

IMPACT OF REGULATION AND POLICY ON A NATIONAL FIBER-TO-THE-HOME DEPLOYMENT: INFRASTRUCTURE SHARING

**A FINANCIAL MODELLING PROJECT TO QUANTIFY THE POTENTIAL
IMPACT OF INFRASTRUCTURE SHARING ON BROADBAND DEPLOYMENT
IN THE MENA REGION**

*A Report by Regulatory & Policy Committee Members
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FORWARD AND INTRODUCTION BY FTTH COUNCIL MENA

Whether as part of a national broadband network (NBN) programme or as an element of general broadband development, the policies and measures of Governments and regulators usually have a significant impact.

As part of its Regulatory and Policy Committee's mission, the FTTH Council MENA is committed to strengthening its cooperation with policy makers, governments and regulators in the region in order to positively influence relevant NBN policy development and have a positive impact on broadband deployment in general, and FTTH rollout in particular.

The FTTH Council MENA will produce a series of research papers based on financial modelling which seek to illuminate some of the potential impacts, costs and trade-offs involved. In this first paper we evaluate the potential impact of infrastructure sharing measures. We also ask whether it is worth delaying an NBN or other significant broadband programme in order to allow time for the implementation of infrastructure sharing. On other words, do benefits of such measures outweigh the economic and social benefits foregone through delay? And if so, how long a delay might be justified?

This report includes information, updates and generic recommendations that reflect the views and experience of the expert consultants. The potential impact, what is practicable and politically feasible will clearly vary by country and perhaps even by region within a single country.



EXECUTIVE SUMMARY

Evaluating the Impact of Infrastructure Sharing

This paper presents the methodology and results of a model measuring the significance of key regulatory and policy choices on the roll-out of a national fiber network. It is the third in the series of papers on regulation and policy that the FTTH Council MENA has sponsored.¹

This paper examines the impact of **infrastructure sharing**. Infrastructure sharing is a broad term that may refer to a number of different approaches to reducing the cost of infrastructure roll-out. Policies to encourage infrastructure sharing are often a mainstay of any national broadband plan. However, the concrete benefits depend heavily on local conditions and the type of network roll-out under consideration. Moreover, infrastructure sharing is not achieved without cost.

To evaluate the potential and value of infrastructure sharing, we built a financial model of a representative MENA region. This is based on a mix of economic and engineering characteristics that reflect the “typical” characteristics of MENA based on an analysis of the highly varied, geography, economic level and population density of MENA.

Findings of the Cost Benefit Analysis

There are several findings that emerge from this analysis:

- The impact of infrastructure sharing is highly dependent on local conditions.
- The impact can potentially be huge. We believe that in certain circumstances, government subsidy could be reduced to zero under the right conditions for infrastructure sharing.
- Government has numerous instruments at its disposal to encourage infrastructure sharing: lifting existing restrictions on utilities from leasing and sharing infrastructure; “dig-once” policies; mandating access on dominant service providers; minimal additional capacity requirements at the time of duct installation; more liberal rights of way regulations; etc.
- Mandated infrastructure sharing is an obvious way to reduce the need for state financial involvement in the NBN deployment.

However, despite the considerable potential benefits, generally it is not worth putting off national deployment more than one or two years in order to achieve cost savings from infrastructure savings. This is because the economic impact of improved broadband is of a magnitude such that delaying too long costs the country more in foregone benefits than it can save with infrastructure sharing.

¹ “Aligning Regulation with National Fibre Access Strategy,” 14 October 2015 and “The 9 Dimensions of MENA NBN Policies”, 27 November 2014.



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Thank you for reading. This document provides only the summary. To receive the full report please contact:

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