



# **Maldives Telecommunication Policy 2001-2005**

Ministry of Communication, Science and Technology  
Maldives

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**Telecommunication Policy**  
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# **Maldives Telecommunication Policy 2001-2005**

## **Introduction**

Telecommunication can play a vital role in linking our dispersed communities and reduce the impact of the geographical isolation and physical separation that exists between island communities of Maldives. Telecommunication will also play a major role in achieving the economic and social developmental objectives envisaged in the Vision 2020 of Maldives.

As a country with limited natural resources, info communication technology can be the tool in developing the skills for obtaining knowledge and information, increase productivity and to promote our products and businesses in the global market. It is essential, therefore, that modern telecommunication services be made available at affordable prices, in order to create an environment conducive to foreign investment, in areas beneficial to the country.

This Maldives Telecommunication Policy has been formulated in view of the economic and social development needs of the country and to facilitate and achieve the above objectives. The policy identifies and addresses key issues in the sector in 6 major areas. This policy will facilitate sustainable development of telecommunication services for the next 5 years.

## Situation

Prior to 1995 telephone service was available only to a few islands. However, by the year 2000, all inhabited islands had access to communication by telephone. In addition, GSM mobile service was made available in the capital and nearby atolls. Internet access was also available throughout the country. Thus, Maldives has seen remarkable improvements in the telecommunication sector during these five years.

Compared to most countries in the South Asia Region, Maldives is in a better position in terms of telecommunications, with a fully digital network. In view of the rapid advancement in telecommunications, it would be unwise to be complacent with the achievements we have made so far. If we are to keep pace with the world's development, we need to exploit the advances in technology.

The provision of telephone access to all inhabited islands by the year 2000 is the result of the Government's firm policy on telecommunications. Similarly, Government needs to set sectoral goals and objectives for the next 5 years, and formulate a policy to achieve them.

## 1. Telecommunication charges in the Maldives

Studies show that the telecommunication services in the Maldives are generally expensive. Especially the charges for international calls and Internet services are unreasonably high. Studies show that there is significant room for reducing these charges.

### Policy 1

**Reduce charges of all telecommunication services.**

**Objective 1.1: Reduce the disparity in telecommunication charges between Male' and the rest of the country.**

Cable networks are installed in only 11 inhabited islands providing them with telephone service on demand similar to Male'. In all the other inhabited islands, telephone installation and monthly rental charges are prohibitively high.

### Action

1.1.1 Abolish the differences in telecommunication charges among all inhabited islands, within a period of 3 years.

In doing so, priority must be given to selected areas for economic activities, islands identified as growth centres, and densely populated islands.

## **Objective 1.2: Lower Internet charges**

Internet, world's information infrastructure, is one of the cheapest means of communication available for business and other activities. Even though it is available in the Maldives, the high charges and slow speed do not permit the use of Internet effectively.

### **Actions**

- 1.2.1 Reduce charges for Internet dial-up service within the next three years.
- Separate Internet charges from telephone usage charge.
  - Establish Internet 'access nodes' throughout the country.
  - Introduce flat rate usage packages for Internet use instead of charging per minute.
- 1.2.2 Reduce charges for Internet leased lines.

## **Objective 1.3: Reduce International call charges**

Cheaper international telecommunication service is vital for the development of the Maldives. Therefore, significant reduction in international telephone charges is needed, as there is ample room for such a reduction.

### **Actions**

- 1.3.1 Reduce the international call charges to destinations where there is main traffic from the Maldives so that collection charges at both ends are similar.
- 1.3.2 Seek to reduce accounting rates.
- 1.3.3 Introduce cheaper means of making international telephone calls.
- 1.3.4 Allow Internet phone service for public use. Introduce services such as GMPCS and Inmarsat service.

### **Objective 1.4: Reduce leased line charges**

The low speed and high price of Internet leased lines in the Maldives as compared to other countries, do not allow this service to be used effectively for education, business and other activities. Therefore, as in other countries, it is essential that high speed leased lines are made available in the Maldives for Internet use.

Such high-speed leased lines are also needed to establish networks in both the public and private sector. Hence, a considerable reduction in leased line charges is required to make this happen.

### **Actions**

#### 1.4.1 Reduce leased line charges.

- Reduce leased line charges to a level comparable to that of other countries in the region.
- Allow resale of leased line capacity.
- Licence additional leased line service providers.

### **Objective 1.5: Reduce chargeable unit**

The telecommunication charges in Maldives being high, shortening the duration of the chargeable unit will result in cheaper service. Therefore, charging should be aligned with the actual time of usage.

### **Actions**

1.5.1 From 1<sup>st</sup> January 2002 chargeable unit shall be 6 seconds.

1.5.2 From 1<sup>st</sup> July 2002 chargeable unit shall be 1 second.

**Objective 1.6: Set a cost related tariff for service provision.**

The charges for telecommunication services should be related to and based on the cost of service provision. Cost of providing each service should be available to ascertain profitable and non-profitable services.

**Actions**

- 1.6.1 With effect from 2002, telecommunication companies should implement accounting separation for each service they provide, in a manner required by the Government.
- 1.6.2 The Regulator shall determine the tariff. In determining the tariff, the Regulator will consider the tariff proposed by a service provider. The Regulator reserves the right to change a tariff if the existing tariff is deemed to be inappropriate.
- 1.6.3 The Regulator shall determine the need and level of subsidy required for the provision of a service.
- 1.6.4 Establish a 'Universal Services Fund'. All service providers must contribute to this fund. The Government will determine the amount of contribution.

## **2. Telecommunication services outside the Capital**

Despite reasonable developments in telecommunication services in the country, significant differences still exist in service provision between Male' and other islands. So far, provision of mobile telephone service is targeted at Male' and the tourist resorts, where most of the economic and commercial activities are concentrated.

A majority of the population is deprived of the Internet service due to unavailability of residential telephone lines as well as public Internet access centres, such as cyber cafés, in most of the islands.

Hence, priority must be given to expand the telecommunication services and reduce the existing disparity in service provision between Male' and other islands.

### **Policy 2**

**Expand telecommunication services and to reduce the disparity in service provision between Male' and the other islands.**

**Objective 2.1: Provide country-wide telephone service on demand on an equal basis**

The absence of telecommunication services in inhabited islands as well as in islands with commercial activities is an impediment to the socio-economic development of the nation. Therefore, primary focus should be on the provision of telephone service on demand. Basic telephony and associated services using a telephone line is defined as 'Universal Service'.

## **Actions**

- 2.1.1 Telecommunication service providers shall make arrangements, in accordance with a schedule laid down by the Government, to provide telephone service on demand and on an equal basis.
- 2.1.2 Islands within mobile coverage area and where there is no telephone network, provide residential telephones using fixed mobile phones at a rate cheaper than normal mobile service.
- 2.1.3 In islands where Dhiraagu has not provided telephone networks, Government should encourage local communities to install and operate their own telephone network. Arrangements shall be made to facilitate the availability of trunk lines at a cheaper rate.
- 2.1.4 Increase the number of public telephone booths in relation to the size and population of the islands.
- 2.1.5 Facilitate the resale of telephone, fax and Internet services at local shops / small businesses and community centres.

## **Objective 2.2: Expand mobile telephone service to the whole country**

Mobile telephone service has become a very useful service to the public. The rapid increase in the number of users demonstrates this to be true. Since, geographically Maldives consists of more water than land, and that the islands are scattered over a large span of ocean, it will be virtually impossible to call anyone, anywhere, anytime without mobile telephone. Moreover, as there are only a few inhabited islands with residential telephones, fixed mobile is an option available to provide telephone service to islands without a telephone cable network. Hence, mobile service should be made available throughout the country according to a set schedule.

## **Actions**

- 2.2.1 Provide mobile telephone service to all tourist resorts.
- 2.2.2 Provide mobile telephone service to all inhabited islands of an atoll where there is a tourist resort. In doing so, the entire atoll and the sea between the atolls where service is provided must be covered.
- 2.2.3 Expand the mobile telephone service to all islands.

**Objective 2.3: Provide high speed Internet service throughout the country**

To make effective use of the Internet service, the service should not only be cheaper, but also need to be made faster. To facilitate this, Internet access nodes have to be established throughout the country and a wide-band data network has to be established.

**Actions**

- 2.3.1 Establish at least one access node in each atoll, and an additional access node in Male' Atoll on an island other than Male'.
- 2.3.2 Provide cheaper leased lines between users and access nodes and introduce modern technology such as wireless LAN / WAN.
- 2.3.3 Use broadband technology such as DSL to provide high-speed Internet services.
- 2.3.4 Enhance the existing telecommunication infrastructure and establish a wide-band data network throughout the country.

**Objective 2.4: Increase capacity of international connections**

All our international telecommunication traffic is provided via satellite. Dependence on satellite connectivity alone may not be sufficient to meet the future telephone and data traffic requirements. Since satellite capacity is expensive for high bandwidth requirements, the feasibility of connecting Maldives to the worldwide optical fibre submarine cable network needs to be explored.

**Action**

- 2.4.1 Carry out a feasibility study within the next 3 years to connect Maldives to the worldwide optical fibre submarine cable network. If feasible, make plans to implement it.

### **3. Telecommunication regulatory structure**

The absence of an appropriate legislative framework is an impediment to regulate the telecommunication sector effectively. The Regulator's role should be to protect the rights of consumers and service providers, as well as to promote policy objectives for sector development while maintaining a fair and level playing field for all stakeholders.

To make the role of the regulator more effective, a Telecommunication Act that gives the necessary legal powers to the Regulator has to be formulated and enacted. In addition, all necessary means and resources should be made available.

#### **Policy 3**

**Provide the necessary means and powers to the Regulator through an appropriate legislative framework to strengthen the telecommunication sector.**

**Objective 3.1: Strengthen the legislative framework of the telecommunications sector**

There is a need for a legislative framework that defines the rights and the obligations of consumers and the service providers and that, which protect their rights. The Regulator should be empowered to execute and enforce the laws and regulations enacted under this framework.

#### **Action**

- 3.1.1 Formulate a telecommunication legislative framework.
- This legislative framework should define the powers and responsibilities of the Regulator. It should also cover the rights and obligations of the consumers and the service providers as well as procedures for licensing, controlling and determining tariffs.

**Objective 3.2: Distance the Regulator from the management of the telecommunication company.**

The Regulator shall not be associated with a telecommunication company through ownership or management or in any other capacity that may give rise to conflict of interest.

Should the Government be a shareholder in a telecommunication company, the Government should not be represented either by the Regulator or the Ministry responsible for telecommunication policy.

**Actions**

- 3.2.1 Government shareholding in a telecommunication company should be represented by an organisation other than the Regulator or the Ministry responsible for telecommunication policy.
- 3.2.2 No members of the Regulator or the Ministry responsible for telecommunication policy shall be on the Board of Directors of any telecommunication company.

**Objective 3.3: Enhance and strengthen the Regulator**

With limited resources and capacity, the Regulator will not be able to meet the challenges in regulating commercial telecommunication operators. Hence, the Regulator should be further enhanced and strengthened.

**Actions**

- 3.3.1 Provide Regulator the freedom to discharge its regulatory functions.  
This would facilitate the implementation of international best practices in regulating the sector.
- 3.3.2 Enhance skills and resources of the Regulator in order to be effective in a competitive business environment.

## **4. Competition in telecommunication service**

Introducing competition in telecommunication services will lead to, lower telecommunication charges, expansion of the services, improvement of quality and introduction of new services.

In the Maldives, the absence of competition in the telecommunication sector has resulted in expensive and slow expansion of services. It is important therefore, to open the sector for competition.

### **Policy 4**

**Open the telecommunication sector and encourage competition.**

#### **Objective 4.1: Open telecommunication services for competition.**

Introducing competition in telecommunication services will lead to, lower telecommunication charges, broaden the services, improvement of quality and introduction of new services. As such, Internet, mobile and all other telecommunication services have to be opened for competition.

### **Actions**

- 4.1.1 Open Internet service for competition.
- 4.1.2 Open mobile telephone service for competition.
- 4.1.3 Permit new licensees to build and operate their own national infrastructure and international connections to provide telecommunication services.
- 4.1.4 Carryout a feasibility study and work towards introduction of third generation mobile service (3G) in the Maldives.
- 4.1.5 Exclusivity will not be granted to any telecommunication service, after the expiry of the existing telecommunication operating licence and inform of this decision to stakeholders.
- 4.1.6 To open all telecommunication services for competition in accordance with the guidelines laid down by the Government.

**Objective 4.2: Make available resources required for the telecommunication operators.**

Prior to licensing new operators, identify the resources required and make available such resources on an equitable basis. Such resources would include national numbering plan, frequency spectrum, domain names, etc.

**Actions**

4.2.1 Formulate a new national numbering plan for telecommunication services.

Such a numbering plan is required to allocate number blocks to various service providers in a fair and equitable manner. Frequent changes of the numbering plan would have a long-term detrimental effect to a large segment of the population. For these reasons, in other countries, the national numbering plan is managed by the regulators .

4.2.2 Assign the Regulator with the function of formulation and management of a long-term National Numbering Plan.

4.2.3 Assign and reserve the frequency band required for prospective mobile telephone operators.

- Not to allocate full mobile band to any one operator.
- If channels are used throughout the whole GSM mobile band, move the occupied channels to one end of the band and make room for a prospective mobile operators within a specified timeframe.

4.2.4 Establish a framework to facilitate interconnection among different networks and services.

4.2.5 Assign the Regulator with the function of registration and management of the Internet domain names of the Maldives.

## **5. Revenue from the telecommunication sector to the Government**

Telecommunications is a very profitable business. At present, a large part of the Government's revenue from the sector is dependent on the profit of the telecommunication company. The profit of a company may vary from year to year for reasons such as reduction in tariff or expansion of infrastructure.

In order to minimise any negative impact on the Government's revenue from this sector, it is not advisable for the Government to be dependent entirely on the profit of the sector.

### **Policy 5**

**Make Government revenue from the telecommunication sector less dependent on the profit of the sector.**

**Objective 5.1: Identify additional sources of revenue for the Government from the telecommunication sector.**

A large part of the telecommunication revenue to the Government is derived from the dividend of the telecommunication company. In order to minimise Government's dependence on the profit of the sector, additional sources of revenue from the sector have to be explored.

### **Actions**

- 5.1.1 Set the Licence Fee for telecommunication companies to a level that is appropriate to the financial position of a company.
- 5.1.2 Introduce a tax regime for telecommunication companies. If such a tax is levied, the licence fee shall be a fixed amount.
- 5.1.3 Radio frequency spectrum being a limited natural resource, introduce appropriate charges for the utilisation of the spectrum.
- 5.1.4 Charge the operators for telephone number blocks allocated to them.
- 5.1.5 Charge for the registration of Internet domain names.

## **6. Info-communication technology in the Maldives**

During the last decade, info-communication technology has revolutionised the lives of the people world over. This revolution continues to improve the socio-economic status of countries.

If the Maldives is to participate fully in this info-communication revolution, there is a need to acquire the necessary skills in this field. The introduction of info-communication technology and its proper use would result in a society that will utilise the information and knowledge to enhance productivity and improve its socio-economic status.

### **Policy 6**

**Facilitate the use of info-communication technology in all areas of development.**

#### **Objective 6.1: Reduce the digital divide within the country**

It is important that the policy makers of the Government and the private sector be made aware of and be able to fully appreciate the potential benefits of info-communication services. This would mobilise support for the smooth introduction of measures to reduce the digital divide and the use of info-communication technology for development in the country.

The government's endeavour to improve and enhance its services to the public using info-communication technology will be successful only if the people are aware of the benefits of ICT, are knowledgeable in its use and have access to it.

### **Actions**

- 6.1.1 Conduct ICT awareness and training programmes to promote usage of info-communication technology.
- 6.1.2 Establish community tele-centres throughout the country to provide affordable and easy Internet access.
- 6.1.3 Plan to establish a wideband data network connecting the entire country using the most appropriate technology.
- 6.1.4 Develop human resources required for info-communication needs of the country and retain them within the country.

## Closing

Government's policy on telecommunication would be an important guide for the stakeholders of the sector, including the service providers, investors, regulator and the users, to understand developmental objectives and to align their efforts in achieving their respective goals.

The aim of this policy is to shape the Maldives telecommunication sector, so as to contribute positively to the development of the country and thereby improve the quality of life of the people.

### Note

**The *Maldives Telecommunication Policy 2001-2005* document in its original form is in Dhivehi Language. In all circumstances and purposes the meaning in the original Dhivehi text shall prevail.**

## Technical Terms and Abbreviations

Access node	Closest point of access to Internet
Accounting rate	Agreed accounting rate to forward calls between telecommunication operators
Dial-up	To dial a number to get service
DSL	Digital Subscriber Line, used for high speed data connection
Fixed mobile	Mobile technology used to provide fixed telephone service
Flat rate	A monthly or yearly usage fee instead of charging on a per minute basis.
GMPCS	Global Mobile Personal Communication System – satellite based personal phone
Info-communication technology (ICT)	Information communication technology
INMARSAT	International Mobile Satellite Organisation – satellite based telecommunication system
Internet domain name	Used to Identify in the Internet.
LAN	Local Area Network – computer network
Local call	Calls to local area. i.e. calls that are charged as at local rate.
National Numbering plan	Number Plan that allocates numbers for different telecommunication services. E.g. certain range of numbers for telephone, mobile, etc.
Radio Frequency Spectrum	Radio frequencies assigned for different services. E.g. certain range of frequencies for GSM mobile, cordless telephone, etc.
Tariff	Telecommunication charges

Trunk line	Line(s) to connect local telephone network to the national network.
Universal services fund	Fund to facilitate basis services to the public.
WAN	Wide Area Network – computer network designed for large geographical area.
Wideband data network	High speed / high capacity data network