

RAPID Task Order 2.1 Activity

End of Assignment Report:
Consultant: J. Riley Allen
Position: Telecommunications Advisor
Dates of Consultancy: October 2000 – November 2002

Submitted to:
Chemonics International, Inc.

Gaborone, Botswana

December 2002

USAID Contract No. 690-I-00-00-00149-00

Introduction/Purpose

The Telecommunications Initiative under the RAPID Activity is specifically designed (a) to build the capacity of the region to attract investment and construct modern networks, and (b) to harmonize policies in the region in order to establish a regional policy framework over telecommunications issues, including the development and management of appropriate consumer protections. Mr. Allen was responsible for technical oversight, and, during the concluding 17 months of the project, served as both the technical advisor and project manager.

A predominant focus of the work of Mr. Allen centered on the Telecommunications Regulators Association of Southern Africa (TRASA). Capacity building occurred through a series of regional workshops, policy documents and reviews, and the development of guidelines for the region.

Harmonization of policies results from dialogue in workshops and the strengthening of communications among regulators through the regional association. Harmonization of policy also comes through the development of regional policies and plans as are captured in the regional guidelines developed.

Location(s) visited and dates

While based in Botswana, the project entailed numerous visits throughout the SADC region for consultations and workshops. Numerous workshops and meetings occurred in South Africa. Major workshops and conferences also took place in Swaziland and Namibia.

Issues, constraints, opportunities identified (if any)

The approach toward harmonization of policy taken here relies heavily on TRASA and harmonization through explicit development of regional guidelines. The approach is loosely modeled on establishment of similar regional frameworks developed in Europe, among national regulators in the European Union, and the US's NARUC, which is the association of state regulators.

There has been a significant improvement in the capacity of regulators in the region to address issues in the sector over the past several years. In large measure, however, the role of the regulator has been severely constrained by (1) limited capacity within the regulator, (2) limited funds available to regulators, (3) constraining laws and licenses, (4) overlapping and/or controlling authority of political interests, and indirectly incumbent fixed-line operator interests, and (5) low credibility by industry participants and the public in carrying out their responsibilities.

In certain countries, such as Botswana, the regulator has overcome most of the obstacles listed above, but remains an inactive agent of sector reform. The reasons for this are not readily apparent, but can probably be attributed to competing personal and political

factors, inertia, and the absence of a strong constituency supporting a reform agenda. The Botswana situation highlights a fundamental problem that extends throughout Southern Africa. There are probably few agents of meaningful reform in the region. Those with the motivation remain relegated to the sidelines, presumably because government remains invested in the sector through the fixed-line operators.

The predominant constraint in the region probably flows from this fundamental issue of ownership. The poor policy framework implemented by South Africa has also been a problem here. South Africa delayed liberalization in much of the sector due to privatization of the fixed-line operator. South Africa leveraged the value of its assets by offering a transitional monopoly, through exclusivity provisions in the law and license. The few countries that have initiated reforms in the region have followed the lead of South Africa. Fundamentally, the approach has resulted in government trying to leverage the value of its assets by continuing to extend the monopoly of the government enterprise.

The real opportunities for customer (i.e., including service expansion and better service, the ultimate goals of our work) has and will continue to come from competition, especially in the wireless segments of the market. Fixed-line operators remain in control of many essential facilities, including international gateways and backbone networks; the predominant influence and power in the retail end of the market is shifting toward wireless communications. Opportunities for development of this sector in the future should probably focus on efforts to liberalize the remaining bottlenecks in the fixed line networks and efforts to ensure healthy competition in cellular and wireless communications.

Within the regulatory community, regulators are at varying stages of development. At both the regional level and the national level, regulators have been reluctant to solicit the participation and involvement of stakeholders. Increasingly stakeholder participation in development of guidelines is taking hold with TRASA in the development of its guidelines and plans.

Highlights and Accomplishments

Evidence of the success of these efforts can be observed broadly through the strength and stature of TRASA and the increasing capacity and success of telecommunications regulators within the SADC region and their movement to adopt the regional guidelines and plans. Success can also be measured broadly through the increasing participation of industry in the activities of TRASA. Broad measures of success of the initiatives can also be measured through the development of sister organizations in other parts of Africa. The overlapping countries in COMESA have modeled themselves around TRASA and this association is in the process of developing guidelines that mirror, and fundamentally build on the work of TRASA to date.

Specific results at the regional level, in collaboration with TRASA, include the following:

- TRASA guidelines on universal service;
- TRASA guidelines on licensing;
- TRASA band plan above 3.1 Ghz to 100 Ghz;
- TRASA guidelines on wholesale pricing;
- TRASA guidelines on fair competition;
- Preliminary and draft recommendations and reports on numbering harmonization.

The predominant assistance at the national level has occurred as a byproduct of the workshops, reports, stakeholder events, and other activities leading toward the development of the guidelines and plans discussed above. Considerable time and effort has also gone into the workshops and events leading to draft legislation in Namibia. The legislation is currently with the Ministry of Communications and is awaiting the final stages of review before adoption by Parliament, now expected some time after June of 2003.

Recommendations and follow-up

In broad terms, the emphasis for the future should be in providing a solid legal and institutional environment for supporting liberalization. Strategies for achieving meaningful reform should focus on efforts to update and reform laws, licenses, and policies.

Recommended activities for the future fall into four categories:

1. Ongoing assistance to TRASA to strengthen the organization, its capacity, and further development of guidelines in areas where TRASA has yet to develop policy frameworks. This would include the issues of key performance indicators, and consumer protection. The work on numbering guidelines should be completed.
2. Assistance to nations within SADC that are developing policy and legal frameworks likely to lead to further liberalization;
3. Assistance to regulators at the national level within SADC with the establishment of rules and regulations developed at the regional level or for which regional harmonization can be expected to follow;
4. Ad hoc assistance to national regulators with efforts to license new operators or establish regulations that support further sector reforms.

These and other overlapping policy issues associated with ICT are being pursued under the follow-on initiative ICLICT under Dot-GOV.