

STATEMENT BY HON. PROF. MARK. J. MWANDOSYA, MINISTER OF COMMUNICATIONS AND TRANSPORT, DURING THE OPENING CEREMONY OF THE STAKEHOLDERS' WORKSHOP ON THE NEW CONVERGED LICENSING FRAMEWORK DAR ES SALAAM, 25TH JANUARY 2005

I would like to welcome you all to this very important and interesting workshop in the history of Information and Communications Technologies (ICT) reform in the United Republic of Tanzania. It is the first time that we meet collectively as a sector responsible for information generation, transmission and utilization using technology as an important medium in communication.

The purpose of this workshop is to allow you to deliberate and give concrete proposals on the New Converged Licensing Framework that has been developed by the Tanzania Communications Regulatory Authority (TCRA) involving stakeholders at various stages. The Government has, in principle, endorsed the framework and I am told this workshop is part of the on-going consultations. *Your comments during the workshop thereafter will go a long way to shaping the framework before it is implemented.*

The Converged Licensing Framework which is based on technology and service neutrality principles is intended to offer more flexibility to allow more players participate in ICT sector. As such it enables the Regulator to issue a single licence for a particular market segment to offer multiple services such as voice, video and data delivered through a single Network. This is a departure from the current licensing framework which is technology and service dependent. Such a framework does not permit the licensing of multiple services over a single network. The consequences of such framework has been the slow development and use of ICT infrastructure and service expansion to the people both in urban and rural areas.

The convergence of technologies and markets has necessitated the Government to rethink the basic tenets of managing and regulating the ICT sector and to adopt the new converged licensing framework to be implemented in the near future. Let me be specific here that this will start from 23rd February 2005, marking the end of the exclusivity period given in 2001 to the incumbent telecommunication operator, the Tanzania Telecommunications Company Limited (TTCL).

Mr. Chairman and Dear Participants,

It is worthwhile to remind ourselves of the history of development of ICT since liberalization of the sector in the early 1990's. Up to 1993 the telecommunication services were being offered exclusively by the former Tanzania Posts and Telecommunication Corporation (TPTC), the state owned entity that also provided regulatory functions. The services that were provided included postal services, telephone, telex, telegraph and radio calls of which customers had very little choice. Services such as mobile cellular phones, data, internet, radio-paging, courier service, card phone and messaging were not in existence.

It is important to note that during that time all telephone services were provided through fixed lines. The switching level was about 80% manual. Almost all transmission systems were analogue and included many low capacity radios. International services were provided through a standard B earth station at Mwenge, which had a limited capacity of 2,000 circuits.

Radio broadcasting services were provided by Radio Tanzania, Dar es Salaam on Tanzania Mainland and Sauti ya Tanzania Zanzibar. There were no Television broadcasting services in Tanzania except Zanzibar. Television Zanzibar which started in 1972 was the first colour TV station in Africa.

Mr. Chairman, and Ladies and Gentlemen,

Following the enactment of the National Investment Promotion and Protection Act of 1990 the Parliament of the United Republic of Tanzania passed the following Bills which subsequently became Acts: The Tanzania Communications Act No.18 of 1993 which formed the then Tanzania Communications Commission (TCC); the Tanzania Posts Corporation (TPC) Act No.20 of 1993, the Tanzania Telecommunications Company Limited (TTCL) Act No.19 of 1993 and the Tanzania Broadcasting Services Act 6 of 1993. TCC was responsible for regulating the postal and telecommunication sector and TTCL was, and still is, responsible for the provision of telecommunication services commercially. TPC is responsible for the provision of postal services. The Tanzania Broadcasting Commission was responsible for the regulation of broadcasting services in the country. After the establishment of the necessary legal and institutional framework, the private sector was allowed to invest in the provision of mobile cellular telephony, value added services such as data, internet, installation and maintenance, importation and distribution of radio telecommunication equipment, courier, television and radio broadcasting services and cable television. Broadcasting services were categorized into commercial and public services and licences were restricted to these two categories.

The implementation of the Telecommunication Restructuring Programme (TRP) was one of the highlights in the restructuring of the sector. The programme included major network expansion, rehabilitation and modernization of the existing network. A sum of US\$ 250 million was injected into TTCL by a consortium of seven donors led by the World Bank and the Government of Tanzania.

Ladies and Gentlemen,

In order to guide the nation in ICT development, a number of policies in the communication sector were put in place, as follows: the Information and

Broadcasting Policy of 1992 led to the enactment of the Broadcasting Act No.6 of 1993 which limited broadcasters individually to cover only 25% of the country. However, the revised Information and Broadcasting Policy, 2003 has further liberalized the sector removing restriction on coverage. Private operators are now allowed to cover the whole country. The National Telecommunication Policy, 1997 liberalized mobile and value added services except for fixed line services which the Government granted exclusive right to the incumbent operator-TTCL to operate the international gateway, leased lines and fixed lines in Tanzania Mainland. TTCL and ZANTEL were granted a duopoly of operation in Zanzibar. In February, 2001 TTCL was partially privatized through the sale of 35% of its equity to a strategic investor of the Consortium of Detecon of Germany and MSI of the Netherlands with an exclusivity period of full four (4) years on basic telecommunication services. TTCL exclusivity period will end on 22nd February 2005 and the Government has no intention whatsoever to extend it beyond this period.

The Information and Communications Technologies (ICT) Policy, 2003 emphasises the promotion of ICT applications taking into account the convergence of ICT's including the media.

The National Postal Policy (NPP), 2003 encourages full commercialization of the Public Postal Operator and development of a competitive environment for efficient delivery of quality postal and courier services. The Policy also acknowledges the role of the Government in the provision of universal postal services.

Ladies and Gentlemen,

Let me take this opportunity to commend ICT operators in the country; I mean all of you, for your efforts in implementing the policies that I have just alluded to. I know that you are facing numerous challenges including that of how to cope with limited transmission capacities.

In the fixed telephone line services, TTCL has covered all the Regional Headquarters and almost all District Headquarters in the country. TTCL has also installed an Intelligent Network platform to facilitate pre-paid calling system. The customer base as of December, 2004 was 148,360 while the network capacity is 300,000. Digitization of the existing TTCL network is 95%. The following exchanges are still manually operated; Kibiti, Utete, Ikwiriri, Mafia, Nachingwea, Kilwa Masoko, Kilwa Kivinje, Ruangwa, Misungwi, Ngudu, Malya, Nassa, Liwale, Mtera, Mvumi, Mwakaleli, Litembo, Namtumbo, Mbambabay, Peramiho, Liuli, Itigi, Urambo, Bukene, Sikonge, na Malampaka. TTCL intends to digitize some of these exchanges by June, 2005. With current developments in technology, TTCL should surely be in a position to digitize the whole system by the end of 2005.

Mobile cellular telephone services are offered by four Mobile operators operating in the GSM technology; the so called second generation network technology. Mobitel having been licenced by the former TPTC in 1991, was re-issued with the licence in September 2001 by the then TCC. Mobitel's customer base increased from 2,303 in 1995 to 56,511 in 2000, and to 303,000 by December, 2004. Mobitel has covered almost all the Regional Headquarters in Tanzania. Mobitel was the pioneer of mobile telephony in Tanzania. I wish to congratulate them for their contribution to the development of the sector.

Vodacom having been licenced in 1999, had increased its customer base from 50,000 Customers in 2,000 to 1,050,000 by December, 2004 and has covered almost all the Regional Headquarters and the District Headquarters in Tanzania. Having crossed the barrier of 1 million customers, Vodacom deserves a praise from all of us.

Celtel (T) Limited, a wholly owned subsidiary Company of TTCL was licenced in July 2001. Its customer base has increased from 40,500 customers in 2002 to 504,000 in December, 2004 and the coverage is in all Regional Headquarters and

almost all District Headquarters. Celtel was the late entrant. Its growth has been remarkable in the first 2 years of its existence.

ZANTEL was licenced in 1997 to operate in Zanzibar. It has increased its customer base from 6,000 in 2000 to 85,000 in December, 2004. ZANTEL has covered all Regions of Unguja and Pemba Islands. Zantel, hitherto restricted to the isles, looks set for a major expansion on the mainland. We welcome "the new partner in the book".

The total number of telephone connections is therefore 2,090,360.

The National Telecommunication Policy had anticipated a teledensity of 6 telephones per 100 people by 2010. The teledensity by December, 2004 was 5 telephones per 100 people. In whole likelihood we will meet the target very soon!

Mr. Chairman, Ladies and Gentlemen,

In the area of data communication, there are eleven (11) public data communication entities operating countrywide and eleven (11) private dedicated data communication operators. There are fifteen (15) active internet service providers with 500,000 estimated Internet users in the country.

Radio broadcasting stations include the following:

Dar es Salaam (15), Mwanza (3), Moshi (1), Ngara (1), Songea (1), Arusha (4), Sumbawanga (1), Morogoro (3), Shinyanga (1), Dodoma (1), and Musoma (1).

Television broadcasting stations include:-

Dar es Salaam (10), Mwanza (1), Morogoro (2), and Arusha (2).

Television operators (boosters) include:

Njombe (1), Rungwe (2), Mbozi (2), Songea (2), Masasi (1), Tunduru (1), Sumbawanga (1), Kiomboi (1), Mwanza (1), Dar es Salaam (1), Iringa (1), Tabora (1), Musoma (1), Morogoro (1), and Mbeya (1).

Cable television networks include:-

Dar es Salaam (6), Moshi (1), Mwanza (3), Tanga (1), Arusha (1), Musoma (1), and Tabora (2).

Cable television operators include:-

Shinyanga (5), Meatu (1), Manyoni (1), Tabora (1), Singida (1), Mwadui (1), Kahama (1), Tarime (2), Sumbawanga (1), and Musoma (1).

The Tanzania Posts Corporation operates postal and courier services countrywide. Other courier operators include four (4) international operators, two (2) Domestic Operators, One (1) Intracity Operator (Dar Es Salaam) and twenty four (24) Intercity Operators.

Mr. Chairman,

Many countries including Tanzania have established regulatory entities to implement ICT policies. Regulators should be effective in enforcing the laws and regulation that protect the consumers. They are supposed to ensure service quality, foster efficient use of the spectrum and promote competition. Ideally a regulator should create an enabling environment for private and public sector participation in ICT.

Following the convergence of technologies, regulators now issue licences that allow operators to bundle traditional telecommunications services and broadcasting services together. This is the essence of the new licensing regime being proposed.

Ladies and Gentlemen,

According to the International Telecommunication Union (ITU), 22% of countries worldwide have merged both telecommunication and broadcasting regulation

and 45% are in the processes. Regionally Africa has 9% of countries that have done so (57% are planning). America has 21% (47% are planning). Arab states have 10% (40% are planning). Asia Pacific has 12% (41% are planning). Europe has 43% (34% are planning). The proposed framework is therefore in keeping with global trends.

In implementing the new licencing regime, I urge TCRA to:

- assess license applications in a transparent manner,
- observe a fee structure that does not distort the competition,
- simplify licence structures and conditions,
- make efficient allocation of frequencies, and
- enforce rules and regulations in a non-discriminatory manner.

Mr. Chairman and Distinguished Participants,

In October 2004, the Government declared the end of TTCL's exclusivity period to be 22nd February, 2005. This closure will open up competition in the provision of fixed line telephone services, leasing of bandwidth capacities and provision of international gateway services. ZANTEL which had roll-out restrictions on Tanzania mainland as a result of TTCL's exclusivity will, and as I informed you earlier on, be permitted to extend its services to the Mainland.

Distinguished Participants, Ladies and Gentlemen,

High bandwidth capacity in the country is limited. There is also duplication of networks by high bandwidth operators. My Ministry has formed a Task Force that intends to promote the concept of infrastructure sharing and the interconnectivity of the networks. The idea is to promote an ICT infrastructure backbone that should attract investors to expand further ICT coverage in the country.

Mr. Chairman, Ladies and Gentlemen,

The Regulator of ICT sector in Tanzania has done a commendable job. The achievements in the ten years of regulating of ICT sector is evidenced by increased level of communications services such as mobile, data and internet services, merging of the communications and broadcasting commissions into a single regulatory framework, setting up of the interconnection rates among telecom operators and now the introduction of the new converged licensing framework. All in all you have done very well and you should be proud of this achievement.

Distinguished Participants, Ladies and Gentlemen,

Before I close, I would like to pay special tribute to the team of young Tanzanian professionals at TCRA who, together with your preliminary inputs have made it possible for you to have a framework to discuss.

As we move from the old to the new converged licensing framework, I would encourage operators and investors to explore opportunities made available by this new approach. I urge all of you to take this opportunity to refine further the new licensing framework. Migration from the old to the new framework should be voluntary, and should not lead to an extra financial burden to incumbent operators.

I wish to commend TCRA for this consultative approach to regulation as opposed to unilateral regulation.

By way of closure, let me once again thank you for your invitation to share with you my views on the proposed new ICT licensing framework.

I now have the honour to declare this workshop officially open and thank you for your kind attention.