

The principles that guide Lesotho Telecommunications Authority in the promotion of low cost broadband and Internet connectivity

- a) Promotion of competition - both in local service provision (including infrastructure) and in international access (i.e. international gateway). This would have positive impact on prices that users have to pay for services. This would involve ensuring that regulatory fees do not form an entry barrier into the market.
- b) Promotion of applications such as e-education, e-government so that the Internet becomes relevant to people's everyday life. The more users, the better the economies of scale and ultimately the lower the prices. Promotion, from the regulatory perspective would involve ensuring that the legal framework supports these applications. Other countries now have instruments such as the electronic transactions bill (taking South Africa and Australia as an examples).
- c) The regulatory system needs also to address issues of interconnection between the traditional telephony world and Internet services. For instance, while it is possible to send e-mails to cell phones and vice versa, in Lesotho, this service is not available due to interconnection issues that are yet to be sorted out. Indeed, currently there is no regulatory framework for advanced services.
- d) Free use of ISM bands for commercial and non-commercial Internet. This has potential to keep costs low for service providers, and hence low for the customer. Cost of service is a serious impediment to widespread use of Internet services in Lesotho.
- e) Ensuring that spectrum licences are kept at the lowest possible price that covers spectrum management costs so that consumers of services are not burdened with high prices directly attributable to spectrum.

In line with the above principles Lesotho Telecommunications Authority has decided to develop the Regulatory Framework for the Provision of Internet Services that will directly reduce costs to the civil society. The new licensing regime would be conducted by the following:

- The existing licence conditions of service providers and the need to put into place a new licence regime in order to ensure fair competition in provision of such services;
- The incessant need for such services throughout the country together with the need to encourage investment and innovation in the information communications technology industry.

The framework is guided by three main reasons:

- i) The Authority recognises the importance of information and communications technology in the economic development of the country. In particular, the importance of access to the Internet.
- ii) The recognition that high-speed Internet access is very limited throughout the country.
- iii) The fact that new/advanced technology bearer services (e.g. Broadband) are virtually non-existent in the country.

Proposed framework for the provision of Internet in Lesotho that would result in the affordable service to the community is detailed below:

1.1 Provision of International Bandwidth

Internet service providers will have the right to set up infrastructure to access bandwidth from international sources. ISPs will be required to implement a mechanism for interconnection at their level, i.e. to set up and maintain a form of Internet Exchange Peering Point in order to facilitate local peering.

1.1.1 COMPETITION:

The Internet market will be open, though still subject to licensing in line with the LTA rules and regulations. That is, no restrictions will be placed in terms of numbers of participants in the market or range of services with the exception where such services will be in violation of the Laws of Lesotho, or the exclusive rights of existing licensees. In particular, Internet service providers are prohibited from trading in voice over Internet Telephony (VoIP) until 8 February 2006.

Currently, there are two licences for the provision of international Internet bandwidth. Existing ISPs have to acquire such bandwidth from the two service providers mentioned. They also face the prospect of competing with one of the Internet bandwidth service providers.

The Authority plans to put into place a new licensing regime, which does not preclude ISP's to acquire international Internet bandwidth. This would however mean putting into place new classification of ISP licences.

1.1.2 INFRASTRUCTURE:

Licensed ISPs will be allowed to provide direct connectivity with their clients (corporate or domestic, etc...) depending on the category of their licences. Such service providers would be highly encouraged to enter into agreements with owners of existing infrastructure instead of having to construct their own, both to avoid unnecessary duplication as well as to

minimize the adverse impact on the environment. Collocation and facilities sharing is highly encouraged.

1.1.3 PROSPECTIVE LICENSEES:

Any privately owned companies with sound business plans incorporating future expansion/roll-outs throughout the country would be favourably considered.

1.1.4 NUMBER OF ISPs

All ISPs are to be allowed to acquire international Internet bandwidth in line with the liberalisation of the market. This will however depend on the type of licence granted to the ISP. This should be sufficient to allow competition while enabling an investor to get reasonable returns on investment and ensuring the growth of business in the future.