

## IMPACT STORIES



# PPIAF Supports Telecommunications Transformation in Afghanistan: Expanding Affordable Access by Introducing Competition

From 2003–05 PPIAF supported the government of Afghanistan with the development of a regulatory framework and capacity building program for the Telecommunications Regulatory Board, which subsequently merged with the Afghanistan Telecommunications Regulatory Authority in 2005. Following PPIAF's assistance, the government introduced competition in wireless mobile services, international competitive bidding in Global System for Mobile Communications (GSM) services, and local fixed service licenses. These measures have enabled the rapid rollout of competitive services in a poor, war-torn environment and facilitated the transformation of Afghanistan's telecommunication sector from a fragmented system serving few to a modern, efficient network putting Afghans in touch with one another and with the global economy—all in just a few years.

By 2002, after decades of internal conflict, the telecommunications networks in Afghanistan were barely functioning. Teledensity stood at a mere two telephones per 1,000 people. For this reason the Afghan authorities chose telecommunications as a priority sector to attract private investments. The Ministry of Communications issued tenders to introduce private competition in the mobile sector and negotiated a second GSM license for the country. Given the aims of the Ministry, in a post-conflict environment with limited technical capacity, it was essential to strengthen the institutional framework and capacity for telecommunications regulation.

### PPIAF SUPPORT

In 2003 the Public-Private Infrastructure Advisory Facility (PPIAF) provided a \$468,800 grant to assist the Ministry of Communications in creating a regulatory regime capable of supporting the introduction of private sector participation in the mobile telecommunications sector. PPIAF assistance facilitated the establishment of the Telecommunications Regulatory Board, created as an interim regulatory unit in May 2003. Specifically, PPIAF supported the design of the licensing and competition frameworks, the construction of an interconnect policy and a dispute resolution mechanism, and the design and implementation of systems and procedures to allow the regulatory body to carry out its functions. In addition, the assistance was used to prepare a roadmap for further development of the regulatory board from a small unit within the Ministry of Communications to an independent regulator with significant institutional strength and capacity. Finally, PPIAF's assistance supported a capacity building seminar and workshop.

### OUTCOMES

PPIAF's technical assistance facilitated the strengthening of the telecommunications regulatory unit within the Ministry of Communications.

In 2005 President Hamid Karzai approved a telecommunications law establishing an independent regulator, the Afghanistan Telecommunications Regulatory Authority, by merging the Telecommunications Regulatory Board and the State Radio Inspection Department, both previously housed at the Ministry of Communications. The new entity now has full responsibility for all regulatory functions in the telecommunications sector.

## DONOR COORDINATION

Several donors and other agencies were involved in supporting government initiatives aimed at improving the telecommunications sector in 2002–05, including the Afghanistan Reconstruction Trust Fund, the Emergency Communications Development Project of the World Bank, the International Telecommunication Union, and the Asian Development Bank. PPIAF assistance was also complemented by the U.S. Agency for International Development, which financed the establishment of District Communication Networks and Village Communication Networks and provided technical assistance in the form of advisors to the Ministry of Communications, Afghan Telecom, and the Afghanistan Telecommunications Regulatory Authority.

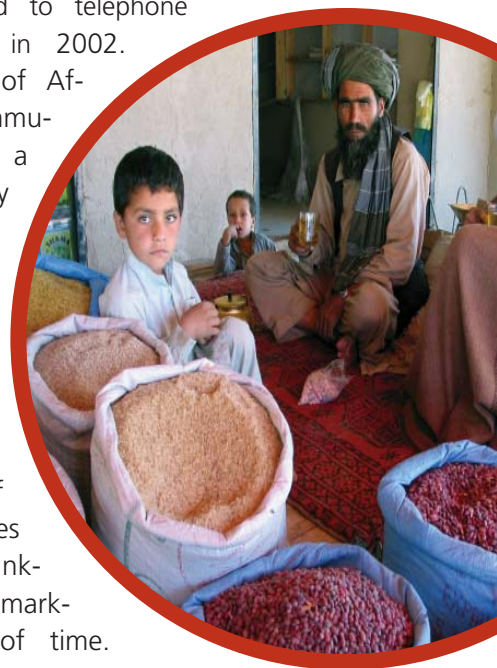
## IMPACTS

With increased competition introduced in wireless mobile services, the GSM market, and fixed service provision, the telecommunications sector has benefitted from private sector investments of more than \$1.3 billion. Tariffs have fallen by 95% since 2002, opening the telecommunications sector to the Afghan population. Today there are approximately 13 million mobile subscribers,

Since 1999 PPIAF, a multidonor technical assistance facility, has helped developing countries use public-private partnerships to improve their infrastructure. A key focus has been upstream technical assistance to support the development of an enabling environment for such partnerships.

This series highlights how PPIAF's support has made an impact on the ground.

and over 70% of the population is now covered by a mobile signal, compared to telephone penetration of 0.05% in 2002. The transformation of Afghanistan's telecommunications sector from a fragmented, barely functioning system into a modern, efficient network was unthinkable only a few years ago. But regulatory changes have facilitated the rapid rollout of competitive services and made the unthinkable possible in a remarkably short period of time.



## RELATED PPIAF ACTIVITIES IN AFGHANISTAN

- 2003: Strengthening Telecommunications Regulation, **\$468,800**
- 2005: Private Participation in Urban Water and Sanitation by Management Contracts, **\$74,500**
- 2006: Legal and Institutional Reforms in the Urban Water Supply and Sanitation Sector, **\$504,000**
- 2006: Documentary Showcasing Reform Developments in the Telecommunications Sector, **\$30,000**
- 2007: Design and Implementation of Private-Public Partnerships for Urban Sanitation Services in Kabul City, Afghanistan, **\$64,500**

Learn more about the Afghanistan Telecommunications Regulatory Authority at [www.atra.gov.af](http://www.atra.gov.af)