Istanbul conference on Somalia

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Draft discussion paper for Round Table "Telecommunications"

The Telecommunications Sector is a prime example of Somali success, but also an example where minimum regulatory framework would be needed to expand business opportunities and lower transaction costs for companies operating in this field. The collapse of the Siad Barre regime resulted in complete destruction of the government controlled telecommunications infrastructure. Yet the private sector took the risk and began a nascent telecoms sector to respond to the needs of the Somali people.

The result is that today Somali companies have invested in GSM cellular telephony and satellite networks, and provide the lowest international calling rates in the African continent. It is estimated that within Somalia, the private sector have invested more than US$ 390 million in the Somali telecommunication sector over the last ten years. Figures obtained through ICT Labs International, in 2010 are impactful: there are over 1.5 million mobile phone lines; 14 telecommunication companies over 2 million internet users within Somalia.

In 1999, the Somali Telecommunications Association (STA) was formed as a means for self-regulation, collaboration, in-house training and technical assistance in the absence of a government. The STA, comprised of concerned telecommunication companies, has been largely responsible for improving key issues such as standards, interconnection and coordination.

Somalia has the opportunity to 'leap-frog' over several generations of intermediate technologies. Recent market entrants to Somalia in fibre-optic cables and the positioning of underwater fibre-optic cables along the coast of Somalia reflect this potential.

In order to reach its full and profitable potential, the sector needs are as below:-

a) Consensually develop the legislation for a Telecommunications Act which should provision for an independent Telecommunications and Regulatory Authority (TRA)
b) Enact the Telecommunications and Regulatory Authority to draft and implement regulatory procedures ensuring a 'do no harm' approach to the already existing and dynamic telecommunications private sector.
c) Facilitate investment influx to build the backbone of Somalia's telecommunications infrastructure to enable enhanced access and interconnectivity between networks
d) Implement guidelines for bandwidth/frequency allocation to accommodate new generations of telecommunication networks while taking into consideration existing self-regulatory bodies.

To be responsive to the existing realities and support and build on the success of the vibrant telecommunications private sector, the government (through the Ministry of Posts and

Telecommunications) could meaningfully focus their efforts on the finalization of the draft sector policy and law and as well as setting universal access targets and creating a mechanism for meeting such targets.

The TRA (that should be independent of both the government and the private telecommunications sector), could among other things ensure more efficient frequency allocation, promotion of technology convergence, effective interconnection between networks, licensing of operators where necessary, compliance with equitable business practices, human capacity building in the telecommunications sector, innovation of telecommunication technologies, and advocacy on behalf of the industry in international forums. Such actions would encourage market competition and meet telecommunication access goals, creating the first steps towards entering the global telecommunication markets on an equal footing.

The suggested establishment of the TRA should in no way undermine freedom of telecommunications, broadcasting, access to Internet services, and large-scale involvement of the private sector. Indeed such an authority should be designed to support the private sector, to ensure universal access, to monitor the ICT sector's activities, and to ensure a "level playing field" for further private sector investments and competition. Until such time that the TRA is established, support should continue to the Somali Telecommunications Association who have established practical self-regulation agreements in the absence of state regulation based on consensus. Twinning arrangements with some established regulators in the region like CCK can be explored as a first stage of assistance.

Given Somalia's phenomenal success in both the telecommunications sector and the remittance sector, the growing global field of formal mobile cellular remittance (enabling a transfer of funds through mobile phone technology) could be rapidly looked into, and further extend its implementation in Somalia, Any form of mobile financial services to be implemented would contribute to the current trend of ICT applications being a substantial economic driver for the people of Somalia. Further deployment of wireless solutions and 3G data transmission would also provide potential for revenue growth. Finally, Somalia could take advantage of its long coast line for expanding underwater fibre-optic connectivity for East Africa.

In view of the initial success of financial services provided on mobile operators' delivery platform, different alternatives of access to financing for larger layers of the population can be explored. One possible approach would be to take advantage of best practices in the region, like examples of growing microfinancing networks in Kenya, Rwanda, Malawi etc.

Telecommunications sector in the context of peace, security and stability for Somalia

The private sector, after the collapse of the Siad Barre regime, by default **took over a crucial role** in Somalia's economy and service delivery, to deliver telecommunication services – a sector previously held within the domain of the centralized government. By doing so, the telecommunications sector went from being a **state-run monopoly** with limited fixed wire connectivity to a wireless decentralized and competitive private sector initiative. Initially a laissez-faire environment existed and barriers to entry

were nullified and created a truly **competitive economy** which brought down significantly the costs to the Somali people and enabled greater access and usage. By "borrowing" foreign jurisdictions, the telecommunication sector was able to establish international connectivity which connected Somalia with the outside world.

Through the development of the telecommunication sector, it opened and expanded communication lines - beyond political, ideological, geographic or clan and class divisions. Telecommunications **facilitate social and political links, strengthening social and human capital,** and enhance regional cooperation, which will play an important role in **fostering reconciliation** and deepening peace.

By providing an enabling environment in which to do business in Somalia, telecommunications can directly and indirectly **expand economic opportunities and create employment opportunities –** both of which contribute to establishing a legitimacy for governmental institutions, economic stability, and establishing sustainable peace. Effective telecommunications plays a pivotal role in stimulating economic growth and underpins a variety of businesses, acting as a foundation for their structures, making it indispensable to create efficient markets.

Telecommunications decrease business and personal risk, transactions costs, and provide more confidence in operational and security frameworks and modalities – not only for business; but for aid workers, military, and the police. (Telecommunications contribute to **opening up access and underpinning security frameworks.)**

Robust telecommunications can be used for information and intelligence sharing/collection. It can effectively enable the state to **communicate key messages, directly and through the media,** around security or pending natural disasters (such as a Tsunami), or to better understand opinions through telephone polling. Telecommunications can also be used for reporting on key issues such as corruption, or to advise of a security threats or alert of an impending humanitarian catastrophe. The media has also been reliant on the telecommunications to share and spread information efficiently. Better usage of the prevailing trend of technology convergence may contribute to the "leap frog" deployment of 3G and LTE technologies allowing for distribution of Internet and IP TV. Conversely, telecommunications has been used, within Somalia and internationally, for negative gain, through websites for harmful propaganda and misinformation to - more alarmingly, the use of remote improvised explosive devices being used for detonation, through mobile phone handsets and for communication between armed groups. Telecommunications can be used for great good, but likewise it can be used for instability and as such it is a key sector to constructively address and invest in order to strive for greater stability and security.