

RECOMMENDATION ITU-D 3

Tariff policies and methods of determining costs**Question 4/1: Policies and ways for financing telecommunication infrastructures in developing countries**

The World Telecommunication Development Conference (Valletta, 1998),

recognizing

the sovereign right of each Member State to regulate its telecommunications,

noting

the report of ITU-D Study Group 1 on Question 4/1 “Policies and ways for financing telecommunication infrastructures in developing countries”,

convinced

a) that, with the prospect of gradual liberalization of the telecommunication sector, developing country administrations and operators need to draw up and implement tariff policies that take greater account of the real costs incurred in the provision of telecommunication services;

b) that the operators concerned should be encouraged to use methods and tools for determining the costs of the services offered and thus evaluate the measures to be taken for rebalancing their tariffs,

recommends

that public authorities and administrations should take account of the following guidelines:

1 In order gradually to introduce cost-orientated tariffs, developing country operators should be invited to develop analytical tools through the stage-by-stage implementation of a cost-accounting system.

Such a system serves, *inter alia*, to collect and classify various cost data, analyse expenditure and expenditure groups, identify and classify cost and profit centres and allocate and distribute costs by network element or service, thereby permitting the introduction of cost-orientated tariffs.

2 As of now, developing country operators should be encouraged to use the cost-determination methods developed by the regional tariff groups within ITU-T Study Group 3.
