



DNTA

TRASA, ITU & CTO

**Universal Access and Rural Connectivity Regional
Workshop for Southern and Eastern Africa**

**Model Universal Service Fund Policy and Procedures
Part III: Telecentre Options and Strategies**

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Telecentre Options and Strategies

Background: South Africa's USA and telecentres

- **Beginning in 1997, South Africa launched one of the first and most ambitious ICT development policy initiatives in Africa. (Info.Com programme - DNTA)**
- **A central feature of this programme was the proposal to support installation of a nationwide network of “Community Information Centres,” or telecentres.**
- **The telecentre programme was identified to be a priority for pilot implementation**

Telecentre Options and Strategies

Background: South Africa's USA and telecentres

The Info.Com Programme				
Policy Management and Institutional Framework	Information Access Infrastructure	Government Information Technology	Education and Training	Private Sector Development
<i>Objective: To create specific institutional support for managing the process of policy making.</i>	<i>Objective: To facilitate the creation of physical infrastructure for Information Access</i>	<i>Objective: To facilitate the development of specific Internet-based public service delivery applications.</i>	<i>Objective: To facilitate and promote education and training through the use of telecommunications technologies</i>	<i>Objective: To enhance policies and facilitate activities that have direct impact on labour market demand and opportunities for private sector entrepreneurship.</i>
<ul style="list-style-type: none"> • Telecom Policy Process (1) 	<ul style="list-style-type: none"> • Community Information Centres (CIC) (4) 	<ul style="list-style-type: none"> • Government Internet Framework (9) 	<ul style="list-style-type: none"> • Houwteq Academy (6) 	<ul style="list-style-type: none"> • Cyber City (2)
<ul style="list-style-type: none"> • Commission for Information Technology for Africa (CITA) (8) 	<ul style="list-style-type: none"> • Public Internet Terminals (PITs) (5) 	<ul style="list-style-type: none"> • Paperless Government (10) 	<ul style="list-style-type: none"> • Distance Learning (14) 	<ul style="list-style-type: none"> • Cyber Malls (3)
<ul style="list-style-type: none"> • African Telecom Fund (16) 	<ul style="list-style-type: none"> • Internet 2000 (7) 	<ul style="list-style-type: none"> • Tele-Democracy (15) 	<ul style="list-style-type: none"> • Centres for Excellence (18) 	<ul style="list-style-type: none"> • TradeNet (Electronic Commerce) (11)
		<ul style="list-style-type: none"> • Tele-Medicine (13) 		<ul style="list-style-type: none"> • Global Community (12)
		<ul style="list-style-type: none"> • Government Information and Network Restoration (17) 		
		<ul style="list-style-type: none"> • Cabinet Web (19) 		

Telecentre Options and Strategies

Background: South Africa's USA and telecentres

- **The Universal Service Agency was created by Parliament in 1996, separate from the regulator, SATRA, to be funded by a USF levy on operators.**
- **USA's mandate was to design and launch the national telecentre rollout programme. It began immediately by fully funding and overseeing a series of pilot telecentre projects.**
- **DNTA prepared comprehensive Telecentre Implementation Plan, to replace ad-hoc telecentre construction and funding; also recommended institutional reorganisation of USA to focus on core policy competency**

Telecentre Options and Strategies

Background: South Africa's USA and telecentres

Key missteps and lessons learned:

- **Make use of relevant available community information (MPCC study)**
- **Some telecentre sites selected according to political commitments**
- **One telecentre size does not fit all**
- **Sharing of investment risk (not 100% subsidy)**
- **Lack of transparency in financial accounting of telecentres**

Telecentre Options and Strategies

Background: South Africa's USA and telecentres

Key missteps and lessons learned (cont):

- **Lack of process and/or system to absorb and utilise new knowledge**
- **Institutional and political limitations of the USA**
- **"The operation was a success but the patient died" (DNTA Telecentre Implementation Plan)
= Lack of commitment to follow recommendations**

New initiatives, personnel, and reorganisation now underway

Telecentre Options and Strategies

Elements of a Telecentre: Supply and Demand

The Supply Side

- **Hardware or physical infrastructure**
- **Software infrastructure**
- **Human resource infrastructure**

Telecentre Options and Strategies

Elements of a Telecentre: Supply and Demand

The Demand Side

- **Economic Demand vs. “Needs Analysis”**
- **Basic Services**
- **Value Added, Advanced Services**

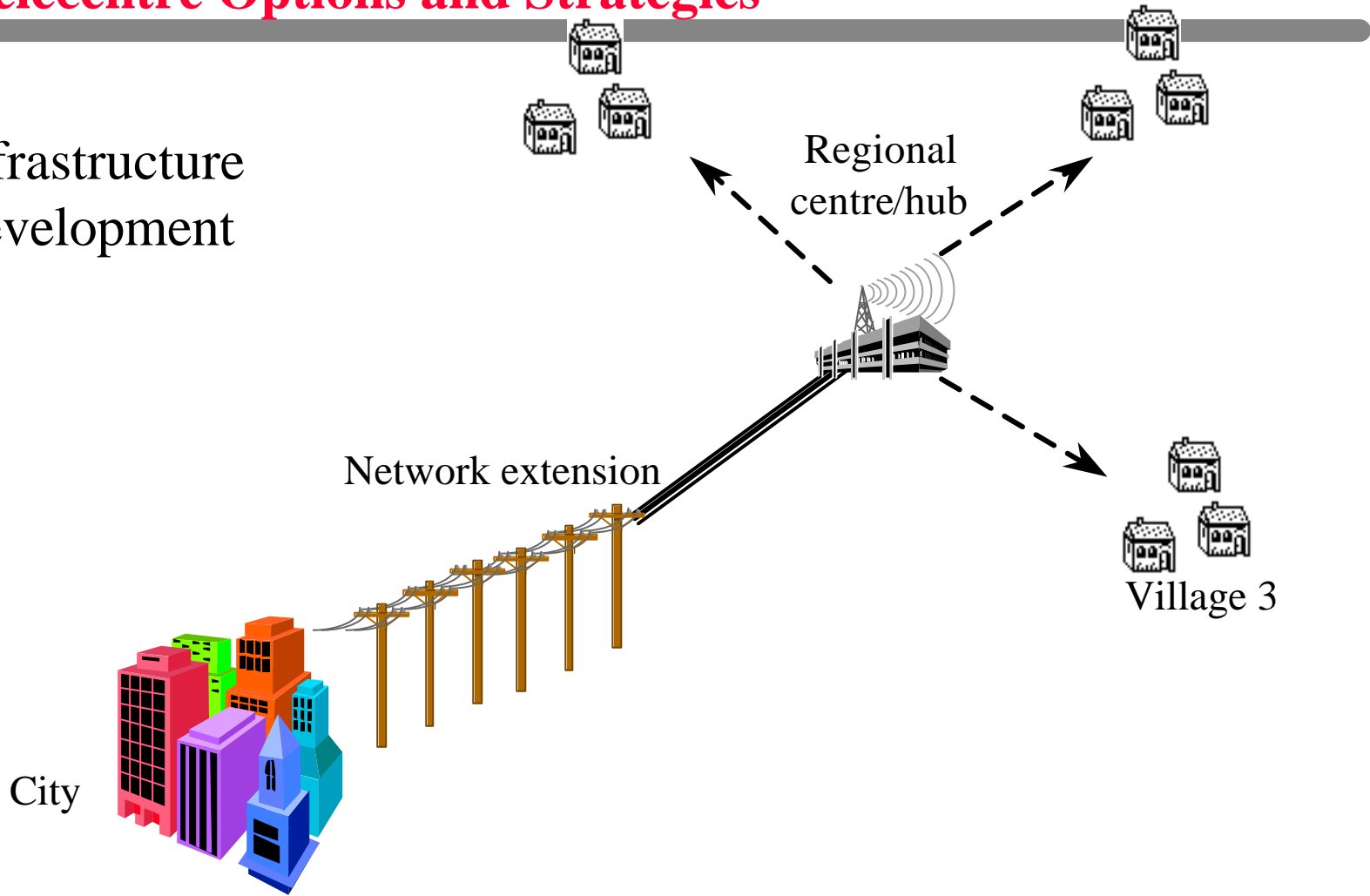
Telecentre Options and Strategies

Telecentre Models

- **Tele-shop or Micro-telecentre**
- **Mini-telecentre**
- **Standard telecentre**
- **Multipurpose Community Telecentre (MCT)**
- **ICT Cooperatives**

Telecentre Options and Strategies

Infrastructure development



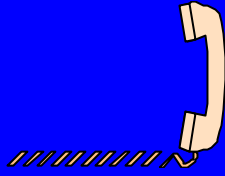
Backbone network

Telecentre Options and Strategies





Community Telecentre

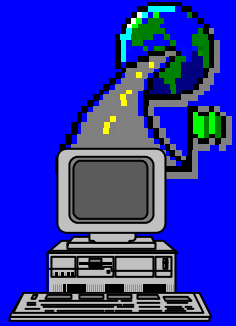
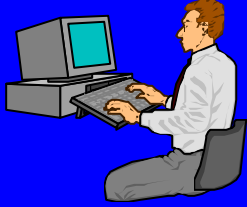
Telephone
Voice messaging



Fax
E-mail



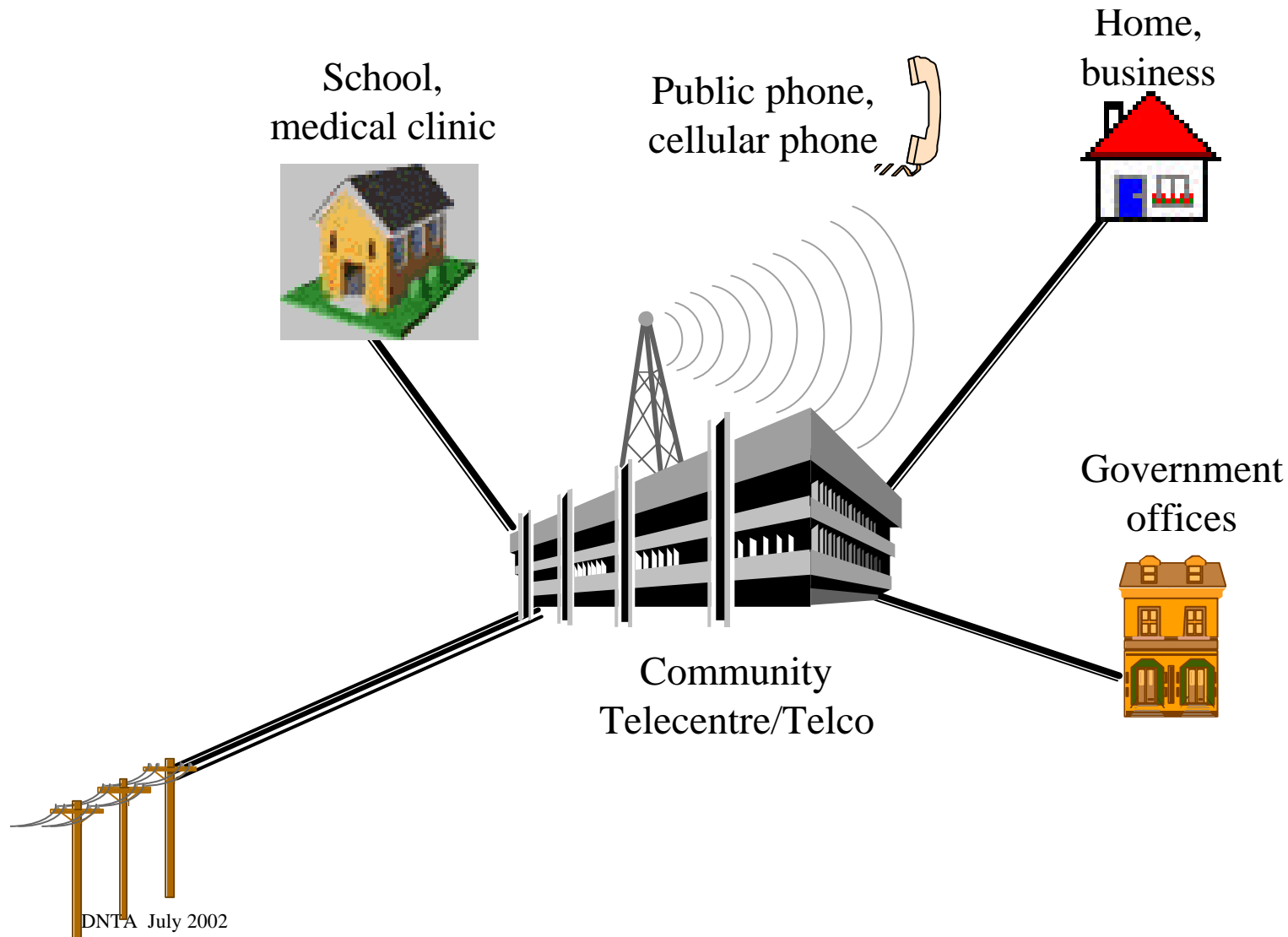
Internet access
Government net



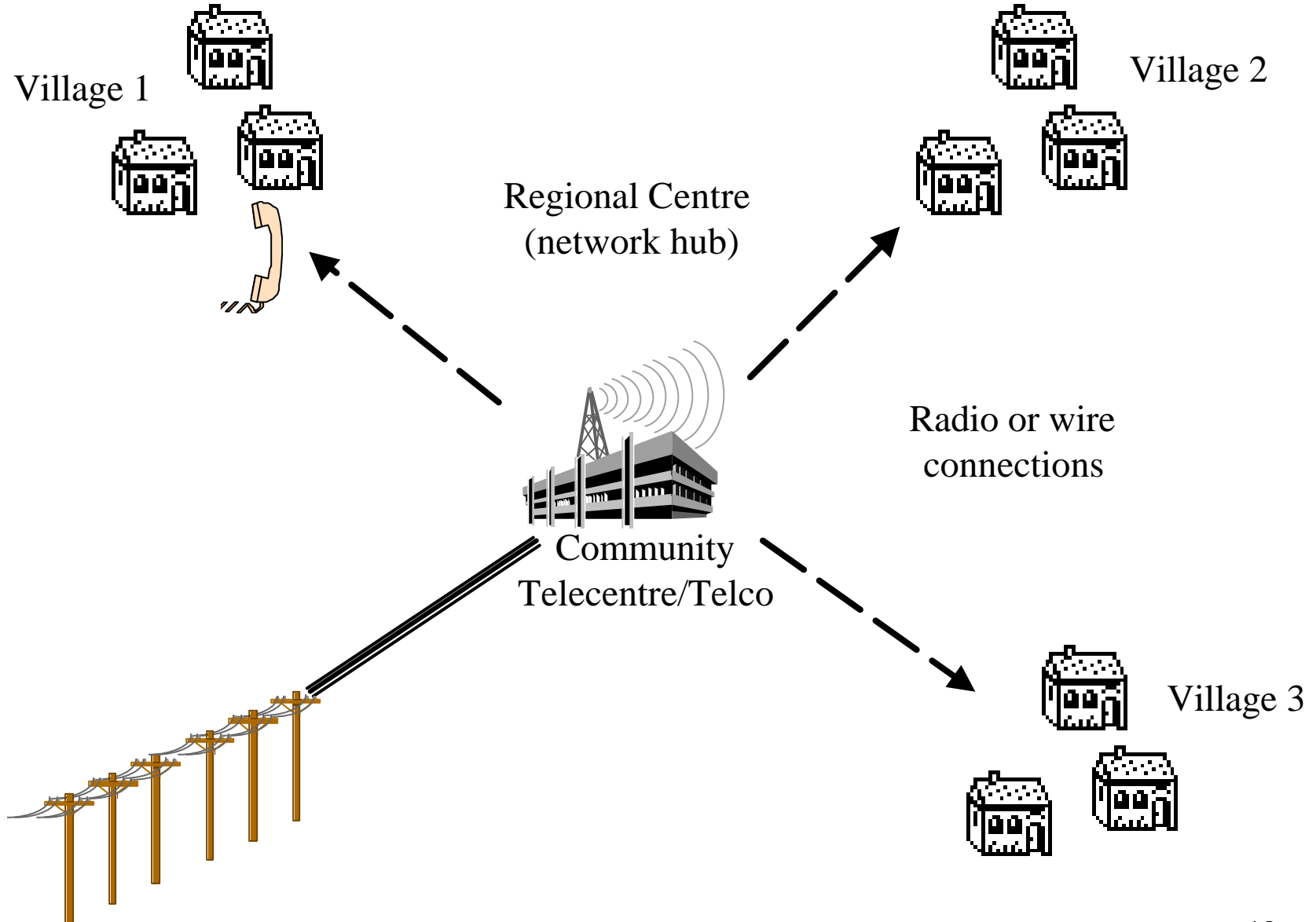
Value added services

Telecentre Options and Strategies

Regional Centre (network hub)

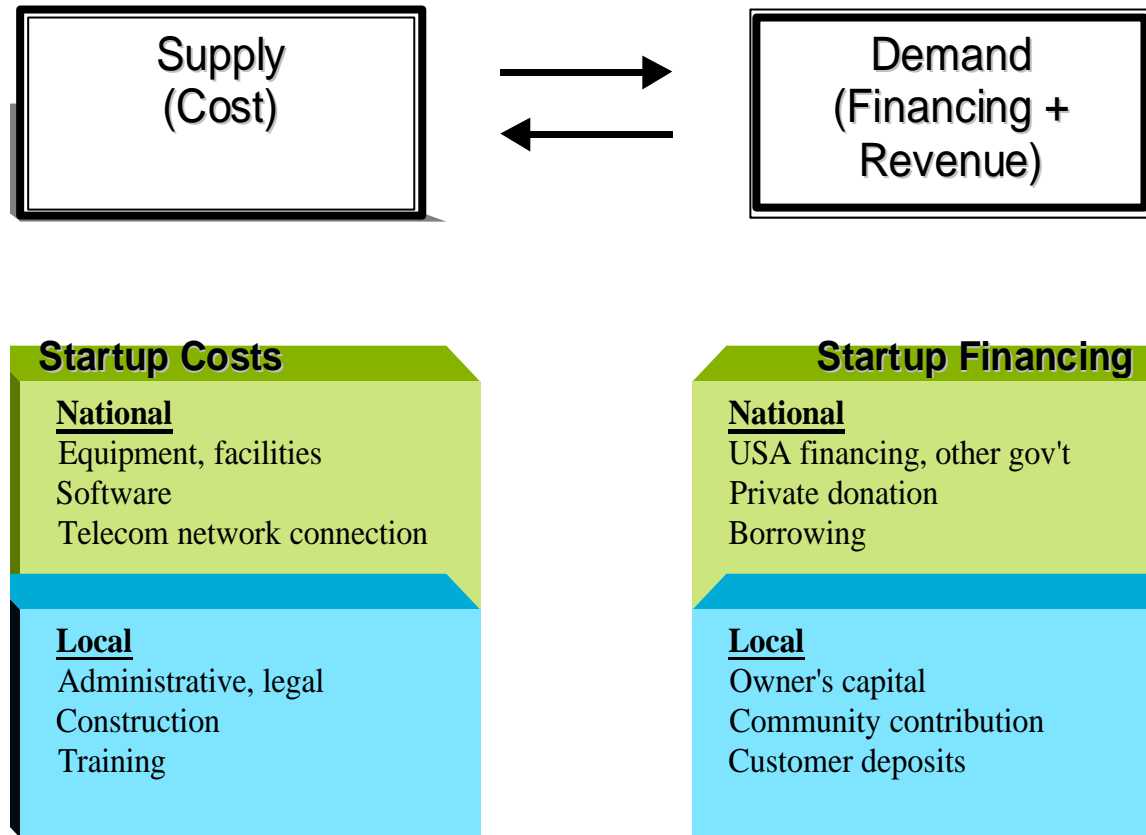


Village network connections



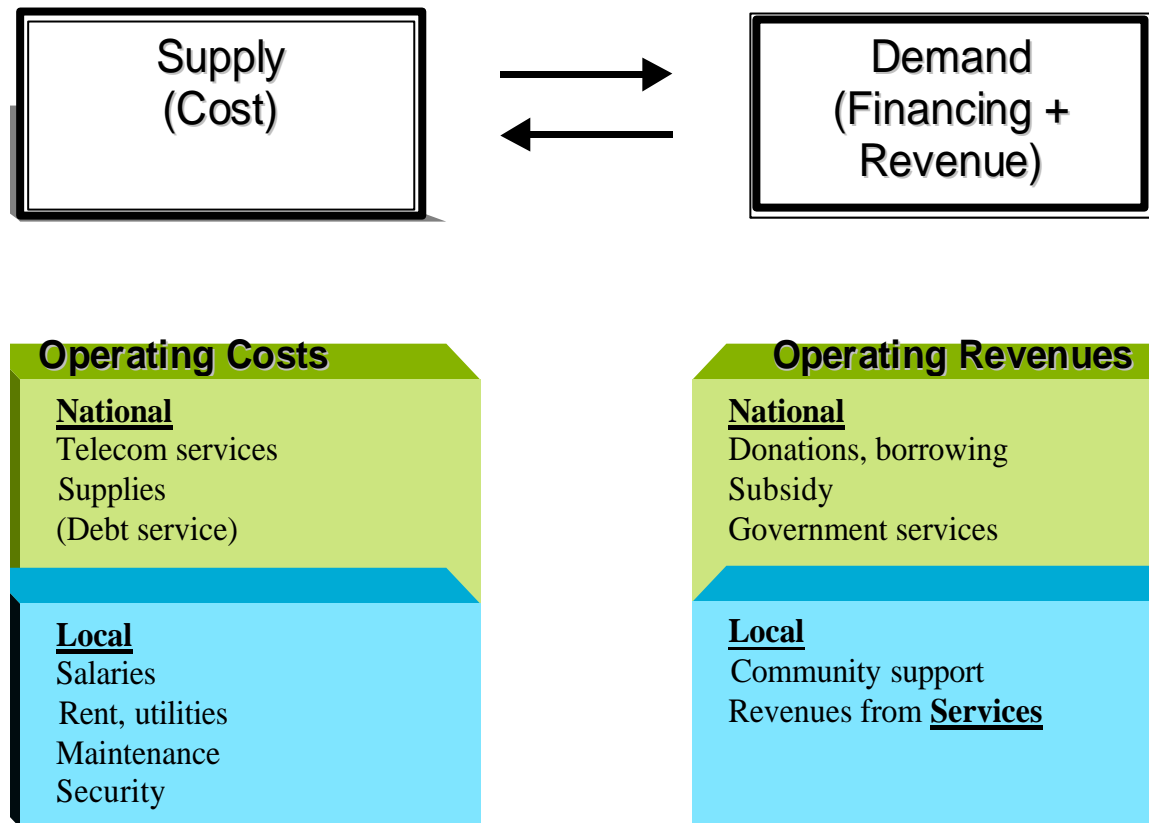
Telecentre Options and Strategies

Economics of Telecentres



Telecentre Options and Strategies

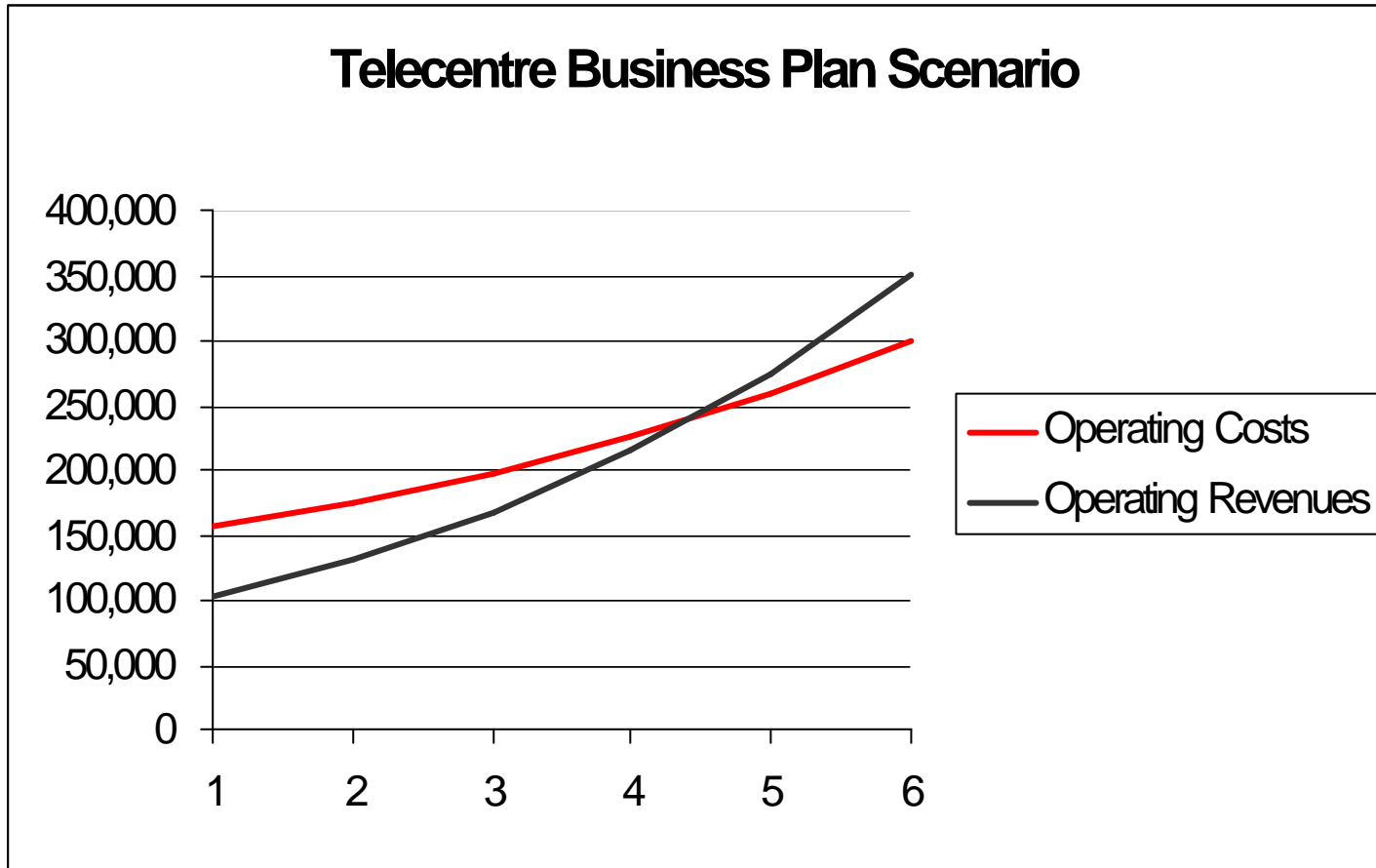
Economics of Telecentres (cont.)



Standard-Telecentre Business Plan Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Demand Assumptions (annual)						
Telephone usage minutes	72,000	93,600	121,680	158,184	205,639	267,331
Fax pages	6,000	7,800	10,140	13,182	17,137	22,278
Photocopying/printing pages	6,000	7,800	10,140	13,182	17,137	22,278
Computer services hours	1,800	2,340	3,042	3,955	5,141	6,683
E-mail minutes	27,000	35,100	45,630	59,319	77,115	100,249
Internet Access minutes	600	780	1,014	1,318	1,714	2,228
Voice Messaging messages	3,000	3,900	5,070	6,591	8,568	11,139
Usage Minutes Growth Rate		30.0%	25.0%	20.0%	10.0%	10.0%
Cost Estimates						
<i>Initial Start-up Costs</i>						
Physical Infrastructure	160,000					
Total Start-Up Costs	160,000	-	-	-	-	-
USA Subsidy	35.0%					
Total Loan	104,000					
<i>On-going Capital Costs (Loan payments)</i>						
On-going Capital costs	31,357	31,357	31,357	31,357	31,357	31,357
<i>Operating Costs</i>						
Salaries (@ least minimum wage) & Administrativ	43,200	47,520	52,272	57,499	63,249	69,574
Telecommunications expenses	63,120	75,972	93,998	116,311	143,936	178,140
Supplies (in support of basic services)	8,000	8,000	8,000	8,000	8,000	8,000
Maintenance and Repair	4,350	4,350	4,350	4,350	4,350	4,350
Building and Utilities expenses	2,500	2,500	2,500	2,500	2,500	2,500
Security and other expenses	5,000	5,000	5,000	5,000	5,000	5,000
Total Operating Costs	126,170	143,342	166,120	193,661	227,035	267,564
Total Expenses	157,527	174,699	197,477	225,018	258,392	298,921
Revenue Estimates						
<i>Revenues from Telecentre Basic Services</i>						
Telephone	43,200	56,160	71,183	90,224	114,359	144,950
Fax	9,000	11,700	15,210	19,773	25,705	33,416
Photocopying	6,000	7,800	10,140	13,182	17,137	22,278
Computer services	9,000	11,700	15,210	19,773	25,705	33,416
E-mail	27,000	35,100	45,630	59,319	77,115	100,249
Internet Access	600	780	1,014	1,318	1,714	2,228
Voice Messaging	1,800	2,340	2,966	3,759	4,765	6,040
Total revenues from Basic Services	96,600	125,580	161,353	207,349	266,499	342,577
Net income from basic services	(60,927)	(49,119)	(36,124)	(17,669)	8,106	43,656
<i>Net Income from Value Added Services</i>						
Government supported services	3,000	3,500	3,500	4,000	4,000	4,000
E-Commerce Services	500	600	600	750	750	800
Business support services	1,000	1,000	1,200	1,200	1,500	1,500
Financial Services	500	600	600	750	750	800
Training Courses	500	600	600	750	750	1,000
Total Revenues from Value Added Services	5,500	6,300	6,500	7,450	7,750	8,100
Combined Total Revenues	102,100	131,880	167,853	214,799	274,249	350,677
Combined Net Income	(55,427)	(42,819)	(29,624)	(10,219)	15,856	51,756
Combined Monthly Net Income	(4,619)	(3,568)	(2,469)	(852)	1,321	4,313

Telecentre Options and Strategies



Telecentre Options and Strategies

Telecentre Implementation Processes for Government Facilitating Agencies

Publicity and Outreach

- Promote interest in operating new telecentres
- Encourage disadvantaged communities
- Support local entrepreneurs

Business plans and certification

- Assist with research and design of business plans
- Certify telecentre applicants with strong plans
- Certification qualifies for additional support

Financial support

- Targeted subsidies for qualified applicants
- Priorities to underserved, disadvantaged people

Telecentre Options and Strategies

Telecentre Implementation Processes for Government Facilitating Agencies (cont.)

Training and support services

- Business planning and management
- Technical training in ICTs for employees and users
- Networking and Mentor-ship

Research and development

- Development of value-added service programs
- Evolution of telecentres: technology and services

Monitoring and evaluation

- National performance indicators for telecentres
- Comparisons, case studies, reports

Telecentre Options and Strategies

Elements of a Telecentre Business Plan

Statement of Purpose (or mission)
Governance and Legal Structure
Organisational structure: management and human resources structure (recruitment and training)
Description of the community, its role and participation in the telecentre project
Type of telecentre model, including infrastructure and equipment needs
A five-year strategic plan (can include such ideas as potential expansion, introduction of new services, new programmes, etc.)
A summary of main findings from a community/market research study to assess needs and demand for services
Software infrastructure needs
Human Capital and Training requirements
Products and services: list all products and services and targeted markets
Budget and financial projections
Marketing Strategy
Networking strategy
Evaluation and Monitoring Plan