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TELECOM REGULATION IN AFRICA – A SNAPSHOT

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1. INTRODUCTION

- Advent of reforms in 1990's did not spare Africa

- Withdrawal of funding & private entrepreneur appetite for telecom investment ⇨ accelerated reforms in late 90s

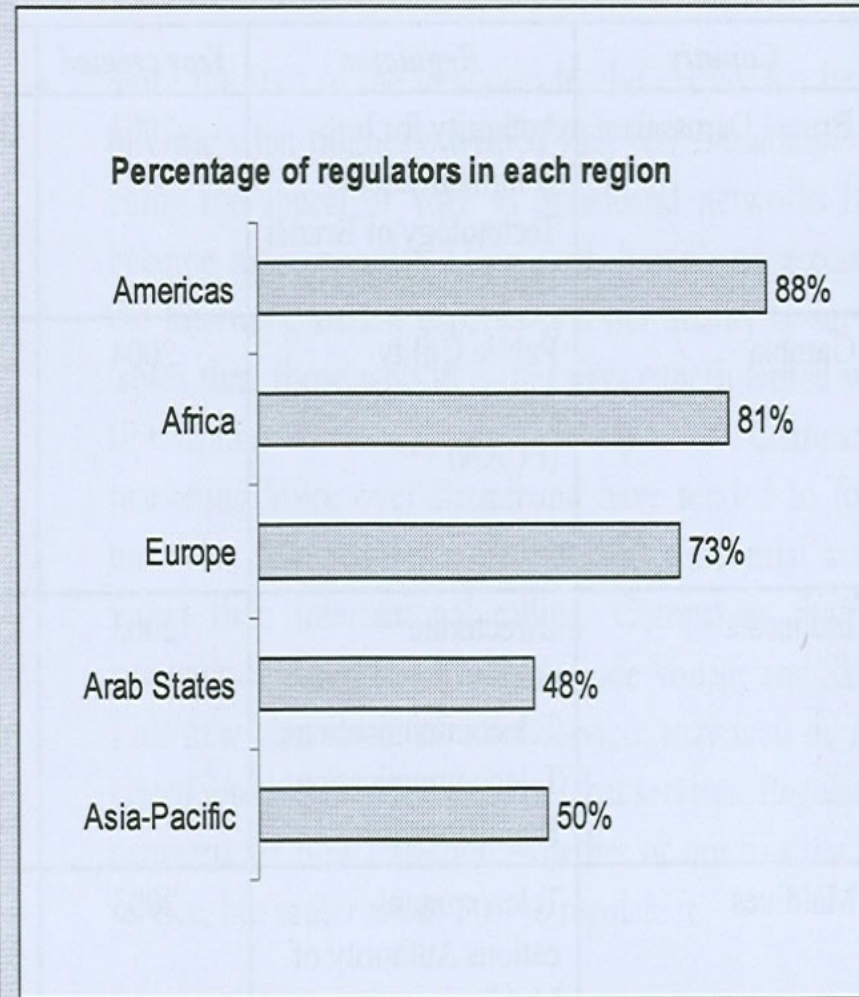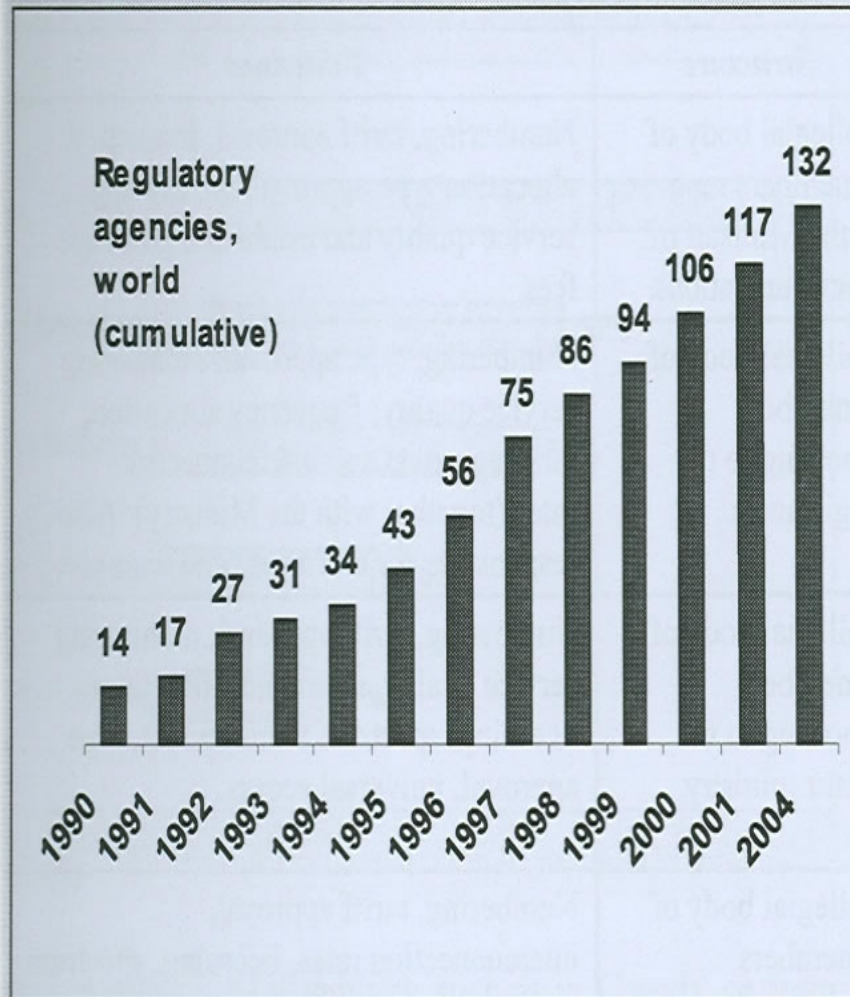- Introduction of regulation natural development

INTRODUCTION …..(cont'd)

- Africa late entrant into 'competition race' but second highest region with regulatory agencies
- Mobile more predominant than fixed services ⇨ regulating incumbent is secondary

The Number of Regulators Continues to Rise, 1990-2004

Total number of regulatory agencies worldwide, 1990-2004 (left); percentage of regulators by region, 2004 (right)

Regulatory agencies, world (cumulative)

Year	Value
1990	14
1991	17
1992	27
1993	31
1994	34
1995	43
1996	56
1997	75
1998	86
1999	94
2000	106
2001	117
2004	132

Percentage of regulators in each region

Region	Percentage
Americas	88%
Africa	81%
Europe	73%
Arab States	48%
Asia-Pacific	50%

Source: ITU World Telecommunication Regulatory Database.

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2. INSTITUTIONAL & GOVERN-ANCE FRAMEWORKS

- Majority of agencies sectoral rather than multisectoral

- Agencies primarily for communications, but recent restructuring has added broadcasting

- Few examples of multisector – handling other utilities like energy

- Collegial vs single regulator, and independence provided in statutes.

INSTITUTIONAL & GOVERNANCE… (cont'd)

- Licensing fees/Royalties form major source of funding

- New sub-regional regulatory associations to 'guide' and harmonise policies now in place. Based on sub-regional economic blocs. Examples: TRASA, ARICEA, WATRA
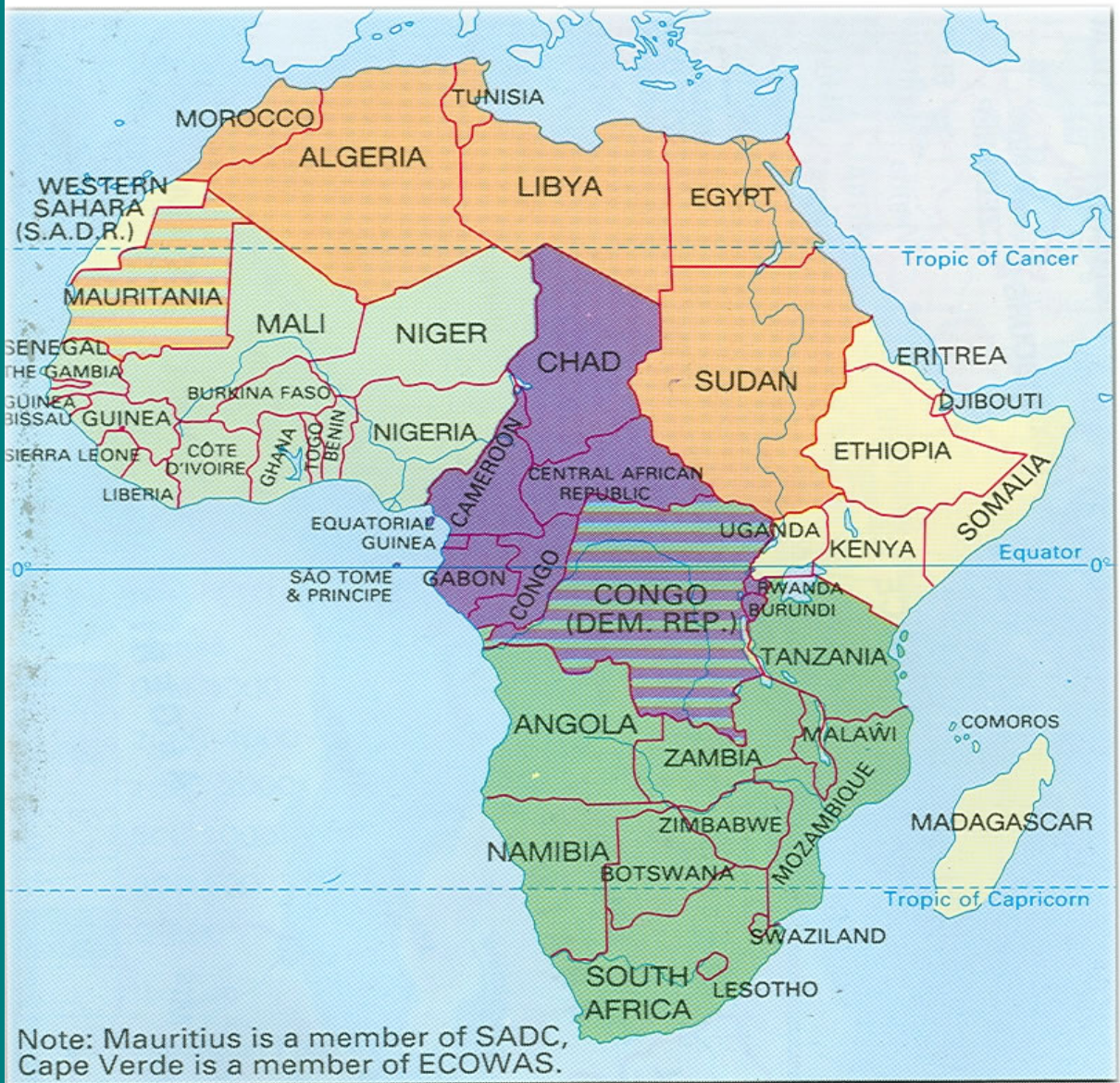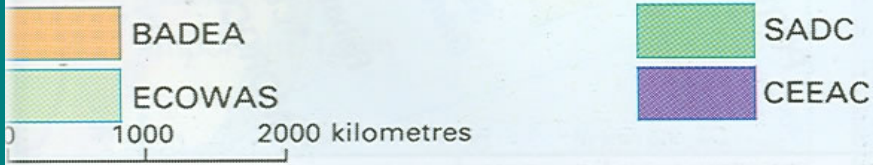
Note: Mauritius is a member of SADC,
Cape Verde is a member of ECOWAS.

Key

BADEA	SADC
ECOWAS	CEEAC

0   1000   2000 kilometres

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3. EFFECTIVE REGULATION

- Markets in transition, but primary direction of change is similar
- Identified "Principles for effective Regulation" discussed below

3.1   Minimisation of regulation

  ➤   Recommended for reasonably competitive markets

➢ Interconnection dispute resolution: an example of where quick decision making may be necessary

➢ In Africa, the majority have licensed at least one mobile operator ⇨ experience in interconnection issues and disputes

3.2 Harmonisation with Regional & Global Best Practices

➢ Primary or basic technologies & economics of telecommunications industry now fairly similar

➢ Implication of above: regulation can be fairly standard across many countries

➢ Above has led to emergence of global regulatory standards/best practices

➢ In Africa drive for harmonisation and adoption by sub-regional regulatory associations

➢ TRASA, ARICEA, WATRA have all developed guidelines in: licensing, interconnection, competition, tariffing and universal access

3.3   Competition

➢ Generally benefits outweigh and disadvantages

➢ Primary competition in Africa in areas of Mobile and value added services (Internet, data)

➢ Few examples of competition in fixed line services (5 out of 53 countries)

➢ Issuance of technology and service neutral licences is changing the situation

The Status of Competition

The legal status of competition in different global telecommunication markets segments, 2004 (left); level of competition for basic services, by region, 2004 (right)
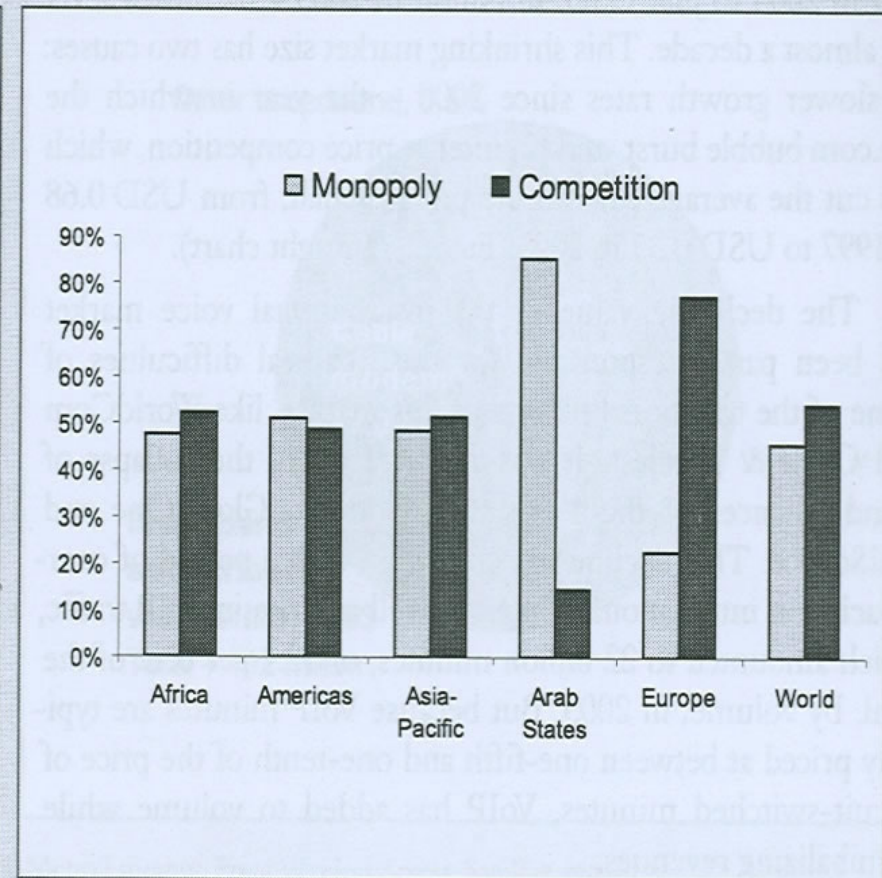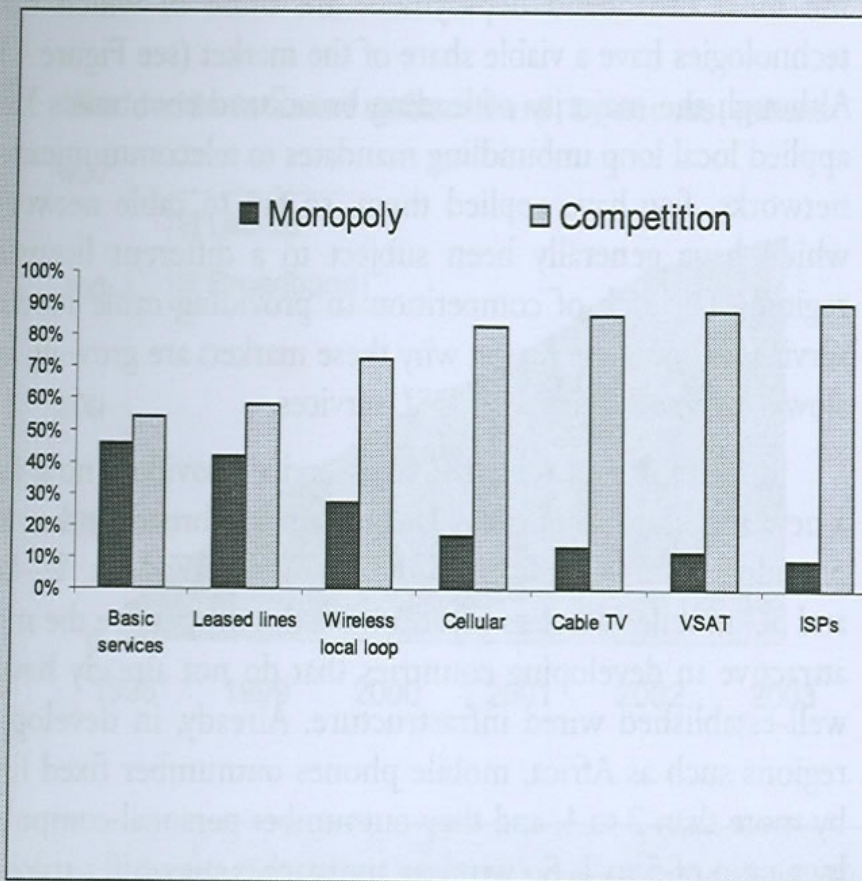
3.4 Regulation by Principle

➢ Regulation "after the fact" in some instances due to a wish to avoid intervention or lack of adequate expertise

➢ Need to develop "principles" for avoidance of development retardation that may arise due to above situation

➢ Example: Inclusion of **default interconnection** agreement in licences of major operators

➢ guidelines issued by regulatory associations in Africa address the issue of regulating by principle

3.5   Operational Efficiencies

➢ Improvement in efficiency possible thru information exchange with sister organisations

➢ With use of Internet for electronic application filing & publication of regulatory decisions, reduction in costs is achievable

➢ Regulators in E. Africa & S. Africa now considering pooling resources and establishing "one stop"   licensing mechanisms for VSAT licences

➢ Recent formation of network of regulators & universities for HR capacity building covering about 15 countries is another example of achieving operational efficiencies

4. TRENDS IN REGULATORY PRACTICE

- Synopsis of situation in Africa

4.1 Local Loop Unbundling

- ➤ Worldwide the trend is toward requiring local loop unbundling in order to foster competition
- ➤ In Africa, the situation is still in infancy because many incumbent operators do not have extensive fixed line networks

Countries Requiring Local Loop Unbundling

Percentage of countries requiring local loop unbundling by region, 2004

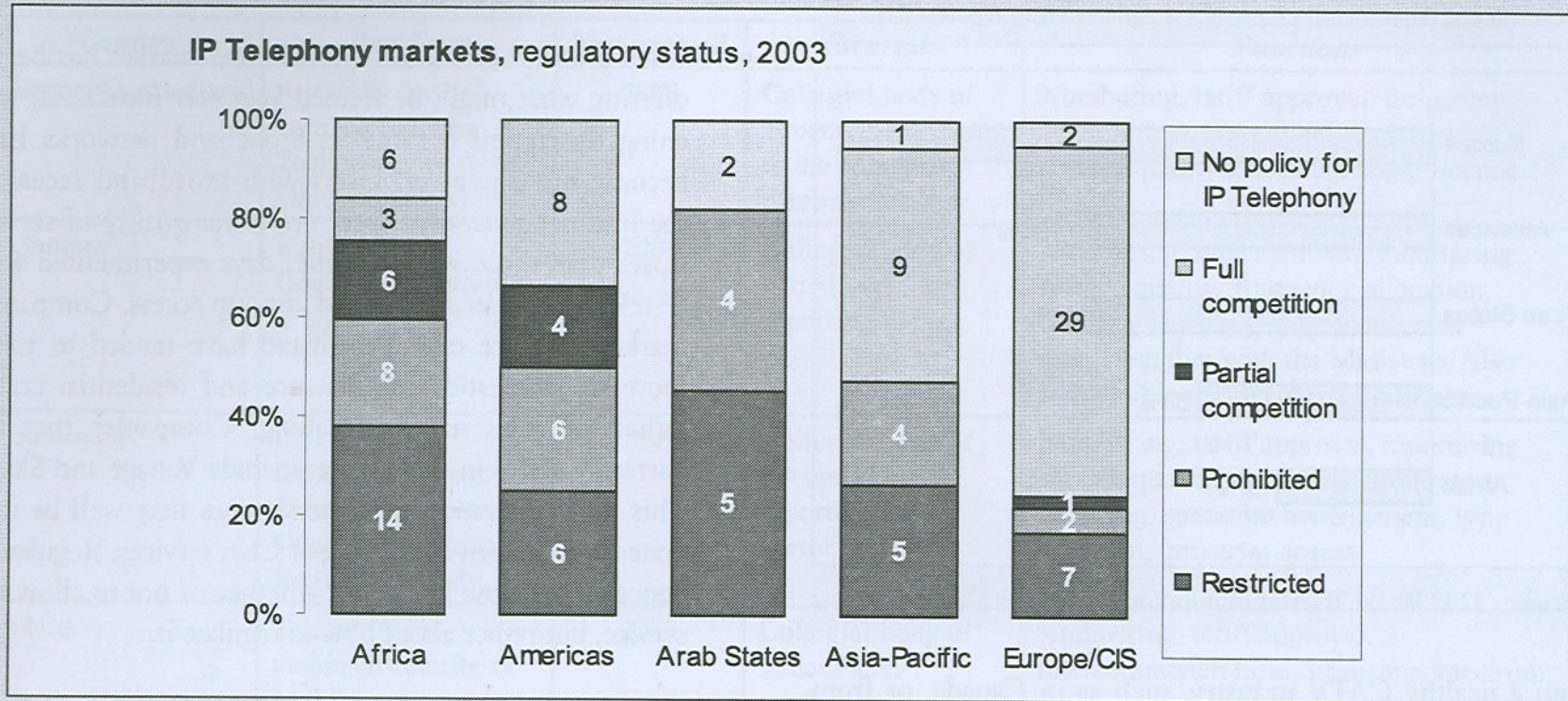| Region	Percentage
Europe	78%
Americas	54%
Arab States	50%
Asia-Pacific	33%
Africa	22%
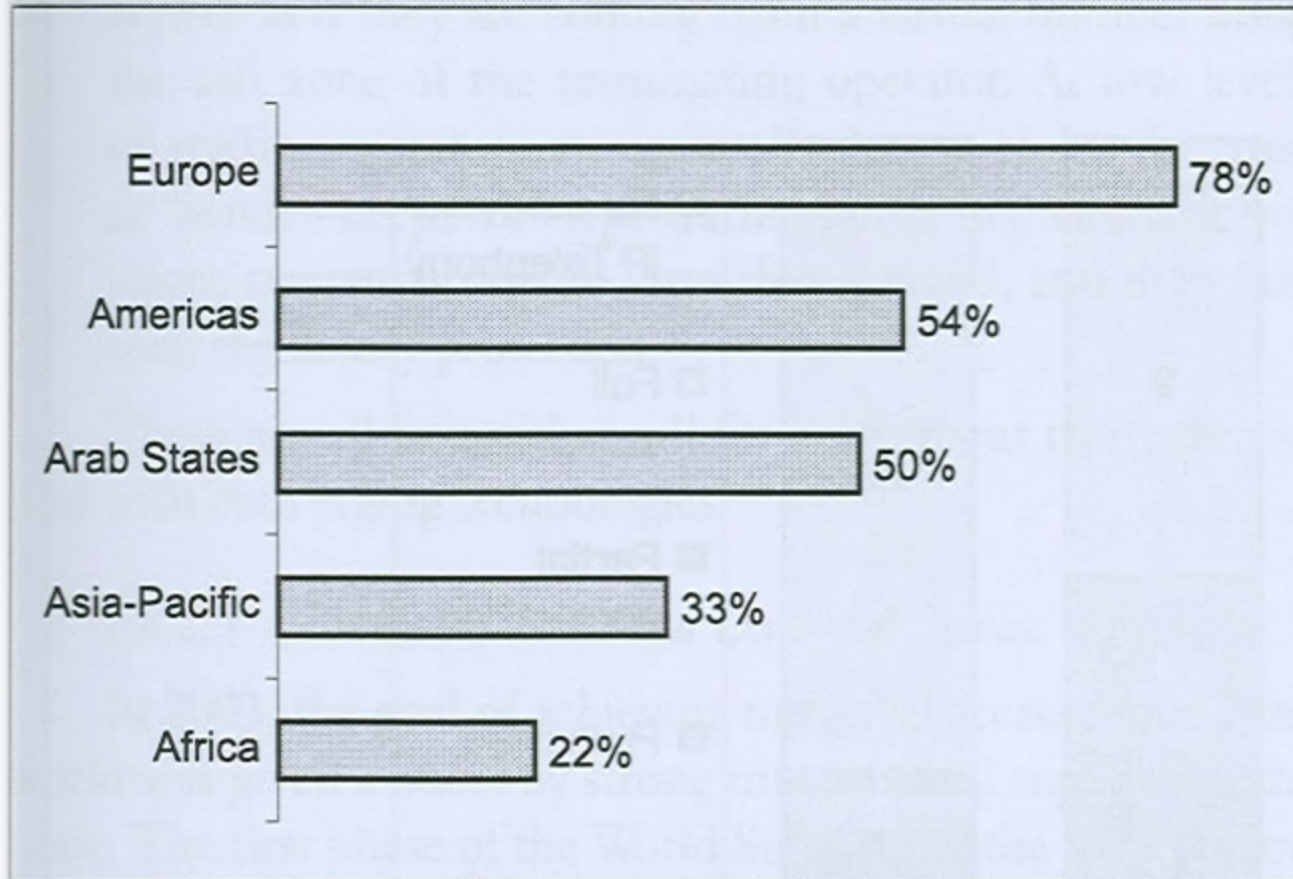
Source: ITU World Telecommunication Regulatory Database.

4.2   Voice over Internet Protocol (VoIP)

➢ The development of VoIP can be   traced back to early 90s

➢ Initially for PC-to-PC communication,   but with   introduction of private IP based networks in mid   90s, it shifted to terminating international voice   calls.

➢ Recent development is Voice over Broadband

➢ In general, more countries prohibit VoIP than those permitting it.

➢ In Africa, new telecom policy developments changing the situation

IP Telephony: Who Can Do What, Where?

Responses to the 2004 ITU Regulatory Survey concerning the regulatory status of IP telephony (by region)

IP Telephony markets, regulatory status, 2003

	Africa	Americas	Arab States	Asia-Pacific	Europe/CIS
No policy for IP Telephony	6	8	2	1	2
Full competition	3			9	29
Partial competition	6	4	4		1
Prohibited	8	6		4	2
Restricted	14	6	5	5	7

Legend:
- □ No policy for IP Telephony
- □ Full competition
- ■ Partial competition
- ■ Prohibited
- ■ Restricted

Notes: The analysis is based on 132 ITU Member States that responded to questions on IP Telephony in the 2004 Regulatory Questionnaire. Responses are shown by percentages of ITU Member States in each region that responded to the question, but the figures in the chart show the actual number of Member States in each category.

"Restricted" = Only licensed public telecommunication operators (PTOs) are able to use IP-based networks or the public Internet for the conveyance of voice calls.

"Prohibited" = All PTOs (even licensed ones) are prohibited from using IP-based networks or the public Internet for the conveyance of voice calls.

"Partial competition" = Non-licensed PTOs may use either IP-based networks or the public Internet for the conveyance of voice calls.

"Full competition" = All PTOs, whether licensed or not, may use both IP-based networks and the public Internet for the conveyance of voice calls.

"No policy" = The respondent did not answer this specific question or indicated that there was no current policy, or that a new policy is currently being formulated.

Source: ITU World Telecommunication Regulatory Database.

4.3 Universal Access (UA)

➢ Worldwide recognition of need to implement UA as complement to regulatory reform in broader market oriented approach

➢ African countries have started taking modest steps in establishing Universal Funds

➢ Typically resource envelope derived from percentage of annual revenues

➢ Services provided now tend to include Internet

➢ Operational funds in S. Africa, Uganda and new ones being set up in Kenya, Tanzania, etc.

4.4 Dispute Resolution

➢ Rising disputes due to increasing liberalisation

➢ Increasing strain on resources causing rethink.

➢ Tendency towards adopting Alternative Dispute Resolution

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5. UGANDA'S EXPERIENCE

- *1977 – 1993:* Uganda Posts & Telecommunications Corporation as a monopoly (UP&TC)
- *1993:* 1st mobile cellular service operator licence
- *1995 & 1996:* paging services, satellite + VSAT services, mobile trunk radio services, customer premises internal block wiring service & Internet access services
- *1996:* ministerial policy statement for Telecom sector
- *1997:* Uganda Communications Act enacted
- *1998:* Split of UP&TC as well as roles of operation – February 1998, regulation (establishment of UCC – August 1998) and policy making; licensing of MTN (2nd National Telecom Operator – April 1998),
- *2000:* 51% privatisation of UTL & start of 5 year Exclusivity (Basic telephony service, cellular telecommunications service and satellite service)

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Market players

Category	Number of providers
National Telecom Operators (all telecoms)	2
National Postal Operator	1
Cellular telecommunications provider	1
Internet Access Service (ISPs)	15
Cyber cafés and phone kiosks	Numerous

Rural Communications Development

- *July 2001:* adoption of Rural Communications Development policy
- *February 2003:* RCDF formally launched
- Achievements to date:
  - *216 payphones*
  - *29 ICT training centres (1 per district)*
  - *21 Internet Points of Presence*
  - *15 Internet cafés*
  - *4 tele-centres*
  - *54 district information portals*

6. CONCLUSION

- Preceding paragraphs certainly not exhaustive on telecom regulation in Africa

- Modest attempt to put Africa in 'context' of rest of the world

- Africa a late starter… but has leap frogged in some applications.

Thank you