

ICT Infrastructure Regulation: Issues for the AfCFTA

6th PIDA Week

19th January 2021

John Stuart, tralac Associate



Setting the Scene

“Africa’s Continental Free Trade Area will positively impact the [digital trade] sector, since it creates huge potential for cross-border e-commerce. The quantity and quality of supply is very different from one country to another, presenting a wealth of market opportunities for online entrepreneurs. E-commerce platforms can also play a role in logistics and payment solutions to enable this cross-border trade”. – Jeremy Hodara, CEO, Jumia.com

Introduction

- The digital economy is now *the* economy
- This refers to the permeation of digital technologies into practically all spheres of business, finance, trade, education and government
- In order to leverage the huge potential of the digital economy, infrastructure is the first and core requirement
- The policy framework upon which infrastructure is founded is, in turn, of key significance. In order to leverage the digital economy for greater intra-African trade, the way infrastructure is regulated, and how policies are harmonised, is of major importance
- This presentation will give a short overview of the ‘why’ and ‘how’ of continental ICT infrastructure policy

Africa and the Digital Divide

- The majority of African countries have broadband costs far in excess of the global average
- Due to the additional complications relating to connectivity of **land-locked countries**, broadband penetration is usually lower and costs higher in such countries
- The cost of broadband is related to the expense of infrastructure as well as the cost and availability of finance. High infrastructure costs restricts connectivity to urban and sub-urban areas, which exacerbates the rural-urban divide.
- Across Africa, investment into ICT infrastructure is growing strongly, but in order to leverage continental benefits, attention is now needed on how this infrastructure is regulated

ICT Infrastructure Regulation: Focus Areas

- Cross-border spectrum (frequency) coordination: falls under communication regulations
- Towards universal access and ICT services provision: also relates to industrial and investment policy
- Cybersecurity (relates to hardware as well as software): this is a 'new' area and policies are still under development
- Cross border interconnection – costs, roaming facilities and access: falls under communication regulations
- Analog to digital broadcasting migration: falls under communication regulations

ICT Infrastructure Regulation: Steps to Harmonisation

- Development and adoption of harmonised continental ICT policy
- Development and adoption of harmonised continental ICT legislation
- Development and adoption of harmonised continental regulatory guidelines

Why Harmonise?

- Spectrum: prevent spectrum clashes (eg RF usage clashing with GSM)
- Spectrum: able to use the same relay equipment in different countries, without needing adjustment
- Universal access: pooling of infrastructure and greater access by landlocked countries. Investment protocols can take into account
- Cross border interconnection: boosting trade requires freer cross-border movement of persons (especially in services trade). The ability to easily connect across borders is key
- Digital broadcasting: harmonisation will allow adoption of modern, more efficient technology and the cross-border operation of service providers

Comparing with EU

- A REC such as the EU was well integrated before the digital economy arose (around the mid 2000s). As such, policies could be developed around the existing integration of goods and services markets
- There is a high degree of intra-industry trade in the EU, so ICT service providers were able to begin to operate cross-border and competitive pressures ensured efficient supply
- By contrast, the AU was not integrated before the digital economy and ICT infrastructure supply developed in countries ‘in isolation’
- This is why ICT infrastructure policy needs to be **actively** harmonised in a process managed at the continental authority level

National Transposition of the Continental Framework – Two Approaches

Two options for adoption by member states:

1. The AfCFTA could adopt binding directives, to be transposed into the national frameworks of MS, or
2. The AfCFTA could devise a ‘model’ ICT bill and then require MS to follow this as a guideline in updating their respective regulatory frameworks. These would then be non-binding guidelines

National Transposition of the Continental Framework - Phases

- The first phase of the process involves developing the policy (and regulatory) framework in conjunction with MS and as a negotiated deliverable
- The second phase is national implementation of policies and regulations
- Prior experience with African REC's transposition of regional frameworks has shown that some MS struggle to harmonise, or lags occur in implementation. Technical and managerial assistance may be required

Conclusion

- ICT infrastructure policy and regulation is a critical driver of the success of entry into the digital economy
- Across Africa, policy and regulatory frameworks differ in respect to: spectrum, access to broadband (market structures may be uncompetitive), cybersecurity, cross-border interconnection and analog/digital broadcasting adoption
- In order to boost intra-African trade, services are key. Adopting a continental-wide approach to services development and management will boost services growth, trade in service and merchandise trade

References

African Union. (undated). *Harmonising Telecommunications*

African Union. 2008. *Reference Framework for Harmonisation of Telecommunication and ICT policies and Regulation in Africa*

ITU-EC, *Support for Harmonization of ICT Policies in Sub-Sahara Africa*

Stuart, J. 2020. *ICTs Services Development and Trade: How Africa Can Benefit (2020 Update)*. tralac Working Paper No. s20WP03/2020

UNCTAD. 2006. *Information Economy Report*

END – THANK YOU

john.stuart.za@gmail.com

