Supply Side case study: Cameroon Pricing issues
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Market review

- 3 mobile network operators
- Camtel only fixed line provider
Mobile Access

• 44.5% mobile phone ownership
• 14.9% with internet enabled phones
Internet use

- 1.3% internet use at household level
- 14.1% individual internet use (RIA survey data 2012)
- 9.4% internet access through mobile device
RIA African Mobile Pricing performance (RAMP)
OECD Prepaid basket rank

New Pricing strategy

Bundled Pricing introduced

Significant drop in cost of cheapest prepaid basket

- Viettel had still not launched services in Q1 2014
- Yet in the same quarter

Viettel Cameroon asks government to extend 3G availability

*Source: TIC*
New Pricing strategy

Bundled Pricing introduced

<table>
<thead>
<tr>
<th>Table 3: Orange's Plenty Bundles</th>
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</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Price</strong></td>
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<tr>
<td>-----------</td>
</tr>
<tr>
<td>Plenty classic</td>
</tr>
<tr>
<td>Plenty Fun 250</td>
</tr>
<tr>
<td>Plenty fun 1000</td>
</tr>
<tr>
<td>Plenty Smart 500</td>
</tr>
<tr>
<td>Smart 2000</td>
</tr>
<tr>
<td>Plenty Relax 1000</td>
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<tr>
<td>Plenty Relax 5000</td>
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</tbody>
</table>
Significant drop in cost of cheapest prepaid basket

Figure 3: Cost of cheapest prepaid mobile product for OECD's 40 calls/60 SMSs basket by operator in CFAf
• Viettel had still not launched services in Q1 2014
• Yet in the same quarter:

Viettel Cameroon asks government to extend 3G exclusivity

Cameroon’s third largest telecoms company Viettel has asked the president of the country to extend the company’s 3G monopoly, which has been the subject of complaints by other telecoms operators.

A concession contract signed in December 2012 gave Viettel Cameroon exclusive 3G rights, though the monopoly will expire in December 2014.
Prepaid Mobile data price

Cheapest prepaid 1GB basket for Q1 2014(USD)

Q1 2014 Price 1GB basket (in USD)
### Table 3: Cost of 1GB ADSL baskets at different speeds

<table>
<thead>
<tr>
<th>Country</th>
<th>Operator</th>
<th>1GB up to 1 Mbps</th>
<th>1GB up to 4 Mbps</th>
<th>1GB up to 10 Mbps</th>
<th>1GB above 10 Mbps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>Ethio Telecom</td>
<td>14.45</td>
<td>30.25</td>
<td>337.90</td>
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<tr>
<td>Mozambique</td>
<td>TDM</td>
<td>21.59</td>
<td>91.10</td>
<td>136.91</td>
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<tr>
<td>Ghana</td>
<td>Vodafone</td>
<td>26.89</td>
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<tr>
<td>Namibia</td>
<td>Telecom Namibia</td>
<td>36.74</td>
<td>64.36</td>
<td>336.69</td>
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<tr>
<td>South Africa</td>
<td>Telkom</td>
<td>37.68</td>
<td>37.68</td>
<td>68.53</td>
<td>86.18</td>
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<tr>
<td>Botswana</td>
<td>BTC</td>
<td>46.97</td>
<td>61.81</td>
<td>119.63</td>
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<tr>
<td>Cameroon</td>
<td>Camtel</td>
<td>62.81</td>
<td>1002.06</td>
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<tr>
<td>Tanzania</td>
<td>TTCL</td>
<td>71.74</td>
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<td></td>
<td></td>
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<tr>
<td>Kenya</td>
<td>Orange</td>
<td>77.04</td>
<td>124.02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**High prices for low speed**
Perceived Ineffective regulation of telecommunications market
Conclusion

- Policy barriers impeding new entrants and obstructing natural evolution
- Protectionist framework resulted in dysfunctional duopoly
- Ineffective regulation of monopoly in fixed market

Policy recommendations

- Revoke Viettel’s 2G monopoly and allow MTN and Orange to provide 3G and 4G services
- Effectively regulate wholesale access to enable competition and reselling
- Open the fixed line market to secure more infrastructure investment
Policy recommendations

- revoke Viettel's 3G monopoly and allow MTN ad Orange to provide 3G and 4G services
- effectively regulate wholesale access to enable competition and reselling
- open the fixed line market to secure more infrastructure investment
Use of evidence for policy influence

Cameroonian government revokes Viettel’s 3G monopoly

In its edition of September 26, 2014, The Cameroon newspaper Le Quotidien de l’Economie, reported that Viettel’s request for an extension of its exclusivity on the provision of 3G services until 2016 has been turned down by the Cameroonian Government. The Agence de régulation des télécommunications (ART) has reportedly authorized MTN Cameroon and Orange Cameroon to offer 3G services from 2015, indicating that Viettel’s application to extend its monopoly was rejected.

Granted in 2012, the monopoly over 3G infrastructure and services was put in place to allow the new player to catch up with its competitors in the broadband market. Viettel failed to deploy the 3G infrastructure and asked the Presidency for an extension of its monopoly until 2016. The regulated monopoly over 3G services had created a regulatory barrier for the development of fast and affordable broadband services in the country by the incumbent operators. For consumers, the widespread use of 3G to all operators can only be beneficial. The quality of services will evolve and prices will certainly decline due to a competitive market. In Central Africa, Cameroon will join the group of countries such as Chad and Gabon where 3G is already effective.

Fear over the extended monopoly over 3G infrastructures and services was raised in the June 2014 policy brief on broadband prices and performance in Cameroon by Research ICT Africa. It brought to the Cameroonian Presidency’s attention that the growth of affordable and real broadband services were impeded by poor policy decisions in the country. RIA found out that in comparison to most African countries, Cameroon lagged behind in the deployment of 3G services due to protectionist policies, which granted Viettel a monopoly over 3G infrastructure and services and prevented the two other operators MTN Cameroon and Orange Cameroon from providing efficient mobile broadband services. RIA research established that the policy outcome of the regulated monopoly over 3G services was not only high prices of mobile data but also the lowest throughput on the African continent, which did not go beyond 2.5G speeds. RIA policy brief recommended to the Agence de régulation des télécommunications (ART) the need to license the two incumbent mobile operators to provide 3G services in order to remedy this outcome.
Evidence to policy outcome

Nexttel Cameroon To Lose 3G Exclusivity

MTN wins 3G licence in Cameroon

2015-03-11 12:00

Younde - Cameroon will renew the operating licence of South African mobile communication group MTN and give the group a third generation (3G) licence for $125m, industry sources said on Tuesday.

The two leading operators in Cameroon - MTN and its rival Orange, a subsidiary of France's Orange - have been locked in negotiations with the government over the renewal of their licences and clearance to offer 3G services.

YAOUNDE: Cameroon has renewed the operating licence of Africa’s largest telecoms provider MTN, and cleared the firm to begin offering third and fourth generation (3G and 4G) mobile services, MTN said on Wednesday.

South Africa's MTN, Cameroon's leading mobile provider with nearly 10 million subscribers or about 60 percent of the market, said it paid 75 billion CFA Francs ($125 million) for the licence which also allows it to deploy optical fibre cables.

(Reporting by Bate Felix; Editing by James Macharia)

Cameroon: the 4th mobile operator revealed

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Thank you!!

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