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# Status of the Communications Market March 2008

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# Introduction

The UCC presents its review of the Post and telecommunications market for the period January to March 2008,

During this period, Warid (U) Telecom, launched its commercial voice telephony services and national telephone penetration reached the 20 lines per 100 inhabitants.

At a macro economic level, the economy was riddled with high inflationary pressures (annual headline inflation rate of 9.5% for the year ended March 2008) stemming from increasing fuel and food prices. This had a negative impact on the rate of growth for the communication sector.

# The Sector At a Glance!!!!

	<b>Sept - 07</b>	<b>Dec - 07</b>	<b>Mar - 08</b>
<b>PIP + PSP Licensees</b>	<b>7</b>	<b>9</b>	<b>10</b>
<b>PSP Voice and Data</b>	<b>6</b>	<b>7</b>	<b>6</b>
<b>PSP Capacity Resale</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b>Fixed Lines</b>	<b>162,263</b>	<b>165,788</b>	<b>166,552</b>
<b>Mobile Lines</b>	<b>4,195,278</b>	<b>5,163,414</b>	<b>5,704,506</b>
<b>Tele density</b>	<b>15.5</b>	<b>18.7</b>	<b>20.6</b>
<b>Number of Payphones</b>	<b>24,030</b>	<b>27,999</b>	<b>34,177</b>

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# TELECOMMUNICATIONS

## Service Providers

- n During the review period, Nomad Communications Ltd, previously only holding a PSP acquired a PIP license bringing the total number of PIP licenses issued to 10.
- n The Commission reviewed Celtel Uganda Ltd's Cellular Telephone license issued under the previous license regime. Its based on this review that Celtel shall be migrated to PIP & PSP license categories at the expiry of its current license.
- n Comprehensive list of licensed service providers is available at [www.ucc.co.ug/licensing/licensedOperators.php](http://www.ucc.co.ug/licensing/licensedOperators.php)

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# Market Mergers, Acquisitions and Major transfers of shareholding

There were no major mergers in the industry during the review period apart from the change of holding within TMP Uganda Ltd, a PIP License holder. PME Uganda Ltd acquired a controlling stake of 82%, TMP Management Associates and Suubi Services Ltd are the other shareholders.

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# Network Roll Out and Capacity

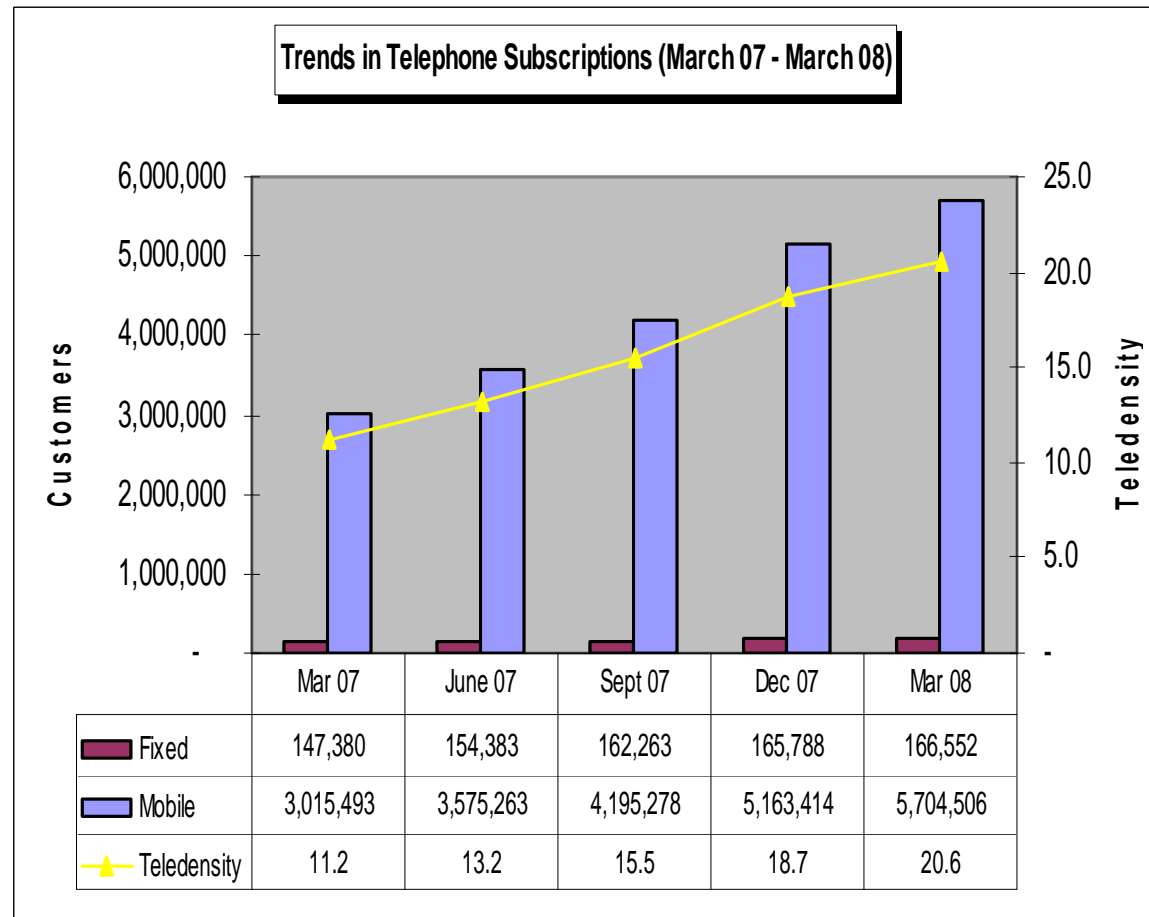
- n Market highlights in terms of network growth included;
  - Extension of Warid Telecoms Uganda's network to parts of the West Nile
  - Commencement of Phase II of the National Backbone Infrastructure project. This will see the roll out of the national fiber backbone to central and western parts of the country.
- n National switching capacity increased to an estimated 9 million lines resulting from entry of new PSTN operators and network upgrades by the incumbents.

# Telephone Connections and Penetration

## Number

### Customers- March 2008

- n There were 541,856 new connections during the 1<sup>st</sup> quarter compared to 971,661 connections in the period Oct – Dec 2007.
- n This resulted into a 10.5% quarterly growth, the lowest quarterly growth in more than a year.



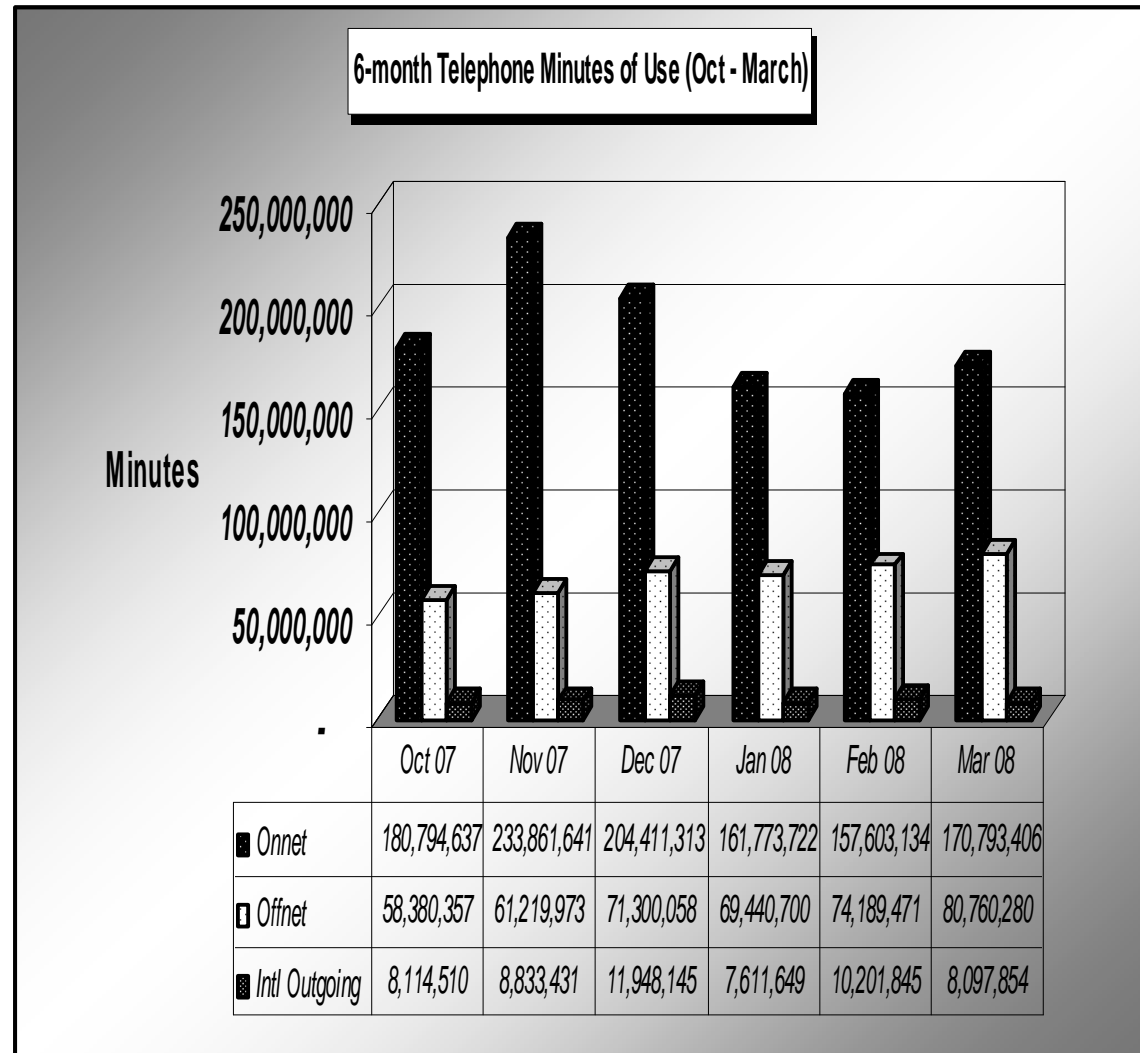
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## Telephone connections & Penetration - Contd

- n In terms of penetration, there was a 2% increase in the number of lines per 100 inhabitants bringing overall telephone penetration to 20.6 lines per 100 inhabitants at the end of March 2008.
- n This relatively poor performance in comparison with the previous quarters could be attributed to;
  - Poor macro economic performance with a headline inflation of 9.5% at the end of March attributed increasing food and fuel prices
  - Anomalous good performance of the previous quarter (Oct – Dec ) caused by the CHOGM meetings
  - Traditional seasonal drop during the period Jan - March

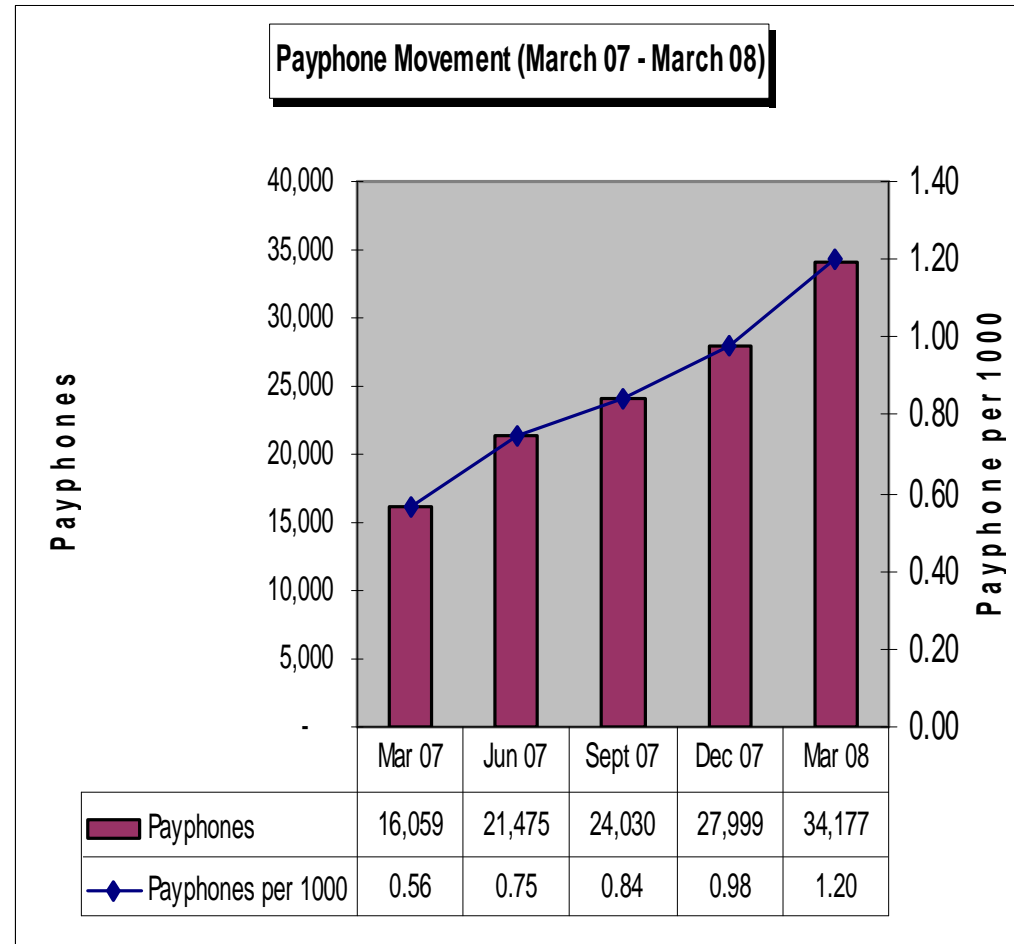
# Telephone Minutes of Use

- n The underlying seasonal and macro economic pressures in the market affected usage/volumes across various voice segments.
- n There was a 20.8% drop in on-net traffic and a 10% drops in International outgoing voice traffic.



# Payphone Access

- n By the end of March 2008, the total number of payphones in the country had risen to 34,177 from 27,999 in December.
- n This translated into a payphone penetration of more than one payphone (1.2) for every 1000 inhabitants.



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# Tariffs

Following the earlier downward movement in service tariffs at the beginning of the year, mobile call rates settled at;

- n 310/= Average on net call charges,
- n 370/= Average off net call charges
- n 500/= Average international call rates

In addition to the fall in prices, the market also witnessed;

- n Aggressive friends and family profile promotions by all four mobile voice operators
- n Warid Telecoms introduction of bulk usage promotions
- n Re introduction of “free call” promotions in the form of cash backs by both MTN and UTL
- n Strong advertising campaigns for the various per second billing plans

A comprehensive listing of prepaid mobile and fixed tariffs can be found at

<http://www.ucc.co.ug/prepaidMobileTariffs.pdf>

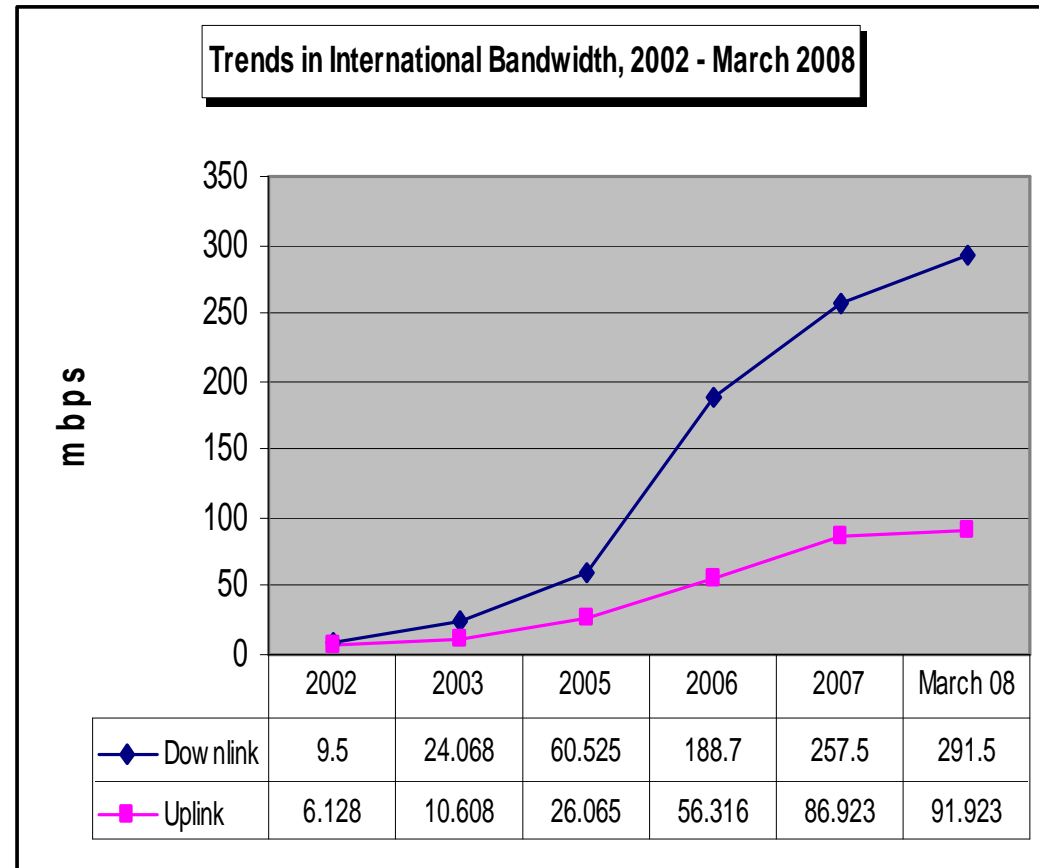
<http://www.ucc.co.ug/fixedLineTariffs.pdf>

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# **INTERNET AND DATA SERVICES**

# Capacity Growth

- n International bandwidth increased by 39 mbps between January and March bringing the total international bandwidth to 382 mbps.
- n However most of this growth was only in the form of international downlink with most new entrants leasing international uplink capacity from incumbent bandwidth providers.



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# Internet and Data Services

- n The internet landscape is taking a gradual shift from the traditional fixed access to mobile wireless access, a direct result of;
  - network upgrades by the network providers
  - Improving service demand for the internet
- n During the period Jan – March 2008, there were 175,568 active mobile internet users. These either accessed the internet through Data enabled handsets or at fixed wireless hotspots.

# POST AND COURIER

<b>Number of Licenses</b>			
	<b>Sept 07</b>	<b>Dec 07</b>	<b>Mar 08</b>
Major License	1	1	1
International Courier License	5	5	5
Regional Courier	6	6	6
Domestic Courier Licenses	7	8	8

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# Post and Courier Access

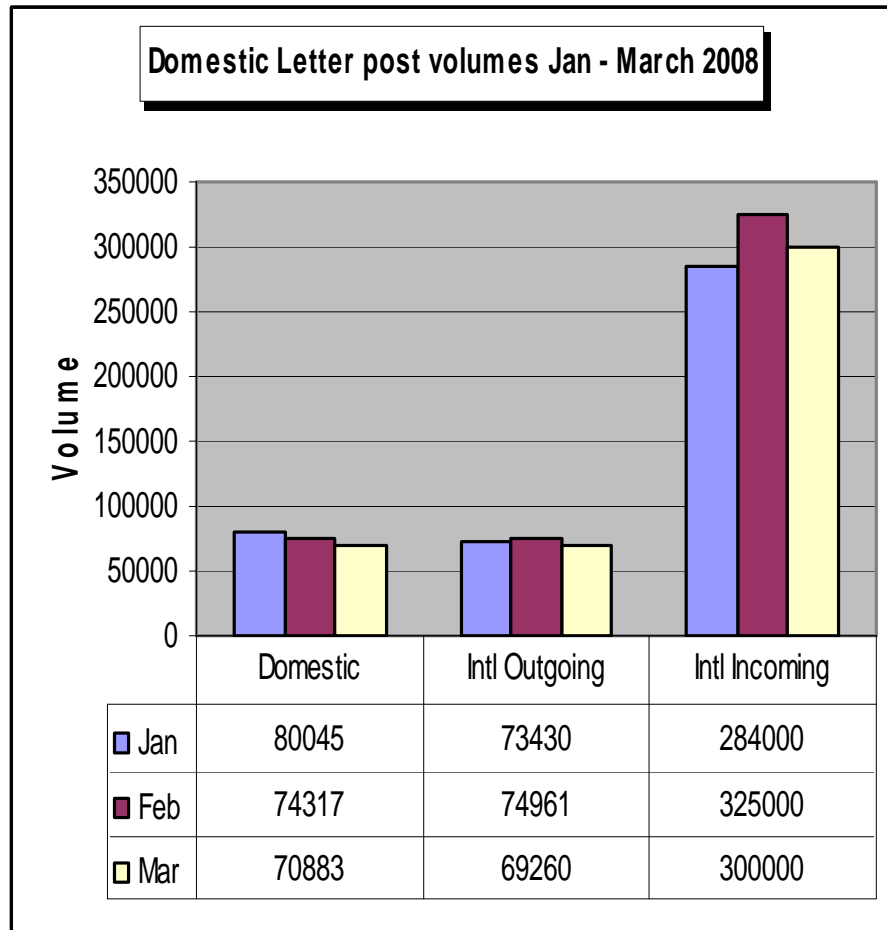
- n There were no entrants in the sub sector although one (1) domestic courier service provider license is being processed.
  
- n Most significant development in the post and courier segment during the review period was the review of the major postal license held by Uganda Post Limited. Among others, attention was paid to;
  - progress in postal roll out
  - trends in postal quality of service
  - universal service access obligations

The detailed full report is available at <http://www.ucc.co.ug/UPLThree-YearPerformanceReport2005-2008.pdf>

- n In terms of postal access, a noteworthy development was the increase in penetration of courier access points to an estimated 150 collection and or drop points

# Post and Courier Traffic

- n Post and courier traffic volumes continued to compete against the electronic communication mediums with the international letter post segment facing the stiffest competition during the quarter.
- n There was a decline in volume of outgoing international letter post which worsening the ratio of incoming to outgoing international letter post.
- n During the period Jan – March, only 217,651 international letters were posted compared to 909,000 international incoming letters.



# BROADCASTING

- At the end of the review period, the number of private FM frequencies issued had risen to 200 with 173 of them already operational
- Another 27 FM stations have been assigned frequencies but are yet to get on air.
- 44 TV stations have been assigned frequencies, 26 of which are on air.
- In addition to TV and Radio frequency allocations, the Commission has to date issued 640 two way radio licenses and 49 VSAT authorizations

	Status	Sep 07	Dec 07	Mar 08
Radio	On air	153	162	166
	Off air	35	33	34
TV	On air	25	26	26
	Off air	5	15	18