

PPIAF Assistance in Liberia

Technical Assistance for Liberia's Telecommunications Sector

PPIAF has provided technical assistance to the Government of Liberia since 2007 in connection with the development of the telecommunications sector policy and regulation, as well as the **licensing process of existing private telecommunications operators**.

At the time, Liberia had four operators of mobile services that also provided Internet and data services; these operators had been licensed in 2002, 2003, and 2004—shortly after the end of Liberia's civil war but before the enactment of both the Telecommunications Act and the previous interim telecommunications legislation (Act No. 18). The Telecommunications Act passed in 2007 required the "standardization" of licenses obtained prior to the enactment of the Telecommunications Act and made the Liberia Telecommunications Authority responsible for the standardization process to re-negotiate the license terms and conditions with the operators to issue a new standardized license that reflects international best practice.

The standardization process was necessary because the existing operators were operating under the original licenses issued by the previous transitional government, based on bilaterally negotiated arrangements, resulting in major discrepancies in the treatment of the operators and in license terms and conditions. The Government of Liberia recognized the shortcomings of the previous licenses and made the standardization of licenses a cornerstone in the reform agenda for the sector to ensure a strong framework of license rights and obligations, a level playing field between different operators, and a fair and competitive environment beneficial to consumers.

In early 2007 the Government of Liberia requested PPIAF support to develop a comprehensive **fee and taxation policy** for telecommunications that would 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 results 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 recommendations by actively debating the proposal with government officials and stakeholders of the sector.

Follow-up support was requested in 2008 to help the Government of Liberia implement the recommendations proposed in the study. This included finalizing the licensing process of existing mobile operators by supporting: i) the finalization of spectrum allocation based on spectrum usage review, ii) the formulation of a suitable and sustainable taxation policy for the sector, iii) 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, iv) options for the standardization of the licenses granted to existing mobile operators, and v) the process leading to the final issuance of the licenses.

PPIAF's support formed the building blocks for the standardization of the 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.

Some key outcomes and impacts of PPIAF's technical assistance to the Government of Liberia are:

- The establishment of an appropriate framework of license rights, with uniform terms and conditions
- The establishment of the legitimacy, authority, effectiveness, and credibility of the new regulatory regime
- Strengthening the Liberia Telecommunications Authority and establishing its credibility and authority to implement the new Telecommunication Act
- Development of the telecommunications sector and improving access to and usage of telecommunications services, with the corresponding growth in the Liberian economy

Support for Liberia Telecommunications Corporation towards privatization

Liberia Telecommunications Corporation (LIBTELCO) is the Liberian government's national operator, which holds the licenses to provide primarily fixed-line telecommunications services. Virtually all of the assets of the company were destroyed during the war, and as of 2008 much of the remaining equipment was obsolete with the exception of a new CDMA 2000 1X EVDO network. This network, when fully configured, is expected to provide fixed wireless services to approximately 100,000 subscribers in Monrovia and its surrounding areas.

In 2009 the Government of Liberia requested PPIAF assistance to make LIBTELCO competitive in a liberalized market with modern technology with the aim of eventually privatizing it. 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 PPIAF-funded Strategic Options Report contained a detailed analysis of LIBTELCO's existing situation and planned investments, and proposed strategic investments and financing options. The study assessed these options based on financial, marketing, and technical criteria as well as staffing requirements; it also assessed their impact on achieving longer term national goals and on increased competition that could result in lower prices for ICT services.

Following the Strategic Options Report, PPIAF funded an Implementation Plan for LIBTELCO's new operating model. This study did an extensive review of LIBTELCO business and the Liberian ICT environment and market. The consultants recommended that the Liberian government pursue the privatization of LIBTELCO on an expedited schedule by selling a stake of more than 50% of the equity (a controlling equity stake) to a strategic investor. This recommendation was subject to comments regarding existing liabilities of the company.

PPIAF support also included the drafting of interconnection regulations, which have been adopted by the Government of Liberia. Once a landing cable is built, Liberia would be connected to the regional interconnected network.

Regarding LIBTELCO, we understand that the Liberian government will proceed in the short term to privatize LIBTELCO to turn it around, and in the medium term (three years) may consider selling a stake to a strategic investor.

Results of PPIAF's Activities in Liberia's Telecommunications Sector

Category	Outputs
Enabling environment reform	
<i>Analyses/assessments prepared</i>	<ul style="list-style-type: none"> • Liberia Telecommunications Sector Fiscal Study: Review of taxation, license fees and incentive regimes of the telecom sector in Liberia, August 30, 2007 • Liberia Telecommunications Spectrum Audit Study, May 16, 2008 • Options and Considerations in the Standardization of Mobile Licenses in the Liberian Telecom Sector, June 2, 2008 • Interconnection cost model for the main operators in Liberia with overview and user guide , December 16, 2009 • Best Practice Report on Licensing of International Gateways and Cable Landing Points, June 1, 2010 • Options Study Report: Evaluation of Options for Transforming and Positioning LIBTELCO for Future Growth and Value Creation, October 7, 2009
<i>Plans/strategies prepared</i>	<ul style="list-style-type: none"> • Strategic Options Report: Implementation plan for LIBTELCO's new operating model and for its privatization, February 9, 2010
<i>Policies prepared or legal or regulatory changes recommended</i>	<ul style="list-style-type: none"> • Draft Radio Spectrum Regulation, 2008 • Draft Telecommunications (Licensing and Authorization) Regulations, March 5, 2008 • Interconnection Regulations 2009 LTA-REG-0003, December 7, 2009 • Regulations for the Treatment of Confidentiality, Dispute Resolution, Compliance and Enforcement 2009 LTA-REG-0002, September 17, 2009
Capacity and awareness building	
<i>Workshops/seminars</i>	<ul style="list-style-type: none"> • Consultation workshop conducted in May 2007 to discuss the results of the Liberia Telecommunications Sector Fiscal Study and validate recommendations by actively debating the proposal with government officials and stakeholders of the sector • Consultation on the Interconnection Regulations with operators and other parties, December 7, 2009
Category	
Outcomes	
Enabling environment reform	
<i>Institutions created or strengthened</i>	<ul style="list-style-type: none"> • Strengthening of Liberia Telecommunications Authority, establishing its credibility and authority, September 30, 2008
<i>Plans/strategies adopted</i>	<ul style="list-style-type: none"> • Implementation plan for LIBTELCO's new operating model and for its privatization adopted

<i>Policies adopted, legislation passed/amended, or regulations issued/revised</i>	<ul style="list-style-type: none"> • Radio Spectrum Regulation adopted • Licensing and Authorization Telecommunications Regulations adopted, published on LTA website on September 16, 2010 • Interconnection Regulations 2009 LTA-REG-003 adopted, published on LTA website September 16, 2010 • Regulations for the Treatment of Confidentiality, Dispute Resolution, Compliance and Enforcement 2009 LTA-REG-0002 adopted, published on website 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
Project cycle-related assistance	
<i>Transactions facilitated</i>	<ul style="list-style-type: none"> • Creation of an SPV for the landing station through a joint venture of public (LTC) and two mobile private operators
Capacity and awareness building	
<i>Technical capacity enhanced</i>	<ul style="list-style-type: none"> • Training staff of Liberia Telecommunications Authority on a FSMS system, modern spectrum management practices, and review of current interference problems, 2008

Category	Impacts
<i>Fiscal impact on government</i>	<ul style="list-style-type: none"> • Granting of four new, standardized licenses to the four existing GSM service providers, resulting in license fees to the government of Liberia of US\$65 million from March 6, 2009 to 2019 (this includes the fee payment schedules for each of the four mobile operators)

Technical Assistance for Enabling Environment Reforms and Public-Private Partnerships

The Government of Liberia recently embarked on a “national visioning” exercise that will establish the framework for Liberia’s long-term planning. The ultimate aim is for Liberia to achieve middle-income status by 2030 by supporting economic diversification, infrastructure improvement, and good governance. In particular, the Government of Liberia has recognized the need to leverage private sector investment in priority sectors of the economy to accelerate growth. One approach the Government is supporting is the development of new corridors in mining, forestry, and agriculture (rubber, oil palm, cocoa, and small-scale farming) through concessions and public-private partnerships (PPPs). The envisioned PPPs range from large-scale infrastructure investments such as rail lines, ports, and independent power providers to smaller-scale municipal projects like micro-hydro dams, hospitals, service providers, and small and medium enterprises.

The private sector development agenda is a focus for the Government. This includes expanding support to small and medium enterprises and also increasing private sector investment through PPPs. In continuation of this work, the Government requested PPIAF assistance in 2011 to perform a rapid scoping of the PPP pipeline and PPP enabling environment. This work aimed to facilitate the Government in structuring a PPP engagement program that seeks to address critical policy, institutional, and legal weaknesses that deter private sector investment and also put in place proper institutional and project development services to guide PPP transactions to market according to best practices.

In 2011 PPIAF supported a diagnostic study of the political, commercial, and operational feasibility of infrastructure PPP projects in Liberia, which established a pipeline of Liberia's PPP transactions with ties to the large natural resource concessions (e.g., mining, agriculture, forestry) currently in operation.

The study explored Liberia's previous experiences in implementing PPPs, uncovering key lessons learned and defining themes useful for structuring future PPP transactions. Liberia's experience in the energy and transport sectors yielded important lessons for structuring PPPs, including the sequencing of actions as well as the need for better upstream project planning and downstream project-specific structuring. Likewise several useful themes emerged for future PPP design and improved PPP capacity at the government level. These included: a preference for a phased risk-based approach from the private sector; a preference from the private sector for remuneration by user charges; the need to address the Government's low capacity to develop and monitor both concessions and PPPs; the need for sustained dialogue to avoid missed opportunities for joint-infrastructure development with natural resource concessionaires; and the need to establish clear principles to select and prioritize PPPs.

The report also identified weaknesses within Liberia's existing legal and concession's framework for PPPs, concluding that for Liberia to thoroughly address these weaknesses, the country should introduce a new PPP-focused legislation that complements existing legislation while replacing specific parts of existing laws pertaining to PPPs and concessions. In particular, the study recommended that the Government extend Liberia's concession law framework to a broader PPP legal regime. This can be achieved by amending the Public Procurement and Concessions Act and convert the proposed National Bureau of Concessions Act to a comprehensive PPP Act. The report also suggested that Liberia should prepare a PPP Policy Paper that outlines institutional roles, PPP principles and objectives. Likewise the country should conduct sector reviews to identify weaknesses limiting private sector investment. Finally, the report concluded that deep legal and capacity building would help the Government structure optimal PPP deals.

The diagnostic concluded with a short and long list of potential PPP projects that would benefit the Government of Liberia and build on the country's lessons learned. The short list or "quick win" activities focused on projects in port facilities, IPPs, mini-grid power projects, and power and road "spin-offs" from existing or planned concessionaire infrastructure investments. The long list included projects that could be developed after further technical and sector specific work is carried out.

The government is currently evaluating the recommendations of the report and determining the appropriate next steps.

Results of PPIAF's Technical Assistance Activities for Enabling Environment Reforms and PPPs

Category	Outputs
Enabling environment reform	
<i>Analyses/assessments prepared</i>	<ul style="list-style-type: none"> • Developing Public-Private Partnerships in Liberia, 2012
<i>Plans/strategies prepared</i>	<ul style="list-style-type: none"> • Diagnostic included a pipeline of potential PPP projects in Liberia, 2012
<i>Policies prepared or legal or regulatory changes recommended</i>	<ul style="list-style-type: none"> • Legal/policy recommendations including: extending Liberia's concession law framework to a broader PPP legal regime; and preparing a PPP Policy Paper that outlines institutional roles, PPP principles, and objectives, 2012