

TANZANIA

TELECOMS, MOBILE, BROADBAND AND DIGITAL MEDIA – STATISTICS AND ANALYSES

BuddeComm research sample

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Algeria	Angola	Benin
Botswana	Burkina Faso	Burundi
Cameroon	Chad	Cote d’Ivoire
Democratic Republic of Congo	Djibouti	Egypt
Eritrea	Ethiopia	Gabon
Gambia	Ghana	Guinea
Kenya	Lesotho	Liberia
Libya	Madagascar	Malawi
Mali	Mauritius	Morocco
Mozambique	Namibia	Nigeria
Rwanda	Senegal	Sierra Leone
Somalia	South Africa	South Sudan
Sudan	Swaziland	Tanzania
Tunisia	Uganda	Zambia
Zimbabwe		

For a full overview of our reports on Africa, see:

- Africa - Fixed Broadband Market - Statistics and Analyses
- Africa - Mobile Infrastructure and Mobile Broadband
- Africa - Mobile Network Operators and MVNOs
- Africa - Mobile Voice and Mobile Broadband Statistics (tables only)

1. EXECUTIVE SUMMARY

Tanzania’s government orders suspension of licences to enforce IPOs

The government has actively embraced competition in the telecom market, and has encouraged the private sector despite it having retaken control of the incumbent telco TTCL in June 2016. Foreign participation has also been encouraged to promote economic growth and social development. Policy reforms have led to the telecom sector becoming among the most liberal in Africa. However, high import tariffs on telecoms equipment and taxes on telephone facilities by various authorities are still placing a burden on investors and operators.

Tanzania has two fixed-line operators (TTCL and Zantel) and eight operational mobile networks, with four additional players licensed under a new converged regulatory regime. With four major operators – Vodacom, Bharti Airtel (formerly Zain), Tigo and Zantel – mobile penetration has reached 83% by

March 2017. In recent years a price war among these players has adversely affected the smaller operators, which have suffered from customer churn.

The converged licensing regime has brought a large number of new players into the market. The liberalisation of Voice-over-Internet Protocol (VoIP) telephony as well as the introduction of third and fourth generation (3G, LTE) mobile services and wireless broadband networks has boosting the internet sector which has been otherwise hampered by the low level of development of the traditional fixed-line network.

Following the launch of mobile broadband services the mobile network operators have become the leading internet service providers. Operators are hoping for revenue growth in the mobile data services market, given that the voice market is almost entirely prepaid and voice ARPU continues to fall. To this end they have invested in network upgrades. A fast developing source of revenue is from mobile money transfer and m-banking services.

The landing of the first fibre optic international submarine cables in the country in recent years has revolutionised the market which up to that point entirely depended on expensive satellite connections. In parallel, the government is working on the later phases of a national fibre backbone network aimed at connecting population centres around the country.

The government has become more determined to manage the telecom sector more effectively. It has cracked down on counterfeit smartphones, which were thought to account for up to 30% of devices in circulation at the start of the campaign, while in early 2016 the telecom regulator's board was dismissed after it had failed to update the Telecommunications Traffic Monitoring System (TTMS). This system was expected to deliver up to TZS400 billion to the government annually. In late 2016 a new tax collection system was launched to help generate revenue from telecom services.

The government in September completed a long-term process to reacquire TTCL, buying out the 35% stake owned by Bharti Airtel. Since then TTCL has undergone a restructuring exercise and has secured financing to improve its network infrastructure.

Market penetration rates in Tanzania's telecoms sector – 2016

Market	Penetration rate
Fixed-line telephony	0.2%
Internet users	39%
Mobile SIM (population)	83%

(Source: BuddeComm)

Key developments:

- Government orders suspension of licences to telcos failing to list 25% of shares on the stock market;
- Halotel Tanzania launches Halopesa m-banking service;

- TTCL enters m-money market, invests \$271 million to upgrade exchanges;
- Liquid Telecom acquires the ISP Startel Tanzania;
- GSMA initiates rural tower sharing partnership to provide services to rural areas;
- TTCL extends LTE-A service;
- Mobile Number Portability introduced in March 2017;
- Government sets up Telecommunications Revenue Assurance System (TRASS) to improve telecom tax raising ability;
- Telecom regulator in March 2017 fined mobile operators for failing to register SIM cards;
- TTCL secures TZS600 billion loan to enable it to improve its telecom infrastructure and services in rural areas;
- Vodacom Tanzania updated M-Pesa service with its G2 platform;
- Tanzanian MNOs improve on full m-money interoperability;
- Regulator sets voice interconnection rates to 2017;
- Government allocates TZS17.5 billion to improve rural telecom infrastructure;
- Report update includes regulator's market data to March 2017, operator data to Q1 2017, recent market developments.

Companies mentioned in this report:

Tanzania Telecommunications Company (TTCL); Zanzibar Telecommunications Corporation (Zantel); Vodacom Tanzania; Bharti Airtel (Zain); Millicom (Tigo); Benson Informatics Limited (BOL); Sasatel (Dovetel); Africa Online; Raha.com; Tele2; Alink; SatCom Networks; SimbaNet; Afsat; Cats-Net.

2. KEY STATISTICS

Table 1 – Country statistics Tanzania – 2016 (e)

COUNTRY STATISTICS	
Population	47.7 million
Land area	885,000 sq km
Capital	Dar es Salaam
Local currency	Shilling (TZS)
GDP at current prices	US\$46.7 billion
GDP per capita	US\$960
GDP real growth rate	7.2%
Government	Republic

Table 2 – Fixed-line network statistics – 2017 (Mar)

FIXED-LINE NETWORK STATISTICS	
Fixed telephone lines in service	
Fixed-line teledensity	
Major public telecom operators	<ul style="list-style-type: none"> • •

SimbaNET has WiMAX services operating in the 3.3GHz and 3.5GHz bands and Sasatel offers services in Dar es Salaam.

The wireless ISP UhuruOne in early 2015 contracted Alepo to deploy a Wi-Fi solution including infrastructure, Wi-Fi charging and policy control, pre-paid voucher management and partner management. UhuruOne's network covers over two million people in the business district of Dar es Salaam as well as a million in the suburbs.

Table 21 – Fixed wireless internet subscribers – 2011 - 2017

Year	Subscribers
2011	
2012	
2013	
2014	
2015	
2016 (e)	
2017 (e)	

(Source: BuddeComm based on regulator data)

9.2.5 Satellite broadband

The service provider iSAT in August 2014 signed a multi-year contract with Avanti Communications to deliver satellite broadband services across Kenya and Tanzania, via its HYLAS 2 satellite.

In 2015 Avanti Communications signed a contract with TTCL to provide national broadband coverage via the HYLAS 2 satellite. At the end of 2016 Avanti Communications and Bentley Walker (an operator of VSAT Networks) extended their partnership to provide satellite connectivity of up to 24Mb/s nationally. Bentley Walker provides Ka-band satellite broadband services as an alternative to Ku- and C-band services in Tanzania.

10. DIGITAL ECONOMY

10.1 E-HEALTH

East African Community (EAC) member states – Burundi, Kenya, Rwanda, Tanzania, and Uganda – are working to establish a regional integrated e-health information network.

Tanzania's Ministry of Health and Social Welfare uses the Airtel network to communicate local information from remote areas to head offices in Dar es Salaam.

10.2 E-LEARNING

The University of Dar es Salaam opened the Open Distance e-Learning (ODEL) in 2010. In the same month, IBM signed a collaboration agreement with the Ministry of Education and Vocational Training

Tests conducted between January and March 2017 resulted in fines amounting to million. Zantel was fined million, Smart million, Tigo million, Vodacom million, million, Airtel million and Halotel million.

12.3.3 Spectrum auctions

The regulator announced plans in February 2016 to auction spectrum in the 694MHz-790MHz, 1427MHz-1492MHz and 3300MHz-3600MHz bands for mobile broadband use. The spectrum will also be used to develop an emergency service mobile network.

The regulator in early 2017 completed the migration from analogue to digital broadcasting, thus freeing up spectrum in the 700MHz for mobile broadband use.

12.3.4 Tariffs

With operations in Tanzania, Kenya, Uganda and other countries in the Common Market for Eastern and Southern Africa (COMESA) region, Celtel had been planning to offer a single rate for calls within these countries. However, Vodacom caught up with its competitor and launched a new roaming service in mid-2005, allowing subscribers to make calls to Kenya and Uganda at the cost of a local call. Airtime transfer across borders was also introduced.

Celtel announced a pan-African calling tariff in late 2005, exclusively for Celtel customers calling other Celtel subscribers within East Africa. The new rates were billed in per-minute increments and applied to both prepaid and postpaid tariff plans. This led to the more comprehensive 'One Network' borderless roaming plan in 2006.

In 2012 the regulator reduced Mobile Termination Rates (MTRs) by 69%.

The government taxes on inbound international calls at 28%. The Telecommunication Traffic Monitoring System (TTMS), operated by the regulator, netted billion (\$ million) for the Treasury in October 2013 alone and a further billion (\$ million) in November and December 2013, collected from international call minutes terminated on MNOs' networks. The system was also be used to monitor transactions made through mobile money transfer services, allowing the government to collect tax from these transactions as well. However, the regulator allowed the system to lapse, with the consequent loss to the government of an estimated billion annually. In early 2016 the government dismissed the entire board of the regulator over the issue, with a new Director appointed to oversee the system being re-implemented.

Table 31 – Average mobile tariffs – 2005 - 2016

Year (Q4)	On-net	Off-net
	TZS per minute	
2005		

Table 40 – Zantel mobile subscribers – 2000 - 2017

Year	Subscribers
2000	
2001	
2002	
2003	
2004	
2005	
2006	
2007	
2008	
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017 (Mar)	

(Source: BuddeComm based on company and regulator data)

12.6.6 Halotel (Viettel Tanzania)

The Vietnam-based telco Viettel, operated by Vietnam's Ministry of Defence, undertook a \$ investment program to build out its 3G network in Tanzania. The company was awarded a 3G licence in November 2014. Commercial services were launched in October 2015 under the Halotel brand. Coverage is expected to reach about 4,000 communities by the end of 2016, accounting for 95% of the population. Viettel is also active in neighbouring Mozambique.

Viettel Tanzania from May 2016 began installing base stations to provide mobile services to 1,800 settlements across the country. At the time the company's network covered about 1,500 settlements. When the project was completed at the end of 2016 the network provided population coverage and geographic coverage. In March 2017 the company announced plans to invest \$ million in its network by the end of the year, which would include the deployment of 1,000 base stations across the country, which will extend geographic reach to 90% from a network of about 18,000km of cable and more than 4,000 base stations nationally.

The company's mobile subscriber base has increased rapidly. By the end of 2015 it had captured of the market, which it increased to 9% by March 2017.

The company in April 2017 prepared to file a prospectus for its planned IPO.

Table 41 –Halotel mobile subscribers – 2015 - 2017

Year	Subscribers
2015 (Oct)	
2015	