban areas of FTR to PTCL and Wateen Telecom on April 27, 2009. Through this project, initially 72,500 broadband connections will be provided by PTCL and 16,500 by Wateen Telecom. A major highlight of this project will be the establishment of more than 250 EBCs in all the Higher Secondary Schools and Colleges in these towns and cities, besides more than 105 CBCs will also be set up. All project implementation milestones have been achieved by PTCL and Wateen Telecom.

Faisalabad Telecom Region
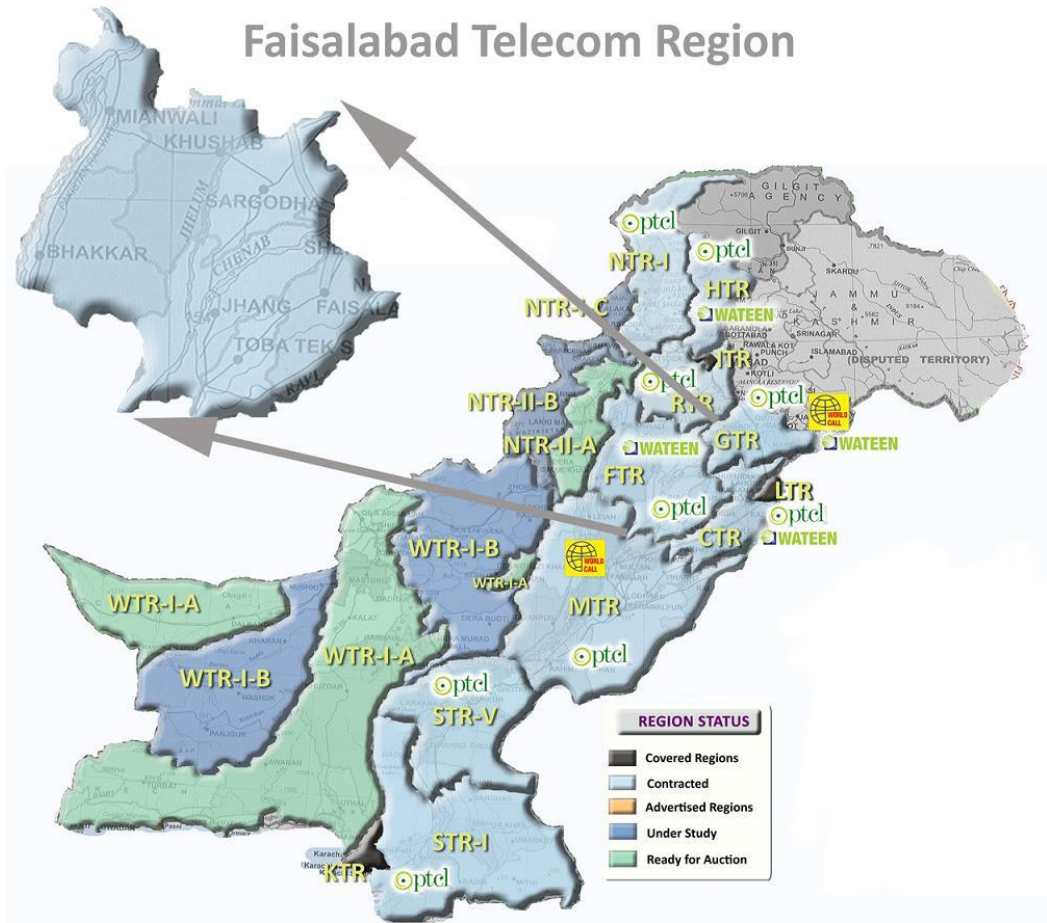
d. Special Projects

i. Completed Projects

Telemedicine

Telemedicine uses Information Technology to help medical professionals diagnose and treat patients who are at a geographically different location. By transmitting live or stored data, voice and video, these solutions allow people to interact and share information as freely and naturally as if they were there.

The project is running at 15 locations. There are 3 main hospitals as hubs and 12 remote sites. Each main hospital is connected to 4 remote sites.

Telemedicine centers have been set up for provision of following consultation services:
a) General
b) Cardiology (Heart)
c) Dermatology (Skin)
d) ENT (Ear, Nose & Throat)
e) Radiology (X-Ray)
f) Gynecology

Following hospitals and remote sites have been connected under this project:

a. Jinnah Postgraduate Medical Centre (JPMC) - Karachi
    o DHQ Badin
    o   DHQ Thatta
    o DHQ Dadu
    o DHQ Nowshehro Feroze.

b. Holy Family Hospital - Rawalpindi
    o DHQ Chakwal
    o THQ Talagang
    o THQ Murree
    o Rural Health Centre (RHC) - Domail (Basaal)

c. Nishtar Medical Hospital-Multan
    o DHQ Vehari
    o DHQ Khanewal
    o DHQ Lodhran
    o DHQ Muzaffargarh

Establishment of Model ICT Lab

This Special project involves establishment of Model ICT labs in prominent education institutions which are otherwise un-served/under-served areas. To start with, a lab was established in Sindh for a contract worth Rs. 24 million. These labs are equipped with state of art equipment.

ICTs for Persons with Disabilities

USF is running a Special Project to provide ICT services to persons with disabilities. The main objective of this project worth Rs. 31 million was to provide ICT related equipment to persons with visual disabilities at Al-Shifa Eye Trust (Rawalpindi, Kohat and Sukkur) and Pakistan Foundation Fighting blindness

ii. New Project

Establishment of Telecentres

To take broadband internet to the villages, USF is launching another Program namely establishment of Telecenters. This project has immense potential to enable citizens of Pakistan to seek maximum socio-economic benefits through Information and Communication Technologies (ICTs).

Telecentres will provide opportunities to facilitate knowledge creation and sharing and will also strengthen or replace the traditional system which is being used to acquire knowledge. Services that have been planned to be provided at these centres are Civil Registration Services (Birth, Death, Marriage, Divorce, etc) in collaboration with NADRA, SIM Verification and E-Services (E-Health, E-Agriculture, E-Banking, E-Education, E-Commerce and E-Tourism).

3. Financial Highlights till the end of FY 14-15

	Programme	Committed Subsidy till the end of FY 2014-15 (in Rs)	Subsidy Disbursed till the end of FY 2014-15 (in Rs)
1	Rural Telecom Programme	7,931,687,844	6,608,026,812
2	Broadband Programme	3,323,115,404	5,289,195,713
3	Optic Fiber Project	1,628,600,000	4,655,830,830
4	Special Projects	6,974,787	155,643,890
	Total	**12,890,378,035**	**16,708,697,245**