



IIC Webinar 11th November 2020

Regulation in times of pandemic and lessons for the future: African responses – West Africa

Panel:

Russell Southwood *CEO, Balancing Act (Moderator)*

Umar Garba Danbatta (Professor) *Executive Vice President and Chief Executive Officer, Nigerian Communications Commission*

Abayomi Adebajo *General Counsel, MainOne*

George Sarpong *Executive Secretary, National Media Commission, Ghana*

Olusola Teniola *National Coordinator for Nigeria, Alliance for Affordable Internet (A4AI)*

Patricia Obo-Nai *CEO, Vodafone Ghana*

The IIC has created a series of events on the theme of ‘regulation in times of pandemic’, looking at issues such as privacy and data, as well as broader experiences in different regions.

This webinar was the second in a set of three of events on the subject and discussed the learnings from West Africa with a panel drawn from operators, regulators and policymakers. It was introduced and moderated by Russell Southwood from Balancing Act. The final event, discussing the pandemic responses in East Africa, will take place early in 2021.

Experience of the pandemic

While network traffic has been increasing for some time, working from home in Ghana was uncommon prior to the coronavirus pandemic. Many companies operated flexible working principles, but most people depended on their office connectivity. In Nigeria, operators had made preparations to build network resilience in anticipation of the pandemic. Interconnect

debt¹ remains an issue, but operators are moving towards agreement on a solution. More broadly, the move to cloud services picked up in anticipation of the pandemic. Many corporates had already begun to move to the cloud; initiatives such as co-locating equipment and establishing local datacentres enabled them to respond with greater flexibility. The last quarter of 2019 had seen a surge in deployment of 4G infrastructure in order to meet demand. This was in place as the pandemic came to its peak in June, and the use of online services, especially content, increased dramatically. In spite of additional capacity, there was considerable data congestion.

Responses to the pandemic

A positive consistently reported was the effective collaboration between industry and government. 'Rights of way' had caused infrastructure problems in Nigeria before, but

Nigeria Data Protection Regulation

The NDPR was introduced during 2019. Similar to GDPR, it provides a framework for the appropriate collection, use, storage and protection of data. It establishes the principle that data obtained within a geographical area should be retained in that area, and incentivises the warehousing of data 'onshore'. Many companies had already moved towards 'data localisation' before the pandemic hit. Currently up to 80 per cent of data used in Nigeria is held offshore, which is expected to be reduced under NDPR as more secure local datacentres emerge.

government intervention to declare telecoms infrastructure as 'critical' meant that operators were able to access sites and, for example, maintain fuel supplies to on-site diesel generators. This access avoided network outages.

Spectrum release

Acting to ensure spectrum availability was one of the most important steps taken in response to Covid-19. 2G spectrum was made available for use in the 4G / LTE segment. In many cases this took the form of provisional approvals, to ensure that it was made available quickly. A combination of high demand and factory shutdowns meant that telecoms equipment from China ceased to be available even where it had been pre-ordered, so the lifting of spectrum limitations was critical to expanding capacity. 900MHz (2G) spectrum previously designated for rural areas was made available for use in cities, which enabled additional capacity without the need for new hardware. 4G spectrum was made available, initially from March to August, then extended to February 2021, at no cost.

Money transfers

In Ghana interoperability enables the transfer of money between networks, but in normal times a charge is incurred. The government decided to absorb the cost of these charges, on

¹ Debts owed for terminating calls on another network

top of provisions for free water and electricity, to provide every possible support to consumers and businesses.

Regulatory responses

Many contributors agreed that the relationship between regulators and operators had benefitted from being based on partnership and collaboration rather than policing. In Ghana, there was no relaxation in service standards – in fact meetings with the regulator increased from once per quarter to weekly. In recognition of the challenge the industry was facing, the regulators chose not to apply fines where performance gaps were identified. Data and research were shared and discussed.

Covid-19 showed that the migration to a digital economy, and the ways in which citizens in the future would communicate, consume entertainment, shop and do business, is beyond doubt. It points towards a new future for an economy like Nigeria's, still largely dependent on oil. This has focused the minds of regulators, who now have to think much more in terms of enablement. There needs to be a balance between the service quality that consumers demand and the prices that consumers are prepared to pay. The price of data remains a major barrier, and needs to be reduced. There remains a huge infrastructure gap

It was pointed out that operating sites in Africa is expensive. Import duties of up to 30 per cent, taxes of 22-25 per cent and spectrum costs all feed in to the cost of data. In addition, operators in Europe, for example, do not have to worry about having two or three generators on each site. In Ghana, sites are mostly on-grid, but stability is an issue. In Nigeria most sites are off-grid and dependent on diesel generators. Connecting to the consumer is also a cost. In Ghana there is no financial support for deployment in rural areas. The government takes one per cent of net revenue for its infrastructure fund; the fund needs to be used to develop more sites.

Spectrum can no longer be treated as a government cash cow, and must be seen as an investment in enabling the economy. There are a multitude of taxes that need to be harmonised as the digital economy evolves, especially the taxation of platforms. Taxes must be applied to outcomes, rather than investments.

Closing the digital gap

Currently demand is greater than the data available in Nigeria, and there are daily consumer complaints about data depletion. It was pointed out that data capacity is plentiful at the landing points – four data providers together have 40-50 terabytes of capacity available. Moving this data into the wider country requires broad-scale fibre-optic infrastructure. Currently infrastructure licences are being reviewed to try to accelerate the build-out. The Nigerian government has paid nearly \$3 billion to broadcast operators to vacate spectrum in the 2.6 GHz band and this has led to significant service improvements. In addition, flexibility is applied to spectrum management, such as staged payments. Spectrum costs have not risen in recent years and the government recognises the need for affordability. An operator pointed out that here is also a mechanism for spectrum trading that has been shown to work in reducing costs.

The aim in Nigeria is that, by 2023, data will cost one third of the 2020 price. However, it was argued that the digital sector is the only part of the economy that has grown during the pandemic, and many operators have benefitted financially. Another contributor pointed out that, while spectrum costs are significant, a major expense is supplying and maintaining electricity supplies to base stations. The focus on rights of way is welcomed. Currently some states in Nigeria charge up to 10,000 Naira (\$26) per linear metre for access and these costs need to be addressed.

Broadcast transition

In Ghana, the release of spectrum to mobile operators means that broadcasters have ended up operating on a single multiplex, owned and controlled by government. This control raises governance issues, such as freedom of expression. The transition of broadcasting to digital remains 'chequered, disorganised, and a process of learning'. The regulatory culture is not as quick and agile as the companies themselves, and it needs to move away from control and towards industry facilitation, with regulators 'softening the rough edges'.

Digital television transition in Nigeria is progressing slowly, especially with the post-covid economic challenges. But convergence has now happened, and there needs to be greater collaboration between broadcast and telecoms regulators in areas like spectrum and, for example, use of white space to provide affordable coverage to underserved communities. There is a need for greater bandwidth for broadband operators – 5G benefits can't be realised in the bandwidths available from 2G and 3G spectrum.

Digital economy

In Ghana, and in many African countries, mobile penetration is very high, but in many cases one person has more than one SIM, so the penetration is concentrated. There needs to be more effort made to move into remoter areas in the regions. Currently, 2G coverage is at 95 per cent, with 3G at c.60 per cent and 4G below 50 per cent. It's estimated that closing the broadband accessibility gap would cost up to \$100 billion across Africa. A second critical element is the accessibility of devices, currently subject to taxes that make them expensive for many consumers, and requiring payment plans.

Four steps to digital democracy

- *Invest in the infrastructure*
- *Digitise content*
- *Enable population-wide access*
- *Campaign to encourage uptake*

However, digitisation needs to be driven right through civic society, including businesses, schools and government services and, it was argued, this needs a coherent plan. This access needs to be in place for education and health before the next pandemic strikes. Even where educational content was freely available online, many schoolchildren were unable to access it, and missed out on months of schooling. In Nigeria, there is a national broadband plan which includes reductions in taxes

on digital investments, skills training and incentives for digital adoption. There needs to be more rapid implementation of this plan.

Learnings for the future

Opportunities in the future lie in areas such as agriculture and digital payments, but innovation won't take place without the infrastructure. One estimate is that every 10 per cent increase in broadband penetration could convert to a 1.5 per cent increase in GDP. This makes a clear case for 'digital democratisation' benefitting the wider economy. In Nigeria, many states and municipalities are setting up innovations hubs, and these are often established in partnership with operators.

There is a huge but largely untapped pool of talent in Nigeria, obvious in the entertainment industries, such as Nollywood and music. However, much content is offshore, and investment is going into undersea cables to bring it onshore. That talent needs to be hosted domestically, with local datacentres able to drive a self-sustaining system. A focus on 'STEM' subjects in education is required if African countries in the end are to add value with technologies such as 'Africanised' AI and machine learning and not just import from developed economies. An e-government platform must be an essential component of increased productivity and efficiency. Another market issue remains that of offshore content providers operating with no local presence, extracting capital with no commensurate investment.

The long view

The panellists were agreed that there is no alternative to maintaining the momentum in digitising economies. Africa's young population demand it, and it will be a large source of employment as economies diversify away from extractive industries. As one panellist put it, African unicorns will, ultimately, come from the IT sector. Recruitment will need to be based on skill-sets rather than jobs, and with growing digital economies it will become easier to attract talent from overseas. In the future, there needs to be more economic integration across Africa, possibly with wider trade agreements and transfer of services. Many more women will also join the workforce, especially in industries like ICT. It's incumbent on the present generation to rise to the challenge of investment and adaptation needed for the future.