



POTRAZ

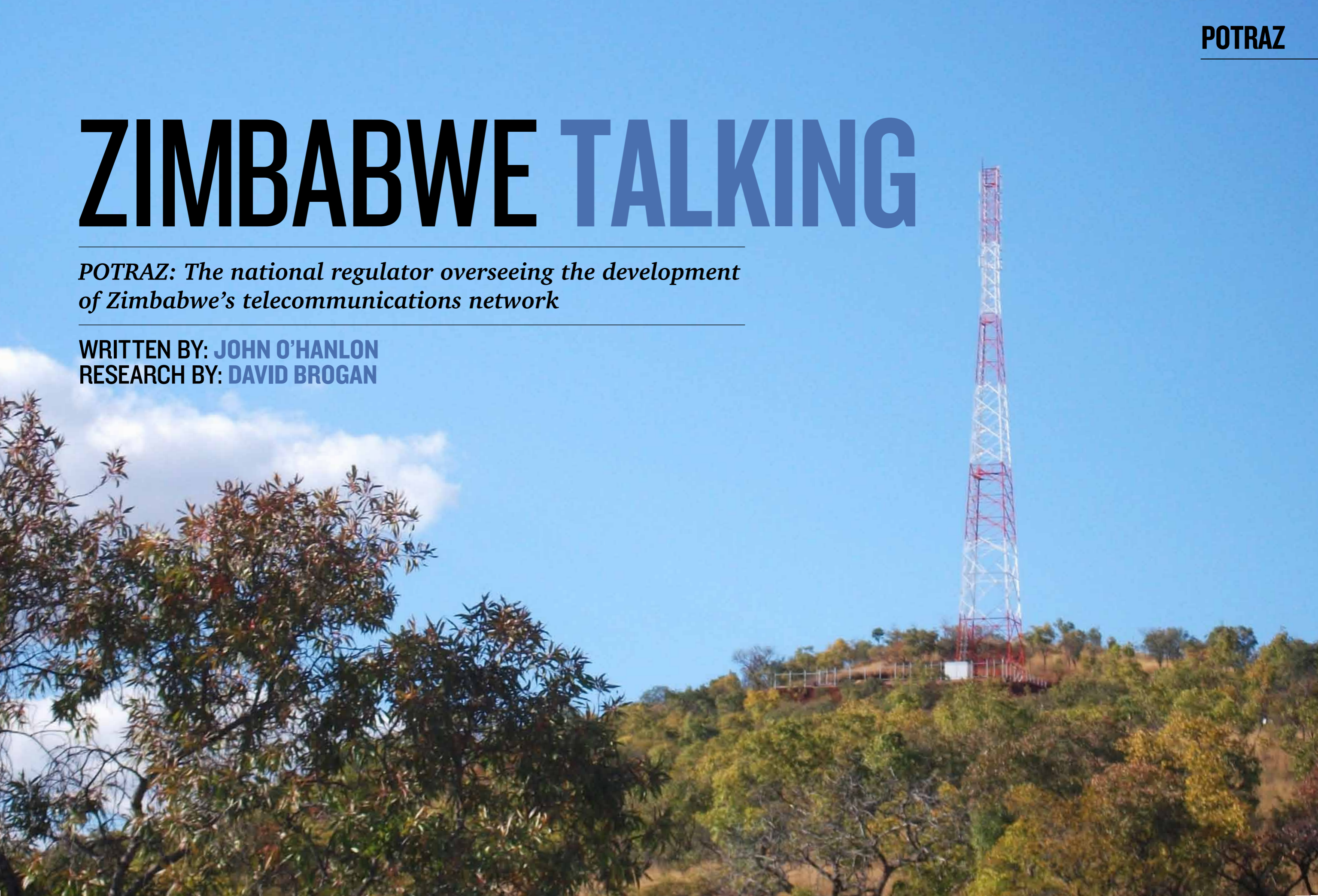
ZIMBABWE TALKING



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POTRAZ: The national regulator overseeing the development of Zimbabwe's telecommunications network

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Sites built under the Universal Service Fund are generally not on the national power grid, so POTRAZ has opted for environmental friendly solar power

When it comes to telecoms Zimbabwe faces many of the problems common to African countries. Though it has a better

legacy in terms of fixed infrastructure than many of its neighbours, it covers a large territory and its 12 million population is scattered widely. Inevitably the cities were the best served populations, driven by business and government demand: until quite recently the rural areas saw very little service at all.

This has all started to change rapidly upon ‘dollarisation’ in 2009, when the power-sharing government officially adopted the US dollar for all its transactions. This move had a dramatic effect on Zimbabwe’s telecommunications industry, raising confidence and giving the three main mobile operators, Econet, NetOne and Telecel Zimbabwe, confidence to invest in network expansion. Prior to dollarisation access to telecommunications, especially mobile, was limited to only a privileged few and was seen as a status symbol, with less than 20 percent penetration. Today it has risen to 90 percent, while only three percent of households are connected to the fixed line network, and twelve percent to the internet via broadband or GSM.

Overlooking this change is the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ), the government body that licences all operators within the country and a key member of the Communication Regulators’ Association of Southern Africa (CRASA). POTRAZ is charged with promoting the development of the industry in an equitable manner.



Not surprisingly most of the investment is currently going into funding the fast growing and technically dynamic mobile networks. TelOne, the company formed after the government disbanded the former telecoms utility the Post and Telecommunications Corporation (PTC), still holds a de-facto monopoly on fixed-line services in Zimbabwe, though the government plans to privatise up to 60 percent of both TelOne and its mobile arm NetOne, either through an IPO or a strategic partnership with a foreign investor. Despite having been granted its operating licence ahead of its two rivals, NetOne is third in terms of subscriber numbers, with Econet the market leader.

As at the end of September 2012, telecommunications in the form of either fixed or mobile services covered nearly 80 percent of the country (excluding national parks and game reserves), a very positive reflection of the work that has been done in recent years, says deputy director general of POTRAZ Alfred Marisa. However there are still significant parts of the country that are underserved because they are not a commercial proposition for the mobile operators, and addressing this is an important part of the regulator’s remit. POTRAZ administers the Universal Service Fund (USF), to which all

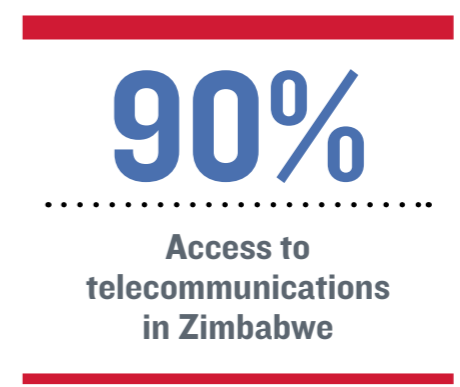
telecoms operators are obliged to contribute two percent of their revenues. “I think it was wise of government to put these funds into our hands,” says Marisa. “If it had been left in the hands of the Treasury the government might have ended up doing other things with the money but this way we can ensure it goes to improving the network, especially to remote rural areas.”

POTRAZ identifies sites in consultation with

The Universal Service Fund helps improve the network in remote rural areas

the commercial operators. If they don’t have plans to roll out a service, POTRAZ will use its USF resources to build base station towers/masts that it will then assign to the existing operators, but only on condition that they share the resource with the others. Many of the older existing towers were not designed to support shared operation, says Marisa. “They are owned by one but shared by all. Of course the operator that owns the site may charge a fee for operational and maintenance costs.”

Under the scheme eleven base stations have already been built using USF funds and a further 43 will be completed over the course



of 2013. The first phase consisted of sites at Chidodo, Pfungwe, Neuso, Chilo, Chiodza, Malipati, Manama and Dhlamini plus three repeater stations. All the first phase sites are already on air. “Though the immediate benefit is felt by the people who wouldn’t otherwise have

been connected, it’s in the operators’ interest to be pushed into expanding the network,” says Marisa. “Some of them object to the levy but we will probably be able to reduce that next year. Meanwhile they are starting to appreciate the encouragement to invest in areas they would have otherwise neglected.”

This is not purely a social investment,

“OPERATORS ARE STARTING TO APPRECIATE THE ENCOURAGEMENT TO INVEST IN AREAS THEY WOULD HAVE OTHERWISE NEGLECTED”



Eleven base stations have already been built using USF funds



Forty three base stations are planned in 2013



POTRAZ exhibiting at the Zimbabwe International Trade Fair (ZITF)

“WE WANT TO SEE GROWTH IN THE ITC SECTOR AND PLAY OUR FACILITATORY ROLE IN ENCOURAGING OPERATORS TO INVEST”

he adds. Greater connectivity will drive business growth and regional prosperity—consequently traffic, and with it the operators’ revenues, will grow in the long term. As a regulator, Marisa realises that this growth will come not so much from voice as from


data communications, which in an African context really means mobile broadband. Econet and Telecel have been active in developing their offering in this field, with the government owned NetOne taking up the rear, but POTRAZ is encouraging its

operators to take the long view. “It is not just about taking the old base stations from town and siting them somewhere else; they need to put the most advanced technology out there. These areas are still virgin land in terms of those operators!”

POTRAZ has been listening to the operators as well as haranguing them. One of the restrictions on telecoms growth, it recognises, has been the complexity of the licensing landscape with different licences for different services. “We want to get quickly to a point where we can offer technology neutral licences, or converged licences that

will allow an operator to provide any service which they see fit. I think that as a regulator we have done our best to get a culture of professionalism into the sector; we want to see growth in the ITC sector and play our facilitatory role in encouraging operators to invest.” Converged licences should be available in 2013. They will cut red tape and cost since each service currently requires a separate fee and application process. In turn this will draw more services into the market and encourage innovation, he believes.

And POTRAZ is in the process of coming up with a forward-looking costing model called



USF resourced base station towers and masts must be shared with other operators

2013

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**Converged licences should be available
in Zimbabwe**

Long Run Incremental Cost (LRIC) which will be used for tariff determination. “We have already done some consultative workshops with various stakeholders including consumer groups, industry, operators and academia to come up with common positions on how the model should be developed, taking into account the various concerns of these stakeholders.”

Alfred Marisa’s priority is the end consumer, however. One of POTRAZ’ key functions is to monitor quality and make sure operators are offering acceptable and value for money services—and services that match the needs of the consumers whether in business or individually. “The regulatory environment we have created promotes innovation by our operators, always improving the service offering and encouraging them to introduce new services to the market. That is why we are encouraging our mobile operators to go into mobile broadband, expecting them to optimise their internet data offerings. The truth is that voice is already on the decline. So for our operators to continue to cling on to that voice platform is not sustainable.” **BE**

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