



PPIAF Supports Telecommunications Reform and Liberalization in Liberia

Most of Liberia's key infrastructure was destroyed during the civil war from 1989 to 2003. PPIAF has supported the Liberian government's efforts to reconstruct this lost infrastructure since 2007. In particular, PPIAF played an important role in developing and implementing strategic reforms and regulations that led to increased competition in the telecommunications sector by clarifying licensing terms and conditions. In addition, PPIAF provided technical assistance to boost the competitiveness of the Liberia Telecommunications Corporation (LIBTELCO) and increase private participation in the telecommunications sector.

As a result of PPIAF support, four new GSM licenses with standard terms and conditions were issued to the existing mobile operators, who agreed to pay a total of US\$65 million to the government of Liberia in license fees for the issuance of 15-year licenses.

The fourteen-year civil war in Liberia had left the telecommunications infrastructure devastated with most equipments looted or vandalized. In the post-war era, LIBTELCO had approximately 5,000 fixed lines installed for the country's population of 3.3 million. In a speech delivered on September 13, 2006 at the Georgia Institute of Technology, Her Excellency Ellen Sirleaf-Johnson, President of Liberia, stated: *"in order to develop the ICT sector in Liberia, to attract investment and support, and ensure the smoothest operation of all participants with minimum interference amongst competitors and collaborators alike, it is important to establish the modus operandi and the appropriate policy, legal, and regulatory framework and environment for promoting and managing the sector¹."*

Recognizing the importance that improved telecommunications infrastructure and service could play in the post-conflict economic and social reconstruction of the country, the government of Liberia launched a process to restructure the telecommunications sector by creating an enabling legal and regulatory environment capable of attracting private sector investment.

PPIAF SUPPORT

In early 2007 the government of Liberia requested PPIAF support to develop a comprehensive telecommunications policy to promote a competitive and dynamic sector, as well as improve access to information and communications technologies services to the citizens of Liberia. A consultation workshop was conducted in May 2007 to discuss the findings of the resulting PPIAF-funded study *Liberia Telecommunications Sector Fiscal Study: Review of taxation, license fees and incentive regimes of the telecom sector in Liberia*, as well as validate the recommendations by actively debating the proposal with government officials and stakeholders in the sector.

In 2008 the Liberian government requested follow-up support from PPIAF to help implement the recommendations proposed in the study. This included finalizing the licensing process of existing mobile

¹ Excerpts from a speech given by H.E. Sirleaf-Johnson at the Georgia Institute of Technology, September 13, 2006, http://mikeb.inta.gatech.edu/papers/Liberia_ICT_Assessment-CACM.pdf

operators by supporting: 1) the finalization of spectrum allocation based on spectrum usage review; 2) the formulation of a suitable and sustainable taxation policy for the sector; 3) the formulation of a methodology and license fee schedule for the operators and for building consensus on license fees and investment incentives based on the previous PPIAF-funded study; 4) options for the standardization of the licenses granted to existing mobile operators; and 5) the process leading to the final issuance of the licenses.

In 2009 PPIAF approved subsequent funding to help make LIBTELCO competitive in a liberalized market with modern technology. In particular, PPIAF was asked to provide funding to determine LIBTELCO's baseline situation; evaluate options for its transformation, future growth, and positioning in the market; and prepare a strategy for its success. The resulting strategic options report provided a detailed analysis of LIBTELCO's existing situation and planned investments, and proposed strategic investments and financing options. The study also proposed a new operating model for LIBTELCO.

OUTCOMES

Following the implementation of the reform process, important milestones were achieved in the telecommunications sector including the adoption of a telecom sector policy and strategy, the passing of the 2007 Telecom Act, the establishment of an independent regulatory institution, the Liberia Telecommunications Authority (LTA), and the improvement of access to and usage of telecommunications services, with the corresponding growth in the Liberian economy. PPIAF support helped draft the following regulations which have been adopted by the government of Liberia:

- Licensing and Authorization Telecommunications Regulations, published on the LTA website on September 16, 2010
- Interconnection Regulations 2009 LTA-REG-003, published on the LTA website on September 16, 2010
- Regulations for the Treatment of Confidentiality, Dispute Resolution, Compliance, and Enforcement 2009 LTA-REG-0002, published on the LTA website on March 1, 2010
- Resettlement Policy Framework for the Liberia ACE Cable Landing Project, published on the LTA website on November 18, 2010

- Environmental and Social Management Framework for the Liberia ACE Cable Landing Project, published on the LTA website on November 18, 2010

DONOR COORDINATION

PPIAF technical assistance to the telecommunications sector in Liberia was coordinated with other development projects supported by the World Bank, USAID, the Soros Foundation, and the International Telecommunication Union.

IMPACTS

PPIAF's assistance to the government of Liberia led to the standardization of the telecommunications licenses of the four existing mobile operators in Liberia: *Lonestar Communications Corporation*, *Comium*, *LiberCell*, and *Cellcom*. This process concluded on April 24, 2009 with the issuance of four GSM licenses to these four mobile operators, who agreed to pay a total of US\$65 million to the government of Liberia in license fees for the issuance of 15-year licenses. A payment schedule enabled the service providers to pay the license fees in installments in pre-determined amounts until 2019.

However, despite these positive developments, much effort is still needed to ensure sustained growth in the Liberian telecommunications sector. The current mobile penetration rate in Liberia is around 45% while the fixed-line teledensity (less than 1%), remains one of the lowest in the world.

RELATED PPIAF ACTIVITIES IN LIBERIA

- 2007: Telecom Sector Licensing Study and Industry Consultation, **\$75,000**
- 2008: Telecom Sector Licensing, **\$75,000**
- 2009: Strategic Options for Liberia Telecom Corporation, **\$245,000**
- 2011: Assessment of Public-Private Partnership Pipeline and Enabling Environment, **\$73,280**