Regulatory Review

African Voice Over Internet Protocol

By Gerry Oberst

Africa has long been seen as a good market for satellite delivered services due to its vast distances, rural and sparsely located communities, state of economic development and lack of existing terrestrial infrastructure. More recently, the hot topic for satellite marketing has been Internet-related services of all flavors, particularly Voice over Internet Protocol (VoIP). Thus, it is only natural that a report published in November 2004 by the Commonwealth Telecommunications Organization (CTO) on African VoIP regulation —"An Overview of VoIP Regulation in Africa" —serves as a reference and resource material to satellite professionals.

The CTO, based in London, represents 33 primarily African countries, with 18 associated country and territorial members. It holds itself out as an "international development partnership" and traces its history back to the creation in 1901 of the Pacific Cable Board.

The CTO's report on African VoIP weighs in at a lengthy 60-plus pages. The good news is that the report thoroughly describes VoIP in the context of Africa, including descriptions of the markets, opportunities in various countries, current regulatory approaches and recommendations on what strategies African countries should pursue.

The bad news is that the satellite industry is mentioned precisely twice in passing in the entire report.

This picture is perhaps misleading because satellite facilities are heavily involved in VoIP solutions in Africa. One of the references in the CTO report is to a new carrier with service to more than 30 countries in Africa and the Middle East, which "typically" uplinks traffic to service providers using satellite links to its main point of presence outside the continent, from where the traffic is then interconnected to the major international carrier facilities (presumably by undersea cable). The other reference notes that even where IP telephony is banned outright, carriers route international calls over the Internet through VSAT satellite dishes for termination on the public telephone network.

This last point could explain the lack of visibility in the report to satellite service and VSAT terminal providers. In much of Africa, the current regulatory situation for VoIP could be improved. A summary of VoIP adoption and use in Africa in the CTO report summarizes that "very few countries have embraced VoIP outside of a general concession to allow incumbents to utilize the technology." The report says that only two countries, Mauritius and Nigeria, have legalized VoIP. The report mentions, however, that some Internet service providers take a low profile on IP telephony even though VoIP is often "not strictly policed."

A key role of the CTO report could be to help persuade African regulatory authorities that permitting VoIP adoption will not threaten national operators or their revenues. The report outlines arguments that IP telephony does not have an effect on infrastructure development and any effect on incumbent operators is gradual. Different approaches towards VoIP regulation are described in the report, including ways to balance the value of state-owned monopoly carriers versus stimulating innovation and new technologies.

It will take time for these arguments to open markets. Nevertheless, it was heartening to see the South African policy announcement in September 2004, (issued after the CTO report had been drafted) that allows value-added networks to carry voice using any protocol as of February 2005, on the premise that, "because of technological developments, there is no longer any difference in the transmission of voice, video and data; therefore it is no longer necessary to prohibit the provision of voice." This change further lifts the restriction on value-added services going through the incumbent carriers and their facilities, which can only help satellite penetration into this influential and large African market.

The African Internet Service Provider Associations (AfrISPA) complained several years ago that legal limits on VoIP are "counter-productive and not in the best interests of the country concerned," but this message has not yet been picked up by most African countries. The CTO report mentions other African countries that, at least, are testing the use of VoIP as a possible precursor to regulatory reform. Thus there is reason to believe in African market potential.

These theories are being touted in various other international sources. The ITU "Trends in Telecommunication Reform" symposium in December 2004 issued its paper on licensing in an era of convergence, with strong recommendations and international statistics showing competition trend lines. The ITU report on "Satellite Regulation in Developing Countries," which our December 2004 column described in its draft form, provides a lot of information on African developments, and was finally posted publicly at the end of 2004.

These various papers and resources can give entry-level background on the state of the market, with detailed arguments on why the market should be opened further. If used correctly, these arguments should lead to the satellite industry being mentioned in much more detail in the next report on African VoIP.

The CTO Report and the ITU-D Report can been accessed at www.cto.int and http://www.itu.int/itudoc/itu-d/question/studygr1/q17-1-ii.html respectively. ❖

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