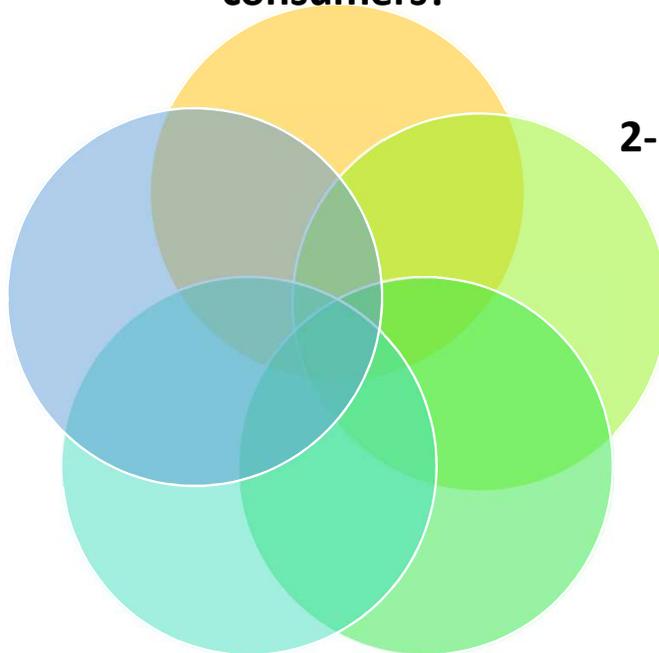




1-

How can spectrum prices impact consumers?

5 Questions



2- Best Practices Licencing Framework



4 – Keys recommendations

3 –Best Practices Spectrum Pricing





High spectrum prices can impact consumers in two ways

- ❖ **High reserves can lead to spectrum going unsold**
 - ❖ Worryingly digital dividend spectrum has gone unsold in several countries
 - ❖ Lost consumer & economic benefits from unsold spectrum cannot be regained
- ❖ **High final prices could lead to reduced network investment, higher consumer prices and lost consumer welfare benefits**
- ❖ Growing amount of academic literature finds that operators may not always treat spectrum as a sunk cost





Economic theory predicts high prices could negatively impact consumers

<p>1. Hold-up problem</p>	<ul style="list-style-type: none"> • Spectrum awards are not one-off • If firms believe their expected returns will be extracted in successive auctions, they will change their investment strategy
<p>2. Internal financing constraints</p>	<ul style="list-style-type: none"> • High prices may exhaust scarce, lower-cost internal funds • Access to investment capital from multinational parents or external sources may be rationed in response to low profitability
<p>3. Observed pricing decisions</p>	<ul style="list-style-type: none"> • In sectors with naturally constrained competition, firms with high sunk costs may engage less in price competition • Expensive licences may act as a signal for firms to set higher prices





Best practice in mobile spectrum licensing

Authorities should limit conditions on the use of spectrum to those necessary to guarantee co-existence.

- Auctions can deliver strong social benefits as long as they are properly designed;
- A presumption of licence renewal encourages long- term network investment;
- High spectrum prices jeopardise the effective delivery of wireless services;
- Predictable and timely spectrum licensing encourages long-term network investment
- Licenses should be technology and service neutral



Day 4

Spectrum Pricing and Economical Impact

- Spectrum licenses should be made technology and service neutral,
- Governments with particular policy objectives should consider regulation which supports commercial provision of widespread and affordable access before imposing conditions.
- When conditions are imposed, any related costs should be deducted from spectrum costs;
- Mobile licenses should have a minimum 20-year term to provide for sufficient certainty to support mobile network investment which has long pay-back periods, as well as presumption of renewal.





Best practice spectrum pricing

- High spectrum prices can harm consumers through lower quality mobile broadband services
- Governments should priorities improved mobile broadband services – above revenue maximization –when awarding spectrum
- Set modest reserve prices and annual fees, and rely onthe market to determine spectrum prices
- Auctions must be well designed and implemented to bean effective award mechanism
- There is no single best approach to estimating the value of spectrum and international benchmarks should be used with caution



- High spectrum prices can harm consumers through lower quality mobile broadband services;
- Governments should prioritize improved mobile broadband services – above revenue maximization – when awarding spectrum;
- Assign a sufficiently large amount of spectrum and publish future spectrum roadmaps to support high quality mobile services
- Update periodically the law and regulation of spectrum pricing in order to take in considerations futures technology and services;
- There is no single best approach to estimating the value of spectrum and international benchmarks should be used with caution.





- Spectrum pricing decisions should be made by an independent regulator or with the collaboration of external consultant.
- African governments should release more spectrum, to expand coverage, improve network quality and encourage investment and refarming;
- Expensive spectrum is detrimental for consumers; governments should ensure policies support affordable spectrum pricing;
- Regulatory body may acquired more tools and software for spectrum Management;





Merci de votre attention

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