



Press Statement

Monday, March 15, 2021

Release of the 2020 Information and Communications Technology Sector Annual Market Report

The Zambia Information and Communications Technology Authority (ZICTA) has released the Information and Communications Technology (ICT) sector Annual Market report for the year 2020 which demonstrates increased access and utilisation of ICT services in the country. Some of the key highlights from the report this year include a marked increase in active mobile telephone subscriptions from 17.2 million reported at the end of 2019 to 19.1 million subscriptions recorded at the end of 2020 reflecting an improvement of 10.9 percent. The total number of active internet subscriptions in the country also increased from 9.2 million subscriptions reported at the end of 2019 to 10.3 million recorded at the end of 2020 representing a growth rate of 11.8 percent.

The increase in the internet subscriptions was complemented with an increased combined throughput volume of data among the mobile network operators from 114,000 terabytes reported in 2019 to 199,000 terabytes recorded in 2020 representing a growth rate of 38.2 percent. The value of mobile money transactions more than doubled from ZMW 49.6 billion recorded at the end of 2019 to ZMW 105.6 billion at the end of 2020 reflecting an increase of 113.07 percent. These developments followed numerous efforts by the Authority and other stakeholders aimed at promoting increased access and usage of ICTs especially in the wake of the COVID-19 pandemic.



Local Developments in the ICT Sector

As at the end of December, 2020, there were a total of 71 valid licences in the ICT sector compared to 88 valid licences that had been issued by the Authority at the end of December, 2019. Further, as at December 31, 2020, ZICTA had issued a total of 35 valid licences in the Postal sector compared to 28 valid licenses that had been issued by the end of December, 2019. The value of mobile money transactions more than doubled from ZMW 49.6 billion recorded at the end of 2019 to ZMW 105.6 billion at the end of 2020 reflecting an increase of 113.07 percent. Similarly, the volume of mobile money transactions increased from 553 million transactions at the end of 2019 to 747 million transactions at the end of 2020 reflecting an improvement of 35.03 percent.

Pursuant to Section 54(6) of the ICT Act No. 15 of 2009, the Authority awarded Airtel Networks Zambia Limited radio spectrum in the 800 MHz frequency band at a cost of USD12.5 million. ZICTA also cancelled UZI Zambia's Network licence in the international market segment and the company's service licence in the national market segment. Subsequently, a call for applications for a network licence under the international market segment and a service licence under the national market segment with associated resources were issued. MTN Zambia partnered with the National Pension Scheme Authority (NAPSA) through a share placement that saw NAPSA hold 8% stake in MTN Zambia. In 2020, the Ministry of Transport and Communications through ZICTA reduced the annual operating fees for all postal and courier services licensees from an initial of 2 percent to 1 percent of their Gross Annual Turnover.

Performance of the ICT Sector

The Authority was pleased to note that despite the disruptive effects of the covid-19 pandemic on economic activity, the total domestic incoming traffic on mobile telephone networks increased from 2.1 billion minutes reported in 2019 to 2.4 billion minutes recorded in 2020 representing an increase of 12.2 percent. Similarly, the total domestic outgoing traffic on mobile telephone networks increased from 16.0 billion minutes reported in 2019 to 21.4 billion minutes recorded in 2020 representing an increase of 33.9 percent. The increases in the domestic traffic were mainly on account of heightened adoption of discounted volume based bundled offers, increased traffic during the covid-19 pandemic as well as the recorded improvement in the subscriber base for mobile telephone services.

The headline mobile voice tariffs remained unchanged between 2019 and 2020 at ZMW 1



per minute for both on-net and off-net calls. However, the effective tariff reduced from 0.29 reported in 2019 to 0.25 in 2020. The reduction in the effective tariff was mainly on account of the widely adopted bundled offers that provided discounted minutes to consumers. A benchmarking of tariffs applied on mobile voice services across eighteen countries drawn from Sub-Sahara Africa, revealed that the tariffs in Zambia are fairly competitive. Zambia ranked 'seventh' on On-net calls and 'fourth' on Off-net calls out of the countries considered. The increased competitiveness in off-net calls was mainly on account of the continued reduction of the interconnect rates which were at ZMW0.10 in 2020.

The total number of active internet subscriptions in the country increased from 9.2 million subscriptions reported at the end of 2019 to 10.3 million recorded at the end of 2020 representing a growth of 11.8 percent. The increase in the total number of active internet subscriptions reflected an improvement in the internet penetration rate from 52.9 percent reported in 2019 to 57.6 percent attained in 2020. This improvement was mainly attributed to higher investments among service providers leading to extensive coverage of 3G/4G networks and the increased adoption of these emerging. Further, the increased roll out of networked devices such as point of sale machines has in part influenced the growth of mobile internet uptake. In addition, there was a noted increase in adoption of internet services during the covid-19 pandemic leading to the increased penetration rate. The monthly cost of at least one gigabyte bundle of mobile data in Zambia ranked 'third' when compared to sixteen countries in the region.

The total number of telecommunication sites in the country increased from 10,303 reported in 2019 to 10,574 sites in 2020 representing an increase of 2.6 percent. The largest proportion of the sites in 2020 continued to be 2G sites accounting for 41.1 percent followed by 3G sites at 32.9 percent. Only 26 percent of the telecommunication sites were 4G/LTE sites. The mobile telephone subsector recorded a significant increase in revenue with total revenues in the sector increasing to ZMW 5.3 billion in 2020 from ZMW 4.6 billion the previous year representing a 15.2 percent improvement. The largest source of the revenue to operators continued to be airtime sales which accounted for 49 percent of the total revenue in the subsector. Data services also accounted for a significant proportion of the revenue constituting 28 percent of the total revenue.



The combined throughput volume of data among the mobile network operators increased from 114,000 terabytes reported in 2019 to 199,000 terabytes recorded in 2020 representing a growth rate of 38.2 percent. The average available network transmission capacity of wholesale carriers increased from 532.7 Gbps (Gigabits per second) in 2019 to 633.5 Gbps reflecting an improvement of 18.9 percent in the contracted network transmission capacity among wholesale carriers. However, the average utilisation of the capacity remained weak recording 11.9 percent in 2020 and 15.1 percent in 2019 despite observing some growth in absolute terms.

Outlook for the ICT Sector in the year 2021

a) Forecast in uptake and Usage of ICT Services: The Authority forecasts a positive outlook in the general uptake and use of ICT services in 2021. The number of active mobile network subscriptions is expected to increase by 5.2 percent in 2021 while the volume of outgoing mobile voice call minutes is forecasted to grow by 14.7 percent. In addition, uptake and use of internet services is also anticipated to continue improving. However, there are risks mainly with international voice traffic which has exhibited a sustained decline in the immediate past.

b) Enactment of new Legislation to support data protection, electronic transactions and cyber security: The country is poised to issue new legislation aimed at enhancing data protection and privacy, facilitating electronic transactions and strengthening cyber security. Currently, the Electronic Transactions Act No 21 of 2009 is the main piece of legislation that covers some of these aspects. Consequently, the new laws are anticipated to repeal the existing legislation and will enhance confidence in the use of ICT services in the country as well as facilitate the introduction of new and innovative services.

c) Development of the ICT Policy and Postal Policy: The government is expected to conclude the process of development of the ICT policy and postal policy in 2021. The process of development of the policies commenced in 2020 and is anticipated to provide an overall vision and direction for the development of the ICT and postal sector.

d) Fourth Mobile Network Operator: A fourth mobile network operator is expected to enter the market in 2021 following the invitation for applications issued by the Authority towards the end of 2020. The new entrant is expected to among other things provide competition in the type of services as well as quality of services with potential to lead to more favourable pricing outcomes for consumers.



e) Benefits of newly assigned Spectrum: The Authority issued spectrum in the 800 MHz band to Airtel networks Zambia. The company is expected to deploy new services as well as enhance the quality of its services by leveraging on the new and additional spectrum. The Authority is also expected to offload the additional lots in the band in 2021.

f) Deployment of new Technologies and additional Infrastructure: Operators are expected to continue deploying infrastructure aimed at increasing coverage and improving quality of services. Notably, the proportion of 4G/LTE sites is anticipated to continue increasing while more deployment of metro fibre networks is also expected. There are also some operators that have indicated that they have plans of commencing preparations for 5G networks. The construction of the 1009 towers by the government is also expected to be concluded in 2021.

Note: The detailed 2020 Annual ICT Sector Market Report is also available on: <https://www.zicta.zm/publications>

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