

Opening Remarks  
SAT3 Regulators/Advisers Policy Meeting  
Indaba Hotel  
Johannesburg,  
South Africa.  
July 24, 2005

Colleagues, ladies and gentlemen

On behalf of the Director of the Open Society Initiative for West Africa (OSIWA), Dr. Nana Tanko; OSISA, Tawanda Mutasasa, the Open Society Institute (OSI), Darius Cuplinscas, our partners, here represented, It is with great pleasure that I welcome you to this discussion, planning and working forum.

These foundations founded by Mr. George Soros work together to promote the values of good governance, uphold human rights, and facilitate the creation of open societies in the areas of ICTs, and media. The challenges of infrastructure and access are important in the promotion and creation of open societies hence the importance of our discussion today.

### **Background**

At present, Africa has only one major fibre highway: the SAT3/SAFE cable.

The SAT3 fibre cable was built by a club consortium, whose members are the telco incumbents in their respective countries. There are 10 members on the African continent, one of whom (Namibia) does not possess a landing station. The members of the consortium on the Africa continent are as follows: Senegal, Côte d'Ivoire, Ghana, Benin, Nigeria, Cameroon, Gabon, Angola, Namibia and South Africa. The following countries currently have a direct fibre link to a SAT3 landing station: Mauritania and Mali.

ICTs and its development, amongst other factors make up some of the indicators for development. Investment in the telecoms sector have often fed into the economic growth of countries especially countries in development. However most of these infrastructural development have been inadequate and hence have not completely met the benchmark for development.

There has been several reasons for this. In some cases, access to existing infrastructure has been restricted and in most other cases, the presence of policy, legal, and regulatory barriers have limited the utilization of these expensive and critical resources.

Thus the availability of certain infrastructure which should seek to debase if not completely cancel out the issues facing development in the continent have unfortunately, had retrogressive impacted on development objectives. Recently, there was the debate about how the proposed EASSy cable will be built, giving South Africa and other countries on the east of the continent a fibre connection. It was clear from the discussions held in Mombasa, and also those following the recent deliberations of EASSy officials in Johannesburg, South Africa that there is a widely held consensus that the structure of SAT3 – in terms of pricing, access and governance – may not be as open, and thus does not represent the ideal model for infrastructural development. But although all parties are talking about “open access”, there is no common understanding of what this approach might produce and how that Sat-3 does not represent a replicable model.

December 2005, in Saly, Senegal, over seventy participants from civil society, government including telcos, regulators and the press gathered to initially understand the fundamentals of the infrastructure, its purpose and how it is suppose to promote regional integration especially in the area of telecommunications – of course with a focus for future development. One of the recommendations from that meeting gave birth to the idea of empowering regulators to:

- more closely understand the issues of SAT3 as they relate to regulation
- identify their role in regulating (if possible) the infrastructure
- become more involved in regulating regional infrastructure.

The monopoly given to the national telcos who are members of the consortium expires in April 2007 hence the opening of an important opportunity for regulation of the infrastructure.

During this time and towards the end of the monopoly period, SAT3, being a fundamentally closed system may begin to pave the way for an 'open' model. This may not be alluding that it complies directly with the open access methodology by rather the assumption that it may be opening up for more access as 'public good.' We may also currently be in what we call a 'transitional phase' or a window of opportunity where certain influential changes can be made. What this means is that:

- The five year exclusivity which began when the Sat-3/WASC/SAFE cable was declared ready for commercial service (RFCS), on 18 April 2002, and will therefore expire on 18 April 2007.
- At this point, eligible operators would be able to utilise their own capacity or could buy direct from pool capacity, subject to a number of prerequisites including that they are licensed to carry international traffic.
- What actually happens at the end of this exclusivity period may in some respects be similar to what happened with Intelsat.

The intelsat experience (remember...Intelsat: transition from a closed to an open system).

- Originally founded in 1964, Intelsat was a non-profit co-operative organisation in which the incumbent operators of 143 member states held shares and Intelsat only sold capacity to these operators.
- Even in markets which subsequently liberalised, Intelsat would only lease capacity to new operators through the incumbent which was able to apply a margin. It was a closed system.
- However, in a more competitive marketplace with numerous other satellite providers, and after Intelsat's transition to a private company in 2001, it has since changed its business model.
- The company began selling capacity directly to alternative licensed providers, offering a wider more competitive portfolio of services than before.
- Intelsat has by far the most extensive satellite fleet over Africa, and its revenues derived from sub-Saharan Africa grew from US\$78m in 1999 to US\$98m in 2001 to account for 11% of its total worldwide revenue. Africa was the fastest growing regional market for Intelsat.

### **What role can regulators play?**

Individually, different national regulators (and other bodies) are beginning to find ways to tackle the issues raised by the SAT3 club consortium structure. The approaches are diverse and reflect national realities in individual countries. Ghana and Nigeria have adopted approaches that ensure public interests. The regulator participants of the Saly conference in December agreed to initiate the process. If they can have any influence over what happens after the end of the monopoly in April 2007, they

would need to:

1. Discuss how more open forms of access to international fibre or infrastructure might bring about more competitive prices.
2. Define what the best approaches models of ownership might be to achieve a more open and competitive market.
3. Define ways of bridging the gap between the regulator and the government ( a very noticeable gap in which the government – implementors of policy are really not in tune with the happenings on the ground - the incumbent usually acting as a sieve between the people and political structures that may implement change. By so doing they protect their interests to the detriment of the public. The regulators on the other hand lack the means of relaying the realities on the ground to the powers; thus the ensuing fledging gap in infrastructure management and regulation.

I call on participants to positively look at these issues and together work to see how we can find solutions, if any to making better access available at affordable prices to the common man.