

**STATEMENT TO PARLIAMENT ON THE IMPLEMENTATION OF A COMMON PLATFORM FOR TELECOMMUNICATIONS TRAFFIC MONITORING, REVENUE ASSURANCE, MOBILE MONEY MONITORING AND FRAUD MANAGEMENT - 31/05/2018**

Mr. Speaker, I thank you for the invitation extended to me to appear on the floor of this August House to explain the implementation of a common platform for telecommunications traffic monitoring, revenue assurance, mobile money monitoring and fraud management. This issue has, rather unfortunately generated some apprehension which in my view, is totally unnecessary. We had initially informed your Committee of Communications of our preparedness to fully brief them and address any issues on this matter. I am appealing to the house to grant me the indulgence to make this full statement.

Mr. Speaker, the Electronic Communications Amendment Act, 2009, Act 786, provides that 19 cents be the minimum amount to be charged by network operators per minute for International calls terminated in Ghana. Section (5) of the Act specifically imposes a duty on the National Communications Authority to establish a mechanism and institute measures to monitor compliance with this floor price per minute of International calls.

To give effect to the \$0.19 stipulation in the Act, the National Communications Authority contracted the services of the Global Voice Group (GVG), a leading telecommunications revenue assurance service provider, in 2009, to monitor the Inbound International Traffic to ensure Government of Ghana (GoG) received the required tax revenues. GVG was also required to manage fraud on the network to reduce the incidence of traffic bypass (SIM Box) since that also had an adverse impact on Government revenues.

There was strident opposition to this move by the GOG, spearheaded by the mobile network operators which resulted in several law suits. They cited security of their network installations and privacy concerns primarily, but their main motivation may have been their unwillingness for GOG to have full visibility of their actual traffic volumes to determine the real taxes payable on the revenues earned from them.

Following sustained pressure, GVG was compelled to terminate their operations in Ghana a year before their contract expired and the contract was taken over by Subah Infosolutions Limited in 2012. The GRA had also hitherto engaged Subah to perform domestic traffic monitoring though it had no previous experience in telecoms revenue assurance. Mr. Speaker, after Subah took over the GVG Contract, they continued to monitor both Local and Inbound International Traffic for the National Communications Authority and Ghana Revenue Authority. This was however not on real time basis, as data was only collected from the servers of the Mobile Network Operators. The network operators persisted in denying these companies the right to connect to their physical network nodes to collect the raw data for analysis. The question we need to ask is why? Why this continued fear of the Regulator getting access to the raw data from the same sources the MNOs derive their data from for independent verification and analysis of the actual revenues due government? Why this insistence that state agencies should only get the mediated CDRS? Why this persistent desire to deny the Authorities access to real time data? In response to this concerted effort to frustrate government, the Communications Service Tax Act, 2008 (Act 754) was passed to compel the MNOs to grant access to their physical network nodes for the collection of real time electronic data.

Mr. Speaker, the Communication Service Tax (Amendment) Act, 2013, Act 864, which amended Section 14 of Act 754, passed by this last Parliament in which today's Minority was the Majority, specifically enjoins the Minister of Finance to collaborate with the Minister responsible for Communications to:

- a) "Establish a monitoring mechanism to verify the actual revenue that accrue to vendors for the purpose of computing taxes due the Government under this Act;
- b) Be given Physical access to the physical network nodes of the vendors' network at an equivalent point in the network where the network providers' billing systems are connected, and
- c) Ensure that a common platform is used for the purpose of monitoring revenues under the Act as well as revenues accruing from levies under the Electronic Communications Act 2009, (Act 775)."

Despite the unambiguous terms of the CST Act, all the MNOs apart from Glo, still defy the law and have refused to grant access to their physical network nodes for real-time data collection. They claimed they preferred the monitoring platform to be owned and managed by the regulator, the National Communications Authority. It is only in Ghana that the network operators feel they can dictate how the Regulator regulates them!

Mr. Speaker, in 2016, a further complication was introduced. The Electronic Communications Act was amended (Act 910) to make interconnection through an Interconnect Clearinghouse (ICH) mandatory. The Electronic Communications (Interconnect) Clearinghouse Service Regulation, 2016 specifically barred any ICH from providing revenue assurance services. Afriwave Ghana Limited was granted a licence to provide Interconnect Clearinghouse Services in August 2016 but Mr. Speaker, the scope of the Afriwave License included Monitoring of International Incoming Traffic and Anti-Fraud Monitoring (SIM-BOX Tracking). This was not a core function of the ICH. The introduction of Afriwave meant that there would have been a duplication of efforts as Subah continued to provide Inbound International Traffic Monitoring Services to the NCA.

To avoid this clear duplication, the NCA wrote on a number of occasions to inform Subah Infosolutions that their services were no longer required by the NCA. Subah however ignored those letters. It is pertinent to note that while the NCA was not a party to the Subah contract which was between Subah and the GRA, it was bound to use their services even where it did not need or require it and was obliged to pay for it. There is copious correspondence of NCA displeasure with this arrangement which was ignored.

Mr. Speaker, without independent comparison of the Call Data Records (CDRs) with data actually gathered from the monitoring of the traffic in real-time, it is impossible to ensure the accuracy of declared traffic volumes. If traffic is not monitored in real-time, the only source of capturing traffic volumes will be from the MNO's servers (CDRs) and that could be manipulated as there is no guarantee that they haven't been tampered with, in the absence of the control mechanism of electronic real-time data capturing. Up until now, there has not been any real-time capturing of traffic volumes either by GVG, Subah or Afriwave Ghana Limited.

Mr. Speaker, since traffic was never monitored in real-time, these companies collected the data from the same Servers as the NCA verification team and so inevitably, the monthly traffic data collated by the NCA from the network operators for free was substantially the same as the data presented by Subah and Afriwave for which the latter companies were paid approximately \$2.6 million per month. Mr. Speaker, we were in effect paying for no work done.

This was the situation the NPP government inherited. It clearly could not continue.

Mr. Speaker, a Stakeholders' meeting was held on 8th March 2017 at the Holiday Inn Hotel, Accra chaired by Hon. Yaw Osafo Maafo, the Senior Minister to assess the situation and propose solutions. It was attended by the Ministers for Finance and Communications and their Deputies, Hon. Kwarteng and Hon. Andah, teams from the NCA and GRA led by the Director General and Commissioner General respectively, the CEO of the Telecoms Chamber and all their members, specifically the CEOs of MTN, Vodafone, Airtel, Tigo, and representatives of Glo and Kasapa, Afriwave and Subah. Frank open presentations were made by all present.

At the session, it became clear that neither Subah nor Afriwave was collecting real time data from any operator. It was unanimously agreed that the provisions of Act 864 would be implemented to the letter. The NCA would be the technical body to acquire and implement a Common Platform, working with the GRA under the direction of the Ministers for Finance and Communications for a successful implementation. It was envisaged that the entire process would conclude with the Common Platform being established by the end of 2017. Subsequently, the Ministry of Communications, in consultation with the Ministry of Finance, issued written policy directives to the NCA to proceed accordingly.

In accordance with this directive, a vendor selection process took place after NCA personnel conducted site visits to other African Countries implementing this before approval for restricted tendering was granted by the Public Procurement Authority (PPA) to commence this process. A key criterion for selection was the ability to monitor mobile money transactions, a value added service provided by mobile network operators. The procurement process was followed strictly.

Mr. Speaker, the Central Tender Review Committee also gave approval for the contract to be awarded to the selected vendor, Kelni-GVG Limited to build, operate and transfer. Kelni Limited is a Ghanaian Company that entered into a Joint Venture with the Global Voice Group. The Joint Venture has been established as Kelni-GVG Limited to implement the Common Platform under a contract signed by the Minister for Communications for both Ministers as enjoined by Act 864, on 27th December 2017.

The Minister of Finance, in accordance with Section 33 of the Public Financial Management Act, 2016 (Act 921), has also granted approval for this multi-year expenditure commitment.

Mr. Speaker, this contract will be for an initial period of Five (5) years renewable for another five years' subject to certain conditions being met. Key among these conditions is satisfactory performance by KELNI-GVG Limited, cost effectiveness of maintaining the solutions and the services provided and the capacity in terms of technical resources of KELNI-GVG Limited to continue providing the requisite services. The Common Platform will therefore be evaluated continuously to ensure that it remains fit for purpose.

Mr. Speaker, the fee for this transaction, \$1.49 million per month, (as against the \$2.6 million paid monthly to both Subah and Afriwave) is within the industry average for Platform as a Service (PaaS) contracts of this nature. The vendors have already procured and delivered equipment worth over \$50m as part of the contract sum, at no extra cost to the state and this represents significant cost savings to the nation. Kelni-GVG has begun the antifraud operation which includes injection of calls from abroad. This is a direct cost element to Kelni-GVG Limited which must pay for these calls coming from various countries abroad.

Mr Speaker,

1. The Common Platform will monitor traffic on a real-time basis electronically, in combination with daily snapshots of the MNO's Intelligent Network (IN) platform. This will provide a more accurate method of monitoring traffic volumes and serve as a basis for both the NCA and the GRA in calculating taxes and government revenue, which were not accurately calculated by the previous system.

2. The monitoring center of the Common Platform, a state of the art Network Operations Center, is located on the premises of the NCA to enable the NCA and GRA effectively monitor operations of the vendor and traffic volumes around the clock.

3. As specifically requested by the Ministry of Finance, the Common Platform will also conduct Mobile Money Monitoring in addition to Traffic Monitoring and Fraud Management. All the previous platforms did not have the capability of monitoring Mobile Money transactions. This will enable government to have more visibility on the actual volumes and values of Mobile Money transactions not just for revenue assurance but also for anti-money laundering and anti-crime and terrorist financing. If the previous platforms were to provide this additional service, it would have come at additional cost, meaning that the payments would have exceeded the \$2.6 million previously paid monthly.

4. The platform will also have the capability to do SIM-box fraud tracking with a Geo-location system to pinpoint the exact location of fraudsters using SIM-box locators to enable their arrest and confiscation of equipment with the support of the operators and law enforcement officers.

5. The common platform will provide services to both the NCA and the GRA as envisaged by the Communication Service Tax (Amendment) Act, 2013, Act 864. When the Common Platform starts full operations, the cost of providing accurate data to both the NCA and GRA will be reduced significantly. The cost savings will result in the NCA paying less than half of the amount it previously paid to Afriwave while GRA will also be paying approximately 60% of the average amount previously paid to Subah even with the addition of Mobile Money Monitoring. The cumulative savings on the monthly recurring cost to both the GRA and NCA is about 55% compared to what the two government agencies were previously paying. This demonstrates significant value for money savings to the state.

6. Apart from this cost saving, the Common Platform contract provides a clear pathway to GoG owning the entire set-up after 5 or 10 years as defined in the Contract. This is in contrast to the situation where despite the huge sums paid to Subah and Afriwave, they still retain ownership and control of all equipment permanently. The equipment will be fully upgraded after each 5 year period. At that point, the GRA and NCA would

take over the full operations of the platform and the monthly payments would then cease.

7. Since the equipment is hosted at the office of the NCA, staff of both the NCA and GRA have direct access to the platform and also real-time information. This real-time information will enable the Regulatory Administrations Division of the NCA to react timeously to any anomaly that may be identified.

8. The establishment of the Common Platform will enhance collaboration between GRA and the NCA for the monitoring of government revenues in the Communications sector. By working together to establish the Common Platform, the officers working on the project have already identified areas of collaboration and are holding periodic meetings to exchange ideas. Local capacity is being built on a continuing basis as technology and knowhow transfer takes place.

9. The monitoring mechanism will not intrude on the content of traffic being transmitted or interfere with the network infrastructure of the Telcos. The law prohibits that. Section 7(6) of Act 864 provides that

“ The monitoring mechanism referred to in subsection (4)(a) shall not have the capability to actively or passively record, monitor, or tap into the content of any incoming or outgoing electronic communications traffic, including voice, video or data, existing discretely of on a converged platform whether local or international.”

Clause 3, Annex A of the contract itself specifically proscribes this conduct and repeats Section (7)(6) of Act 864 verbatim. We will enforce the law fully. Kelni-GVG, the NCA and GRA are all Data protection compliant and we will continue to monitor their operations to ensure they remain so. In Africa, this same system is being implemented by GVG in Rwanda and Uganda where all the MNOs in Ghana also operate. There has been no complaint of such intrusion in those countries and the fears being expressed here are completely unjustified, fanciful or smack of disrespect for our laws. It's a façade to avoid paying the right taxes. We are confident that these so called fears are not borne out by the facts but are merely a continuing attempt to frustrate government efforts to ensure full transparency and visibility on all transactions in this sector

10. We expect a minimum of 20% increase in tax revenues for the sector as has been witnessed in other jurisdictions where this platform operates.

Mr. Speaker, before I conclude, I would like to take this opportunity to remind the Mobile Network Operators of their obligations to ensure compliance with the relevant provisions of the law quoted below:

- Section 4 (b) of the Communications Service Tax (Amendment) Act, 2013, Act 864 states that the Minister in collaboration with the Minister responsible for Communications shall “be given physical access to the physical network nodes of the service providers’ network at an equivalent point in the network where the network providers’ billing systems are connected’.

Section 5 also provides that “A service provider who refuses to provide access to its network for Government or its appointed agents as specified in subsection (4)(b) commits an offence and is liable to pay a penalty of five percent of the annual gross revenue of the last audited financial statement of the service provider after the first thirty days and if the situation persists after ninety days, the National Communications Authority may revoke the operating licence of that service provider”.

Let me serve notice to all communications service providers in this country that we will enforce these provisions fully.

Mr. Speaker, this current and hopefully final effort to establish the Common Platform, is borne out of the unanimous decision taken at the Stakeholders Meeting early last year, where the chairman of the Ghana Telecom Chamber who gave the presentation on behalf of the MNOs, stressed the need for the NCA to acquire the capability to monitor traffic in the industry. They are doing just that. Just as the Telcos have outsourced key parts of their operations including infrastructure, billing and security, the NCA also has the right to engage whichever contractor it chooses to provide stated services.

The Common Platform is necessary for monitoring International and domestic voice and data traffic, volumes, revenue, and mobile money transactions in an independent way. Real-time electronic traffic monitoring combined with batch files from the MNOs is the only means by which government revenues in the telecoms industry can be accurately



monitored by comparing different sources of information with each other. We may trust the MNO's but we will verify the information they provide.

The establishment of this platform is a joint effort by the Ministry of Finance and Ministry of Communications as required by the Communication Service Tax (Amendment) Act, 2013, Act 864 and the platform will eventually be handed over to the NCA and GRA after the contractual period.

Mr. Speaker, equipment installation is almost complete and the platform is expected to be fully operational in July this year. Some services have already commenced and all MNOs are required to cooperate fully with the NCA. I am happy to announce that Vodafone and Glo are in the process of being connected as we speak. The others are expected to be connected by the 11th of June. Any operator who fails to comply will be sanctioned. We will have real time monitoring and will physically connect to the network nodes of all the operators as enjoined by law.

Mr. Speaker, its worthy of note that the Afriwave licence has been amended and all outstanding payments made by the NCA. They are no longer providing traffic monitoring services to the NCA and have been restricted to clearing house operations. This function is also currently not operational and the NCA has no financial obligations to them. Afriwave was hitherto being paid Four Million Ghana Cedis (GHC 4,000,000) per month.

Mr. Speaker, Subah is currently in court challenging the termination of its contract by the GRA on the grounds that it was not given the requisite three (3) months' notice and has procured an injunction which is also being appealed against. While we abide the conclusion of this legal process, the status quo remains unchanged and we will proceed accordingly. The NCA, Ministry of Communications and the Ministry of Finance have no contract or agreement with Subah on the implementation of the provisions of Act 864 and we are hopeful that they will resolve their differences with the GRA sooner rather than later.

Strident attempts have been made in the past few days to impugn the integrity of Kelni-GVG and impute ill motives to the MoC and MoF for concluding this contract. Nothing could be further from the truth. We are acting in the interest of the good people of Ghana to safeguard revenues that ought to accrue to the state. As far back as 2009, National Security

conducted extensive due diligence on GVG and confirmed the credibility and technical capacity of the company in writing (ref: NSCS40/V.10/1231 of 28<sup>th</sup> April 2009). Those who were earning large sums of money for virtually no work done will be unhappy with the collapse of their lucrative business and will fight back. Their tentacles run deep. It is not in the interest of the telecom multinationals and local business concerns for government to have this full visibility of their transactions. What do they have to hide? They fought it in the past with similar arguments and are fighting it now. I have a sense of de ja vu! Who benefits if this contract is cancelled? We are determined and stand resolute to enforce and apply Act 864 to the letter. We will not waver or relent in this.

Fact - this is not a duplication of any existing contract. No other system or company is currently providing this service. The mobile money interoperability platform of GHIPPs monitors transactions between two or more Telcos and the banks but does not monitor transactions on one network. The CMP does so.

Fact- we are not paying for no work done. Neither the NCA nor the GRA currently has the capability of providing this service and have indicated so. The CMP will provide real time monitoring of all traffic volumes on all networks as has never happened before; it is currently conducting anti-fraud testing as envisaged; the Network Operations Centre has been set up, connected and equipped with hardware and software. Everything is ready for all operators to be connected and they were notified on 11th May 2018. They have one month from this date to connect failing which the requisite sanctions will be applied in accordance with the law; training of NCA/GRA personnel is ongoing. A team just returned from training in Spain. All deliverables and timelines under the contract have been met to date.

Fact- no NCA Board Member has resigned because of this contract.

Fact – there is no 10 year contract worth \$178m. There is a 5 year \$89m contract which may be renewed subject to stated conditions being fulfilled. This is far better than the \$150m plus we paid for the past 5 years for very little value.

Fact- Kelni-GVG is not a foreign company. It is a joint venture between a Ghanaian Company registered in 1995 with experience in Electrical Engineering, IT solutions and systems in addition to other business interests, and GVG which has 20 years experience in Telecoms revenue assurance and IT solutions. They do have a website and their office is in Labone, not Osu or Kokomemle.

Fact- several Telcoms companies operating in Ghana have been fined and faced challenges in some countries they operate in. That doesn't make

them fraudulent or disreputable companies. GVG has also experienced some issues. They currently operate in Rwanda and Uganda among other countries and have been selected to establish the roaming and traffic exchange platform across Africa. This is the Africa Regional Traffic Exchange and Financial Settlement (ARTEF) platform being implemented by the Smart Africa Initiative to harmonise call tariffs within network countries and promote the routing of inbound and outbound telecoms traffic locally on the continent, bypassing the international traffic wholesalers and reducing call charges. As stated by the Smart Africa Executive Director Dr. Hamadoun Toure, "By keeping Africa's traffic in Africa, the ARTEF will enhance the affordability and security of communications across the continent while cutting the costs operators incur to interconnect and carry voice, SMS and later data and financial services traffic among African countries." This is the company that we are so busy vilifying here. They are more than technologically capable of building, managing and operating our Common Platform. Smart Africa is a bold initiative to fast track the digitization of African Economies which is endorsed by the AU, managed by a former Secretary General of the ITU (Hamadoun Toure) and chaired by the current AU Chairman and President of Rwanda, Paul Kagame. Ghana has just joined Smart Africa and is proud to be associated with forward looking visionary countries determined to utilise technology to leapfrog development. We will work with our colleagues to implement tried and tested solutions to enhance governments' revenue generation capacity. The Common Monitoring Platform is one such solution. In any event, Mr. Speaker, there is an exit clause in the agreement if they are in material breach of their obligations under the contract and their performance is deemed unsatisfactory. Hopefully, that eventuality will not arise.

In conclusion Mr. Speaker, I wish to reassure all companies doing business in the communications sector that we are not against big business. We however take a dim view of those who will flout our laws with impunity and expect all our corporate citizens to pay their due just as they would in their countries of origin. As H.E the President indicated during the CEOs Awards last week, "We must deepen the payment of taxes, and broaden the tax net to include the informal sector in the payment of appropriate taxes. It is particularly important that we enhance the capacity of our tax authorities so that the big players in our economy, i.e. the mining companies, the oil companies, the telecommunication companies, pay their correct taxes. For too long, such companies have been the source of the massive flight of capital from our country and our continent. I am a

firm believer in honest profits, but I will not condone illicit financial outflows. We know how injurious they have been to Africa's development."

Mr. Speaker, there has been absolutely no corruption or underhand dealings in this transaction. I can never be party to any such conduct as I value my reputation and the reputation of the government which serves the good people of Ghana. I stand here as a Minister of the Akufo-Addo administration to assure this august house that I believe this is the best deal we could have got.

Mr. Speaker, I am glad to announce that Vodafone and Glo are currently in the process of connecting physically to the Common Platform (CMP). I expect the others to do so shortly. Their deadline for final connection is 11<sup>th</sup> June, 2018 and failure or refusal to do so will result in imposition of the specified sanctions.

Mr. Speaker, I urge all my colleagues to join us in our insistence that companies doing good business here, pay all their properly assessed taxes. Where we lack the capacity to, we will acquire it and ensure full visibility of all taxable transactions.

He who laughs last, laughs best.

***"... who is on the Lords' side, who for Him will go?  
By Thy call of mercy, by Thy grace divine,  
We are on the Lords' side, Saviour we are thine!"***

***Exodus 32:26; hymn by Frances R. Havergall, 1877***

***...We are on Ghanas' side, Ghana we are thine!***

Thank you, Mr. Speaker, for the kind audience.

Ursula Owusu-Ekufu,  
MP for Ablekuma West Constituency,  
Minister for Communications.