

National Telecommunications Cooperative Association
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Semi-Annual Report (1 December 2002 – 31 May 2003)
June 30, 2003

SO1. Legal and Regulatory Reform

Objective: Development, documentation and dissemination of optimal policies, laws and regulations that allow member-controlled and/or community-based telecommunications systems and telecenters to be formed; to link their members and systems to international telecommunication grids through suitable interconnection arrangements; and to offer services on an equal footing with other regulated telecommunications providers.

Strategy:

- (a) Assess the impact of existing or proposed laws and regulations on the creation of cooperatives or community telecenters and on achieving universal access goals through these mechanisms, and formulate desired improvements.
- (b) Identify potentially supportive policy makers, regulators, private sector and civil society stakeholders involved with the telecommunications sector, and introduce them to the cooperative model through training, workshops and visits to NTCA member cooperatives.
- (c) Work with telecommunications policy makers on legal and regulatory reforms needed to allow for the creation of telecommunications cooperatives or community-based telecenters.
- (d) Provide training and assistance to enable local management and operations personnel to work successfully within the changed legal and regulatory environment.

	<i>Activities</i>	<i>Performance Indicators</i>	<i>Timeline</i>
South Africa	(1) Provide technical assistance to Department of Communications (DOC) regarding licensing and ownership issues for cooperatives (Q1-Q2).	(1) DOC improves regulations.	(1) Q3
	(2) Lobby government for additional cooperative licenses (Q6-Q7).	(2) Additional licenses issued.	(2) Q7
Albania	(1) Conduct in-country regulatory assessment to inform local government of the obstacles to private sector investment and deployment of ICT facilities in their municipalities (Q2).	(1) Recommendations made to local government.	(1) Q3
Nigeria	(1) Provide technical assistance to NCC regarding universal access (Q1-Q7).	(1) Universal access program announced.	(1) Q7
	(2) Regional workshop on new telecom laws, regulations and opportunities (Q2-Q7).	(2) 4 workshops held.	(2) Q7
Uganda	(1) Provide technical assistance to UCC regarding universal access (Q2-Q6).	(1) Universal access program announced.	(1) Q6

South Africa: After some delay, the South African Department of Communications (DOC) published a formal request for applications to provide telecommunications services in ten underserved areas (General Notice No. 3458 published in the Government Gazette No. 24204, 19 December 2002). This invitation to apply (ITA) reflected some, but not all, of the policy advice offered by NTCA in response to the government's draft Policy on Telecommunications. For example, the DOC chose to make a geographic declaration of underserved areas – rather than an arbitrary definition based on teledensity – that took into account recommendations made by NTCA in response to the draft Policy on Telecommunications.

Unfortunately, the DOC has twice amended the December 2002 ITA with the effect of extending the deadline for applications until August 29, 2003 (Government Gazette No. 24755, 16 April 2003, as amended by Government Gazette No. 25113, 18 June 2003). While NTCA fulfilled its objectives related to provision of technical assistance to the DOC regarding licensing and ownership issues – resulting in improvement of the DOC's regulations – the continued delay in the Government's receipt and adjudication of license applications will necessarily delay the provision of technical assistance at the local level to new telecom cooperative or community-based licensees (see discussion under SO2).

In February 2003, NTCA also undertook a preliminary assessment of the adequacy of South Africa's laws governing the formation, regulation and conduct of cooperatives. NTCA concluded that the relevant statutes were primarily intended to facilitate and regulate the conduct of agricultural cooperatives. In response, NTCA personnel met with officials of the South African Department of Trade and Industry and elicited their commitment to consider NTCA's advice in an upcoming revision of the national statute. Further progress is expected in this area in Q5-Q6.

Albania: The in-county component of NTCA's regulatory assessment was conducted from March 3 to March 12, 2003. NTCA interviewed senior government officials in the Telecommunications Regulatory Entity (TRE) and the Ministry of Transport and Telecommunications, representatives of a national mobile provider and independent rural telecom service providers. Primary source documents (chiefly regulatory) were obtained, translated into English, and analyzed. NTCA completed the draft assessment report (Q4), including recommendations to the government, and sent the document to key telecom sector officials for their review and comments prior to further dissemination. It explores the impact of key laws and regulations on private sector investment in telecommunications and ICTs in rural areas. The report also considers the regulatory environment for creating community telecenters and cooperatives to help achieve national universal service goals.

Nigeria: Technical assistance to the Nigerian Communications Commission (NCC) was active throughout the reporting period (Q3-Q4). NTCA continues to work closely with the NCC to develop and implement a Universal Access Program in six areas: policy, funding, management structures, implementation, pilot projects and evaluation mechanisms.

NTCA made progress in the policy area in particular. We are well ahead of the projected timeline for the establishment of a universal access program (Q7). In fact, a universal service provision passed both houses of the National Assembly on May 27 as part of Nigeria's new Communications Bill. NTCA played a important role in the drafting of the universal service provision (2003 Communications Bill, Chapter 7, Part 4).¹ The legislature adopted nearly all of NTCA's principal recommendations, including the establishment of a universal service fund, the utilization of an independent private-sector fund manager, and provisions enabling community-based organizations (such as cooperatives) to enter the market to provide telecommunications services (2003 Communications Bill, Chapter 7, Part 4, Section 118.2a).

The second in a series of four regional workshops, originally scheduled for June 17, will be postponed, at the request of the NCC, to accommodate the Government of Nigeria's announcement of the new communications bill and universal access program. Two workshops are planned for the upcoming reporting period. Both will focus on the new telecommunications laws and regulations, enabling local management and personnel to work within the changed legal and regulatory environment.

Uganda: Discussions to define the scope and emphasis of NTCA technical assistance to the Uganda Communications Commission (UCC) took place following the participation of UCC delegates at the Nigeria national workshop on universal access (Q1, *see first semi-annual report*). These discussions elicited a request from the UCC to assist with its preparation for, and participation in regional discussions to harmonize telecommunications regulatory regimes among members of the Common Market for Eastern and Southern Africa (COMESA).²

Accordingly, in Q3 (February 2003), NTCA staff participated in the inaugural meeting of the telecom regulators of the COMESA member states held for the purpose of developing the workplan and timeline for reform and harmonization of policies in the telecom sector. The members present accepted the workplan and timeline developed at the meeting and progress on its implementation has begun. NTCA will provide

¹ The Communications Bill has yet to be officially approved or published. NTCA obtained a pre-release version for limited distribution and official use only.

² The COMESA member states are: Angola, Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

technical assistance to the UCC, and more broadly to the group effort in the areas of universal access and rural and underserved area policy development.

SO2. Expanded ICT Access in Rural and Underserved Communities Through Telecommunications Cooperatives and Community Telecenters

Objective: Enabling rural and underserved communities worldwide to work towards self-reliance and economic empowerment through use of telecommunications cooperatives and community telecenters.

Strategy:

- (a) Identify promising local institutions and leaders willing to collaborate toward the development of cooperatives or community telecenters;
- (b) Train communities in principles of participatory management of organizations;
- (c) Guide cooperative or community telecenter formation and related activities in such areas as democratic governance, preparation of by-laws, registration procedures, meeting licensing requirements, and selecting and training boards of directors;
- (d) Provide technical assistance for co-op or telecenter start-up activities and network design;
- (e) Support local cooperatives by sharing the expertise and experience of NTCA member co-ops, using volunteers to train local personnel in areas such as small business management, marketing, business planning and member relations.

	<i>Activities</i>	<i>Performance Indicators</i>	<i>Timeline</i>
South Africa	(1) Provide technical assistance at the local level to new telecom cooperative licensees (Q1-Q7).	(1) 2 cooperatives initiate service.	(1) Q7
Ukraine	(1) Carry out workshops that bring together the private sector and local government (Q4-Q5).	(1) Recommendations made to government.	(1) Q5
Albania	(1) Establish 2 cooperative telecenters (Q2-Q8).	(1) Cooperative telecenters operating.	(1) Q8
Nigeria	(1) Regional workshop on new telecom laws, regulations and opportunities (Q2-Q7).	(1) 4 workshops support pilots.	(1) Q7
Uganda	(1) National workshop on ICT cooperatives (Q5).	(1) Workshop held.	(1) Q5

South Africa: Technical assistance to new telecom cooperative licensees at the local level, an activity under the workplan scheduled to commence Q1, remains stalled due to continued delays in the issuance of licenses by the Department of Communications (*see discussion under SO1*).

In anticipation of eventual progress under the Government’s licensing program, however, NTCA convened a preliminary workshop in February 2003, bringing together representatives of Government Ministries and the Universal Service Agency, National Development Agency, the National Co-operative Association of South Africa (an apex organization of cooperatives) and other interested stakeholders to discuss approaches to funding universal access and technical assistance to new licensees. Other activities undertaken during Q3-Q4 included a meeting with an association of small and medium enterprises intending to apply for underserved area communications licenses, and a meeting with the South African Development Bank to discuss funding of technical assistance to community-based licensees. Discussion with the Development Bank also focused on financing for such organizations (*see discussion under SO4*).

Ukraine: Based on input from government officials, industry participants and others, this activity has been rescheduled to Q6. Planning is under way for a workshop to be held in Kiev in the fall of 2003.

Albania: Working with Land O’ Lakes (LOL) personnel, NTCA conducted a preliminary assessment of two potential telecenter sites in areas served by LOL’s dairy improvement campaign (Krutje and Medaj). NTCA also worked with staff of the Albania Small Business Credit and Assistance Program (a Chemonics-implemented USAID project), to assess three additional sites developed as Regional Development Agencies in Fier, Vlora and Durres. The LOL-served Krutje site was identified as a promising site (Q4). The next step will be to develop a business plan for a telecenter in Krutje.

Nigeria: The NCC plans to implement a pilot program for innovative rural connectivity solutions as soon as the new Communications Bill is officially announced. NTCA will support this effort through a series of workshops to educate potential recipients of funding from this program, including rural telephone cooperatives. NTCA has learned of one such proposal from the community of Ohafia in the southern state of Abia. This group has already drawn up a local subscriber list and is preparing for the upcoming

solicitation. NTCA is seeking, and expects to obtain, additional funding from USAID/Nigeria to support this telephone cooperative – and others like it – directly, should the proposal be accepted by the NCC.

The second in a series of four regional workshops, originally scheduled for June 17, will be postponed, at the request of the NCC, to accommodate announcement of the new communications bill and universal access program. Two workshops are planned for the upcoming reporting period. Both will focus on the new telecommunications laws and regulations, enabling local management and personnel to work within the changed legal and regulatory environment.

Uganda: No activity to report. An assessment trip by NTCA staff is planned for Q5 (August 2003).

SO3. Strengthened Existing Cooperatives

Objective: Improving the operational effectiveness and outreach of cooperatives in developing countries through the provision of information and communications technologies (ICTs); enabling these cooperatives to contribute more forcefully to economic growth activities within host countries; documenting and disseminating activities undertaken to strengthen existing co-ops through ICTs.

Strategy:

- (a) Identify existing cooperatives whose economic effectiveness is hindered by lack of adequate telecommunications or ICT application access, and who have organizational resources in place that can facilitate service delivery;
- (b) In partnership with identified cooperatives, create telecommunications systems, cooperatives, community telecenters or other ICT linkages that meet their needs.
- (c) Leverage existing resources of cooperative partners in all phases of project implementation, e.g. familiarity with government officials, local resources, relationship with clients, connections with other NGOs, knowledge of local financing options, etc.

	<i>Activities</i>	<i>Performance Indicators</i>	<i>Timeline</i>
South Africa	(1) Strengthen CDOs by introducing ICTs to existing cooperative organizations, such as credit unions and burial societies (Q2-Q8).	(1) 2 cooperatives use ICTs.	(1) Q8
Albania	(1) Strengthen the capacity of LOL and its client women's dairy cooperatives by establishing at least 2 telecenters to provide the cooperatives with access to ICTs (Q2-Q8).	(1) Telecenters become operational elements of the LOL dairy cooperatives.	(1) Q8
Nigeria	(1) Strengthen cooperative models by bringing ICTs to community-based organizations (Q3-Q8).	(1) 4 CBOs use ICTs.	(1) Q8
Uganda	(1) Strengthen cooperative models by bringing ICTs to community-based organizations (Q3).	(1) Assessment of outcomes/improvements in ICT-enables fishing communities.	(1) Q3

South Africa: No activity to report. Activity under this strategic objective cannot begin until the licensing situation has been clarified.

Albania: As noted more fully above (*see discussion under SO2*), NTCA conducted an on-site assessment of 5 potential telecenter sites and selected a LOL-served community, Krutje, as a likely telecenter site and for business plan development (Q4).

Nigeria: NTCA continues to bring ICTs to a variety of community-based organizations in rural and underserved areas of Nigeria. During the most recent reporting period, NTCA provided assistance to a national HIV/AIDS hotline facing connectivity challenges and introduced ICTs to strengthen the capacity of agricultural producer organizations in rural areas.

NTCA is working closely with the Agriculture Section of the USAID Mission to support extension of telecommunications services and facilities to smallholder farmers and producer organizations in rural areas. A network of existing Farmer Resource Centers (FRC) will be ICT-enabled to serve as community telecenters and better provide technical assistance, such as extension information, to local farmers. NTCA has already identified a pilot site located in the southwestern state of Oyo (Q2). The preliminary site survey and engineering analysis are complete (Q3) and we expect the FRS to be fully ICT-enabled by the close of the upcoming reporting period.

Uganda: No activity to report.

SO4. Building Public-Private Partnerships

Objective: Advancing legal and regulatory reform, expanding access in rural and underserved communities and improving the quality of human life at the community level, by facilitating collaborations spanning the public and private sectors.

Strategy:

- (a) Conduct environmental assessment to determine legal, policy or other impediments to private sector participation and/or public-private sector collaboration;
- (b) Advocate/promote reduction/elimination of barriers to private sector participation;
- (c) Educate private and public sector representatives about mutual benefits of collaboration;
- (d) Develop business models or strategies to facilitate private sector participation in community-based telecom projects;
- (e) Bring together public and private stakeholders to jointly sponsor training, build facilities or develop mutually beneficial programs and activities.

	<i>Activities</i>	<i>Performance Indicators</i>	<i>Timeline</i>
South Africa	(1) Seek DBSA cooperative financing (Q3 – Q4).	(1) DBSA finances cooperative(s).	(1) Q4
Ukraine	(1) Carry out workshops that bring together the private sector and local government (Q4 – Q5).	(1) Public-private working relationships established.	(1) Q5
Albania	(1) Assess obstacles to private sector investment (Q2).	(1) Recommendations for PDI in ICTs.	(1) Q3
Nigeria	(1) Strengthen cooperative models by bringing ICTs to community-based organizations (Q4-Q7).	(1) Manufacturers invest resources.	(1) Q7
	(2) Regional workshop on new telecom laws, regulations and opportunities (Q2-Q7).	(2) Rural ICTs attract private investment.	(2) Q7
Uganda	(1) Attract private investment in cooperatives (Q5-Q8).	(1) Private financing of 2 cooperatives.	(1) Q8

South Africa: In February 2003, NTCA met with officials of the Development Bank of South Africa (DBSA) to collaborate on, among other things, mechanisms to provide long-term financing for community-based entities intending to apply for telecommunications licenses to serve underserved areas (*see discussion under SO2*). While the unresolved nature of the license application process made advanced planning in this area somewhat premature, agreements were reached in principle to develop concepts to aid such entities in business plan development and financing. These activities are expected to continue in subsequent quarters.

Ukraine: Based on input from government officials and other key workshop participants, this activity has been rescheduled to Q6. Planning is under way for a workshop to be held in the fall of 2003.

Albania: Obstacles to private sector investment were investigated as part of the regulatory assessment conducted from March 3 to March 12 (*see discussion under SO1*).

Nigeria: NTCA continues to expand access in rural and underserved communities through public-private partnerships. A regional workshop held in Q2 brought together numerous private sector organizations and regulatory officials. Thus far, the NCC has issued 35 regional licenses to nineteen private sector organizations.

NTCA is working closely with one of these enterprises, Startech Connections Ltd., to develop priorities for rollout of telecommunications service in rural and underserved areas. Startech holds five regional telecommunications licenses and has begun to build out its network. “Startech Connection...has launched commercial operations in the Federal Capital Territory. The company plans to expand coverage to Kano and Kaduna in July, with the Plateau and Nassarawa states to follow in August” (*Communications Update*, 25 June 2003).

Building on these efforts, Startech will also invest in and equip rural telephone shops, telecenters, and/or local exchanges in partnership with NTCA and the USAID Mission in Abuja. This public-private partnership is already producing results. NTCA has contracted with Startech to install a broadband Internet connection and network interface for the toxic wastes program of the Nigerian Ministry of Environment this summer (this will enable the Nigerian Ministry to begin remote monitoring and surveillance of toxic waste sites located in rural and other areas underserved by telecommunications). NTCA anticipates that

this partnership will begin to yield results in rural areas as soon as Startech becomes fully operational throughout its licensed regions.

Uganda: No activity to report. An assessment trip by NTCA staff is planned for Q5 (August 2003).

Monitoring and Impact Assessment

Objective: Evaluate the effectiveness of the cooperative approach in achieving development objectives, and to disseminate the lessons learned more widely.

Strategy:

- (a) A study of lessons learned in the Philippines, highlighting factors that contributed to unrealized results in developing telephone co-ops on Mindanao.
- (b) With OCDC members, developing a common framework of analysis through which a cooperative approach to economic development might be examined and assessed.
- (c) Applying the analytical framework to NTCA/CDP activities to examine one or more of the following issues of joint concern: the enabling environment, cooperative governance and saliency/growth/scalability of the cooperative model.

	<i>Activities</i>	<i>Performance Indicators</i>	<i>Timeline</i>
Philippines	(1) Conduct review of project history (Q1-Q4). (2) Analyze status of cooperatives (Q1-Q4). (3) In-country meetings (Q1-Q4). (4) Complete evaluation report (Q4).	(1) Lessons documented. (2) Lessons documented. (3) Lessons documented. (4) Lessons documented.	(1) Q4 (2) Q4 (3) Q4 (4) Q4
Cross-cutting	(1) Develop analytic framework and Center of Excellence (Q1-Q8).	(1) Framework in place.	(1) Q8

Philippines: NTCA identified five problems that caused the Philippines project not to thrive, along with ways to avoid or prevent these problems in other cases. The problems identified were: (1) Differing and imperfectly expressed expectations, especially regarding partner roles and project funding; (2) Overreaching of local partner capabilities and desires; (3) Faulty local partner corporate governance; (4) Mutual difficulty in communicating and understanding; (5) Incomplete monitoring of project well-being and progress.

From the Philippines case study, NTCA developed a Project Health Indicator Tool, to apply these learnings to other projects. Although for one indicator the terminology is specific to rural telecommunications, it could be adjusted for other development sectors. It now remains to test this tool in the field, and adapt it through testing for regular use.

OCDC Center of Excellence/Cooperative Framework: By mutual consent, the OCDC elected to abandon the analytic framework. Based on the common experience of OCDC members, a universal framework of analysis through which a cooperative approach to economic development might be examined and assessed was found to be unfeasible. NTCA, however, continues to evaluate the effectiveness of the cooperative approach through various means. The Philippines study and the Project Health Indicator Tool detailed above will serve this end. Both will be tailored to the OCDC Center of Excellence and disseminate the lessons learned accordingly.

Q1: Jun – Aug 2002
Q2: Sep – Nov 2002
Q3: Dec – Feb 2003
Q4: Mar – May 2003
Q5: Jun – Aug 2003
Q6: Sep – Nov 2003
Q7: Dec – Feb 2004
Q8: Mar – May 2004