

Telephony - Part I: Poor, Lonely LTC

By Lionel Bernard

How can I put this lightly? Well, since euphemism is no substitute for clarity, here is my direct point: Liberia's telecom sector is in a state of disarray and craving for effective leadership. We now have so many forces jockeying for status and control that the sector is starting to look like a battlefield without generals and only soldiers. Meanwhile the real civil war ended several years ago and the telecom spoils were avariciously split up between the four mobile operators in Liberia. These self-serving soldiers, perpetrating as telecom advocates, are preoccupied with scrambling after the sector's crumbs instead of developing and implementing viable strategies for growing and reclaiming the sector.

But I will not stoop to sweeping indictments; there is no merit in that approach and, besides, it only puts the offended on the defensive. Instead, in a series of five (5) articles, I will resort to 'constructive criticism' (there is a difference) which implies suggesting what can be done for impact improvements in the telecom sector. The five topics I will 'constructively criticize' include 1) LTC, yes, that poor and lonely company, 2) the recent ICT conference or the 'I don't get it' conference, 3) LTA, the new, and rich, dumb kid, 4) the difference between telecom and Information technology, duh, and, drum roll, 5) suggestions for improving both sectors including an overview of the impending West African Telecommunications Cable/SAT3 project. Enjoy.

In 2004 I wrote an elaborate article on 'a Case for Privatization of LTC' that outlined different strategies for revitalizing this defunct organization. The article preceded, and may have influenced, a disorganized and corrupt tender attempt to privatize LTC. A shady businessman used bribery and deceit to sway that original LTC tender in favor of his bidding team.

However flawed the original LTC bid was, it exposed that there is vast international interest in investing and revitalizing this national telecom. Highly competent international organizations were willing and able to assume control of LTC, infuse technology and capital into it, upgrade Liberia's entire telecom infrastructure, and create needed jobs in Liberia's telecom sector.

Thereafter, the World Bank stepped in by funding a detailed assessment of LTC and proposed a new law in the form of Telecommunication Act Number 18 of 2005. That act formally established the Liberian Telecommunication Authority (LTA) to regulate the sector and it retained the Post and Telecom (P&T) Ministry as policy maker. The WB also proposed and oversaw another tender bid process that they deemed as the best option for privatization LTC. Their logic was that

the government should only function in the sector as a policy maker and regulator and that the model of a national telecom was outdated. The outcome of the WB initiative: Act Number 18 was passed into Law and a new, vastly superior in professionalism and planning, tender bid for LTC was initiated that, had it materialized, would have immediately revitalized that organization and made it competitive on par with current mobile operators. That planned WB bid was suspended by the current presidency on advice from LTC's board and management.

Fast forward to 2007; in a desperate and misguided attempt to regain some legitimacy, LTC's management is advocating a new 'Telecommunications Act of 2006. The new act outlines the role sharing between LTA, LTC, and P&T and brands LTC as 'LIBTELCO' with a new (or same old), mandate to 'implement' policies devised by P&T. The act also restates LTC's authority as a National Telecom representing the government's interest in the sector.

The Act, although a rehash of the original Act 18 of 2005, does provide some credible expanded regulatory and policy authority provisions such as establishing a universal access fund, dispute mediation, tariff regulation, telecom easement, and a national numbering plan, but overextends its language provisioning any role for LTC besides requiring that the government move towards privatizing the entity and limiting its equity stake in it. Here are some of the Act's other shortcomings and, as promised, suggestions:

- Remove all language in 2007 Act reiterating LTC's role as a National Telecom and include only language requiring that tangible efforts be made towards privatizing that entity.
- Insert language specifically describing LTA's regulatory position over the .LR internet domain (I'll explain .LR in article 3).
- LTC's desire to remain a 'National Telecom' is a model that is outdated and quickly being abandoned by governments in most other African countries.
- How can LTC 'implement policies' set by P&T when LTC is broke, inoperational, and heavily indebted.
- Policy development role OK for P&T but implementation implies regulations that fall in the realm of LTA.
- LTC is not custodian of some government mandate to provide cheap, affordable, and competitive telecom services; the telecom market has

changed and is now functioning well as an open market driven by demand and supply.

- LTC has to privatize, telecom technology has evolved and is not beyond the competency of LTC.
- If bid held, investors want to make a profits on their investment, not adhere to some mandate to provide affordable, reliable, and competitive telecom services nation-wide.
- Advocating monopolistic practices will have a negative impact on the market and mobile customers.
- LTC's focus should be on privatization, eradicating debt, and positioning the organization for takeover.
- Government should provide incentives instead to expand telecom access to rural areas (i.e. tax write off on capital investments in low demand areas).
- Telecom policies should focus on regulation, infrastructure development and expansion, knowledge transfer, investment incentives, consumer protection and privacy, security.
- Government ultimate role is to protect the interest of customers and operators; let the operators build the national telecom infrastructure with the government providing tax incentives or small subsidies to operators for their investment.
- Rename P&T to Ministry of Postal and Technology affairs, expand mandate to telecom and information systems technology policy development.
- Government is a consumer of telecom services, may require certain security and reliability provisions of operators servicing government.
- An lastly, LTC should refocus it efforts entirely on the following:
 - Appoint transition management team.
 - Do self assessment (debt, labor, assets)
 - Privatize, privatize, privatize, but retain some government equity interest
 - Government could use much needed equity revenue to subsidize some infrastructure development in telecom or other areas.

With the above flaws eradicated and suggestions considered, the telecom Act of 2007 is passable into law and could become the framework for much needed growth and order in Liberia's telecom sector.

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