

RECOMMENDATION ITU-D 10-1

Options available for financing rural and remote telecommunication programmes and projects

(January, 2002)

Question 10/2: *Communications for rural and remote areas*

The ITU-D,

considering

- a) that it is clearly established and understood that the provision of telecommunication services in rural and remote areas is generally profitable, mainly on account of long-distance revenue, including both national and international calling, and through 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 and promote 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 institutes (IFIs) and official development assistance (ODA) is currently small and may become smaller;

noting

- a) that national stability, both political and economic, as well as a transparent trade and business environment (e.g. flexible and consistent legal, trade and tax regimes), are prerequisites for attracting investment;
- b) that any government-imposed cost of providing telecommunication services, such as, *inter alia*, customs duties on imported equipment and spectrum licensing fees, imposes a direct financial burden on the users of services,

recommends

that administrations¹ and recognized operating agencies (ROAs)² of developing countries:

¹Administration: Any governmental department or service responsible for discharging the obligations undertaken in the Constitution of the International Telecommunication Union, in the Convention of the International Telecommunication Union and in the Administrative Regulations. (CS/AN. 1002).

1 be aware and invited to explore four major sources of funding for financing communications for the rural and remote areas are:

- a) internally generated funds (the best way of achieving sound and effective financing of operation in rural and remote areas);
- b) private sector investment (through licensing, joint ventures, franchises, etc.);
- c) rural development funds, including government subsidies and community participation;
- d) other resources, including universal funding mechanisms;

2 take advantage of a wide range of innovative entrepreneurial, cooperative and participatory approaches, to minimize costs and maximize revenue in providing telecommunications to rural and remote areas.

² Recognized Operating Agency (ROA): Any operating agency which operates a public correspondence or broadcasting service and upon which the obligations provided for in Article 6 of this Constitution are imposed by the Member State in whose territory the head office of the agency is situated, or by the Member State which has authorized this operating agency to establish and operate a telecommunication service on its territory. (CS/AN. 1008, PP-98). Operating Agency: Any individual, company, corporation or governmental agency which operates a telecommunication installation intended for an international telecommunication service or capable of causing harmful interference with such a service. (CS/AN. 1007).