African telecoms client newsletter

Welcome to the inaugural issue of our African telecoms client newsletter which aims to highlight key regulatory developments in the telecoms sector in the Middle East and Africa.

This issue focuses on the May – July period, during which Kenya published a new communications bill; the Zambian communications regulator launched criminal proceedings against its country's mobile operators; and the Bahrain 4G auction was cancelled.

We hope that you will find the newsletter insightful.

Middle East & North Africa

Algeria

3G auction announcement expected

Algerian Local news agency *La Lib*erté has reported that Autorité de Régulation de la Poste et des Télécommunications (ARPT) is scheduled to launch an auction of 3G/3G+ licences on 1 August 2013. This follows a confirmation by Moussa Benhamadi, Algeria's Minister of Post and Information and Communications Technologies, that 3G services will be introduced into the country in November 2013.

The Council of the ARPT sets 2G promotional offers standards

The ARPT has issued a statement setting out the conditions with which promotional offers made by operators of mobile phones conforming to the GSM (2G) standard must comply. In its decision of 17 March 2013, the ARPT decided that promotions may be offered in relation to post-paid products for a period of up to 21 days. Their effects, following subscription, may last for up to 42 days, and there must be a 42-day interval between two offers relating to the same post-paid product (and a 14-day interval for successive offers relating to two different post-paid products).

The ARPT sets out different time limits for promotions offered in relation to pre-paid products. These may be offered for a period of up to 28 days. Their effects, following subscription, may last for up to 21 days, and there must be a 49-day interval between two offers relating to the same pre-paid product (and a 28-day interval for successive offers relating to two different pre-paid products).

Additional rules apply to the marketing of such promotional offers, and different rules are applicable during Ramadan.

Bahrain

TRA cancels 4G auction

The Telecommunications Regulatory Authority (TRA) announced on 27 June that it was cancelling its tender for the planned auction of 4G/LTE spectrum in the country. This action is being taken pursuant to the TRA's powers under Article 3 of the Telecommunications Law and a clause in the tender document which gives the TRA full discretion to cancel the tender "at any time for any reason". The Board of the TRA has determined that it is in the public interest to cancel the tender.

Jordan

Government has doubled taxes on mobile services

The Jordanian government has doubled the special tax on purchased mobile phones and on mobile phone subscriptions. According to a Cabinet decision, published in the Official Gazette, the taxes have been raised from 8% to 16%, and from 12% to 24%, respectively. According to the

Financial Times, the country's three mobile operators have opposed the rise.

Kenya

Draft Kenya Information and Communications (Amendment) Act published

The government has published the draft Kenya Information and Communications (Amendment) Act. The act will make the Communications Commission of Kenya (to be renamed the Communications Authority of Kenya) totally indep-endent of government. Under the proposal, the Principal Secretary of the Ministry of Information, Communication and Technology would be the sole state representative on the board of the Authority.

The Authority will also establish a Broadcasting Standards Committee responsible for setting and monitoring compliance with developed standards. It will also revise membership to the Universal Service Advisory Council (USAC) to include representatives of the broadcasting, telecommunications and postal sectors as observers. This is meant to enhance transparency in the management of the Fund. The bill also allows the Authority to stop, delay and censor messages and broadcasts during times of emergency.

Lebanon

MoT extends mobile operator management contracts again

According to *ByblosBank*, Lebanon's Ministry of Telecommunications (MoT) has extended the contracts of Kuwait's Zain Group and Egyptian-backed Orascom Telecom Lebanon to manage the two state-owned mobile operators, Touch and Alfa, until the end of September 2013. The extension, which follows previous one-year extensions granted on the five-year management contracts at the start of 2010, 2011 and 2012, is to allow time for an international tender for new multi-year contracts to be approved.

Morocco

Morocco's ANRT assumes presidency of AREGNET for a year

Morocco assumed the presidency of the Arab Regulators' Network of telecommunications and information technologies at its eleventh annual meeting on 27-28 May in Rabat.

Among other issues, the Arab regulators focused on the need to develop a national strategy for emergencies in the telecommunications sector, to allow a continuous service even in the event of a crisis, such as a natural disaster.

Other issues discussed included, in particular, the protection of users of telecommunication services; the protection of children when using the internet; improving access to high speed services; the evaluation of telecommunications markets; and the authorisation of equipment.

Moroccan telecoms market continues to grow in Q1, 2013

The Agence Nationale de Réglémentation des Télécommunications (ANRT) has published a report which reveals that the first quarter of 2013 saw significant evolution of the key indicators in the Moroccan telecommunications market. Prices have fallen and usage has increased. In particular:

- Price decreases include a 31% fall in the average monthly internet bill, and a 22% fall in the cost of using mobile phones.
- The average number of mobile minutes used by each subscriber has increased by 13% (to 72 minutes per month) – and this is taken together with an increase of 9% in the number of mobile phone subscribers in the year ending March 2013, including an 18% increase in the number of post-paid subscribers.
- There are now more than 4 million internet subscribers, representing an annual increase of 18%.
- There has been a year-on-year decrease of 11.3% in the number of fixed line subscribers.

Senegal

ARTP calls for expressions of interest for a study of the procedures for granting next generation licences and authorisations

Senegal's Autorité de Régulation des Télécommunications et des Postes (ARTP) is seeking a consultant to assist with the development of a strategy for liberalising the telecommunications sector. Applications closed on 17 July 2013. The key priority will be to develop that sector for the benefit of consumers and the national economy. The consultant will be expected to provide services including:

- An analysis of the telecommunications sector and a review of the existing legislative and regulatory framework.
- An inventory and analysis of the main issues arising from increased competition – regulatory controls, operators of infrastructure, state infrastructure, etc.
- Identification and evaluation of different scenarios and sectoral development.
- Development of a strategy for opening the sector up to increased competition, including a consultation phase.
- An accurate, detailed description of the contours of the new licences that are to be assigned, including 4G licences.

SIM card registration tightened

Senegal's ARTP has announced that it is modifying the 2007 government - issued decree requiring the registration of SIM cards. Registration will now require an official identity card or passport with the registrant in attendance. The ARTP said that, as of 31 July 2013, any SIM card not registered in accordance with the requirements would be suspended and then terminated.

The ARTP publishes analysis of the telecommunications market up to 31 December 2012

Senegal's ARTP has published a report setting out its analysis of Senegal's telecommunications market up to 31 December 2012. The report looks at fixed and mobile telephony as well as the internet. According to the report, users of fixed telephony have declined by 2% - however, the total volume of communications made by users has increased by 10%. The penetration rate remains poor, at only 3%, and is not making any further progress. Fixed telephony is dominated by the legacy operator, Sonatel.

The report further states that mobile telephony has recorded strong growth, both in terms of the number of subscribers and in the volume of communications made. However, there remain disparities between operators. The legacy operator, Orange, continues to attract the greatest number of new users. The newest entrant, Expresso, while attracting fewer new users than Orange, has doubled its market share. Tigo has collected three to four times fewer new users than its competitors, and its share has barely changed in the second half of 2012. Mobile penetration rates are approaching 100%, mainly as a result of the increase in the number of users of pre-paid deals, which constitute more than 99% of the market. Although the legacy operator remains largely dominant, its market share fell in 2012. The latest entrant into the market has seen its market share increase to 15%.

The report also notes that the internet segment is rapidly expanding – the number of users increased by 84% in 2012, largely thanks to the development of mobile internet (3G), which represents 71% of the internet market in Senegal. This turn towards mobile internet explains the stagnation of demand for ADSL. Internet penetration rates, however, remain low, at around 5%. The market share of the legacy operator, Sonatel, is inferior to that of its competitor, Expresso. This is because Expresso played a leading role in the explosion of the market for mobile internet (3G), and there is a strong rivalry between these two competitors.

Southern Africa

Mali

Mali becomes first African country to give away its domain names for free

Mali has become the first African country to give away its domain names for free (it also has chargeable domain names). Dot ML domain names have been available since 11 July 2013, following a period in which holders of commercial brands from across the globe have been able to register to protect their brand names. According to *Mali NTIC*, the domain names are being given away with the goal of increasing the use and knowledge of the internet within Mali and giving every Malian the opportunity to make use of this tool.

Nigeria

Nigeria looks for USD$6bn investment in telecoms infrastructure

Omobola Johnson, Minister of Communications Technology, has said that the federal government was working towards securing a total of USD$6 billion of investment to promote efficient telecommunication services across the country. The investment, according to *This Day*, would be done through major telecommunications service providers before the end of the year. USD$3 billion was part of the syndicated loan facility extended to major operators in the market. Mr Johnson said that the ministry had also secured agreement with the various state governments, via the National

Economic Council, to eliminate multiple taxation and streamline application and approval processes for infrastructure roll-out, such as new base stations.

Liquidator appointed for NITEL

The National Council on Privatisation announced that Olutola Senbore has been appointed as liquidator for NITEL and its mobile arm M-Tel. The move is intended to prepare both firms for their eventual sale. According to the *Nigerian Sun*, Mr Senbore has six months to set up the process.

MTN sued by 350 customers

This Day reports that a group of around 350 MTN Nigeria subscribers are taking the company to court. They are collectively seeking NGN3 billion (USD18.4 billion) as damages for inadequate service quality. They are also asking the court to issue an order preventing MTN Nigeria from registering or adding new subscribers to its network until there are improvements to its facilities, systems and infrastructure.

South Africa

ICASA extends broadband and call termination consultations

The Independent Communications Authority of South Africa (ICASA) has extended the consultations on Broadband Value Chain Study and Call Termination Market Review to 29 July and 2 August, respectively, and amended the questionnaire on the Call Termination Market Review. Separately, the ICASA also announced that publication of draft Local Loop Unbundling Regulations (originally due to be published on 16 July 2013) would now be published in August.

ICASA shuts down Easttel

The ICASA has, as part of its efforts to collect outstanding licence fees and enforce compliance by operators, closed down Amatole Telecommunications Services (trading as Easttel) in East London. The ICASA obtained a search and seizure warrant from the local Magistrates Court in East London against Amatole Telecommunications Services. Amatole has since failed to pay its annual licence fees in accordance with the terms and conditions of its licence from the 2009/2010 financial year.

ICASA publishes QoS reports

The ICASA has published its 2012/13 Quality Of Service (QoS) Monitoring Test Reports on Vodacom, MTN and Cell Cs networks and services provided in the Gauteng, Eastern Cape, Western Cape and KwaZulu-Natal Provinces.

The reports found that Vodacom did not meet the Call Setup Success Rate target in the Eastern Cape region, while Cell-C and MTN failed to meet the same targets in the Western Cape. Additionally, both Cell-C and Vodacom did not meet the Drop Call Rate targets in the KwaZulu-Natal region. It should be noted that Telkom Mobile was not included in this round of monitoring of QoS levels.

Tanzania

Government scraps SIM tax

The government of Tanzania has suspended a controversial new tax on SIM cards that came into effect in July. According to *cellular-news*, the tax, TZS1,000 (USD0.62) per month per SIM card, was designed to raise up to USD130 million per annum for rural infrastructure projects. The tax was heavily criticised by operators and phone owners.

Zambia

ZICTA sues mobile operators

The Zambia Information and Communications Technology Authority (ZICTA) has launched criminal proceedings against all three of the country's mobile network operators following allegations that they have failed to deliver adequate service levels to consumers. ZICTA has sued Airtel Zambia, MTN Zambia and Zamtel Mobile on two counts of failure to meet minimum standards of quality of service as specified and published by ZICTA contrary to Section 67 of the Information and Communication Technologies Act No. 15 of 2009, and one count of failure to comply with a provision of the Quality of Service Guidelines issued by ZICTA contrary to Section 79(1) of the Information and Communication Technologies Act No. 15 of 2009.

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