MTN Group contribution to ITU-D Best Practice Guidelines

1. **What are the challenges and opportunities faced by policy makers and regulators in embracing transformative technologies for greater impact?**

The markets we operate in are characterized by intricate political and economic challenges that often result in unintended consequences for the operating environment. Some of the challenges faced by regulatory authorities include:

- **Prohibitive cost of new technologies** – policy makers and regulators are faced with several priorities including improving coverage, reliability speeds and embracing new technologies and innovations (which are not always aligned). Meanwhile operators have several constraints including reducing margins, conflicting priorities based on regulatory requirements, price pressure due to consumer financial strain and macro-economic factors and specifically currency exchange constraints. Consumers desire lower prices, greater reliability, and incremental technical improvements to improve their experience of existing and new technologies – while a small number of consumers (usually wealthier consumers) seek large scale changes in speed or technical capability.
- **Technology neutrality and standardization** - lack of policies/regulations which encourage technology neutrality increases the cost of infrastructure provisioning and the lack of adoption of widely acceptable industry standards hampers operational consistency, interoperability, and economies of scale in procurement.
- **2G/ 3G network sunsetting** – As regulatory authorities explore the sunsetting of legacy technologies, they must also consider both national coverage and broadband connectivity goals. Significant progress has been made to close the coverage gap. The sunsetting of legacy networks, without consideration for the cost of devices for consumers and radio equipment for operators, may potentially adversely affect the progress made by mobile operators. We have seen regulators set unrealistic timelines for the sunsetting of these legacy technologies in several market with deleterious consequences, and consequently, we believe 2G/3G sunsetting should be industry led rather than regulator led to allow for a smooth transition of subscribers. Regulatory incentives could be a more effective way to encourage operators to transition to newer technologies, notwithstanding the increased costs and potential coverage constraints. Some items for consideration include, removing or reducing import tariffs on radio equipment as well as end user devices (possibly tied to 2G/3G device "buy back" projects to ensure that the poorest end users benefit), a reduction in spectrum usage fees for spectrum supporting newer technologies, and the use of universal service fund contributions to support both network and end-user device upgrades.

There is an opportunity for policymakers and regulatory authorities to do the following:

- To continue to develop regulatory sandboxes that create a conducive environment for adoption of transformative technologies. We recognize that innovation precedes regulation, while policymakers and regulatory authorities do still have a responsibility to ensure that consumers are protected and provide the necessary oversight. However, in

such a "sandbox" environment for operators, equipment providers and users can test technologies with reduced regulatory and commercial risk before bringing successful projects into more widespread or commercial operation.

- Explore funding opportunities for the acquisition and adoption of transformative technologies, one of which could be through USFs.

2. **What are the key regulatory measures and guiding principles to follow to foster positive and inclusive impact of transformative technologies?**

The key principle is to create an enabling environment to foster a positive and inclusive adoption of transformative technologies. Regulatory measures must be equitable, ensuring that the investment case remains attractive for existing and potential investors

As new technologies emerge policymakers and regulatory authorities need to make a concerted effort to ensure that they harmonize regulations and introduce any necessary regulatory reforms to enable those emerging technologies in a responsible and considered manner. Regulatory Authorities should be agile and adopt light touch regulatory methods to enable innovation for the industry to thrive. Failure to do so may result in persistent regulatory uncertainty, which affects the investment environment.

At the same time regulatory parity between legacy services and emerging technologies and policymakers and regulatory authorities must ensure that everyone competes on an equal playing field. In the same way as incumbent operators are expected to provide voice and data interconnection and facilities sharing to new entrants, new entrants (including merging technologies) should be subject to appropriate licence regimes, including: the obligation to pay suitable licence fees), quality of service and consumer protection regulations, and the obligation to pay relevant local taxes for services provided in a country. For example: satellite operators and digital services providers should be subject to service obligations as failure to do so affects overall consumer welfare and creates an uneven playing field for other operators who are subject to licence and other regulatory requirements.

3. **How to drive positive behaviours of market players? How to minimize risks while maximizing benefits?**

There is an opportunity for policymakers and regulatory authorities to ensure that everyone who benefits from the digital economy contributes to its transformation. Mobile operators have made considerable progress to close the coverage and usage gaps. However, the operating environment is not equal, and this necessitates direct intervention from policymakers and regulatory authorities. MTN commends governments who enforce localization obligations. For example, mobile operators make annual contributions to a Universal Services Fund (USF). The USF enables governments to finance infrastructure development and other ICT initiatives, such as digital skills. We propose that emerging technology providers (such as platform and satellite operators) should also be making contributions to USFs as this will assist in addressing the financing gap for technology evolution.