



# Presentation of CSDPTT Coopération Solidarité et Développement aux PTT

World Social Forum, Nairobi, 20-25 January 2007

Main contributors : Jean-Louis Fullsack, Bruno Jaffré.

Speaker : Marceau Coupechoux.

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# CSDPTT: objectives

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- **Meet the needs:**
  - The need to communicate exists. We are at the service of populations and other players of development.
- **Promote a new kind of cooperation:**
  - selflessness,
  - commitment,
  - independence from financial sources (France Télécom, La Poste, Ministère des affaires étrangères, companies, unions...),
  - our actors in Africa are true ones, we avoid assistance.
- **Commitment in the social movements:**
  - Critical thoughts on privatisations, primacy to public services,
  - participation to the social forums,
  - participation to World Summit on Information Society (WSIS).

- **Rural telephony:**
  - About ten villages connected, 7 on going in Burkina, 4 in project in Mali,
  - Big projects : 100 villages in Burkina, 30 in Mali in the Guidimakha where SOTELMA decided to connect a part of the isolated villages, connection of 50 community radios in Niger.
- **Internet:**
  - Cooperation (3 years) with an NGO in Burkina (formation of teachers, donation of computers, remote help).
- **Formation: telecommunications and new technologies**
  - Network training in Niger with another NGO,
  - Training in Burkina on Wireless Local Loop,
  - Trainees (Master in international politics, thesis on the privatisation process in Mali) and study in Niger (Master thesis).

- **Information et consciouness-raising:**
  - Site [www.csdptt.org](http://www.csdptt.org), monthly newsletter,
  - participation to seminars and workshops, research groups,
  - Active participation in social forums (ESF in St Denis, France),
  - papers, follow-up of the evolution of african networks,
  - participation to collective books,
  - some presence at European Parliament.
  
- **World Summit on Information Society:**
  - delegate with accreditation from the beg. of the summit,
  - meeting minutes on-line,
  - campaign for one phone connection per village,
  - co-chairman of the work group on infrastructure financing.



# The Privatisation of the Telecoms in Africa

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# Outlines

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- Introduction: three terms to define
- Historical background
  - Origins
  - The privatisation waves
  - Where do we stand?
- Consequences
  - Dependencies
  - The evolution of tele-density
  - The state withdrawal
- Alternatives
  - A global public good
  - For regional associations
  - The synergy between networks
  - Which financing?

# Introduction: three terms to define

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- **Deregulation:** Change the rules
  - Transformation of Post and Telecom administrations in public companies,
  - Separation of Post and Telecommunications,
  - Creation of a regulation agency (ITU lists 41 agencies from which 31 are independent),
  - End of the bilateral public cooperation.
- **Privatisation:** Capital is opened to private investors
  - Choice of a “strategic partner”,
  - The state has the majority but decreases afterward (Ex: Sudatel Sudan, State went from 67% in 93 to 26% in 05),
  - Sums from the sale are given to the Treasury. For what utilisation?
  - Commitment to reach contractual objectives but no sanction if these objectives are not met,
  - Most of the time, keep the monopoly on basic services during few years (Ex: 7 years after 97 for the SONATEL Senegal).
- **Liberalisation:** Open the market to competition
  - Often from day one, grant of licences for mobile networks,
  - GATS should start on 1st January 2005 but negotiations are still on going.

# Historical background: origins

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- **Pressure from occidental countries:**

- Liberal globalisation, structural adjustment, under the pressure of IMF and WB (privatisation of the telecoms is one of the first conditions),
- Financial conditions (loans against liberalisation) imposed international financial institutions (IFI),
- In industrialised countries, market is fragmented and saturated,
- So, operators are seeking to conquer markets in developing countries (ex France Télécom, Telefonica, Portugal Telecom).  
NB : Telecom Malaysia was present very early (ex: in Guinea and in Ghana).

- **Great responsibility of the ITU:**

- ITU-D has completely given up its original task to sustain liberalisation,
- Its historical task: technically develop telecommunications.
- Example: most African networks have been sold very cheaply and ITU-D never helped them in this process.
- NB: African countries are members of ITU and can change its policy.

- **Weaknesses of the African networks:**
  - High disparity between urban and rural areas (weak or inexistent connection),
    - Example: In Senegal, 64% of main lines are in Dakar.
  - Networks are small, fragility et obsolescence, high operational and maintenance costs,
    - Thus, limited and unequal development,
  - Tele-density close to 1% (number of fix lines/number of inhabitants),
  - No real continental backbone and regional networks (failure of the ITU).
  - Weak electrical networks, so independent and not reliable energy sources have to be used,
  - State takes sometimes money from these companies for other objectives,
    - So, under-investment in telecom,
    - Need of a separate budget and of a better citizen control.
- ***Nevertheless, telecom operators are from the most profitable companies.***  
(mainly via international interconnection revenues)

# Historical background: the privatisation waves

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- **First wave in 95-97:**

- The most profitable fixed operators (Senegal, South Africa, Ghana, Ivory Cost...),
- Invitation to tender, several candidates, the choice is possible,
- Operators from former colonies are favoured (PT, FT, Telefonica),
- Exception: Guinea (Telecom Malaysia at the beg. then fiasco).

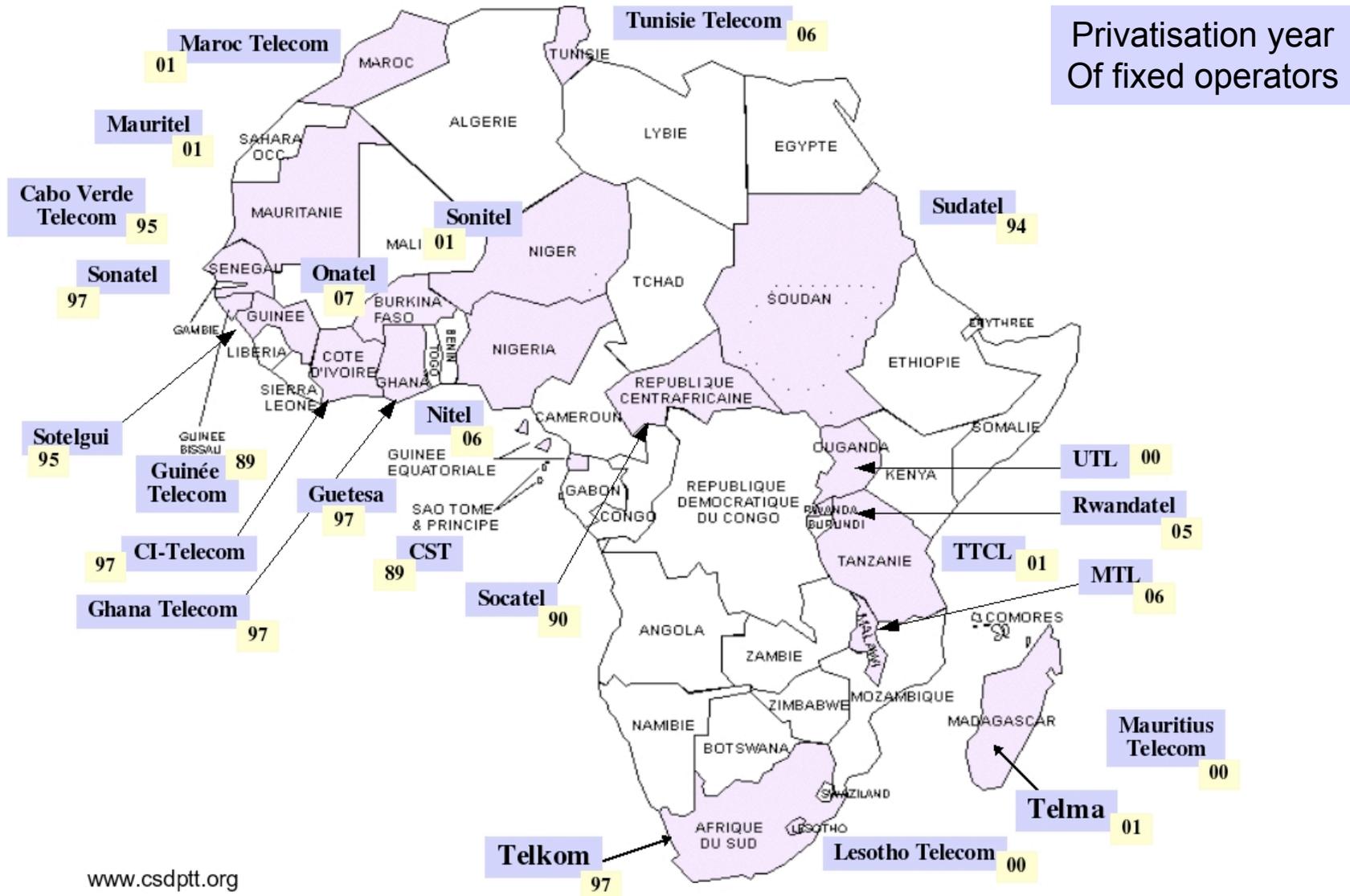
- **Second wave in 2000:**

- Some other profitable operators (Mauritius, Marocco, Uganda, Mauritania, etc..),
- But also some fiascos for others (Ghana, Guinea, Niger..).
  - Guinea: Telecom Malaysia left the SOTELGUI in 2005,
  - Ghana: Telecom Malaysia in “repayed” in 2005 !
  - Niger: chinese-lybian consortium ZTE/LAAICO hardly questioned, what sanctions?

- **Third wave on-going:**

- About 14 countries on 55 have not liberalised,
- African operators are coming as new players:  
Telkom for fix lines,  
MTN and Vodacom for mobile networks – in about 20 countries.

# Historical background: the privatisation waves



# Historical background: Where do we stand?

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- **The process is blocked in several countries**
- **Big countries:**
  - Countries with high potentialities: Nigeria (fixed services are open to competition), Kenya, Cameroun (internally blocked), DR Congo (instability),
  - More and more difficulties to find a strategic partner willing to pay a good price,
  - Risks to sell cheaply the operator.
- **Intermediate countries:**
  - Mali (special case) competition before privatisation,
  - Niger complete fiasco: pressure to denounce the chinese-lybian consortium.
- **2005 : GATS imposes competition on fixed services**
  - End of the transitional period of monopoly on basic services,
  - GATS will impose competition but many countries are not ready (some have already done it: Madagascar, Mali, Nigeria).
- **2007: ONATEL** with strategic partner Maroc Telecom (controled by Vivendi).

# Consequences: dependencies

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- **Strengthening of multinational companies:**

- France Télécom, Vivendi, Telefonica, Deutsch Telekom,
- **Example:** France Telecom in Africa:
  - Botswana, Cameroun, Ivory Cost, Madagascar: Orange,
  - Ivory Cost: CI-Telecom,
  - Senegal: Sonatel, Sonatel Mobiles,
  - Mali: Ikatel,
  - Mauritius: CellPlus, Mauritius Telecom,
  - Egypt: Mobinil (with Orascom).
- Birth of african or pseudo-african multinational companies: ORASCOM (Maghreb), CELTEL, MTN, VODACOM (Vodafone and Telkom), TELKOM,
- Irruption of China in the african telecom sector,
- **Example:** ZTE -manufacturer- takes the control of Sonitel, or Huawei “strategic manufacturer” of NITEL.

- **Profit exports but also dividends for the State:**
  - Good results in Senegal (revenues of 260 million \$ and the best ratio net result / revenues of 28%), Morocco (« le trésor de Vivendi »), Mauritania, Ivory Coast before the war,...
  - Dividends for the State (licences, shares in the public operator).
  - Keep in mind:
    - Revenues of FT (05) = 49 billion €,
    - Revenues of FT « Rest of the World » (mainly Africa) = 6 billion €,
    - GDP of Kenya (05) = 19 billion \$.
  
- **Technical dependencies:**
  - Example: Paris and London are satellite *hubs* towards the international network.
  - There is a need for african interconnection networks.

# Consequences: dependencies

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- **Public cooperation disappears:**
  - Northern States serve their big companies,
  - In France, no telecom office in the Ministère des Affaires Etrangères (is treated in Agence Française de Développement) ,
  - Some projects to sustain regulation agencies (projet ADEN),
  - ITU gave up its basic task: the balanced development of telecoms.
- **States and international institutions more and more depends on multinationals:**
  - CISCO “Academies” (quasi-monopoly on routers) promoted and co-financed by ITU,
  - Many contracts between countries and MICROSOFT,
  - Contracts bw. UNESCO, UNDP, UNITAR, etc with MICROSOFT and Cisco.

# Consequences: the evolution of tele-density

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- **Tele-density is increasing:**
  - Mainly thanks to mobile telephony (North Africa and South Africa have the highest growths),
  - Increase of demand,
  - Dynamic market in upper class,
  - True benefit for economy,
  - ITU explanation: “success = mobiles + market”.
- **But...**
- **Fixed operators are in danger:**
  - Scheduled degradation of infrastructure networks,
  - The mobile part takes almost all investments and resources,
  - There is competition whereas networks remain to be built,
  - Competitors are looking for profitable sectors and don't care about public service.

# Consequences: the evolution of tele-density

- Some figures on tele-density: main lines for 100 inhabitants

	1999	2005
<b>Algeria</b>	5.34	7.82
<b>Burkina Faso</b>	0.34	0.74
<b>Senegal</b>	1.79	2.29
<b>Kenya</b>	1.01	0.82
<b>Madagascar</b>	0.32	0.36
<b>France</b>	57.81	59.01

Source: ITU

# Consequences: the evolution of tele-density

- Some figures on tele-density: main+mobile lines for 100 inhabitants

	1999	2005
<b>Algeria</b>	5.58	51.24
<b>Burkina Faso</b>	0.47	5.06
<b>Senegal</b>	2.73	17.13
<b>Kenya</b>	1.09	14.29
<b>Madagascar</b>	0.55	3.07
<b>France</b>	94.37	138.45

Source: ITU

# Consequences: the evolution of tele-density

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- **The “all-mobile” approach is not a solution:**
  - Fixed and mobile networks should be complementary,
  - Fixed networks are evolving (e.g. ADSL),
  - Fixed networks are needed to route mobile calls,
  - Deploying 3G should not be done at the expense of a rational and balanced development of the network.
- **Big part of the families budget:**
  - Communications are still expensive,
  - All the more as mobiles often replace the weak fixed service,
  - Pre-paid cards results in even higher prices,
  - These charges are at the expense of other needs and in particular basic needs,
  - The decrease of some prices is due to the technology and not to competition.
- **Rural areas remain isolated:**
  - Senegal says that 50% of the villages are connected (incl. mobiles). “Telephony desert” in many african countries.
  - Keep in mind: Maitland report “The missing link” published in 1983. Never followed by ITU.

# Consequences: the State withdrawal

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- **The State gave up its telecommunication policy:**
  - Regulation agencies must face State and multinationals (many conflicts for the interconnections),
  - Means are lacking to defend in international institutions (ITU has other things to think about...),
  - Governments rely on strategic partners that develop multinational behaviours (ex: Ikatel in Mali),
  - Proliferation of satellite access and private forbidden networks,
  - Is there a policy for the equal access of all to the basic services?
    - No strategic partner (except Senegal) has met its commitments !
    - In Guinea, Telecom Malaysia has done excessive promises.
  
- **The State gave up its land settlement policy**
  - He has no means to combat social and territorial inequalities,
  - Telecoms are an important part of this policy like any infrastructure.

# Alternatives: a global public good

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- There is a need for the extension of public goods:
  - Essential tools for the full exercise of fundamental rights,
  - Can also be a source of economic efficiency (see game theory).
- Human being needs to communicate (in particular with his close friends and relatives), to be informed, to have exchange and debates spaces.
- Telecoms are a strong instrument for the development of other public goods.
- Need for a global government of telecoms :
  - For the management of the frequency spectrum,
  - For the construction of access and transport networks,
  - For the development of softwares and the end of private monopoly positions.

# Alternatives: for regional associations

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- **Regional integration by the merge of public operators?**
  - How to get sufficient revenues for important investments if the market is small and fragmented? Ex: Mali (Ikatel and SOTELMA).
  - Reach a critical size to be less dependent on manufacturers and markets.
    - **Example:** International Gateway in Centrafrican Republic.
  - Integration could federate and structure a region,
  - Public officials often favour the market (merge and acquisitions) instead of building panafrican interconnection networks.
- **For a panafrican interconnection network “PanafTel2”:**
  - PanafTel: a certain success but dominated by microwaves and not maintained,
  - SAT3/WASC (cooperation bw. operators): built in 2 years and half,
  - Big fiasco of AfricaOne - financial institutions + ATT (big responsibility of ITU).

# Alternatives: synergies between networks

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- **CSDPTT proposes to take advantage of the synergy between infrastructure networks:**
  - Transport, energy, water, telecoms, broadcast, etc.
  - Their developments are not independent,
  - High reductions of costs expected,
  - **Example:** Civil works is about 80% of the deployment cost of the optical fiber. A route project should never be thought without a telecommunication network.
  - Decreases the investment risks,
  - Cross-fertilisation of the networks: ex: radio coverage of a route.
- **CSDPTT estimates that 8-15 Billion € (according to assumptions) are needed for a panafrikan interconnection network.**
  - After the inventory of existing projects.

# Alternatives: which financing?

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- **Reconsider today's sources of financing:**
  - IMF, WB: end of the loan conditions and structural adjustments,
  - Reconsider the utility of today's funds: WorldTel (ITU), Nelson Mandela Fund, Digital Solidarity Fund,
  - Relaunch cooperation via the African Development Bank (BAD) or the Arab Bank for the Economic Development in Africa (BADEA),
  - Reconsider all the on-going projects.
- **Interdiction of the call-back technique:** about 500 M\$/year taken to the African operators,
- **Come back to the 50-50 principle** in the distribution of taxes in international calls: from 2 to 5 billion \$/year for Africa,
- **Transit of the intra-african circuit-switched traffic in Africa:** 400 M\$/year of savings,
- **Intra-african processing of the Internet traffic:** saving of 500 M\$/year,
- Part dedicated to ICT when **debts are cancelled**,
- **End of liberalisations** and building of a single national fixed network (optimisation).

## Conclusions : poor results and dangers

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- ✓ **Some very few satisfying results** (Senegal went on an already good start),
- ✓ Public operators have also developed,
- ✓ **Serious fails:** Guinea, Ghana, Niger...
- ✓ Today important **risks:**
  - Competition for all markets (GATS): the fixed market is not protected anymore whereas basic services are not available,
  - Risks of minimal commitments for the public service (called “universal”),
  - Risk to sell very cheaply the state-owned operators,
  - Risk from the chinese influence.
- ✓ Good business for the **multinationals** (huge profits), profit export, also for financial and audit consulting groups.

## Conclusions : poor results and dangers

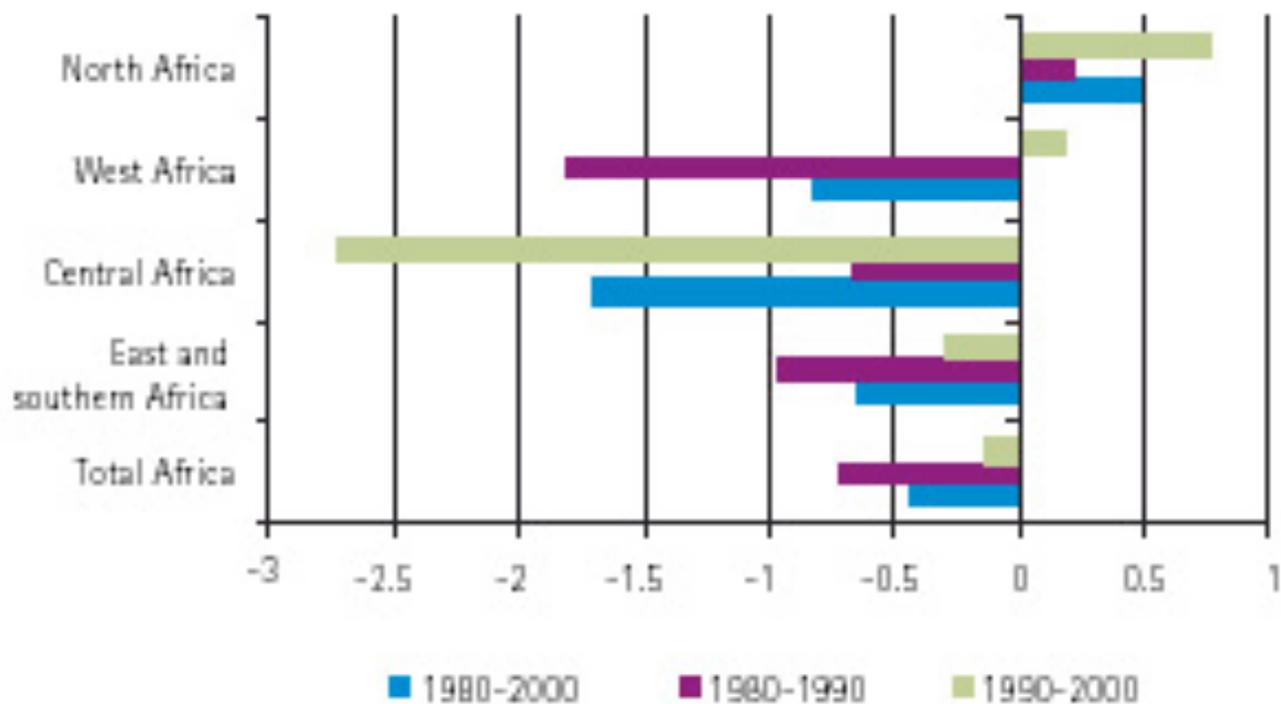
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- ✓ Scandalous absence of ITU: reaction of its new secretary (african)?
- ✓ How will Africa react at the next speculative wave?
- ✓ Questionable policy, imposed from top to down by NEPAD,
- ✓ Dependence,
- ✓ Alternatives exist: the social movement should mobilize !

# Appendix

- 20 years of structural adjustment in Africa :

**■ Growth of real GDP per capita, 1980 - 2000**  
*(in %)*



[source : CNUCED]