




Getting unwired in East Africa


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PARTNERSHIPS & RURAL
TELECOMMUNICATIONS DEVELOPMENT
Kampala, Uganda 3-5 November 1999

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Mobile cellular in East Africa

Start-up:	6/95
Subscribers:	26'000
Penetration:	0.15%

Uganda


Start-up:	1992
Subscribers:	7'300
Penetration:	0.02%

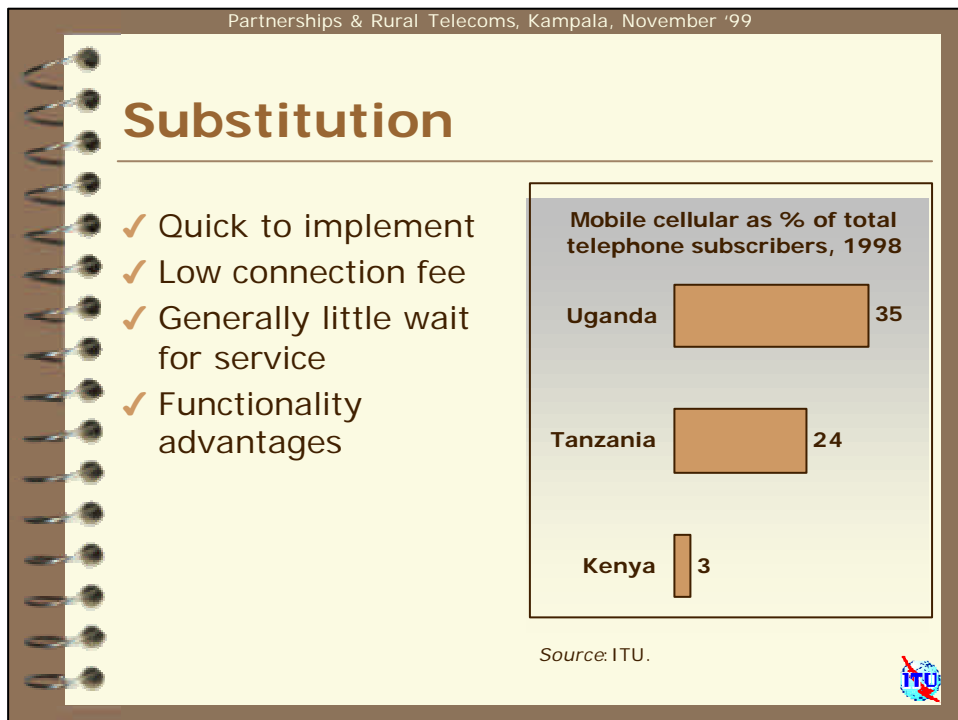
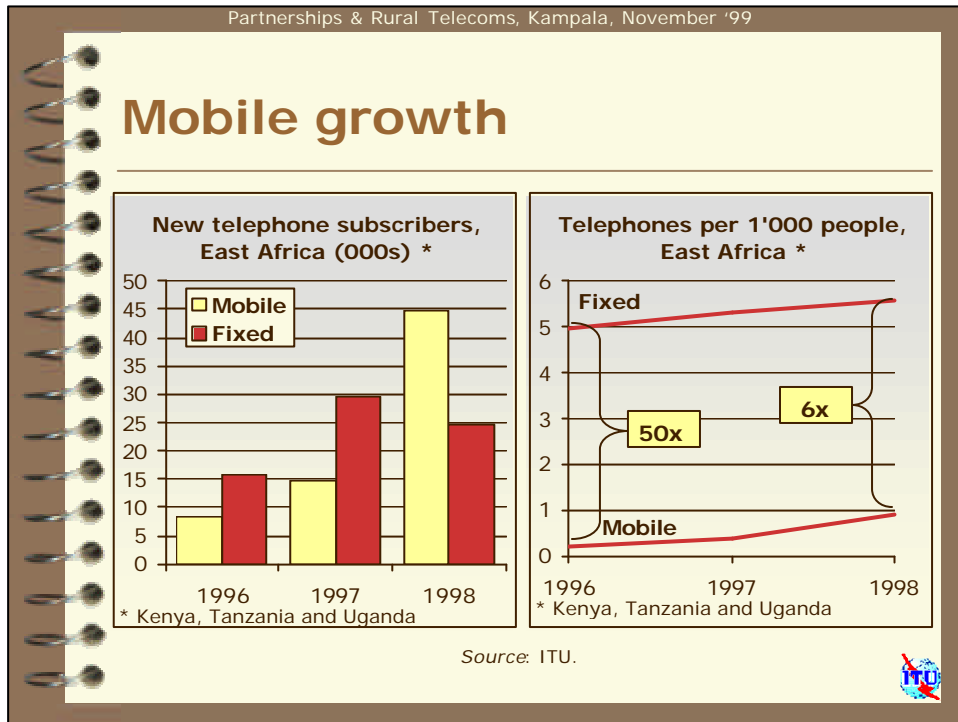
Kenya

Start-up:	9/94
Subscribers:	38'000
Penetration:	0.12%

Tanzania






Data at December 1998.






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Strategic foreign investors

Country	Mobile Operator	Foreign Investor	Share
Tanzania	MIC	Millicom (Luxembourg) 	57%
	TriTel	TRI (Malaysia) 	60%
Uganda	CelTel	Vodafone (UK) 	37%
	MTN	MTN (South Africa)  Telia (Sweden) 	50% 30%

Source: ITU. 

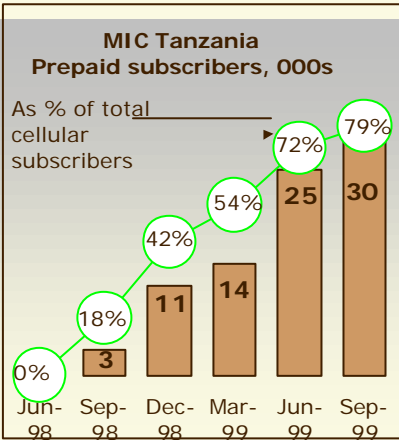
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Prepaid


- ✓ Provides access to those who might not normally qualify
- ✓ Accounts for majority of new subscriptions
- ✓ Operator avoids bad debt

MIC Tanzania
Prepaid subscribers, 000s

As % of total cellular subscribers



Month	Prepaid subscribers (000s)	As % of total cellular subscribers
Jun-98	3	0%
Sep-98	11	18%
Dec-98	14	42%
Mar-99	25	54%
Jun-99	30	72%
Sep-99	30	79%

Source: MIC Tanzania. 

Roaming

- ✓ Extra revenue source
- ✓ Can help spur regional integration
- ✓ Not widely implemented

Roaming agreements

Tanzania (Tritel): 4

Uganda (MTN): 5

Kenya: 0

Note: No Tanzania-Uganda-Kenya roaming!!!



Mobile cellular licenses

- ✓ How many
 - How many operators can market bear?
- ✓ How long
 - Time period of license
- ✓ How much
 - License fees will be passed on to consumers
- ✓ How about
 - Coverage obligations
 - Technology
 - Scope



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Market structure

- ✓ Private sector
 - Tanzania & Uganda
 - Kenya from 2000
- ✓ Competition
 - Tanzania since 1996
 - Uganda since 10/98
 - Kenya from 2000

Cellular market structure

Source: ITU.

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Universal access obligations: Coverage

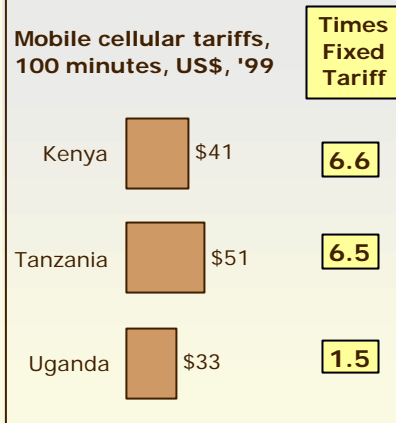
- ✓ Coverage typically limited to major towns
- ✓ Licenses should be linked to coverage targets
- ✓ Global mobile satellites may help

MTN Uganda: Mobile cellular coverage

Source: ITU adapted from GSM Association.

Tariffs

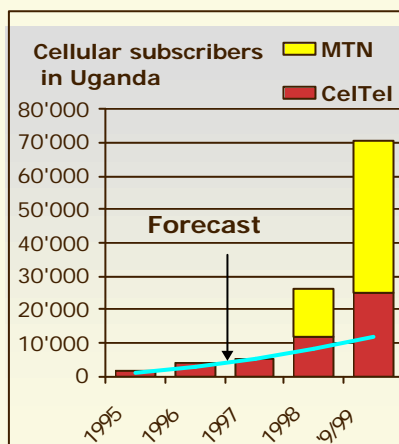
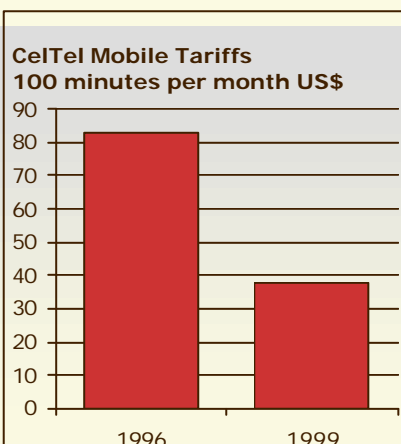
- ✓ Still high relative to fixed and compared to other regions
- ✓ Biggest barrier to mobile access
- ✓ Reasons why
 - "High retention"
 - Interconnect charges
 - Handset & service provider subsidies
- ✓ Cost based tariff: US\$ 15/month



Source: ITU adapted from published operator tariffs.



Competition in Uganda

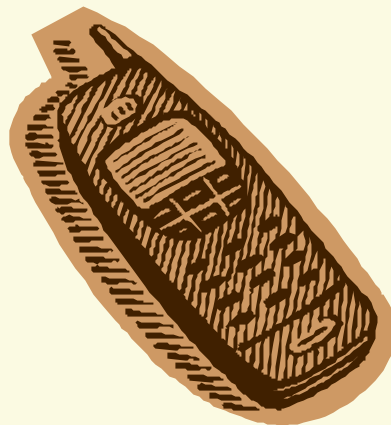


Source: ITU adapted from company information.



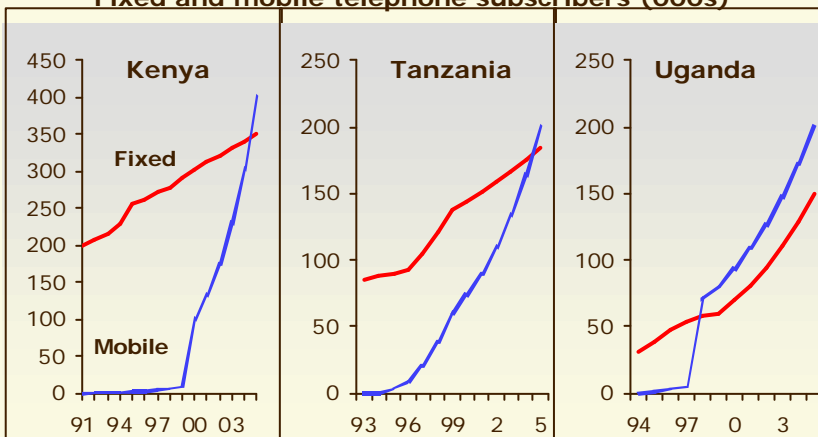
Handsets

- ✓ Factors affecting handset prices:
 - Custom duties
 - Distribution policy
 - Subsidies



Forecast

Fixed and mobile telephone subscribers (000s)



Source: ITU.



Conclusions



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- ✓ Mobile cellular enhances access to communications
- ✓ Must not be viewed as service for privileged
- ✓ Requires regulatory encouragement to extend access to all



World Telecommunication Development Report 1999



- Theme: Mobile cellular
- Publication launch: TELECOM '99
- Available on paper and PDF
- Website:
www.itu.int/ti/publications/wtdr_99/wtdr99.htm



