

**10th World Telecommunication/ICT
Indicators Meeting (WTIM-12)
Bangkok, Thailand, 25-27 September 2012**



Contribution to WTIM-12 session

**Document C/8-E
25 September 2012**

English

SOURCE: ITU

TITLE: EGTI Topic: Revenue and Investment indicators

10th World Telecommunication / ICT Indicators Meeting (WTIM)

Bangkok, 25-27 September 2012

**EGTI Topic:
Revenue and Investment indicators**

**Esperanza Magpantay
Senior Statistician
International Telecommunication Union**

Committed to connecting the world



Background:

- In 2011, the 2nd EGTI meeting and 9th WTIM agreed to open the discussion on investment and revenue indicators, particularly on the entire ICT sector
- One of the topics for discussion in the EGTI online forum

Objective:

- To advance the development of comparable definitions, scope, classifications and improved data collection methods of revenue and investment indicators
- Covering telecommunication and the entire ICT sector

Committed to connecting the world



ICT sector:

ICT manufacturing industries

- 2610 Manufacture of electronic components and boards
- 2620 Manufacture of computers and peripheral equipment
- 2630 Manufacture of communication equipment
- 2640 Manufacture of consumer electronics
- 2680 Manufacture of magnetic and optical media

ICT trade industries

- 4651 Wholesale of computers, computer peripheral equipment and software
- 4652 Wholesale of electronic and telecommunications equipment and parts

ICT services industries

- 5820 Software publishing
- 61 Telecommunications
- 62 Computer programming, consultancy and related activities
- 631 Data processing, hosting and related activities; web portals
- 951 Repair of computers and communication equipment

Based on ISIC Rev. 4

Committed to connecting the world



ICT sector:

- **ICT sector is made of diverse economic activities**
- **Harmonization of international classifications is crucial:**
 - ✓ **to obtain comparable ICT figure**
 - ✓ **to allow complete analysis of the sector's impact to economic development**
- **However, data are not available or comparable**

Committed to connecting the world



The EGTI discussed three indicators:

1. Revenue
2. Investment
3. Foreign Direct Investment

Committed to connecting the world



ITU Handbook (1):

Indicator 59: Revenue from all telecommunication services (i75)

Definition:

- Revenue earned from **retail** fixed-telephone, mobile-cellular, Internet and data services offered by telecommunication operators (both network and virtual) within the country.
- Revenue (turnover) consists of retail telecommunication service earnings (therefore **excluding revenue from wholesaling activities**) during the financial year under review.

Committed to connecting the world



ITU Handbook (2):

Indicator 71: Annual investment in telecommunication services (i81)

Definition:

- Also referred to as annual capital expenditure
- Refers to the investment during the financial year in telecommunication services (including **fixed**, **mobile** and **Internet** services) for acquiring or upgrading property and networks.
- Property includes **tangible** assets such as plant, intellectual and **non-tangible** assets such as computer software.

Committed to connecting the world



ITU Handbook (2):

Indicator 71: Annual investment in telecommunication services (i81)

Cont:

- **Measure of investment in telecommunication infrastructure in the country**
- **Includes expenditure on initial installations and additions to existing installations where the usage is expected to be over an extended period of time.**
- **Excludes expenditure on research and development (R&D), annual fees for operating licensees and the use of radio spectrum, and investment in telecommunication software or equipment for internal use.**

Committed to connecting the world



Data collection:

- **Regulators - from operators and service providers**
- **National statistics offices - through national account systems or industry surveys**

Committed to connecting the world



ITU Handbook(3):

Indicator 73: Annual foreign investment in telecommunications (i841f)

- **Telecommunication services: fixed, mobile and Internet services**
- **Investment made by a foreign-owned entity, acquiring significant degree of influence and control (shareholding of at least 10%) in a domestic telecomm service provider**
- **Include both initial transaction and subsequent investments, refers to inward flows (inflows)**
- **Not directly comparable to the other investment indicators**
- **Collected from the national authority responsible for compiling balance-of-payments statistics**

Committed to connecting the world



Challenges:

1. **Detail of the data:**
 - **Only aggregated data are available (inclusion of wholesale revenue, sales and rental of handsets, license fees)**
2. **Lack of harmonization rather than lack of data**
 - **Not clear what is reported**
 - **Definitions vary significantly**
3. **Coordination problem between national data compilers**

Committed to connecting the world



EGTI conclusions:

1. **Countries should exclude revenue from:**
 - **Wholesale revenue (OECD should consider harmonizing their definition)**
 - **Rental and sales of end-user devices**
 - **Traditional broadcasting**
2. **Countries should exclude from investment:**
 - **License fees and spectrum fees**

Committed to connecting the world



EGTI conclusions:

Scope of ICT sector

- **It is important to collect data for the entire ICT sector following the international definition (ISIC Rev 4)**
- **This requires cooperation among different stakeholders at the national level including NRAs, NSO, ministries and other agencies**

Committed to connecting the world



EGTI conclusions:

Way forward

- **Close the discussion on definitions on revenue and investment**
- **Continue discussion on definition of FDI in telecom**
- **Continue the discussion on data collection/compilation for the entire ICT sector**

Committed to connecting the world



