

Q. 11/1 FACTORS TO CREATE A CLIMATE FAVOURABLE TO INVESTMENT

1. Statement of problem

The implementation of modern telecommunication infrastructures and the offering of new services in developing countries requires considerable investment, the volume of which usually exceeds the financing capacities of the concerned national administrations or operators.

New sources of investment financing are often needed to ensure the development and modernization of telecommunication infrastructures in developing countries over a reasonable period of time.

Given this situation, the concerned administrations or operators must gain an overall view of the different possibilities offered in financing policies and techniques, as well as of factors which can create a climate favourable to investment, taking into account the current process of liberalization and globalization in the telecommunication sector.

2. Question

To what financing policies, methods and techniques might administrations or operators in developing countries have recourse in order to secure the investment necessary for developing their telecommunication infrastructures ?

What conditions must be observed for obtaining certain types of finance ?

What factors (national legislation, structural aspects, regulatory framework, price control policy, etc.) might help to create a climate favourable to investment?

Study Group 1, in close liaison with the BDT, should study the possibility of contributing to the emergence, in developing countries where it is difficult to make telecommunications profitable, of regional or subregional telecommunication markets with sufficient critical mass to enable returns on infrastructure investment on a larger scale than on the local level.

It would be useful to encourage the harmonization of the rules governing national and foreign investment, and the implementation of appropriate regulations at regional and subregional level.

3. Expected results

Preparation of a report and guidelines by mid-2000.

4. Liaison

In order to study this Question, contacts should be established inter alia with the financing agencies, development banks and other international, intergovernmental or regional organizations concerned with the financing of development projects.