Simulation Scenario

WATRA Guidelines on Access

to

Submarine Cables

Monrovia, Liberia

7 – 9 December 2010

WATRA International Guidelines Scenario

Purpose of the exercise: The simple scenario that follows is designed to allow participants to take the draft guidelines and apply them to a particular set of circumstances. In effect, participants are being asked to "road-test" the guidelines to see whether when they are applied, there are omissions or areas that are unclear.

The scenario has been used to allow participants to look at difficult issues that have already arisen in their own countries. It aims to enable them to see whether there are ways that the Guidelines can be used or rewritten to assist them in overcoming these "unspoken" problems.

The scenario

The Geographic Context: There are three West African coastal countries: Brava (Portuguese-speaking) sits to the west of Koto; Koto (English-speaking) has Praia to the west and Zongo (French-speaking) to the east. All three countries are long, narrow, North-South entities and therefore the distances between each country's capital is less than 200 kms. To the north of these three countries is the landlocked country of Nybanda (French-speaking).

The Telecoms Players in Koto:

- Kotel is the historic incumbent and has a monopoly over both the national backbone and the international gateway. It has microwave links to its neighbours Brava and Zongo and argues that any cross-border connections form part of its monopoly. However, on 1 December 2011, a new Telecommunications Act will be passed into law that will spell the end of its monopoly.

  It is already a cable landing station operator (of the SET5 shareholder consortium cable) and is proposing to become a consortium member of the

Cable of West Africa shareholder consortium (CWA). It is a major employer in the country and between 30-40% of its revenues come from international traffic. It is hard to be more specific as the company has not published its audited accounts for three years.

- Kika Mobile was set up by the Government independently of Kotel as the first mobile operator in the country and is under a legal obligation to route all of its traffic through Kotel. The end of the monopoly is under 12 months away and it is already exploring whether it can find a better deal on international bandwidth.

- PIP is multinational mobile operator with licences in 10 African countries that include Kota's coastal neighbours. It would like to either build its own fibre connections to these neighbouring operations in Brava and Zongo or be the landing party for the second cable connecting West Africa to Europe, the Shining Light 1 in Koto.

- Shining Light is a private company that has raised money both in America and Africa to build a new submarine cable system along the West African coast. It is looking at Koto as one potential landing point. But it is worried that the incumbent will become the only landing station operator and is looking at working with PIP in both of the neighbouring countries.

The Government and Regulator:

The Government of Koto's President His Excellency John Sapama was elected two years ago and one of his earliest moves was to appoint a political ally, Samuel Ama-Johnson as the CEO of Kotel. There has been some discussion about privatising both Kotel and Kika Mobile but CEO Ama-Johnson says that the joint impact of the loss of monopoly and privations will lead to huge job losses.

It is rumoured that Kotel is actually losing money and Kika Mobile has never achieved more than 25% market share: the private operator PIP dominates the mobile market. But international consultants have advised the Government to put the nationally owned companies (Kotel and Kika Mobile) together for privatisation in 2012.

The local ISP association KISPA has floated the idea of separating out the international landing station from Kotel and selling it separately. The World Bank has funded consultants who have suggested to the Government that the new CWA landing station becomes a joint venture between all the operators but Kotel says that from its negotiations to enter the CWA consortium this will not be allowed.

The draft of the new Telecommunications Act 2011 has been the subject of some controversy and an early draft that was circulated amongst all of the country's telecoms players has been withdrawn.

The regulator is called Koto Telecommunications Regulatory Authority (KTRA) and has recently had a new CEO Ajayi Sankofa who has returned from Europe to take his post. Whilst in Europe, he worked for a large pan-European data carrier. His staff are all relatively young and inexperienced and several have previously worked for Kotel. They have just returned from a WATRA conference and have brought with them the Regulatory Guidelines on Access to Submarine Cable in West Africa you have been discussing.

The issue:

Shining Light has been working with a local shareholder, Gerry Addio, who is the nephew of the Minister of Commerce. The latter has given informal assurances that Shining Light will get an international cable landing station licence and claims privately that KTRA has given him private assurances that he will get a licence. But discussions have been going on for two years without the promised licence materialising.

Completely separately, PIP has been lobbying both the Ministry of Communications and the Ministry of Commerce for a new licence once Kotel's monopoly has ended. It has promised to build a new fibre backbone and a third cable landing station. It says the investment will be worth US$350 million and will create 500 new jobs. However, although encouraging noises have been made by both Ministries, the deadline for making the investment is approaching and words have not turned into action.

As a result of their frustrations both of these players have gone to the press and to the powerful Koto Parliamentary Sub-Committee on international investment. The latter has said that it favours giving both PIP and Shining Light international gateway licences and landing station rights. Shining Light is threatening to take legal action through ECOWAS on competition grounds. In a quite unlikely turn of events, local journalists have been publicising sections of the WATRA Regulatory Guidelines on Access to Submarine Cable in West Africa and asking when they will come into force.

The loss of potential investment and jobs in economically hard-pressed Koto means that the story has run in the media for several weeks. Caught off guard while opening a new cattle market, His Excellency John Sapama promised a radio reporter that he would make a statement in the coming week.

Furious that he should have been put in such a position, the President has asked Ajayi Sankofa to: prepare a statement for him; describe both how the guidelines will be implemented and what will be done in terms of the key telecoms players on this issue.

In addition to the above, at the last meeting between the President of Nybanda (Koto's landlocked neighbour to the north) and the President of Koto, the former raised the issue of the cost of transiting his country's traffic to the existing landing station. The cost of sending the Nybanda's traffic across Koto to the coastal landing station is just slightly more per mbps per month than sending it from Koto to

London. The President of Nybanda has come to a private eeting to suggest in the strongest possible terms that the transit prices are lowered considerable. Koto's President is unclear what response he should make but would like to make a positive response of some kind.

The Task:

KTRA CEO Ajayi Sankofa has asked his staff to prepare a presentation for him to give the President. He is prepared to be forthright but needs clear options that will make sense post-monopoly.

You will be the team preparing the presentation and he has asked to see a 15-20 minute rehearsal of the presentation. It needs to cover:

1. The rationale for the approach taken;
2. A clear set of proposals;
3. Whether the WATRA Regulatory Guidelines on Access to Submarine Cable in West Africacan be used to set the framework for action.