# 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 February-June period, which saw Morocco issue 4G licences; Telecel battle for its licence in Zimbabwe; the Rwandan government announce plans to sell its stake in MTN Rwandacell; the sale of Nitel/Mtel by the Nigerian government; and news that the Mali government could invite tenders for a fourth mobile licence by the end of 2015.

## Northern Africa

### Algeria

**Government announces plan for fibre link between Alegria and Spain**

On 18 June 2015, the news website *AfricaTelecom & IT* reported that Alcatel-Lucent, the French telecommunications equipment company, and the Algerian Ministry of Post, Information Technology and Communications are deploying a fibre-optic link between Algeria and Spain. The 100 gigabit-per-second system (which will eventually redeliver an ultimate design capacity of 20 terabit-per-seconds) will cover 560km and land in Valencia. The project is expected to be completed during 2016.

The cable system is part of the broader 'Orsec plan', implemented by the Algerian government to ensure Algeria's ability to deal with natural disasters, such as the earthquake which took place in 2003.

### Morocco

**ANRT grants 4G licences to all three operators**

On 19 March 2015, the Agence Nationale de Réglementation des Télécommunications (ANRT) announced that it had awarded three 20-year Long-Term Evolution (LTE) licences to the country's three mobile operators – Itissalat Al Maghrib (IAM, Maroc Telecom), Inwi (Wana) and Medi Telecom (Meditel). The companies paid MAD1 billion, MAD503,000 million, and MAD500,437 million, respectively. In addition, according to *Morocco World News*, the three operators will jointly have to pay an additional MAD860 million to contribute to the costs of redevelopment of the frequencies.

**ANRT sets out plan for developing communications industry**

On 17 April 2015, ANRT, published a general guidance document with the aim of establishing a framework for the development of the Moroccan telecoms industry until the year 2018. The guidance document notes that the continued development of the Moroccan telecoms industry depends on increased investment and consolidation in the telecoms sector, the development and implementation of successful models for the sharing of infrastructure and using regulatory powers in certain areas in order to increase competition. Targets which ANRT hope are met by 2018 include 50 million subscribers to mobile telephony and 22 million internet subscribers.

ANRT has stated that, in order to achieve these objectives, certain regulatory controls will have to be strengthened, and that there will also have to be a new approach to financing projects to increase the use of new technologies.

## Eastern Africa

### Ethiopia

**Ethio Mobile launches 4G services**

On 21 March 2015, the news agency *Reuters* reported that Ethiopia's state-run telecoms monopoly Ethio Telecom has launched a fourth generation (4G) mobile service in the capital Addis Ababa.

Ethiopia is one of the last African countries to have a state monopoly in telecoms and has lagged behind some of its neighbours in rolling out

4G mobile technology. The new 4G service has come about as part of a US$1.6 billion deal signed two years ago between state-run Ethio Telecom and the Chinese firms Huawei and ZTE.

The launch was complicated by a dispute over the cost of upgrading the existing network, which led Ethio Telecom to cancel part of ZTE's portion of the US$1.6 billion deal (ZTE was replaced by Ericsson in December 2014). Government officials have ruled out liberalising the telecoms sector, saying the revenue it generates is being spent on railway projects, with Ethiopia planning to build 5,000 km of railway lines by 2020.

## Tanzania

**Airtel pulls towers sale**

On 18 June 2015, the Time of India reported that Indian-headquartered mobile phone carrier, Bharti Airtel, had announced that its plan to sell telecoms towers in Tanzania and Chad to Helios Towers Africa will no longer proceed as previously announced. On 9 July 2014, Bharti Airtel had announced by way of press release that it had signed a deal to sell 3,100 telecoms towers in four African countries to Helios Towers. However, on 17 June 2015, by way of an announcement to the Bombay Stock Exchange, Bharti Airtel stated that the agreements for the sale of tower assets in Tanzania and Chad between the respective subsidiaries of Bharti Airtel Limited and Helios Towers Africa have lapsed, and therefore stand terminated.

## Uganda

**UCC imposes UGX 5 billion fine on Telecom Giant**

The Uganda Communications Commission has imposed a fine of approximately UGX 5 billion on MTN after establishing that MTN has repeatedly defied a Commission directive to desist from using the short codes 157,169, 178 and 183. Accordingly, the Commission invoked section 41(1)(a) and 41(2)(b) of the Uganda Communications Act and imposed a fine equivalent to the value of 0.5% of MTN Uganda's gross annual revenues.

# Western Africa

## Burkina Faso

**Telecel pledges investment to improve services**

On 11 March 2015, the website *Agence Ecofin* reported that, in order to improve its services, the mobile operator Telecel Faso will soon be making a significant investment in its network. This will result in the modernisation of equipment, the expansion of its network coverage and the launch of projects into new segments of the market such as third generation mobile technology.

In 2014, the Regulatory Authority for Electronic Communications and Post (ARCEP) fined all three telecoms licence-holders in Burkina Faso (Telecel Faso, Onatel and Airtel) a total of US$12.3 million for failing to meet service quality standards.

A representative from ARCEP was quoted as saying, when commenting on Telecel Faso, that the authority had exhausted its procedures for monetary penalties and, should standards fail to be met in the future, sanctions could range from licence suspension to licence withdrawal.

## Cameroon

**MTN signs syndicated loan to finance investment**

On 10 June 2015, the website *BiztechAfrica* reported that MTN Cameroon, the market leader in the Cameroonian telecoms market, had signed a syndicated term loan and revolving credit facility in the sum of $103 million. The facility was granted by a group of six banks. Citibank Cameroon acted as coordinator, bookrunner and mandated lead arranger, while Banque Internationale du Cameroun pour l'Epargne et le Crédit (BICEC) and Société Commerciale de Banque Cameroun (SCB) joined in the syndication as mandated lead arrangers. Standard Chartered Bank of Cameroon, Société Générale Cameroun and Ecobank Cameroon joined as arrangers.

The loan is repayable over a period of five years and was reportedly concluded on very competitive terms as a result of the banks appetite for both MTN Cameroon and its credit profile. The inclusion of a five-year committed revolving credit facility is the first loan in Cameroon to include such a facility. The loan and revolving credit facility are expected to allow MTN Cameroon to finance its investment programme following the award of its 3G/4G licence on 11 March 2015.

**Nexttel hits 2 million subscribers in 9 months**

On 29 May 2015, the website Business in Cameroon reported that Viettel Cameroon (Nexttel), has announced that it has acquired 2 million customers since its launch in September 2014. As yet, Nexttel is the only Cameroonian telecoms operator, so far, to receive a 3G licence. Following Nexttel's announcement, it is estimated that Cameroon now has approximately 18.3 million mobile subscribers out of a population of 20 million. Nexttel's 2 million subscribers is still some way behind both MTN Cameroon, the market leader, and Orange Cameroon which boast subscriber figures of to 10.1 million and 6.2 million, respectively.

## Equatorial Guinea

**Government enters JV to roll out broadband network**

On 4 May 2015, *PRNewswire* reported that the Equatorial Guinean government had entered into a joint venture agreement with GridlineXstreme ('GXI'), a wholly owned subsidiary of the US-based Gridline Communications, for the purpose of implementing a high-speed, broadband communications network in Equatorial Guinea. This agreement has come about following several years of work between both parties in order to identify various needs which such a network should satisfy.

The joint venture company, Gridline Africa, will be 50% equally owned by both the government of Equatorial Guinea and GXI. Gridline Africa, will be an Equatorial Guinea corporation and will own and operate the broadband communications network including data centres, network infrastructure, high speed broadband and other communications services.

## Ivory Coast

**Government urges Orange to merge with sister company**

On 25 May 2015, the news website *AgenceEcofin* reported that during a Council of Ministers' meeting on 20 May 2015, the Ivorian government urged Cote d'Ivoire Telecom and its sister company Orange Cote d'Ivoire to work towards a formal merger. It is reported that the Ministry for Post, Communication and Information Technology was asked to take the appropriate measures in order to ensure that a merger be realised as soon as possible. The Council of Ministers cited the industry trend for convergence as the reason why the merger should take place. It is reported that the major shareholders of both companies have in principle, agreed to the plan.

## Mali

**Mali looks to offer fourth licence**

On 4 April 2015, the website *Agence Ecofin* reported that, by the end of this year, Mali could launch a new tender for a fourth telecoms licence. As a result of an agreement entered into with Alpha Telecom on awarding it Mali's third telecoms licence in 2012, Alpha Telecom was awarded a three-year period within which it was guaranteed that a fourth telecoms licence would not be granted.

This agreement, however, comes to an end at the end of this year and, with Alpha Telecom still not providing a commercial service, the Malian government may wish to offer a fourth telecoms licence for the region (possibly seeking a more established telecoms operator).

## Nigeria

**Government finally sells Nitel/Mtel assets**

On 17 April 2015, the Nigerian Communications Commission reported that the federal government had finally approved the sale of the assets of Nigerian Telecommunications (Nitel) and its mobile arm, Mtel, to the NATCOM consortium, for US$252m. Nitel and Mtel assets acquired by NATCOM include licences and spectra, and, fixed wire networks as well as its international gateway, towers and transmission equipment.

**Cybercrime Act becomes law**

On 5th May 2015, the Nigeria National Assembly website, reported that the Senate, at a plenary session the harmonised Cybercrime (Prohibition, Prevention, etc.) Bill 2015 (S.B. 438) was passed into law.

The Act's list of offences and penalties includes: unlawful access to computers, unlawful operation of cybercafes, system interference, intercepting electronic messages, emails, e-money transfer, tampering with critical infrastructure and computer-related forgery. Also, crimes such as theft of electronic devices, electronic signatures, child pornography and related offences, racism and xenophobic offences are punishable under the Act.

## Senegal

**ARTP granted powers to monitor traffic volumes**

On 9 June 2015, the news website *AgenceEcofin* reported that l'Autorité de régulation des télécommunications et de la poste ('ARTP'), the country's telecoms regulator, had been provided with full powers to order domestic telecom operators to divulge accurate information on topics such as communication traffic volumes. ARTP had previously experienced problems getting the country's telecom operators, Sonatel, Tigo and Expresso to provide timely data on their operations.

Under the decree, which was signed by the President of Senegal, Macky Sall, ARTP will install and operate monitoring equipment to measure the volume and quality of telephone communications exchanged on the networks of domestic operators, whatever their origin (national or international). The equipment will also function as a system of supervision and control which will allow ARTP to obtain, on a daily basis, figures on the amount collected by operators for prepaid reloads and enable it to have an audit of the average monthly turnover by an operator.

**Payphones make a come-back**

On 28 April 2015, the news website *AgenceEcofin* reported that public payphones will return to Senegal, with the head of the Development Fund for Universal Telecommunications Services (FDSUT), announcing a three-year plan to see their reintroduction. Due to the widespread take-up of mobile phone services, even in remote parts of Senegal, it was thought that the installation of public payphones was unnecessary. However, with the ongoing issues of mobile service quality and coverage, having payphones in certain areas (such as hospitals, bus stations, shopping malls and petrol stations) is thought to be necessary in order to ensure that a proper a telephone phone service is available as and when needed.

## Togo

**Togo e-government project launches**

On 10 March 2015, the Togolese news organisation *Togo Diplomatie* reported that the Togolese Government has launched a project to connect 500 administrative buildings (including ministries, hospitals, universities and airports) to fibre-optic infrastructure by the end of this year. This project forms part of the broader Togolese e-government projects which is being funded by way of a US$21 million loan from Exim Bank of China. It is thought that the fibre-optic network will improve the quality of Internet speed and the speed of administrative procedures while allowing for a reduction in the costs related to state communications.

# Southern Africa

## Democratic Republic of Congo

**MTN and Airtel invest heavily to improve QoS**

On 20 February 2015, the website *Biztech Africa* reported that cellphone operators MTN and Airtel had invested around US$50 million and US$20 million, respectively, as part of an operation to improve the quality of coverage and services in Congo Brazzaville.

These investments come after MTN and Airtel were jointly fined US$4 million last year by Agence de Régulation des Postes et des Communication Electroniques Republique du Congo, the telecoms regulator, for failing to provide adequate services to consumers. The improvement operation is set to be completed in June 2015 after originally being scheduled for completion in December 2014. Reasons given for the delay include electricity shortages when attempting to carry out work and logistical challenges.

## The Democratic Republic of Congo, Uganda, Gambia and Sierra Leone

**IFC outlines plans for potential investment in Africell**

On 9 April 2015, the International Finance Corporation (IFC) disclosed a summary of the main elements of its potential investment in the Africa-based telecoms provider Africell. Such an investment would take the form of a senior loan of up to US$39 million.

Africell is planning to engage in a project to improve the availability of, and access to, reliable and affordable communication services for consumers and businesses in The Gambia, Sierra Leone, the Democratic Republic of Congo and Uganda. Through its proposed upgrade of its cellular network, Africell proposes to offer superior quality and innovative services, including voice and data. The total cost of the project will amount to US$165 million. The IFC expects this project to increase competition in the relevant regions and enhance economic growth, as well as provide employment opportunities.

## Namibia

**Namibia to introduce infrastructure sharing regulations**

On 28th May 2015, the Communications Regulatory Authority of Namibia (CRAN) hosted a stakeholder meeting to discuss its plans to introduce infrastructure sharing regulations.

In his opening presentation at the meeting, CRAN acting-Chief Executive Officer, Jochen Traut said that CRAN intends to implement infrastructure sharing regulations which will provide for passive and active infrastructure sharing in order to create a level playing field between existing licensees as well as lower barriers for new entrants, enabling the offering of a wider range of communications services without unnecessary duplication of infrastructure.

The Infrastructure Sharing Regulations, which will be applicable to all licensees, will be finalised following a rule-making process to allow for input from both the public and licensees.

## Rwanda

### Government sells stake in MTN Rwandacell

On 21 May 2015, news agency *Reuters* reported that Crystal Ventures, the investment arm of Rwanda's ruling party (Rwandan Patriotic Front) is selling its 20% stake in MTN Rwandacell, a unit of the South African telecoms group, via an initial public offering. MTN Rwandacell states that it has a subscriber base of over 3.5 million subscribers in Rwanda and that its network covers over 98% of the country's 11 million population. The IPO is aimed at raising to raise around 28 billion francs ($41 million). If successful, MTN Rwandacell will become the third Rwandan company to be listed on the local bourse, where trading began in 2011.

### Ericsson partners with government for SMART Rwanda scheme

On 4 March 2015, Ericsson announced that it had partnered with the Rwandan government to drive the 'SMART Rwanda' initiative. This will result in Rwanda's Ministry of Youth and Information and Communications Technology working with Ericsson to design a road map and deploy solutions and services required to create a fully functioning, knowledge-based society.

SMART Rwanda has the ultimate aim of positioning Rwanda as an information and communication technology hub for the region. In this partnership, Ericsson will be a trusted adviser, systems integrator and implementation partner for the solutions and services required in the development and launch of this initiative. The partnership will be a long-term collaboration between Ericsson and the respective government agencies involved, focus on building capacity, with a full operational responsibility will eventually be handed over to the government selected private sector players.

## South Africa

### ICASA publishes Frequency Plan 2015

On 31 March 2015, the Independent Communications Authority of South Africa (ICASA) published the final Radio Frequency Spectrum Assignment Plan for International Mobile Telephony. The plan outlines the regulatory and technical conditions which accompany the use of the frequency bands, and includes conditions relating to the technical characteristics of radio systems, frequency channelling, coordination and details on the required migration of space existing users of the band, and the expected method of assignment.

### Altron to sell Altech's GSM subscriber base

On 13th May 2015 Allied Electronics Corporation (Altron) announced that it is planning to sell off the mobile subscriber base of its wholly-owned subsidiary Altech Autopage (Altech). The move comes just a year after Altech was one of three companies which acquired the subscriber base of Nashua Mobile.

According to the press release the market has been tough, and ongoing mobile termination rate reductions compelled them to make the decision, in principle, to dispose of the GSM subscriber base. Altron Chief Executive, Robert Venter said discussions were at an advanced stage, and that the non-GSM part of the business would be retained and housed within other operations.

### Vodacom admits M-Pesa been a failure in SA

South African mobile operator Vodacom has revealed that its mobile payments platform m-Pesa has attracted just 72,000 active subscribers in South Africa since its relaunch in July 2014.

According to a report in *TechCentral* on 18th May 2015 Vodacom CEO Shameel Joosub in an interview after the group's 2015, financial results presentation, admitted that M-Pesa, which was first launched in Kenya in 2007 by Vodacom sister company Safaricom, and now used by tens of millions of people in markets across Africa, has failed to take off in South Africa "We had a couple of challenges on the platform, which we are busy fixing" he said.

## Tanzania

### Government still looking to see Telcos listed on local exchange by end of 2015

On 8 April 2015, the *Nasdaq* reported on its website that January Makamba, the deputy minister for communication, science and technology in Tanzania, stated that all telecom companies operating in Tanzania will be listed on the local stock exchange by the end of the year, despite the original deadline for such listings to occur having already passed. It is thought that the mandatory listing on the Dar es Salaam Stock Exchange would enable Tanzanians to take a stake in, and benefit from, the Tanzanian telecoms industry, which is the fastest-expanding sector in Tanzania.

Tanzania passed laws in 2010 requiring telecoms companies to list on the local stock exchange, and had hoped that talks last year with mobile operators would end in agreement allowing a deadline of March 2015 for the listings to be met. However, Mr. Makamba stated that mobile operators are questioning the efficacy of any such listing, and that they have been holding back listing plans.

## Zimbabwe

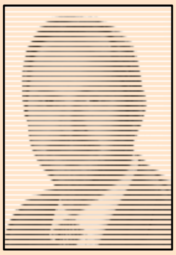
**Telecel pays licence fees in battle over licence**

On 1 July 2015, Telecel Zimbabwe announced that it has paid the outstanding licence fees it owed up to the end of June, and hopes it can reach an agreement with the government over the future of its operator licence. In April the government cancelled the licence, citing repeated failures to pay fees and non-compliance with empowerment requirements, which state that larger Zimbabwean firms must be at least 51% domestically owned. The company is currently by the Russian-backed Vimpelcom group, which has been looking to sell off its interest in the company. Telecel was given a reprieve in May when the High Court of Zimbabwe granted an injunction suspending the cancellation of the Company's licence.  Is pending Telecel Zimbabwe's appeals on the matter.

## Contacts

**Daniel Sandelson**
Partner
Head of Africa Telecoms Group

T: +44 20 7006 8237
E: daniel.sandelson
@cliffordchance.com



**Joachim Fleury**
Partner
Global Head of TMT

T: +44 20 7006 8050
E: joachim.fleury
@cliffordchance.com

**Edmund Boyo**
Partner
Africa Group Co-Head

T: +44 20 7006 1000
E: edmund.boyo
@cliffordchance.com

**Anthony Giustini**
Partner
Africa Group Co-Head

T: +33 14405 5926
E: anthony.giustini
@cliffordchance.com

**Jennifer Mbaluto**
Associate, Kenya

T: +44 20 7006 2932
E: jennifer.mbaluto
@cliffordchance.com

**Malik Idri**
Associate

T: +33 14405 5132
E: malik.idri
@cliffordchance.com

**Scott Vine**
TMT Senior Knowledge & Information Officer

T: +44 207006 8273
E: scott.vine
@cliffordchance.com

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