



FREQUENTLY ASKED QUESTIONS

NATIONAL FIBERISATION AND CONNECTIVITY PLAN 1 (NFCP 1)

1. What is USP, what does it aim to achieve and why have this?

- The aim of having a Universal Service Provision or USP framework in place is to find effective ways within the legal remit of the Malaysian Communications and Multimedia Commission (“Commission”) to bridge the digital divide, by promoting the widespread availability and usage of network services and/or applications services throughout Malaysia.
- This encompasses the deployment of towers, fixed links and cables, transmitters and bandwidth services amongst others, to enable rural and/or marginalised communities to have access to basic telephony, public cellular and broadband services in underserved areas, or for underserved groups within the community.

2. What is NFCP 1, what is this initiative about?

- The NFCP 1 project is one of the infrastructure based initiatives identified pursuant to the National Fiberisation and Connectivity Plan (NFCP), which aims to put in place robust, pervasive, high quality and affordable digital connectivity throughout the country. The NFCP 1 is also part of the Commission’s efforts to plan and implement universal service provision in Malaysia, in accordance with the objectives specified in section 202 of the Communications and Multimedia Act 1998 (“CMA 1998”) and subregulation 3(1) of the Communications and Multimedia (Universal Service Provision) Regulations 2002 (“USP Regulations 2002”).

- The facilities and services to be deployed in underserved areas are as defined in the USP Regulations 2002 and the Communications and Multimedia (Licensing) Regulations 2000, and is also based on the relevant NFCP targets set out by the Commission.
- The purpose of this project specifically is to provide public cellular services (3G and 4G services) in areas that have no or limited coverage. NFCP 1 will contribute towards the goal of increasing coverage by 0.1% in populated areas, and will also enhance the quality of the broadband services by providing average speed of 30Mbps upon completion of the project.
- This project involves the installation of network facilities (the Part 1 portion of this project) and the deployment of network services (the Part 2 portion of this project) at 152 sites in 93 *mukim* nationwide. The 152 sites were apportioned and clustered into 13 clusters.

3. How many states does NFCP 1 encompass?

- It covers eight (8) states in Malaysia namely Johor, Kedah, Kelantan, Negeri Sembilan, Pahang, Perak, Terengganu and Sabah. Details of the site distribution by states for NFCP 1 are as follows:

NFCP 1			
No.	State	Sites	%
1.	Sabah	50	32.9
2.	Pahang	28	18.3
3.	Kelantan	18	11.8
4.	Johor	13	8.6
5.	Terengganu	13	8.6
6.	Kedah	10	6.6
7.	Negeri Sembilan	10	6.6
8.	Perak	10	6.6
Total		152	100%

4. How long will this project take?
 - The project is expected to take twelve (12) months to complete in the case of 147 sites, and twenty-four (24) months in the case of 5 sites, which are particularly remote and a challenge for infrastructure deployment.
5. Is there infrastructure sharing at the sites?
 - Yes, the successful bidders are required to put in place a Radio Access Network (RAN) sharing solution for a minimum of four (4) mobile operators.
6. What sort of speeds will the *rakyat* enjoy for broadband services?
 - The successful service provider must ensure delivery of an average speed of 30Mbps for downlink and 10Mbps for uplink for end-users to enjoy, upon completion of this project.
7. When was the NFCP 1 tendered out?
 - The integrity of the USP tender processes undertaken were thoroughly reviewed by the new Commission Members that were appointed in October 2018. This included the NFCP 1, which was tendered out earlier as the '*Ubiquitous 1*' project by the Commission on 31 May 2017. In accordance with the governance structure of the Commission, this project was approved by the Tender Committee of the Commission on 6 August 2019 and was renamed NFCP 1. The Tender Committee of the Commission is vested with the decision making powers in relation to all tenders undertaken by the Commission. Subsequently, the Commission Members were informed of this decision and fully briefed on the evaluation and assessment criteria on 15 August 2019.
8. What was the evaluation criteria used?
 - The evaluation undertaken by the Commission was based on the following parameters:
 - i. Competitive pricing;
 - ii. Track record of compliance under the CMA 1998; and

iii. Capabilities and credibility of the licensees.

9. What is the intended outcome of this evaluation?

- The intended outcome of the evaluation is to improve the efficiency of the investments made under the USP Fund. It is also to ensure effective and efficient deployment of infrastructure and services under the USP Regulations 2002 by capable licensees.

10. Doesn't the huge gap of two years affect the results of the tender?

- Following from the important changes that the country saw in 2018 in the political and economic landscape, a lot of work has been put into reviewing and taking the necessary measures to review and strengthen the institutional governance framework of the Commission to enable it to address challenges and discharge its responsibilities more effectively. Integrity and proper governance of the Commission have been the main concerns that have driven this exercise. Undertaking this naturally takes time.
- This has not in the Commission's view affected the results of the tender as the Request for Proposal ("RFP") issued in 2017 was firstly aimed to provide 3G and 4G services. The scope of work remains the same. Secondly, the country still faces a lack of coverage for broadband in populated areas, more so in rural and remote areas. Finally, pursuant to regulation 8 of the USP Regulations 2002, the Commission has the legal power, after having considered the submission of any draft USP plans asked for pursuant to regulation 5 of the USP Regulations 2002, to:
 - i. Approve any draft plan(s) with amendments;
 - ii. Approve any draft plan(s) without amendments; or
 - iii. Reject any draft plan(s).

The Commission therefore has the right to review and revise proposals as it sees fit to suit the national initiatives that are in place.

11. When were the specific parts of the initiative awarded, and to whom?

- On 29 September 2019, the Commission has issued Letters of Intent to the successful licensees that were eligible and successful in bidding for this project namely Edotco Malaysia Sdn Bhd (“Edotco”), FGV Prodata Systems Sdn Bhd (“FGV”), Maxis Broadband Sdn Bhd (“Maxis”) and U Mobile Sdn Bhd (“U Mobile”).
- All four licensees responded affirmatively to the said Letters of Intent by the stipulated deadline, which was 11 October 2019. All successful licensees were given thirty (30) working days to review and finalise their draft plans for the purposes of implementation. The licensees reverted to the Commission on 25 November 2019.
- After further internal review, the Commission issued the letters of award [referred to as Notification(s) of Approval under the USP Regulations 2002] to all four (4) successful licensees on 23 January 2020. These are regulatory instruments issued under the USP Regulations 2002 and the CMA 1998, and are legally binding. The licensees are given fourteen working days to accept which is 12 February 2020.
- The project will commence on 15 February 2020.

12. What is the total cost for NFCP 1?

- The total cost of the project is RM290 million. This includes funding for capital expenditure (CAPEX) for the installation of towers, radio equipment and its ancillaries, and operational expenditure (OPEX) for five (5) years.
- The cost for each site is different, as the infrastructure deployment, choice of building materials, site layout, backhaul transmission and power supply would be subject to the conditions of each location.

13. Who owns the infrastructure funded through the USP Fund, and what happens once the project is completed?

- Under Paragraph 18 of the Commission Determination on Universal Service Provision (Determination No. 6 of 2002), the ownership of all network facilities and network service equipment funded through the USP Fund is

owned by the designated universal service provider (“DUSP”), i.e. the service provider appointed to undertake the relevant project. The Commission does not and has never owned communications infrastructure deployed under the USP Fund.

- Once the project has been completed and the status of the licensee as the DUSP has expired, the licensee is free to utilise and/or deal with the infrastructure and can impose reasonable charges to cover operational expenditure for access to the infrastructure on a commercial basis. The licensee is expected to ensure that the sites and assets are utilised for its intended purpose, namely for the provisioning of public cellular services.
- Since the initial capital expenditure for the relevant infrastructure is funded through the USP Fund, the service providers are required to share the infrastructure with other operators. This is to avoid duplication of infrastructure, lower barriers to entry, and enhance competition with the aim of enabling end-users to enjoy choice, affordable and innovative retail services.