



CRAN

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Introduction

This review assesses developments in the telecommunication sector for 2021. It takes into account the financial health and performance of Namibian operators; consumer price developments in the telecommunications sector; changes in the competitive landscape; and general trends for 2021. The first chapter analyses the financial performance of licensees based on audited financial statements (AFS). The subsequent chapters analyse key performance indicators for subscribers, traffic, network infrastructure and pricing.

Financial Performance of the ICT Sector

The main trend since 2014 has been the nationalisation of the ICT sector which was only partly reversed by MTC's listing in 2021. Telecom Namibia took over the privately owned Leo (Powercom) in 2014. In 2018, NPTH increased its shareholding in MTC to 100%. Following its listing on the Namibian Stock Exchange (NSX) on 19 November 2021, NPTH still retained control, with a 60% ownership. Telecom Namibia is 100% owned by NPTH, which itself is 100% owned by the state.

		2016	2017	2018	2019	2020	2021	Change
Revenue	NAD million	4,475	4,499	4,821	4,902	5,102	5,071	13%
	USD million	304	338	364	339	310	293	-4%
Net Profit	NAD million	552	775	787	556	823	859	56%
	USD million	38	58	59	38	50	49	31%
Assets	NAD million	4,966	4,856	5,306	5,555	6,582	7,061	42%
	USD million	338	365	401	384	400	408	21%
Liabilities	NAD million	3,564	2,966	3,322	3,003	4,113	4,421	24%
Shareholder Equity	NAD million	1,402	1,891	1,984	2,552	2,469	2,639	88%
	USD million	95	142	150	177	150	152	60%
Profit Margin		12%	17%	16%	11%	16%	17%	
Return on Equity		39%	41%	40%	22%	33%	33%	
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3	

Table 1: Aggregated financials from the ICT sector based on AFS

The growth of Namibia's ICT sector has slowed down since the takeover by the state in USD terms, while profits and shareholder's equity have increased.¹ Revenues declined in USD terms between 2016 and 2021 by 4%, while profits increased by 31%, and profit margins grew from 12% to 17% (Table 1). The shareholder's equity grew from USD 95 million to USD 152 million. The increase in part is due to capital raised in 2017 and 2018 by Paratus for the Trans Kalahari Fibre, which lead to an increase in assets available to the ICT sector (Figure 1).

¹ The exchange rate for N\$ to USD continued its downward trend. In some instances, companies reported NAD profits but USD losses. USD continues to be an important metric because telecom equipment is purchased in US dollars and investors are also interested in their returns in USD. For these reasons, USD conversions continue to be used in this report.

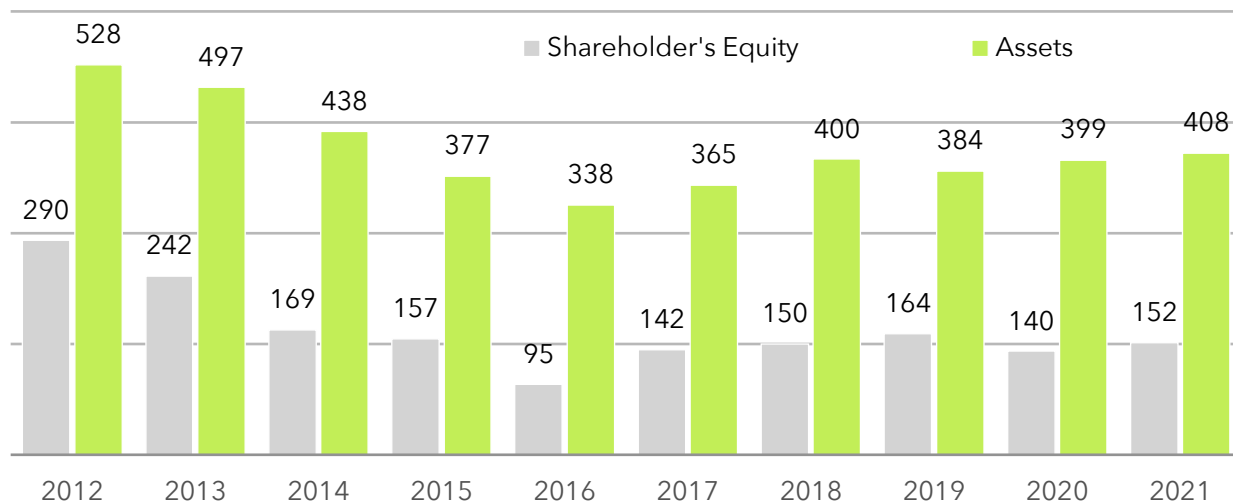


Figure 1: Total shareholder's equity of the ICT sector in USD million²

The state controls 89.4% of ICT sector assets and 84.8% of ICT sector revenues. The private sector, while owning 10.6% of the assets, was responsible for 15.2% of the revenues in 2021. This is partly due to the fact that most private companies provide services through leasing infrastructure from NamPower and Powercom, thus requiring fewer assets themselves. The revenue share of the private sector has increased from 10.9% in 2016 to 15.2% in 2021 (Figures 2 and 3).

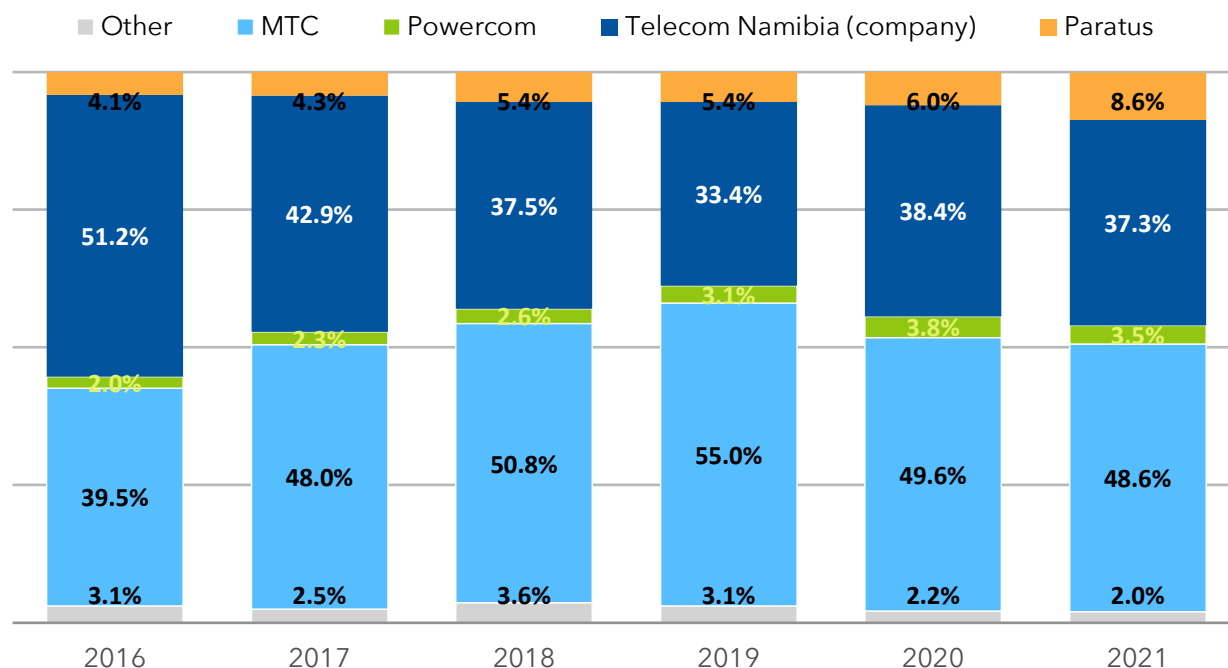


Figure 2: Share in assets

² FX from Nedbank: https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/Economics_Unit/Forecast_and_data/Daily_Rates/Annual_Average_Exchange_Rates.pdf

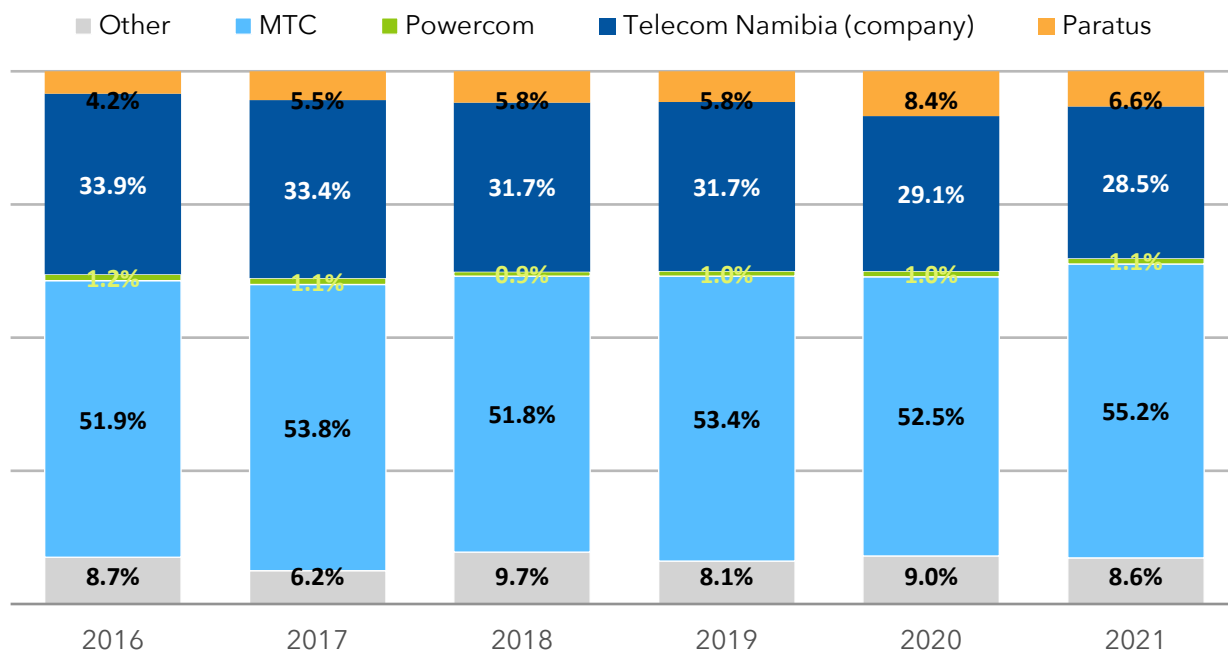


Figure 3: Share in revenues

Telecom Namibia

Telecom Namibia's share in ICT sector revenues declined from 34% in 2016 to 28.5% in 2021. Its company shareholder's equity declined from USD 58 million to USD 33 million between 2016 and 2021. However, at a group level the shareholder's equity only dropped slightly, from USD 40 million to USD 39 million (Tables 2 and 4).

		2016	2017	2018	2019	2020	2021	Change
Revenue	NAD million	1,518	1,503	1,530	1,554	1,471	1,444	-5%
Net Profit	NAD million	-41	7	-51	-27	-24	8.3	
Assets	NAD million	2,539	2,085	1,992	1,853	2,528	2,636	4%
Liabilities	NAD million	1,688	1,245	1,584	1,272	1,967	2,073	23%
Shareholder Equity	NAD million	851	840	408	581	561	563	-34%
	USD million	58	63	31	40	34	33	-44%
Return on Equity	%	-5%	1%	-13%	-5%	-4%	1%	
Financial leverage	#	2.0	1.5	3.9	2.2	3.5	3.7	
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3	

Table 2: Telecom Namibia's financials based on AFS (company)

Telecom Namibia owns Powercom, whose business model is based on leasing infrastructure to other service providers. Powercom's revenue declined in real terms, from USD 3.7 million to USD 3.2 million. Expressed in Namibian dollars, the revenue increased due to increased uptake of the infrastructure by various service providers. The asset value dropped from USD 15.1 million to USD 14.1 million in 2021. Powercom made a small loss for the first time in 2021. Its shareholder's equity remains negative but improved from USD -38 million to USD -24 million.

		2016	2017	2018	2019	2020	2021	Change
Revenue	NAD million	54.1	51.4	42.7	48.7	51.8	55.9	3%
	USD million	3.7	3.9	3.2	3.4	3.1	3.2	-12%
Net Profit	NAD million	14.5	41.5	27.0	40.5	38.7	-0.3	
	USD million	1.0	3.1	2.0	2.8	2.4	-0.015	
Assets	NAD million	101.2	110.7	138.9	172.2	248.8	244.1	141%
	USD million	6.9	8.3	10.5	11.9	15.1	14.1	105%
Liabilities	NAD million	664.1	632.1	633.3	626.1	663.0	658.5	-1%
	USD million	45.1	47.5	47.8	43.3	40.3	38.1	-16%
Finance Cost	NAD million	2.7	1.1	0.012	0.018	3.0	3.1	13%
Implied interest rate	%	0.41%	0.17%	0.00%	0.00%	0.45%	0.47%	14%
Shareholder's Equity	NAD million	-562.9	-521.4	-494.4	-453.9	-414.2	-414.4	
	USD million	-38.3	-39.1	-37.3	-31.4	-25.2	-24.0	
Profit Margin	%	27%	81%	63%	83%	75%	-0%	
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3	

Table 3: Powercom's financials based on AFS

At a group level, Telecom Namibia's revenues declined between 2016 and 2021. It lost 1.6% of its shareholder's equity in USD terms during that period. Telecom Namibia managed a modest profit in 2019, 2020 and 2021 and investment increased slightly with additions to property plant and equipment increasing by 21% between 2016 and 2021. The return on equity for 2021 stood at 6.3%.

		2016	2017	2018	2019	2020	2021	Change
Revenue	NAD million	1,532	1,518	1,540	1,574	1,495	1,469	-4%
	USD million	104	114	116	109	91	85	-18%
Net profit/loss after tax	NAD million	-26	249	-26	13	15	43	
	USD million	-1.8	18.7	-1.9	0.9	0.9	2.5	
Total assets	NAD million	2,309	2,081	2,012	1,904	2,630	2,617	13.3%
	USD million	157	156	152	132	160	151	-3.6%
Total liabilities	NAD million	1,724	1,648	1,603	1,282	1,990	1,940	12.5%
	USD million	117	124	121	89	121	112	-4.3%
Shareholder's Equity	NAD million	585	433	409	622	640	677	15.7%
	USD million	40	33	31	43	39	39	-1.6%
Return on Equity		-4.5%	57.6%	-6.3%	2.0%	2.4%	6.3%	
Financial Leverage		2.9	3.8	3.9	2.1	3.1	2.9	
Additions to property Plant and Equipment	NAD million	125.3	0.0	121.5	154.0	172.2	178.8	43%
	USD million	8.5	0.0	9.2	10.7	10.5	10.3	21%
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3	18%
Source:		Annual reports, 2012-21						

Table 4: Telecom Namibia group's financials based on AFS

In terms of revenue sources, fixed-line revenues continue to decline and mobile revenues continued to grow in 2021. Mobile revenues nearly caught up to fixed-line revenues. Data connectivity remains TN's main

source of income, though stagnant since 2016 with a considerable drop in 2019. Its access to Google's Equiano cable, which landed in July 2022 in Namibia may provide the basis for further growth. TN appears to be containing the administrative expenses, as they have decreased from NAD 850million in 2014 to NAD 699 million in 2021.

		2016	2017	2018	2019	2020	2021	Change
Mobile	N\$ million	108	106	138	241	221	243	124%
Fixed voice revenues incl. interconnection revenues	N\$ million	399	348	337	326	294	262	-34%
Data and IP services revenues	N\$ million	876	905	913	824	836	830	-5%
Source:		Annual reports, 2016-2021						

Table 5: Telecom Namibia's Group Revenue Segmentation

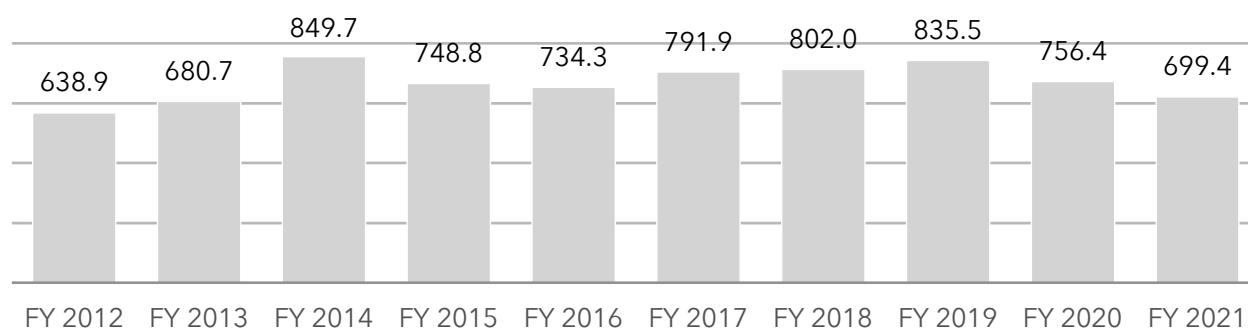


Figure 4: TN's administrative expenses in million NAD (company)

Mobile Telecommunications Limited (MTC)

MTC dominates the market in terms of financial performance. MTC's revenue continues to grow annually, though in USD terms it has remained stable since 2016. The Shareholders' equity in USD terms increased by 50% and net profit by 9% since 2016. The profit margin in 2021 is higher at 27% against what it was in 2016 at 25%. The low financial leverage ratio of 0.5 implies that MTC used debt to invest in infrastructure to provide new services such as Fibre to the Home (FTTh). MTC's high EBITDA margin of 51% and its return on equity of 33%, makes MTC an attractive investment.

		2016	2017	2018	2019	2020	2021	Change
Revenue	NAD million	2,324	2,421	2,498	2,614	2,683	2,799	20%
	USD Million	158	182	189	181	163	162	2%
Net Profit	NAD million	579	712	802	797	772	743	28%
	USD Million	39	53	61	55	47	43	9%
Assets	NAD million	1,967	2,331	2,694	3,058	3,263	3,429	74%
	USD Million	134	175	203	212	198	198	48%
Liabilities	NAD million	682	824	754	748	1,137	1,160	70%
Shareholder Equity	NAD million	1,284	1,507	1,940	2,310	2,126	2,269	77%
	USD Million	87	113	146	160	129	131	50%
Profit Margin	%	25%	29%	32%	30%	29%	27%	
Return on Equity	%	45%	47%	41%	35%	36%	33%	
Financial leverage	#	0.5	0.5	0.4	0.3	0.5	0.5	
EBITDA margin	%	56.2%	57.9%	59.9%	51.5%	52.0%	51.2%	
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3	

Table 7: MTC's financials based on AFS (Group)

MTC continues to invest in its network. Additions to network and equipment increased to 33% of net profits in 2021. MTC invested USD 14.2 million in the FY 2021, compared to USD 10.1 in 2016.

		2016	2017	2018	2019	2020	2021
Net profit after tax	NAD million	579	712	802	797	772	743
Addition to Network Equipment	NAD million	148	164	176	161	121	246
	USD Million	10.1	12.3	13.3	11.1	7.4	14.2
	% of after tax profit	26%	23%	22%	20%	16%	33%
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3
Source:	MTC annual reports, 2012-2021						

Table 8: MTC's CAPEX

Paratus

Paratus has accelerated its growth and service offerings. Paratus increased its shareholder's capital from USD 1.3 million to USD 11.1 million between 2016 and 2021 by raising capital on the Namibian Stock Exchange. Revenues increased every year with a notable increase in 2020. Its return on equity and profit margins are still low, which can be expected from a rapidly expanding company. While Paratus is growing rapidly, it is doing so from a low base. In 2021, despite a tenfold increase in shareholder's equity and a quadrupling of assets, it still accounted only for 7% of sector revenues and 9% of sector assets. While the growth is encouraging it is unlikely that Paratus will be able to compete on its own with MTC or Telecom Namibia or provide national wireless end-user access in the near future unless it finds an investor.

		2016	2017	2018	2019	2020	2021	Change
Revenue	NAD million	189	246	281	284	324	336	
	USD Million	137	151	152	140	123	117	-15%
Net Profit	NAD million	5	10	1	10	19	29	
	USD Million	0.3	0.8	0.1	0.7	1.2	1.7	442%
Assets	NAD million	206	207	289	302	394	608	
	USD Million	14	16	22	21	24	35	151%
Liabilities	NAD million	187	178	201	205	224	416	
	USD Million	13	13	15	14	14	24	89%
Shareholder Equity	NAD million	18.5	28.5	87.3	97.3	169.4	192.3	
	USD Million	1.3	2.1	6.6	6.7	10.3	11.1	785%
Profit Margin	%	2%	4%	0%	4%	6%	9%	
Return on Equity	%	25%	35%	1%	10%	11%	15%	
Revenue sector	% of sector	4%	5%	6%	6%	8%	7%	
Assets	% of sector	4%	4%	5%	5%	6%	9%	
USD exchange rate		14.7	13.3	13.2	14.5	16.5	17.3	
Notes	Revenue & profit annualized for 12 months for FY 2020, AFS reported for 16 months							

Table 9: Paratus's financials based on AFS

Conclusion

Namibia's telecommunications sector revenues are contracting in USD terms. The shareholder's equity and assets increased between 2016 and 2021. Telecom Namibia and MTC still dominate the industry in terms of revenues and assets, a trend which will continue for the foreseeable future due to their footprint in the market.

Subscribers

Landline subscribers continue to decline, and xDSL connections are still on the increase. Fixed-line subscriptions declined by 51% between 2016 and 2021. This is an international trend as more customers utilise mobile phones. Slow ADSL subscriptions are also phasing out and being replaced by faster ones. ADSL with 2Mbps or below dropped by 97%, while overall ADSL connections grew by 36% between 2016 and 2021. Fibre to the Home (FTTh) grew fast but remained a niche service in 2021 with only seven thousand subscriptions.

		2016 Dec	2017 Dec	2018 Dec	2019 Dec	2020 Dec	2021 Dec	Change
Landlines	#	187,853	193,045	141,771	139,698	140,370	91,869	-51%
VoIP	#	3,286	3,233	3,901	4,054	3,046	3,269	-1%
Satellite	#	354	542	960	881	882	838	137%
FTTh	#	158	252	498	829	2,832	7,052	
xDSL up to 2Mbps	#	44,259	21,950	21,311	3,272	2,234	1,231	-97%
xDSL 2 to 10Mbps	#	8,706	31,489	31,586	55,314	63,696	65,095	648%
xDSL 10Mbps or more	#	416	1,085	1,117	2,090	2,494	6,010	1,345%
Total xDSL	#	53,381	54,524	54,014	60,676	68,424	72,336	36%

Table 10: Fixed subscribers

TN mobile managed to increase its market share. In the prepaid segment it increased from 17% to 21% and in the postpaid segment from 6% to 14% between 2016 and 2021. The total number of SIM cards increased by 10% over the same period.

			2016 Dec	2017 Dec	2018 Dec	2019 Dec	2020 Dec	2021 Dec	Change
Postpaid Active SIM cards	MTC	1000	159	161	159	155	154	158	-1%
	TN Mobile	1000	31	35	34	39	41	41	30%
	Total	1000	191	195	193	194	196	199	4%
Prepaid Active SIM cards	MTC	1000	2,314	2,329	2,372	2,420	2,440	2,346	1%
	TN Mobile	1000	156	156	194	208	262	370	138%
	Total	1000	2,469	2,485	2,566	2,628	2,702	2,716	10%
Combined Active SIM cards	MTC	1000	2,473	2,489	2,531	2,576	2,594	2,504	1%
	TN Mobile	1000	187	191	228	247	303	411	120%
	Total	1000	2,660	2,680	2,759	2,823	2,897	2,915	10%
Mobile broadband		1000	1,611	1,413	1,670	1,652	1,765	1,921	19%
	% of total SIM		61%	53%	61%	59%	61%	66%	9%
TN Mobile Market Share	Postpaid Active SIM cards		17%	18%	18%	20%	21%	21%	
	Prepaid Active SIM cards		6%	6%	8%	8%	10%	14%	
	Combined Active SIM cards		7%	7%	8%	9%	10%	14%	

Table 11: Mobile subscriber numbers in 1000s

Out of 2.9 million mobile SIM cards, 1.9 million (66%) used data. The share of mobile broadband SIM cards increased by 9% between 2016 and 2021, increasing from 61% in 2016 to 66% in 2021. This points to

structural obstacles to cracking the 70% mark such as lack of digital skills and high prices for mobile data and smartphones.

Revenue trends

Voice and SMS revenues are declining while data revenue is growing. The share of data revenue increased from 33.6% in 2016 to 59.3% in 2021. Overall service revenues increased by 14% from 2016 to 2021. However, expressed in USD, it decreased by 7%.

			2016	2017	2018	2019	2020	2021	Change since 2016
Voice	Domestic	NAD million	277,166	296,705	216,822	166,569	180,734	206,259	-26%
	International	NAD million	20,930	19,046	14,615	13,740	13,243	8,494	-59%
SMS	Domestic	NAD million	63,561	60,659	49,861	48,167	36,213	38,417	-40%
	International	NAD million	2,213	1,408	1,110	1,295	1,176	903	-59%
Mobile Data		NAD million	183,985	194,014	284,408	326,054	356,418	370,190	101%
Total Service Revenues		NAD million	547,855	571,832	566,816	555,825	587,784	624,263	14%
		USD million	37,236	42,927	42,788	38,448	35,699	36,085	-3%
Mobile Data as % of service revenues			33.6%	33.9%	50.2%	58.7%	60.6%	59.3%	77%
USD FX			14.7	13.3	13.2	14.5	16.5	17.3	

Table 12: Mobile service revenues (Source: CRAN portal)

Mobile revenue contributed to 74% of all data revenues in 2021. ADSL dropped to only 13.5% of total data revenue, and FTTH increased to 5.5% market share in 2021. Total data revenue increased by 73% in the past five years. What is clear is that Universal Access and Service for broadband can only be achieved using mobile. Fixed broadband is complementary for the high-income segment of the Namibian population.

		2016	2017	2018	2019	2020	2021	Change since 2016
ADSL	NAD million	262.8	274.0	271.7	266.9	275.4	265.3	1%
FTTX	NAD million	17	59	81	96	109	108	545%
Other fixed	NAD million	170	116	125	117	130	143	-16%
Mobile	NAD million	682	760	1,012	1,156	1,384	1,446	112%
Total	NAD million	1,131	1,209	1,490	1,635	1,898	1,962	73%
	USD million	77	91	112	113	115	113	47%
Mobile data as % of total		60.3%	62.9%	67.9%	70.7%	72.9%	73.7%	
ADSL as % of total		23.2%	22.7%	18.2%	16.3%	14.5%	13.5%	
FTTH		1.5%	4.9%	5.4%	5.9%	5.7%	5.5%	
USD FX		14.7	13.3	13.2	14.5	16.5	17.3	

Table 13 Data revenues

Landline revenues continue to decline. Telecom Namibia is the main telecommunication provider of fixed-line telephone services in Namibia. The use of VoIP and OTT applications such as Skype, WhatsApp and FaceTime, to make voice calls, has gained popularity globally over the past years. Therefore, fixed voice revenues continue to experience a downward trend as more customers are changing to mobile and VoIP

services. This is also in line with a declining trend faced by landline subscribers over the past years. In 2021, the fixed voice market was worth a mere USD 14.6 million.

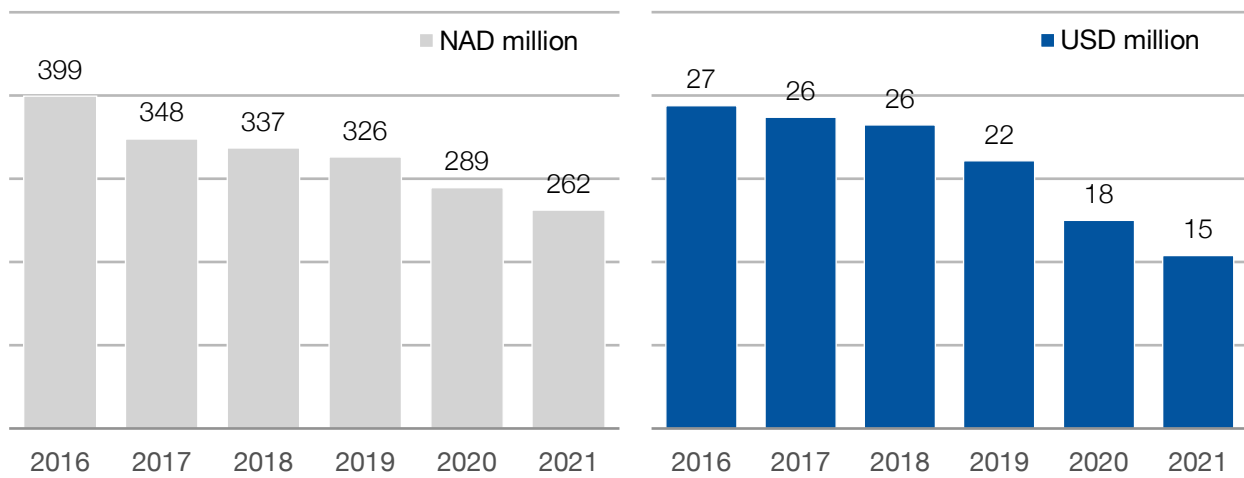


Figure 5: Telecom Namibia fixed voice revenues (source annual reports)

Traffic

MTC dominates voice traffic in Namibia. MTC's market share in terms of outgoing mobile traffic remains close to 100% for both voice and SMS (Table 14). Outgoing mobile minutes increased by 59% between 2016 and 2021, while SMS and landline traffic declined (Table 15). This indicates the fading of landline relevance for consumers and a replacement of SMS by Over The Top (OTT) applications. International incoming and outgoing voice traffic is declining as a result of that as well (Table 16.)

	Outgoing minutes (million)			MTC's Share	Outgoing SMS (million)			MTC's Share
	MTC	TN	Combined		MTC	TN	Combined	
2021_Q1	1,936	36	1,972	98.2%	2,386	1.04	2,387	99.96%
2021_Q2	2,005	41	2,045	98.0%	2,437	1.12	2,438	99.95%
2021_Q3	2,123	105	2,228	95.3%	2,390	1.32	2,392	99.94%
2021_Q4	2,145	35	2,180	98.4%	2,349	1.19	2,350	99.95%
2022_Q1	2,027	39	2,066	98.1%	2,307	4.07	2,311	99.82%
2022_Q2	2,045	40	2,085	98.1%	2,287	2.91	2,290	99.87%

Table 14: Mobile domestic outgoing minutes and SMS

			2016	2017	2018	2019	2020	2021	Change since 2016
Mobile	Outgoing minutes	million	5,306	5,404	5,574	6,150	7,570	8,433	59%
	Outgoing SMS	million	10,036	9,968	9,533	9,809	10,181	9,567	-5%
Landlines	Outgoing minutes landline to mobile	million	67	64	66	65	61	59	-12%
	Outgoing minutes landline to landline	million	94	81	68	59	45	35	-63%

Table 15: Domestic traffic in million

		2016	2017	2018	2019	2020	2021	Change since 2016
International outgoing million minutes	from mobile	23	20	19	17	13	11	-52%
	from landline	29	26	21	15	10	8	-73%
	total	52	46	40	32	22	19	-64%
International incoming million minutes	to mobile	47	40	36	38	32	47	0.4%
	to landline	22	20	17	10	5	3	-85%
	total	69	59	53	48	38	51	-27%

Table 16: Fixed and mobile International incoming and outgoing minutes in million

Network Infrastructure

MTC and Telecom Namibia have extensive network coverage in all of Namibia's regions. Both MTC and TN are national mobile broadband operators, covering all of Namibia's regions, while MTC has a larger footprint. Population coverage for Namibia is 85% for 4G, which is low compared to South Africa. Seven out of 14 regions had 4G population coverage of below 80% (Table 19). Kunene had less than 50% 4G population coverage.

Table 19: Population coverage based on HRSL³ population mapping

	Population	4G Population coverage	Policy Objective of minimum of 80%	People not covered by 4G
!Karas	88,477	81%	Above	17,194
Erongo	216,727	94%	Above	12,630
Hardap	96,016	77%	Below	22,157
Kavango East	163,061	83%	Above	28,330
Kavango West	91,834	59%	Below	38,005
Khomas	472,107	97%	Above	12,346
Kunene	109,021	41%	Below	64,320
Ohangwena	273,209	93%	Above	20,378
Omaheke	79,370	57%	Below	34,020
Omusati	268,337	95%	Above	12,964
Oshana	200,565	98%	Above	3,468
Oshikoto	214,012	80%	Below	42,687
Otjozondjupa	163,536	75%	Below	41,515
Zambezi	107,692	78%	Below	23,508
Namibia	2,543,965	85%	Above	373,524

	Rural				Urban			
	2G	3G	4G/LTE	5G	2G	3G	4G/LTE	5G
Eastern Cape	100%	99%	97%	0%	100%	100%	100%	9%
Free State	100%	100%	96%	2%	100%	100%	100%	7%
Gauteng	100%	100%	99%	2%	100%	100%	100%	12%
KwaZulu- Natal	100%	100%	93%	0%	100%	100%	100%	20%
Limpopo	100%	100%	97%	0%	100%	100%	100%	12%
Mpumalanga	100%	100%	98%	0%	100%	100%	100%	8%

³ Facebook Connectivity Lab and Center for International Earth Science Information Network - CIESIN - Columbia University. 2016. High Resolution Settlement Layer (HRSL). Source imagery for HRSL © 2016 DigitalGlobe. Accessed August 2021 from <https://data.humdata.org/dataset/highresolutionpopulationdensitymaps-nam>

	Rural				Urban			
	2G	3G	4G/LTE	5G	2G	3G	4G/LTE	5G
North West	100%	100%	98%	0%	100%	100%	99%	6%
Northern Cape	100%	100%	95%	0%	100%	100%	99%	1%
Western Cape	100%	100%	96%	1%	100%	100%	100%	9%
Source	ICASA's Report on The State of the ICT sector in SA - March 2022 https://www.icasa.org.za/uploads/files/State-of-ICT-Sector-Report-March-2022.pdf							

Table 20: Population coverage in South Africa

South Africa accomplished universal 3G coverage across urban and rural South Africa. ICASA published the state of the ICT sector in 2021 in March 2022 that displays population coverage for rural and urban areas by province (Table 20). Even for 4G population coverage, the rural coverage is above 93%.

	RAN Sites						
	MTC		Telecom Namibia		Paratus		All
	#	market share	#	market share	#	market share	#
!Karas	71	72%	27	28%			98
Erongo	105	67%	42	27%	10	6%	157
Hardap	52	67%	24	31%	2	3%	78
Kavango East	41	79%	11	21%			52
Kavango West	29	81%	7	19%			36
Khomas	208	70%	66	22%	25	8%	299
Kunene	60	78%	17	22%			77
Ohangwena	54	74%	19	26%			73
Omaheke	54	78%	15	22%			69
Omusati	59	72%	23	28%			82
Oshana	66	80%	17	20%			83
Oshikoto	56	71%	23	29%			79
Otjozondjupa	96	74%	30	23%	3	2%	129
Zambezi	38	81%	9	19%			47
Namibia	989	73%	330	24%	40	3%	1,359

Table 22: RAN sites and fibre km

Mobile infrastructure is dominated by MTC. MTC owns 73% of all RAN sites, Telecom Namibia 24% and Paratus only 3%. Paratus only has RAN sites in four regions, Erongo, Hardap, Khomas and Otjozondjupa, while MTC and Telecom Namibia are operating RAN sites in all regions.

Broadband Speeds compared

15 countries in Africa had faster average broadband speeds than Namibia. However, this is an improvement from the 2020 when Namibia was ranked 27th. Not only is the average download speed in South Africa almost three times the speed of Namibia, but seven SADC members also have faster broadband services, including South Africa, Madagascar, Seychelles, Mauritius, Lesotho, Tanzania and Botswana.

Position	Country	Mean download speed (Mbps)	Unique IPs tested	Total tests
1	Rwanda	52.17	2555	14964
2	Réunion	37.44	12645	39480
3	South Africa	28.62	1937740	18220409
4	Madagascar	19.29	33811	200207
5	Nigeria	15.37	114652	1120626
6	Seychelles	14.89	1021	3207
7	Mauritius	13.44	9827	64001
8	Burkina Faso	13.43	2600	33689
9	Kenya	12.42	426705	6432698
10	Ghana	11.24	33811	354055
11	Uganda	11.01	42487	526388
12	Lesotho	10.68	346	615
13	United Republic of Tanzania	10.52	35697	304217
14	Cote D'Ivoire	10.14	5655	17189
15	Botswana	9.36	1906	20252
16	Namibia	9.28	4092	13667
Source	https://www.cable.co.uk/broadband/speed/worldwide-speed-league/			

Table 21: June 2022 Broadband speed ranking for Africa

Namibia's ICT sector is characterised by state ownership and insufficient competition. This has meant insufficient investment in last-mile connectivity, most notably mobile 4G broadband, low quality of service and high end-user prices. Prices will be analysed in the next section.

Mobile Price Benchmarking

The price analysis is based on prepaid prices because the majority of Namibians use prepaid services. Prepaid products with varying validities are made comparable by calculating the monthly cost. Prepaid products include five Aweh O' Yeah baskets using minimum SMS and voice allocations and vary by selected data. The Telecom Namibia unlimited packages are capped at 3GB per day, 21GB per week and 90GB per month. While it would be possible to use more data in some locations, congestion is likely to limit higher data downloads.

While Africa has seen rapidly declining mobile broadband prices, in Namibia, they have increased. Figure 6 displays the price of the cheapest product for 1GB prepaid data per month from MTC and TN Mobile. MTC increased its prices since Q1 2015, for the first time ever. Figure 6 further illustrates that there is very little movement in the market in terms of price competition.

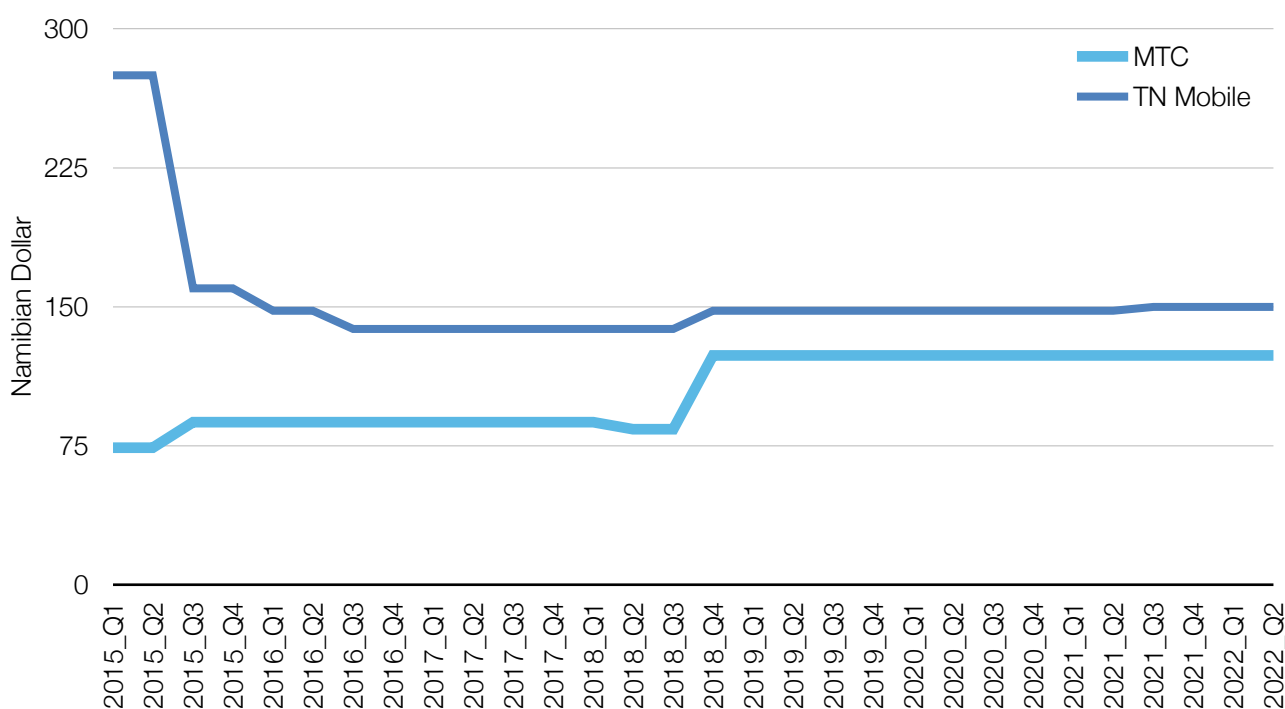


Figure 6: Lowest price for 1GB prepaid per month prepaid in NAD

The absence of competition led to higher broadband prices, in the past 4 years, contrary to global trends. MTC’s price of 1GB prepaid data per month increased by 41% since Q1 2016 while operators in Botswana, Zambia, Mozambique and even South Africa decreased their prices significantly during the same period (as shown in Figure 7 below).

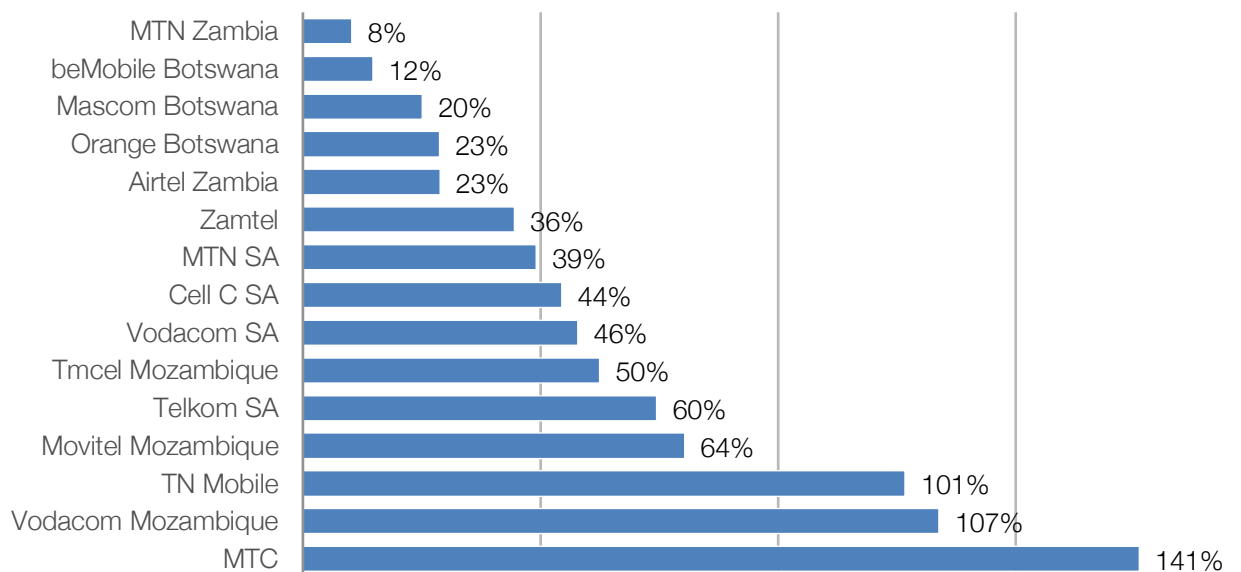


Figure 7: Lowest price in local currency in 2022 Q3 expressed as % of 2016 Q1 price for 1GB per month prepaid (Source: RIS)

Namibia slipped in the African Affordability ranking from 4th cheapest in Q1 2016 to the 37th cheapest country in Q1 2022 for 5GB per month. Namibia is one of the most expensive countries in Africa for mobile broadband. The price of the cheapest product available in Namibia in Q2 2022 for 1GB monthly prepaid usage was USD 8. In comparison, the same basket costs 50 US cents in Egypt, USD 3.80 in South Africa or even USD 4.3 in DRC Congo (Figure 8).

	100MB	500MB	1GB	2GB	5GB	10GB	20GB
2016_Q1	8	16	14	8	4	6	6
2022_Q2	31	47	46	43	37	32	21

Table 23: Namibia's Ranking from mobile prepaid data in Africa for cheapest product

In total, there are 135 mobile operators in Africa that sell 1GB per month for less than MTC and 144 operators that sell it for less than TN Mobile. For the 20GB per month, Namibian MNOs are slightly more competitive. 45 African MNOs were cheaper than TN Mobile and 96 were cheaper than MTC for this basket (Table 24).

	Operator	USD	MNO Ranking
1GB per month prepaid in 2022 Q2 cheapest product per MNO	MTC	7.95	136
	TN Mobile (Telecom Namibia)	9.64	145
20 GB per month prepaid in 2022 Q2 cheapest product per MNO	TN Mobile (Telecom Namibia)	13.25	46
	MTC	22.65	97

Table 24: Cheapest MNO

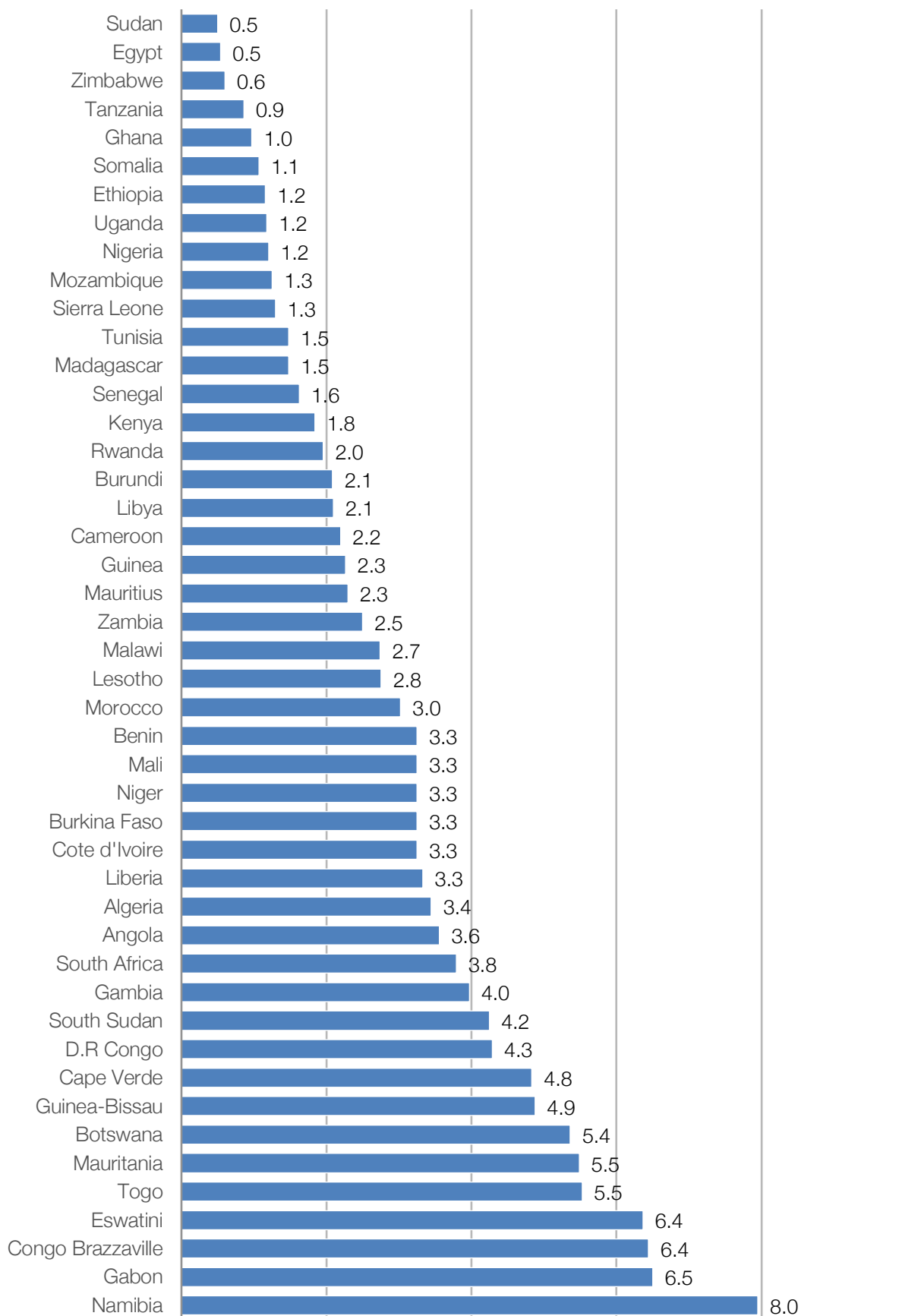


Figure 8. Prices for 1GB prepaid data per month in Q2 2022, cheapest in the country (Source: RIS)

Namibia's ranking in Africa for voice and SMS usage declined from 15th in 2016 to 25th cheapest country in 2022. Figure 9 displays Namibia's ranking for the 30 call and 100 SMS OECD basket.⁴ MTC's out-of-bundle rates have not changed in the last decade.

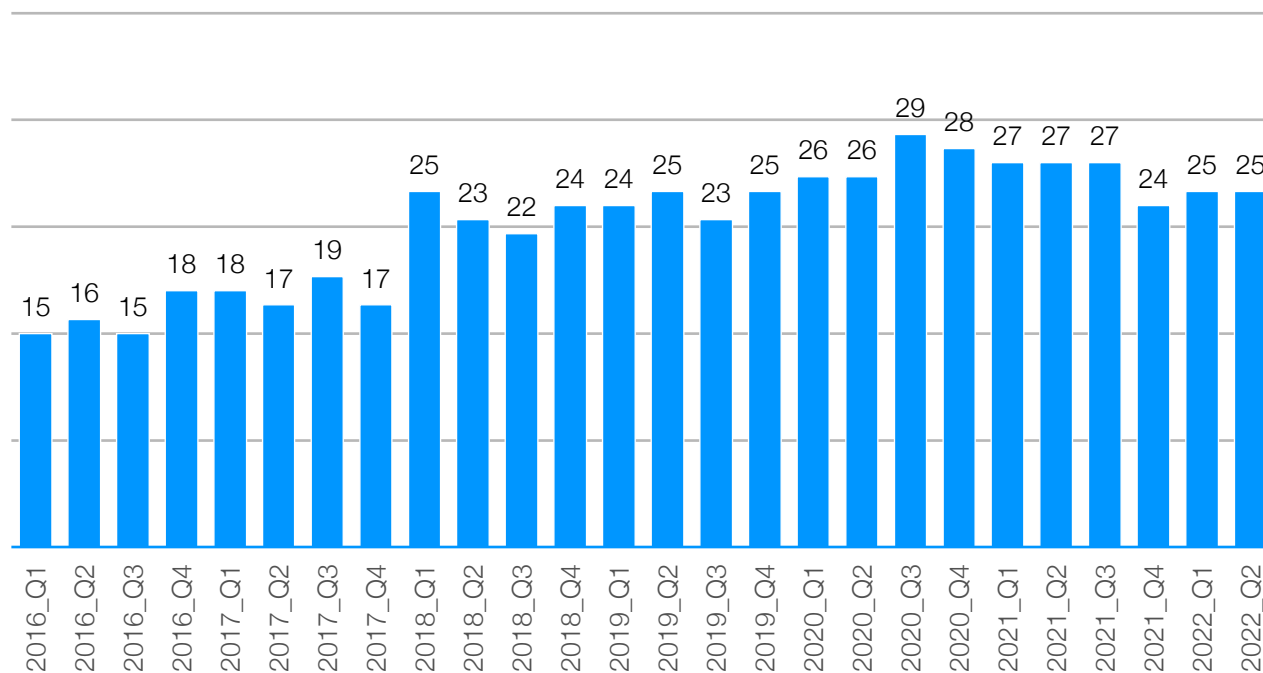


Figure 9: Namibia's African ranking for the cheapest product for the OECD Basket 30 calls 100 SMS

Conclusion

Namibia's ICT sector was one of the leaders in Africa as recently as five years ago. Namibia lost its leading role in Africa as a result of state-driven consolidation in the sector and the significant reduction in competition. All telecommunication (broadband, voice and SMS) prices are high and broadband download speeds are low in comparison to other SADC countries. Namibia can regain its position but needs to restructure the sector and investigate ways to attract private sector investment and to improve the level of competition.

⁴ The latest OECD basket definitions can be found here: <https://www.oecd-ilibrary.org/docserver/64e4c18a-en.pdf?expires=1666195323&id=id&accname=quest&checksum=8F549BE298D081B30C0C4CB90353C501>