Session on economic issues in modern telecommunication/ICT markets Q4/1

Regulation of competition in the telecommunications / ICT sectors in Côte d'Ivoire

September 25, 2018

PLAN

- Before 2012
- Observations
- Reform of the regulatory framework from 2012
- Socio-economic studies and analysis conducted
- Resulting structuring policies
- Impact

Before 2012

- A regulatory framework that has existed since 1995....
  - ... exclusively ex-ante
  - Issuance of authorizations to operators
  - Monitoring of the obligations of the specifications
- Competitive regulation limited to the setting of interconnection tariffs

Observations

- Highly competitive telecommunications / ICT sector 20 years later
- Information asymmetry with operators in regulated sectors
- High telecommunication service rates compared to average per capita income and low bargaining power of customers
- Multiplicity of anti-competitive practices (presence of restricted club effects, sale at a loss, cross-subsidies, Duopole, etc.)
- Competition authority not equipped to deal with the competitive aspects of the telecommunications sector
- Absence of the notion of markets and power ⇔ absence of obligations

Reform of the regulatory framework from 2012

- New Telecommunications Code in 2012: Ordinance 2012-293 of March 21, 2012 on telecommunications/ICT

- Which provides competitive management prerogatives:
  - Definition of relevant markets
  - Introduction of market power Market
  - Monitoring and investment incentives (to competition)
  - Tariff framework (wholesale & retail rates)
  - Cost accounting requirements

- Regularly updated by decrees
  - Ex: Decree 2015 -80 fixing the categories of telecom activities, Decree on interconnection and unbundling

→ **Tools to assess competition regulation more reliably**

Socio-economic studies and analysis conducted

- Regulation of national and international capacity offers, necessary for the provision of the Internet for all by 2016
- Implementation of cost accounting by telecommunication/ICT operators
- Construction of a cost model for all telecommunication / ICT services taking into account network developments
- Calculation models for the evaluation of financial compensation for obtaining mobile operator and infrastructure licences
- Updating of specifications

Socio-economic studies and analysis conducted

- Sectoral regulation through the determination of relevant markets and identification of dominant operators in the telecommunications/tic sector in Côte d'Ivoire
- Addressing competitive issues:
  - Analysis of anti-competitive issues in the mobile services market
- Call for applications for the arrival of submarine cables and new ISPs

➔ **Consolidated opinion of the Regulator and expert opinions independent, reassuring all stakeholders**

Resulting structuring policies

- **Tariff framework:**
  - Decision to cap national and international capacity tariffs: 50% reduction in catalogue tariffs
  - Decisions on tariff ceilings for call termination rates (LRIC model)

- **Management of competitive issues:**
  - Decision prohibiting tariff differentiation between on-net / Off-net tariffs
  - Decision to implement national roaming
  - Effectiveness of mobile number portability
  - Introduction of a fourth submarine cable and new ISPs

Resulting structuring policies

- **Reduction of information asymmetry**
  - Annual audit of operators' regulatory cost accountings
  - ➔ clear identification of all costs of telecommunication services
  - Implementation of a new cost model adapted to NGN networks

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Impact

- Mobile phone penetration rate: from **78%** to **135%** between 2012 and 2018
- Mobile Internet penetration rate: from **1% to 68%** between 2012 and 2018
- Reduction in wholesale Internet rates by **at least 50%.**
- Increase in the maximum offer of domestic fixed Internet offers from **8 Mbps to 150 Mbps**
- Increasing of in International bandwidth **from 20 Gbps in 2014 to 89 Gbps in 2017**
- **60% decrease** in termination rates from 2012 to 2017
- Net Off price only **2 times higher** than On-net (**10 times higher in 2014**)
- Granting of the 3G License in 2012 and unified global license in 2016 .
  ➔Population coverage rate: **60% in 3G, 38% in 4G and 97% in 2G**
- **More than 10,000 km** of optical fiber built in 2012 and 2018

Thank You for your kind attention!

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