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Briefing note September 2014

African telecoms client newsletter

The African telecoms client newsletter brings you the key regulatory and legal developments in the telecoms sector across Africa.

This issue focuses on the July-September period, which saw Etisalat agree a sale and leaseback deal for its Nigerian tower holdings; Togo start the process to licence a third mobile operator; and Kenya's telecoms and banking regulators give the all clear to the introduction of thin SIM technology.

Northern Africa

Algeria

ARPT releases Decision on SIM card numbers

The Autorité de Régulation de la Poste et des Télécommunications (ARPT), released a Decision on 7 July 2014 that set up a 'single number plan' for 3G mobile network services.

The Decision has reduced the amount of numbers a subscriber may have under one SIM card. Previously, a subscriber in Algeria could have both GSM and UMTS numbers, for 2G and 3G services, under one SIM card. However, the ARPT, having discussed the matter with the Algerian companies which license 3G in the country, is now limiting subscribers to one number per SIM card corresponding to the 2G or 3G service. If a subscriber wishes to have a number on both 2G and 3G services, one SIM card must be obtained for each.

Furthermore, subscribers to 3G services who want to keep their old GSM number are required to sign a new contract with the network operator which effectively rescinds the prior GSM contract. The Decision states that network operators must remove all SIM cards with dual numbers by 15 August 2014.

DRC

World Bank grants approval for telecommunications development

The Executive Directors of the World Bank have approved a USD92,100,000 International Development Association (IDA) grant for the Fifth Phase of the Central African Backbone (CAB5). The development objective of CAB5 is to improve the geographical reach and increase usage of broadband infrastructure in the region. The aim is to improve access to information and communication technology services for those individuals living in the DRC.

The IDA grant, in support of these objectives, is to be used for the construction of national fibre networks. It aims at connecting three of the DRC's more populated regions: Kinshasha (west), Goma (east) and Lubumbashi (south). While these are economic clusters in the DRC, they are also distant from each other. The construction of fibre networks will eradicate any missing links between the regions and improve connectivity.

The IDA grant and CAB5 project aim to encourage and allow private telecommunications operators in the country to 'offer competitive, continuous services nationwide on a shared infrastructure network that would be too expensive for individual operators to finance alone'. The aim Is to facilitate the growth of the digital economy in the state and promote reforms in the sector by strengthening regulatory tools.

Morocco

ANRT releases Decision on local loop unbundling

In a Decision dated 17 June 2014, the Agence Nationale de Réglementation de Télécommunications (ANRT), the official Moroccan watchdog in the telecoms sector, set out new rules in respect of local loop unbundling (LLU). LLU is a regulatory process that allows third-party telecommunications operators to use pre-existing connections between a customer anda telephone exchange. The 'local loop' is the physical wire that provides the connection while the unbundling is the process by which other entities in the market are given access to the local loop.

The rules in the Decision apply to Maroc Telecom, the main telecommunications company in Morocco, and seek to balance the telecommunications structure in the country. There are two other licensed telecommunications companies in Morocco, Meditel and Inwi. Under the rules, Maroc Telecom must provide wholesale offers to third-party operators with respect to a virtual unbundled local access model. It must also set up collocation for third-party operators and install multi-operator cabinets for part of their future nodes.

Tunisia

INT dismisses rumours of measures against VoIP applications

L'Instance Nationale des Télécommunications (INT), the National Telecommunications Commission in Tunisia, released a statement on 16 September 2014 informing the public that the rumours being circulated around potential measures to prevent or introduce charges on free voice-over-internet protocol (VoIP) applications via 3G networks were false. The VoIP applications would include those such as Skype and Viber. The INT emphasised how the telecommunications operators in the state must comply with mandatory conditions and must take into account net neutrality. However, the INT stated that the rumours were unfounded as the INT had not been formally approached by any vendors to implement these measures.

Western Africa

Côte d'Ivoire

Orange Group launches IP Point of Presence

The Orange Group announced on 16 July 2014 that it was launching its first large-capacity IP Point of Presence in Côte d'Ivoire. This is being launched in order to enhance interconnectivity in West Africa and the operational facility will be located in Abdijan. Orange hopes this choice of location will open up the entire region to increased quality and security for network connectivity in West Africa. The Orange Group stated that 'An IP Point of Presence is part of the technical infrastructure equipment necessary to enable local networks to access the Internet through an interconnection point with long-distance carrier networks'. The introduction of this will facilitate the expansion of the African IP Market, which in recent years has seen an increase in Internet traffic at a rate of 41% per year.

Ghana

NCA consults on new spam code

The National Communications Authority (NCA) has been consulting on its Draft Guideline on Unsolicited Electronic Communications. When finalised, the guideline will help provide information and a framework to communications service providers on sending transactional and non-transactional content to consumers for their protection and in line with existing regulations. The deadline for submission of comments was 31 July 2014.

Nigeria

Etisalat Nigeria, IHS sign tower sale, lease back agreement

IHS Holding Limited (IHS) announced on 7 August that it had agreed a deal with Etisalat Nigeria to buy 2,136 of its towers as part of a broader strategy by Etisalat to drive improvements in the quality of its network performance and to accelerate roll out of 2G and 3G coverage and new services to its customers. The transaction, the first by a major GSM operator in Nigeria, is expected to close later this year. Upon the conclusion of this transaction, IHS will own and manage over 6,540 towers in Nigeria.

Senegal

ARTP publishes quarterly market report

L'Autorité de Régulation des Télécommunications et des Postes (ARTP), released its quarterly telecommunications market report on 8 August 2014. The period covered was from April 2014 to June 2014

The data collected indicated that Senegal had over 14,356,055 subscribers to mobile telephone lines as of 30 June 2014, which is an increase of 2.7% over the previous quarter. This represents a jump from 12,661,913 mobile users in the past 12 months. There are three operators in the Senegal market for mobile networks: Orange, Expresso and Tigo. Gains by Orange and Tigo were the principal reasons for the increase in figures as they respectively added 96,667 and 150,009 lines in the most recent quarter. By contrast, Expresso only registered an additional 44,075 lines.

In respect of the Internet, ARTP listed 6,328,670 subscribers to Internet services. This represents a 75.1% increase from the previous quarter, from January 2014 to March 2014, in which there were only 3,614,033 subscribers. However, of these figures, only 2% represents users of fixed Internet lines as compared to 98% of mobile internet subscribers. Residential fixed-line subscribers dropped by 2.4%. The ADSL customer base, which had steadily been increasing since June 2013, decreased by 2.61% as compared to the previous quarter and represented 105,738 subscribers.

Togo

Togo begins process to issue third telecommunications licence

The website *Agence Ecofin* has reported that the Government of the Republic of Togo began the process of issuing a third telecommunications licence by way of international tender. The Bidding Document was sent out in July 2014. The law firm Bird & Bird and the investment bank Linkstone Capital are acting as advisers to the UK government in the matter. The Ministre des Postes et de l'Économie numérique indicated that the 2G, 3G and 4G services tender transaction was expected to close in October 2014.

The Government will issue the licence to telecommunications operators individually or as a group. The aim of issuing a third telecommunications licence is for the greater development of the telecommunications sector in the state.

Southern Africa

Kenya

CA and CBK approve use of thin SIM technology in Kenya

The Communications Authority of Kenya (CA) has given Finserve Africa Limited, a subsidiary of Equity Bank, approval to roll out its services using thin SIM technology, for a one-year trial period. The CA worked with the Central Bank of Kenya (CBK) to address security concerns raised by Safaricom over the use of the technology, and concluded that, save for the inherent vulnerabilities of all SIM cards, there are no specific and confirmed vulnerabilities arising from the use of the thin SIM. The CA will, during the trial period, engage the services of an internationally reputable firm to conduct a security audit on all SIM cards.

South Africa

ICASA publishes new draft call termination regulations

The Independent Communications Authority of South Africa (ICASA) has published new draft call termination regulations for the period 1 October 2014 to 28 February 2018. ICASA announced, on 5 September 2014, that it would determine the cost of wholesale voice call termination using the Long-Run Incremental Cost Plus model. For mobile calls, the rate remains at ZAR0.20 per minute (USD0.02) until 28 February 2015, while fixed termination rates (FTRs) will drop to ZAR0.12 per minute for calls in the same number area, and ZAR0.19 for long-distance calls. MTRs and FTRs will be the same from March 2015 onwards (ZAR0.16) and will gradually reduce to ZAR0.12 (March 2016) and to ZAR0.08 in the final year. The new regulations replace the 2010 regulations which were declared 'invalid and unlawful' by the South Gauteng High Court on 31 March 2014. The draft regulations are available for comment for 10 days in the interests of meeting the court-imposed deadline to implement the new rules.

ICASA consults on Draft International Mobile Telephony (IMT) Roadmap

ICASA is consulting on the Draft International Mobile Telephony (IMT) Roadmap that seeks to ensure universal availability of broadband services as well as a vibrant and competitive telecommunications industry in South Africa. A key driver behind the deployment of IMT bands is the need to ensure that mobile broadband plays its role in meeting the objectives of 'broadband for all' which is encapsulated in the targets of SA Connect (Broadband Policy) and a key part of the document concerns the deployment of the 700 MHz and 800 MHz digital dividend bands (and potentially the 450-470 MHz band) to provide universal service. The roadmap involves the migration of a number of current licensees out of (or within) bands identified for IMT services. Comments are requested by 7 October 2014.

Uganda

Mobile operators still failing to meet QoS targets

The Uganda Communications Commission (UCC) has published a Quality of Service (QoS) performance exercise on the five GSM network operators Airtel Uganda Limited, MTN Uganda Limited, Uganda Telecom Limited (utl), Orange Uganda Limited and Warid Telecom Uganda Limited.

Published in August, the exercise covered performance from February-June 2014 in Jinja, Kabale, Kampala, Kasese, Masaka, Mbale, Mbarara and Mukono. The networks were evaluated against UCC Key Performance Indicators which are: less than 2% for dropped call rate (DCR), less than 2% for blocked call rate (BCR) and greater than or equal to 98% for successful call rate (SCR). While all the network operators satisfied the DCR, only MTN satisfied the BCR and none met the SCR standard. The networks have reported rampant vandalism of communications infrastructure in the form of fibre cable cuts, battery and fuel thefts at sites as key reasons for many of the failures. The UCC is currently awaiting the approval of parliament for enforcement of punitive measures for persistent network QoS failures.

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