



Telecommunication Development Bureau (BDT)

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Central African Republic

CASE STUDY:

**FINANCING OF TELECOMMUNICATION SERVICE FOR
ECONOMIC OPERATORS IN REMOTE AREAS**

Summary

As part of the decentralization policy, economic operators have established headquarters in their operating areas, which are typically situated in rural areas not equipped with reliable telecommunication facilities. To meet the requirements of such companies, the public operator offered them a participatory approach to finance the investments required to equip them with modern communication facilities, in the form of advances on consumption reimbursable by deduction from their invoices.

The partnership system has enabled five VSATs to be established in rural areas in order to serve the needs not only of the companies, but also of the general public through access to public booths.

1 Objectives

The main objective is to provide economic operators in rural areas with modern communication facilities, while at the same time making public booths available to the rural populations.

2 Context

The Central African Republic's national network is based on a star satellite system with one 3-metre central antenna and eight 7-metre peripheral antennas using CPC carriers. This network is insufficient to cover the entire country.

During the 1990s, in the context of implementation of the decentralization policy, several economic operators established headquarters in operating areas without any communication facilities.

Moreover, as funding from multilateral and bilateral institutions focuses primarily on projects deemed to be financially viable, rural areas typically have not received financing in the telecommunication area.

To meet the communication requirements of economic operators, the Société Centrafricaine de Télécommunications (SOCATEL), the public operator in the Central African Republic, offered these companies a financing mechanism on the basis of advances on consumption.

3 Description

SOCATEL selected VSAT satellite technology and a solar energy power supply to provide a turnkey solution designed to meet each company's requirements fully in terms of voice, data and Internet access applications.

The customer participates in financing the project through an interest-free advance on consumption, reimbursable over a period of three years. The other negotiable conditions include:

- provision by the customer of housing for the facilities and land for installing an antenna;
- provision of the primary source of energy required for the facilities to operate properly, or acquisition of solar panels;
- coverage of security arrangements for the facilities;
- provision of one or more public booths in a central, easily-accessible location. Operating conditions are negotiated in each individual case.

4 Costs

To enable SOCATEL to cover the investment costs and deliver the facilities within the agreed period, the consumption advance is set at XAF (CFA francs) 36 000 000. The interest-free advance is amortized over a three-year period with a deductible credit against the customer's monthly invoices. The monthly credit amount is XAF 1 000 000.

The customer is required to consume a minimum of XAF 1 000 000 per month. The cost of the antenna is XAF 27 000 000. The facilities were installed by staff from SOCATEL, which provided all the necessary accessories. Space sector resources were available.

(USD 1 = XAF 700).

5 Results

With this strategy, five rural localities were provided with modern telecommunication facilities within a period of less than two years. The programme was provisionally suspended as the result of insufficient space resources. The current digitization of analog links will create some new availability in the space sector, thus making resumption of the programme possible.