Telecom sale tests Zimbabwe's privatisation plans

HARARE: The sale of Zimbabwe's state-owned mobile phone operator NetOne, a first key test for the new government's massive privatisation plan, is generating huge interest, the company's CEO told AFP.

"Since September 15, when the power sharing agreement was signed, there has been an increase in inquiries from the U Canada, Italy, looking for opportunities," NetOne chief executive Reward Kangai said in an interview.

NetOne is the second biggest operator in the country and competes with two privately owned companies for the Zimbabwe market, which has only 1.4 million mobile phone users but is seen as having strong potential for growth.

The sale is part of a broader effort to bring in much-needed funds for an economy driven by hyperinflation, political strife and disease. State assets in the oil sector, air transport and railways are also planned for privatisation.

The unity government, which only took office this February following disputed elections in March 2008, says it needs more than US$8.5 billion (6.4 billion euros) over three years to haul the country out of economic ruin.

A regional bloc has pledged to help, but international donors are reluctant to release funds until they see the uneasy powe sharing deal between long-time rivals President Robert Mugabe and Prime Minister Morgan Tsvangirai in action.

The new cabinet has already made major moves towards economic reform, unveiling a recovery plan that slashed price controls, eased import restrictions and made the South African rand the currency of reference.

In March, new Finance Minister Tendai Biti presented a revised budget to parliament, updating the one unveiled in Januar by Mugabe's cabinet.

His new estimates showed that government revenue would be US$1 billion, down from the US$1.7 billion projected in the January budget.

Biti has also suggested the government must sell parts of state-owned entities like the National Oil Company of Zimbabwe, national carrier Air Zimbabwe and the rail company although no concrete plan has yet been approved.

"Selling state owned assets will send a right signal to investors, but it is better to get a correct value of those assets before disposing of them," said Best Doroh, chief economist at local investment group ZB Holdings.

In the interview with AFP, NetOne's Kangai did not reveal the names of the firms interested in buying the company but sai they were already present "in a number of African countries" and promised maximum transparency on the sale.

The Zimbabwe telecommunications industry, like most businesses in the former British colony, has been knocked back by nearly a decade of political turmoil, with crumbling infrastructure and the imposition of crippling state controls.

Industries have been at less than 10 percent of capacity for years.

Kangai said that one reform planned by the government for the telecoms industry was the removal of high tax charges on imported equipment. Telecoms companies are currently taxed up to 60% on imported materials.

"We want all Zimbabweans to have broadband, access to other markets. We want to be home away from home and have technical expertise," he continued.

As for the cost, Kangai said NetOne was valued at half a billion US dollars three years ago, adding that capital requiremen would be US$200 million.

The NetOne chief sounded an optimistic note about the economic future of this struggling southern African nation saying: "Zimbabwe is open for business, investors will be able to invest to start operations here at low cost."

Source: AFP

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