BIZCOMMUNITY

Telecomms infrastructure sharing the in-thing

By Koliwe Nyoni- Majama and Christopher Musodza

20 May 2015

The current debate around the sharing of infrastructure by mobile phone and internet companies is one that calls for sincere dialogue among key stakeholders, who include policymakers.

In October 2014, the Postal and Telecommunications Regulatory Authority (POTRAZ), released its consultation paper on an infrastructure sharing framework for Zimbabwe. It recommended the sharing of infrastructure by service providers in the sector, a position that has been supported by ICT, Postal and Courier Services Minister, Supa Mandiwanzira.

He announced that government plans to adopt the recommendation as part of its plans to develop the sector and improve service delivery at a lower cost.

Available services

In developing countries like Zimbabwe, mobile telephony has been central in making services available to large sections of the population. These include mobile payment solutions (Ecocash, Telecash One Wallet) mobile banking in collaboration with banks, mobile news services with newspapers, among other services. However, a lot more needs to be done to increase the penetration of mobile services, particularly in rural areas.

Undoubtedly, what remains a major inhibiting factor in widening the reach is the high cost of network infrastructure which has resulted in high service prices as operators seek returns on their investment by pushing the cost to the end user. It is largely for this reason that proponents of infrastructure sharing find the approach key to ensuring accessibility and affordability of ICTs platforms on a wider scale.

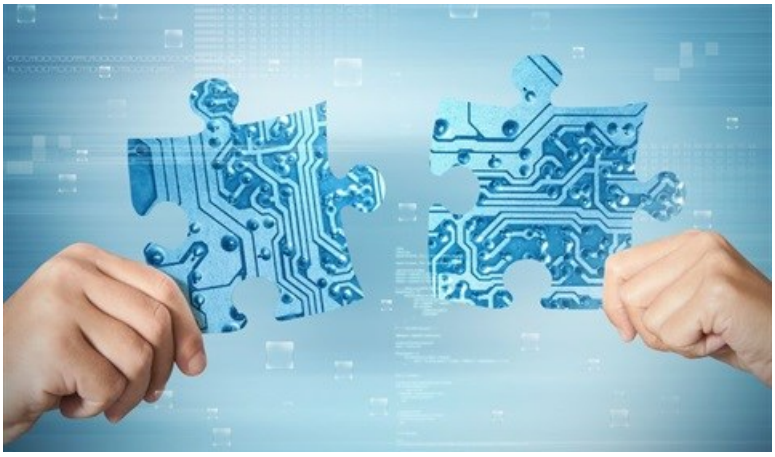

Image via 123RF

Infrastructure sharing is common globally and it has proven to be one of the most effective ways of promoting affordable prices and reducing the duplication of huge capital investments in infrastructure by service providers whose costs are recouped through exorbitant charges for users. The sharing of infrastructure varies, and depends on whether operators share network components that are either active or passive. The sharing of active infrastructure would involve the sharing of antennas, base stations, trans-receivers, switches and microwave radio systems. Passive sharing on the other hand would imply the sharing of towers, basements, electric supply, shelters and ducts.

Nigeria for instance has mandated passive sharing through a comprehensive policy that lists passive network components that can be shared. This move has resulted in the emergence of tower companies as specialist providers of site sharing such as Helios Towers Nintendo company of Nigeria.

Other African countries and companies already implementing the sharing mode include Zain & Essar in Kenya and Cell C, MTN, NeoTel and Vodacom in South Africa.

Unlike in other African countries', sharing of infrastructure is not mandatory by law or policy in Zimbabwe. However, Statutory Instrument 28 of 2001 empowers POTRAZ, to issue guidelines on sharing for licensees and service providers.

For this reason, infrastructure sharing is minimal in Zimbabwe, and according to POTRAZ, service providers have a preference for passive sharing which stood at only 13.4 percent of the existing infrastructure nationwide in 2014.

Clarity of infrastructure sharing

In a statement issued last month by the country's largest mobile service provider Econet, the company argues that their understanding of infrastructure sharing is the entering of arrangements by service providers that have invested in infrastructure in different geographic areas to share respective infrastructure on an equitable and reciprocal basis to avoid duplication.

This alone is evidence of the need for further dialogue and clarity on the nature and substance of infrastructure sharing options available. Another advantage of infrastructure sharing is, indeed, the breaking of barriers for new players to enter the industry.

This in essence means 'piggy backing' new players to engender healthier competition as service providers invest more in customer service, affordable and quality services.. In the long run, the investment on upgrades of infrastructure is shared evenly among those companies sharing the equipment, than being sustained by only one.

For instance Net-One is on a drive to raise $200m to upgrade its infrastructure for fourth generation technology (4G), a cost, which could be shared among other players in the industry.

Economic benefits

Clearly, for the success of the sharing of infrastructure there needs to be sincerity by operators and regulators. The former must realise and acknowledge the economic benefits of sharing while the regulators must put in place an incentive-based policy as a way of encouraging and growing the culture of sharing of infrastructure on a level playing field.

Another argument put across by Econet in its statement against infrastructure sharing is that the playing field in the telecoms sector needs to be leveled. They cited disparities in the contributions to the Universal Services Fund and the renewal of license fees, among other things. Service providers are expected to make a 0.5 percent contribution of their annual gross turnover to the fund. Econet has been cited as the largest contributor to the fund while in the past year Telecel reportedly faced challenges in complying with the agreement on the payment of its licence fees.

It is important that at this point there must be no sense that the playing field is uneven. There is need for POTRAZ to publish all information that is relevant for stakeholders to foster openness and impartiality in the regulation of the sector. It should also be a two-way process in that the interested parties are able to interact with the authorities and play a role in 'shaping' a vibrant telecoms industry.

In drawing up a regulatory framework on infrastructure sharing, the following should be viewed critically; fairness, pricing, safeguards and enforcement of the policy.

Regulators should actually dialogue with operators to determine cost based pricing. This will ensure less disgruntlement as operators would still have control of their investments and maintain their growth strategies.

The regulation should also ensure that there is clear dispute resolution mechanisms put in place, as there will undoubtedly be conflict at any given time.

There should also be plans for a third- party infrastructure company that would ideally build its own infrastructure as well as buy existing infrastructure from current providers. There are two options available for such an establishment.

The first being a government-owned company funded through a government fund such as the universal fund. This is the current position in Zambia and Rwanda where mobile operator, Airtel, has just concluded the sale of its tower assets to a government-owned infrastructure company, IHS Holdings.

Alternatively, since all the mobile networks in Zimbabwe own their own infrastructure, they could be **merged into one company** in which they all have shares. The shareholding will be proportional to the size of infrastructure that each operator is bringing to the new company.

This model is working in China where the country's three mobile carriers created a new company, China Tower, which took over ownership of the three firms' telecom infrastructure while ambitiously planning to build one million new towers in the next two years. The asset value conferred to China Tower is more than $16bn.

However, what remains apparent is the need for the overall convergence of the telecommunications and broadcasting sectors to address the shared infrastructure debate.

MISA-Zimbabwe's Model ICT Policy Framework 2013, stresses the need for shared infrastructure through which multiple services are offered over the same infrastructure, translating to network efficiencies.

Converged networks allow operators to offer 'triple play' services, where subscribers can access telephony, the internet and television over a single broadband connection.

The current situation in Zimbabwe where several services are offered over wireless networks has resulted in spectrum congestion, hence the need for a single ICT policy and regulatory framework.

ABOUT THE AUTHOR

Koliwe ([[@koliwenyoni]]) is a media rights activist who works as a Programme Officer for Broadcasting and ICT at the Media Institute of Southern Africa in Zimbabwe. You can reach her on [[khoenyoni@gmail.com]] Christopher is a certified ICT professional, ethical hacker and trainer whose experience spans over 8 years. He works with civil society organisations in enhancing online security. He is a digital security blogger with secureitzim.com and you can contact him on [[cmusodza@gmail.com]]