

# Zimbabwe telecom calling

By [Evan Pickworth](#)

22 Feb 2010

Zimbabwe could become an attractive telecom investment destination in the next five years.

Though the country's not yet in a position to take full advantage of information communications technology — it's ranked near the bottom of the networked readiness index of the World Economic Forum — Zim's mobile communications market is expected to show compound annual growth of 38,3% to 2015, says a report by business consultancy Frost & Sullivan.

The report also covers Botswana, Namibia and Zambia, but concludes that Zimbabwe's growth is expected to be the highest of them all.

Zim's mobile penetration is just 13%, compared with 30% in Zambia, 57% in Namibia, 100% in Botswana and about 50% for Africa as a whole. But “huge unmet demand” in Zimbabwe could push subscriber growth there to 25,4%.

The market is not very competitive — Econet Wireless is dominant — but the focus is expected to shift to customer retention by next year, with network expansion driving capital expenditure.

Econet has an estimated 60% — 1,65m subscribers — of the Zim mobile market. Pretax profit has lifted from US\$10m in the 10 months to December 2008 to US\$27m by the end of February. The company is headquartered in SA, apparently because boss Strive Masiyiwa fell foul of the Robert Mugabe regime. Econet has operations in nine countries in Africa, Europe and East Asia, with more than 11m subscribers in five networks.

“Zimbabwe has a lot of potential growth as the penetration levels are still low,” says Ernst & Young's Julia Lambeth. She says all three mobile operators there have shown significant growth over the past 18 months.

Frost & Sullivan telecoms analyst Lindsay McDonald says there is a growing multiple SIM (subscriber identity module) effect in Africa — individuals own and use more than one SIM, so as to take advantage of different networks' varying prices and quality. But the research indicates this should not be a problem in Zimbabwe just yet, as customer retention strategies become important only when penetration rises above 50%, or when new competitors enter the market.

Though cautious about Zim's broader prospects, control risks analyst Anne Fruehauf agrees there are opportunities.

“Following a decade of underinvestment in virtually every economic sector, Zimbabwe holds clear economic convergence potential in the years ahead and could offer investors promising returns.

“However, an absence of wider policy reforms could prove a critical impediment and recapitalisation is unlikely to occur in the absence of wider reforms, including ownership legislation.”

*Source: Financial Mail*

For more, visit: <https://www.bizcommunity.com>