East African Experience with Submarine Cable Regulation

Abi Jagun

GTZ/WATRA Workshop on Submarine Cable Regulation: 12 – 13 November 2009, Accra, Ghana
Outline

- Research ICT Africa!
- Summary: Findings of *ICT Access and Use survey 2008*
- Recall: Findings of APC’s SAT3/WASC country case studies
- *Reinforced Monopolies*
- *Recommendations*: illustrations from East Africa
Research ICT Africa!

- Network of researchers in 20 African countries
  - response to the absence of data and analysis required for evidence based policy formulation and regulation
  - conduct ICT policy and regulatory research

- Series of supply and demand side research which is triangulated with a telecommunications regulatory environment perception survey

- Publications include series of policy papers
  - provide decision-makers with an assessment of policy performance, provide oversight and identify points of intervention
“ICT Access and Usage in Africa”
2008, Policy Paper Two

- Data from household and individual access and usage survey conducted between 2007 and 2008 across 17 countries

- Complemented with supply-side studies

- SUMMARY: Divide relating to voice services is narrowing (thanks to mobile), however divide relating to internet and enhanced services is widening
  - Inflates the input cost to business
  - Constrains individual communication
  - Constrains effective citizenry and consumer participation
Reform of telecoms’ markets has been uneven
- *inequality* and *exclusion* remain key characteristics of most markets
- introduction of competition has been limited
- some markets have not been fundamentally restructured

Highly imperfect markets
- dominant players extract monopoly rents
- duopolies and oligopolies engage in price matching rather than competition
“ICT Access and Usage in Africa”
2008, Policy Paper Two

“Markets are not working” versus “failure to establish working markets”
- behaviour of operators sometimes unchecked
- some national/sectoral policies contribute to high prices (e.g. retrogressive taxes on equipment and services)

High regulatory risk/uncertainty
- capacity gaps in regulatory agencies
- existence of institutional arrangements that constrain autonomy of regulatory agencies
- administrative processes not always transparent and participatory
SAT3/WASC country case studies
2007, APC

- Bandwidth capacity increased in all countries studied and was accompanied by decreases in cost of access
  - no evidence that process of gaining access to capacity through the incumbent had become easier

- Increases in the quality and range of products were also observed
  - some countries had more success in the adoption of broadband products than others
  - availability often restricted to key urban areas/cities

- Prices of products had reduced. However, the cheapest provider was also often the incumbent (subsidiary of incumbent)
  - on occasion what incumbent charges is significantly cheaper than prices of the next alternative service provider
SAT3/WASC country case studies
2007, APC

- Competition is limited in the access market. With monopoly over undersea cable, landing station and international gateway; incumbent dictates:
  - bandwidth capacity of country
  - cost of bandwidth to other operators
  - can also influence (by granting, denying, or delaying access) activities of operators in the market

- Competition is ‘influenced’ in the products market by incumbent, as market leader in international and Internet services affects:
  - Price of products in the market
“Reinforced monopoly”
"Reinforced monopoly"

**Competition and Partnerships**

Licensing of undersea fibre operators (and where relevant satellite providers) [Kenya: *Submarine Cable landing License*]

Transparent procedure for securing licenses and permits. Regulator working with other agencies/govt. departments to streamline processes and/or procedures

Public private partnerships in undersea fibre projects [Kenya: *TEAMS*]
“Reinforced monopoly”

**Competition and Partnerships**

Facilitating the emergence of regional terrestrial operators [landlocked as well as coastal]

Promoting and facilitating co-ordination between landlocked and *gateway* countries.

Supporting initiatives and business practices that expand connectivity to landlocked countries. [SEACOM has purchased transit from Mobassa through to Kigali]
“Reinforced monopoly”

Co-location and Interconnection Regulation

1. Facilitate access to landing stations and interconnection by other operators.

2. Facilitate participation of broad range of providers of transmission networks e.g. utility companies.

3. Explore alternative models in deploying transmission networks – e.g. Public private partnerships [Kenya, Uganda, Rwanda and Tanzania have national backbone projects]
“Reinforced monopoly”

1. Identifying and/or investigating occasions where access is being denied.
2. Identifying and/or investigating dominant player behaviour – differential pricing, cross-subsidization.
3. [Although SEACOM has made public its prices; in most cases, lower prices are yet to be passed on to consumers]
Addressing one aspect/network without others merely postpones/shifts the bottleneck

SEACOM has purchased (from Artel) transit from Mombasa to Kigali. HOWEVER delays in deployment of terrestrial networks ...

... likewise reduction in the cost of bandwidth not being passed on to consumers limits the impact of submarine cables on access networks (hinders increases in demand)
## Summary

### International networks
1. Appropriate licensing for owners/operators of such infrastructure
2. Streamlining of processes and procedure for obtaining licenses and permits
3. *Alternative models for infrastructure development* [public private partnerships in undersea fibre projects]

### Regional networks
1. Increase competition in regional backbone sector by increasing awareness that feasibility of undersea cables increases the more countries that are connected*
2. Facilitate discussions between:
   i. Countries (“gateway”, landlocked, coastal with no landing station) as well as
   ii. Countries, backbone providers, and undersea cable operators
## Summary

| National networks | 1. Facilitate co-location and interconnection: *access to landing stations and interconnection by other operators*  
2. Facilitate participation of broad range of providers of transmission networks e.g. utility companies  
3. Explore alternative (non-private) models in deploying transmission networks [e.g. PPPs] |
| Access networks   | 1. Consider universal (technology neutral) licensing framework  
2. Identify and/or investigate, and address occasions where access is being denied at *local* levels  
3. Identify and/or investigate, and address “dominant player” behaviour – differential pricing, cross-subsidization etc. |
Thank You

www.researchictafrica.net