



# **“Rural Telecommunications, ICT Services and Entrepreneurship Development”**

**A joint project of the Government of South Africa,  
International Telecommunication Union and  
Universal Postal Union**

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July 2008

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### **1. Project background**

The Government of the Republic of South Africa, International Telecommunication Union (ITU) and the Universal Postal Union (UPU) signed a Cooperation Agreement to launch concrete projects in selected developing countries with the following objectives:

- To promote the emergence of rural telecommunication operators and encourage telecommunication operators either incumbent or new to provide services in rural/remote areas with appropriate private investments and possibly incentives from Universal Service and within transparent and pro-active regulatory environment;
- To promote public-private partnerships for content development and dissemination in the areas of governance, health, community based content, learning, education and skill development; and
- To promote small and very small entrepreneurs (having appropriate qualifications) with support from micro-finance institutions and other banks for the provision of services to the general public.

### **2. Elements of Project**

The project is predicated on the fact that technological developments, new business practices and supportive policies can make provision of voice and internet services to rural and under-served areas a reality. Wireless technologies enable provision of services at a cost of hundreds of dollars per subscriber - cheaper, by an order of magnitude, compared to traditional access networks.

For example, small entrepreneurs can provide Internet and voice services within their own communities with the help of basic radio equipment. Post offices play a crucial role in this model – both as bases for provision of services to the public as well as encouraging small entrepreneurs to assist the postal services in providing local value added services, or providing specialist services to local post offices. The focus is on identification of appropriate services for the needs of local communities and promotion of investment in these areas. Indeed, postal networks are a critical infrastructure to support growth of social and economic services in rural communities. Modernization of the postal networks is vital to enable growth in trade, commerce and communications. While a lot has to be done to ensure that this model is sustainable in concrete settings, experiments in several countries have been demonstrating that the approach has great merit. However, this requires innovation, advanced technology and creative business and a set of supportive public policies.

The project aims to strengthen market forces and make market forces active and functional with respect to ICT services in rural areas. The key components to be addressed are entrepreneurship both at the level of infrastructure and provision of services (both delivery and creation of content).

This project presumes at the presence of a set of factors that would facilitate the attainment of its objectives. These include among others a variety of social and economic factors and relate to overall government policies for universal access to telecommunication and information services. The note also elaborates on the overall macro-policy environment as well as specific criteria for project location.

### **3. The Approach**

A sustainable intervention for creating accessibility to ICT clear understanding of the present status of accessibility and extent of use of ICT, and on the other hand how best various ICT

based services can be integrated with the developmental needs and activities relevant for the target regions.

**3. a Deliverables** With the above approach to the problem of providing ICT accessibility to poor rural areas, the project envisages the following deliverables:

- a) Study the technology and legal infrastructure of the country and suggest required actions needed for development of appropriate infrastructure enabling the sustainable enterprises providing ICT based services to the rural areas;
- b) Study business model for small operators, along with appropriate technology and legal systems for presentation to financial institutions;
- c) Study a few sample regions that need intervention for ICT accessibility to suggest appropriate bundling of the services, and identify the areas and agencies for the development of content;
- d) Identification of the scope and development of micro-finance based business models in consultation with the government, technology providers and financial institutions;
- e) Assistance in identification of appropriate technology for the intended ICT based services to the target areas with techno-economic viability of tiny and small enterprises;
- f) Development of suitable organizational structure involving all the stake-holders for execution, supervision and monitoring of the growth and sustenance of enterprises providing ICT based services in rural areas;
- g) Development of training modules for both entrepreneurs and the beneficiaries so that both the demand and supply side actors are reasonably equipped; and
- h) Training the trainers of the entrepreneurs and beneficiaries.

**3. b Activities:** The activities required to achieve the above deliverables can be summarized as follows:

- i) Assessment of on going economic and social developments activities and information content embedded in those programmes;
- j) Identification of business, government and social opportunities for content development – assessment of types and mix of services and also defining beneficiaries, individual, household, communities etc.;
- k) Assessment of the current coverage of the telecommunication network and postal network of rural and remote areas along with present technology status and technological needs as package (network; community level);
- l) Conceptualization of information packages and development of business model along with suitable incentive structure for the individual entrepreneurs;
- m) Identification of relevant government and non-government sources of information aligned to the business opportunities identified;
- n) Assessment of administrative processes for accessing and dissemination of information through proposed business model (micro-enterprise – maintain and make available the information to the enterprises). Nomination of national team for implementation and continuous evaluation and monitoring of the activities;
- o) Round table with government departments for access to information. Establishment of new or strengthening the existing national ICT strategy focusing on the public private partnership for content development;
- p) Assessment of regulatory framework and procedures for financial assistance to individual entrepreneurs;
- q) Identification, selection and Training of content developers at local and regional levels and training of trainers for individual entrepreneurs;
- r) Incubating enterprises with management, content, demand assessment, packaging and service mix assessment and development – assistance and guidance.

#### **4. Participating countries**

Identification of countries will be a result of matching a set of factors: policy and regulatory structures; foreign investment policies; micro-finance institutions; effective policies for

promotion of youth employment, VSS enterprise oriented banks; pro-active policies on - information technology; market opportunities for information; favorable environment for private investment; and finally political will and vision. It is important to ensure that the projects have adequate scale, that there is full commitment of the host government, and there is commitment to innovative approaches and incentivising the market specially the small scale entrepreneurs.

In accordance with the discussion, we have approached several countries and other entities that could provide inputs. Intensive consultations are underway with different countries in order to obtain commitments. Table 1 provides a synoptic view of the current status of work and consultation process.

**Table 1 Consultation for participation in the project (10 July 2008)**

Countries	Bilateral Development Agencies	Multilateral Agencies/ Financial Institutions	NGOs and Other private sector entities
<p><b>Prodoc under preparation</b> Malawi</p> <p><b>Consultations on-going</b> Tanzania Mozambique; Lesotho; Rwanda; Sudan</p> <p><b>Welcome administrations to participate.</b></p>	<p><b>To be approached for specific tasks</b> National development agencies</p> <p><b>Welcome new partners</b></p>	<p><b>Consultations on-going. Agreement expected</b> Commonwealth Business Council; African Union Commission.</p> <p><b>To be approached for specific tasks</b> UNDP; EU, World Bank, AfDB; SADB; Islamic Development Bank <b>Welcome new partners</b></p>	<p><b>Consultations on-going. Agreement expected</b> Grameen Foundation</p> <p>To be approached Aga Khan Foundation;</p> <p>Select number operators from different countries to be consulted.</p> <p>Select suppliers and other entities to be consulted: Alcatel, Ericsson, Nokia; Nortel; Motorola, Lucent, Siemens; Huawei, ZTE, Juniper , Cisco etc.</p> <p><b>Welcome new partners</b></p>

For Malawi we are currently engaged in

- Preparation of detailed guidelines for investment proposals; assessment of technological needs as a package at telecom network and community level; information packages; identification of business opportunities;
- Elaboration of investment proposals;
- Elaboration of strategies for public private partnership for content development and dissemination; and
- Elaboration of procedures for encouraging individual entrepreneurs to provide services to general public.

The exercise is expected to be completed by the end of August 2008. It is expected that similar exercise will be undertaken for other countries once their agreement is received.

The Government of South Africa, ITU and UPU would welcome countries to participate in the project and for partners, national governments, development agencies and non-governmental agencies to join us in this endeavor.