



Digital Agenda for South East Europe

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Albanian Electronic Communications Market Overview

- 3.2 million inhabitants.
- 4 mobile operators, 152 fixed operators, of which 58 are active in the market.
- Although Albania's GDP growth rate was 3.8 % in 2010, the total market shrank by 7.3% in 2010 vs.2009. (Enlargement countries had an increase of 2.4 %)
- Mobile market penetration at 140 % - highest in the region exceeding EU average of 124 %. Mobile market revenue trend negative at – 15.6%. Internet (+22%) and data communications(+520%) are growing as starting from a very low base.
- First 3G authorization was awarded in 2010 to Vodafone as a result of a considerable investment of 31.4MEuro, and second authorization in November 2011 to local DT subsidiary.
- Low fixed line penetration at 10% and number of fixed connections declining YoY. Fixed market is divided between incumbent and the alternative operators at ~50%.
- Incumbent's fixed network is mostly copper and Incumbent and alternative operators have started to invest on fiber.
- NRA has regulated the voice and SMS mobile termination rates as per respective glide-paths. However high asymmetry allowed for 4th mobile operator, not yet regulated.
- Glide-path for fixed incumbent termination rates is still pending to be approved however BULRAIC study is in place.
- Mobile retail tariff regulation was in place for two years 2008 – 2010.
- General strategy for the electronic communications has been approved by Government.



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Policy making and spectrum management insights

- Mobile has been a success story in Albania in past 10 years, for the next 10 years data will be the game, broadband the way to meet that demand.
- Policy making and its implementation are vital in order to create the necessary framework for investments in NGA networks.
- In Albania, the Regulatory framework is approximated with EU framework, and progress has been made in this direction by Government and NRA, however a comprehensive and transparent strategy on broadband shall yet be defined.
- Government has made the first step by issuing the first two 3 G licenses. Further, in context of implementation of its strategy on digital agenda the Albanian Government should address the following issues:
- Proper spectrum management and allocation to incite investment in the future next generation networks.
 - Opening up current spectrum 900, 1800 in a technology neutral way at no additional costs for the operators.
 - Allocation of digital dividend for mobile broadband.
 - Cost on spectrum use to be fair and based on their potential use and return of investment.
 - *Re-farming of above spectrum and allocation of digital dividend for mobile broadband are planned in the Policy Paper on Electronic Communications in the Republic of Albania.*



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Towards investing on NGA networks

- Proper regulatory framework for building the fiber networks
 - Albanian Government should create such regulatory framework based on the latest EU experience and studies, where the best model for investing in fiber networks is co-investment including all interested players .
- Legal, Regulatory and Tax regime for NGA investments
 - All policy framework and legislation shall be harmonized, including law on rights of way, regulations on territorial planning, and amendments to current electronic communications law with the view of assisting a fast and quick roll out of such NGA networks, fixed or mobile (short and efficient procedures for building permits).
 - Exclusion of SMP Operators to invest in national broadband network, and increased tax burden do not contribute to such direction.
- Technology neutral regulation and enabling investment climate
 - Referring specifically to the electronic market, where the difference between fixed and mobile world is converging, both Government and Regulator should treat in an fair and competition triggering way all mobile, fixed and OTT players.
 - Policy should enable that operators that make investments are entrusted with providing the services to the consumers.
 - Transparency and predictability of tax framework, especially its application, is of paramount importance for investors, especially in time of economic crisis.



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