

# **REPORT**

## **TELECOMMUNICATION DEVELOPMENT BUREAU (BDT)**

### **Regional Seminar on Costs and Tariffs for TAF Group Member Countries**

**Bamako (Mali) 7-11 April 2003**

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## **1. Purpose of Mission**

To train participants in the fundamentals of extracting, collating and analyzing data from the asset register and other company accounts in order to populate and implement COSITU.

## **2. General**

The Seminar was hosted by SOTELMA in conjunction with the BDT and the TSB as a precursor to the TAF meeting which was held at the same venue over the period 9-11 April 2003.

## **3. Participants**

The list of participants, including the three main presenters: John Prince (BDT), Mr. Tanaka (TSB) and Mr. Mark Scanlan (consultant retained by the BDT) is attached as Annex I.

## **4. Main Activities & Results**

Presentations and discussions on the following topics:

- ❑ Trends in Telecommunication Service Development and Work of Study Group 3 Regarding Tariffs (Tanaka)
- ❑ COSITU Work Programme in Africa (Anago)
- ❑ Impact of VOIP on the price of National and International Telephone Services, VOIP & Regulatory Policy Issues for NRAs in Developing Countries and Overview of VOIP Problems in Developing Countries. (Scanlan)
- ❑ Experience in the Utilization of Cost Models to Estimate Tariffs for Telecommunication Services (fixed & mobile) in Cameroon. (Elop)
- ❑ The Importance of Data in COSITU Application. (Prince)

The presentations were well received and generated widespread discussions that yielded some interesting ideas and definitive conclusions. Excerpts of the results of the main activities are the following:

- a) It was agreed that a working group will be established to explore the possibility of integrating IP telephony pricing in COSITU.
- b) The meeting agreed that while the actual application of the COSITU software does not present a big challenge, the issue of populating the model remains a problem. As a consequence, it would be useful if the presentation on data

manipulation for the population of the model could be developed into a manual.

- c) Administrations should apply COSITU to address the issue of tariff rebalancing in the Region. The implementation of this project should be facilitated through Seminars to demonstrate how COSITU has been used to rebalance tariffs and the impact of rebalancing on the price of services.
- d) There was a consensus on the commitment of the meeting to recommend to all TAF Administrations to purchase COSITU for use as the standard cost model in the Region.
- e) Measures were proposed to form a special team in each Administration to implement COSITU.
- f) The Chairman of TAF was instructed to send correspondence to the Director of the BDT requesting assistance for the development of COSITU implementation staff-training modules through the Centres of Excellence.

## **5. Principal Problem**

The distinction of local traffic from sub regional traffic via VOIP presented a great difficulty for a number of participants.

There remains a lack of confidence in the extraction and collation of quantitative information from primary and secondary accounting data and formatting such information for final input for the application of COSITU. Categorically, the prime constraint to widespread implementation of COSITU among the TAF Administrations is limited data extraction, analysis and formatting skills to facilitate application of analytical and general accounting techniques in COSITU.

## **6. Recommended Solution**

The BDT should assist in providing training for TAF Administration in the following areas:

- i. Analysis, understanding and appreciation of VOIP as an instrument of delivering telephony service in Africa.
- ii. The fundamentals of extracting technical, accounting, financial and economic data from primary sources (eg. accounting ledgers), collating, analysing and formatting such data as COSITU inputs.

## **7. Conclusion**

It is evident that Administration in Africa are endeavouring to improve efficiency in delivering telecommunication services in their respective countries. The issue of introducing effective costing procedures is being addressed with a great degree of commitment. The assistance of the BDT, as identified at paragraph 6 above, is critical to the success of the efforts of the Administration.

## **8. Follow-up Actions**

In essence, follow-up actions have already begun. Work has commenced in the preparation manual to guide administrations in the collection, classification and formatting of data inputs for the application of COSITU in pricing fixed and mobile services in the region.

Electronic networking has already begun with some administrations eg Ivory Coast, Ghana and Benin re: assistance in applying COSITU as a costing tool.