

RECOMMENDATION ITU-D 10

Options available for financing rural and remote telecommunication programmes and projects**Question 4/2: *Communications for rural and remote areas***

The World Telecommunication Development Conference (Valletta, 1998),

considering

- a) that it is clearly established that the provision of telecommunication services in the rural and remote areas is generally profitable, mainly on account of long-distance revenue, including both national and international calling, and both originating and terminating calls;
- b) that there are many good opportunities to promote the use of profitable long-distance services, and other profitable services, recognizing that good quality services which are readily available at an attractive price will enjoy extensive usage;
- c) that private sector investment, both national and international, follows efficiency and financial opportunity;
- d) that the amount of funding available through both international funding institutions and official development assistance is currently small and is becoming smaller,

noting

- a) that national stability, both political and economic, is a prerequisite for attracting international investment;
- b) that any government-imposed cost of providing telecommunication services, such as, *inter alia*, equipment import tariffs and spectrum licensing fees, imposes a direct financial burden on the users of the services,

recommends

that administrations and recognized operating agencies¹⁾ of developing countries:

- 1** realize that the three major sources of funding for financing communications for the rural and remote areas are:
 - 1) internally generated funds (the best way of achieving sound and effective financing of operation in rural and remote areas);
 - 2) private sector investment (through licensing, joint ventures, franchises, rural development funds, etc.);
 - 3) other resources;
- 2** take advantage of a wide range of innovative and entrepreneurial financial and promotional approaches, to minimize costs and maximize revenue in providing telecommunications to rural and remote areas.

¹⁾ Recognized operating agency (ROA): an ITU category of Sector Member.