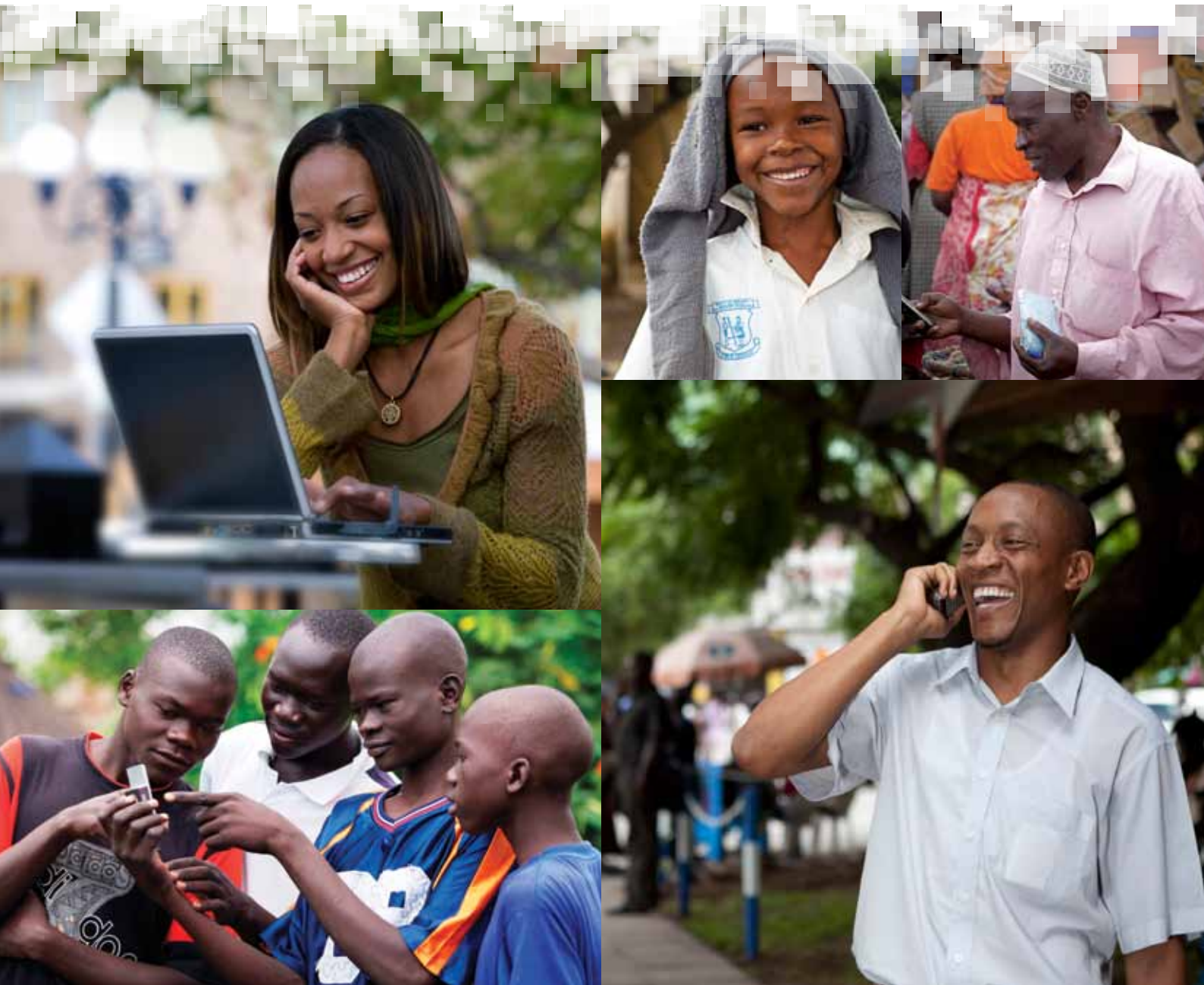




# African Mobile Observatory 2011

## Executive Summary



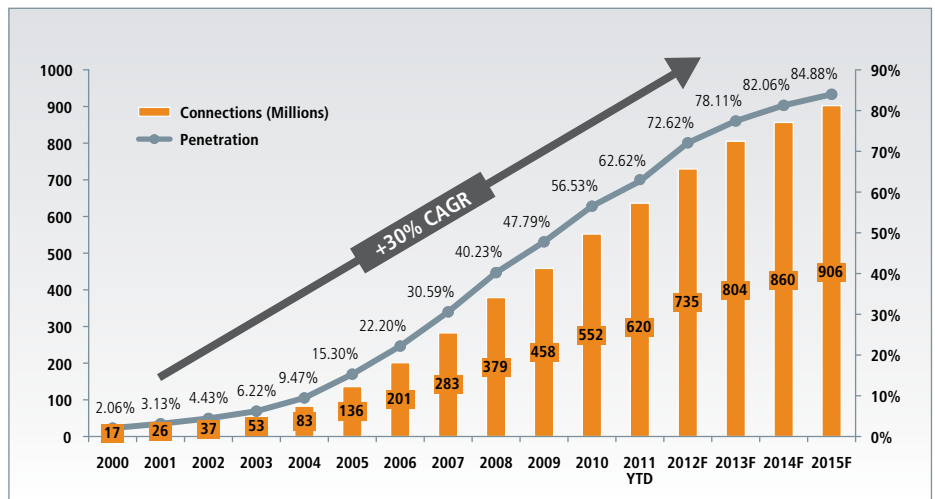
# Driving Economic and Social Development through Mobile Services

This is the first African edition in the GSMA Mobile Observatory series. This Observatory provides a comprehensive review of the African mobile communications industry. Included are the latest statistics and market developments, as a reference point for mobile industry participants, policy makers and other interested stakeholders. It covers the state of the industry, including the evolution of competition, innovation in new products, services and technologies and the industry's contribution to social and economic development in Africa.

## Executive Summary

**The mobile industry in Africa is booming.** With over 620 million mobile connections as of September 2011, Africa has overtaken Latin America to become the second largest mobile market in the world, after Asia. Over the past 10 years, the number of mobile connections in Africa has grown an average of 30% per year and is forecast to reach 735 million by the end of 2012.

**Figure 1: Total African Mobile Connections and Penetration Rate (million, % penetration)<sup>1</sup>**



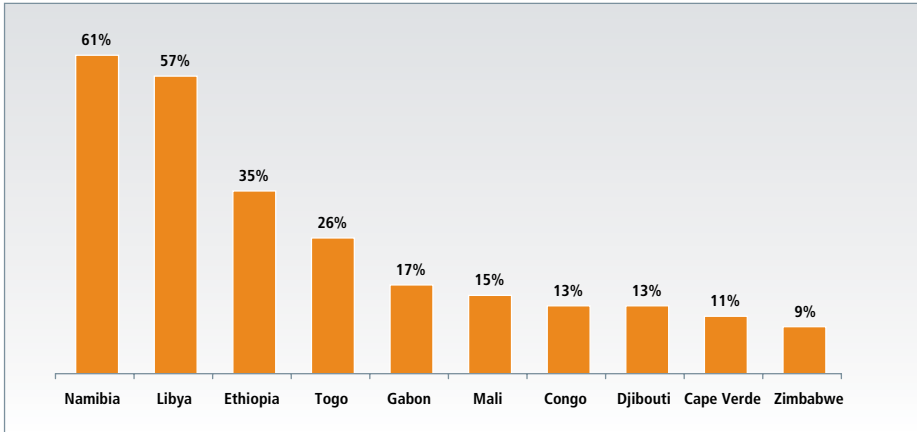
**Fierce competition has driven down prices and increased penetration.** Price wars have been common across the continent as operators compete for market share with innovative revenue and pricing options - operators have reduced prices an average of 18% between 2010 and 2011<sup>2</sup>, making mobile connectivity more broadly affordable to the masses. 96% of subscriptions are pre-paid with voice services currently dominating, however the uptake of data services is increasing rapidly. For example in Kenya data revenues, including SMS, have increased at a remarkable 67% CAGR over the last 4 years and now represent 26% of total revenues.



<sup>1</sup> Wireless Intelligence - based on active SIM connections (2011 YTD based on first 9 months data only)

<sup>2</sup> Wireless Intelligence

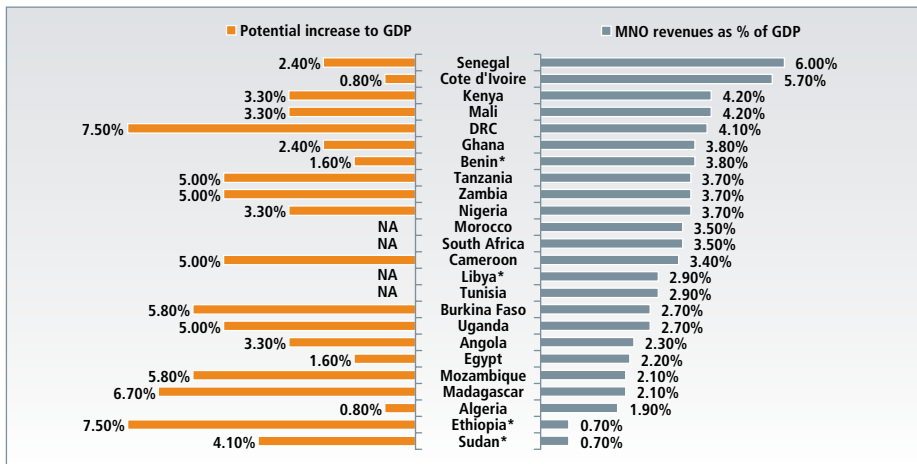
Figure 2: Price reductions for voice minutes in selected markets (between March and June 2011)<sup>3</sup>



The Mobile Industry in Africa contributes US\$56bn to the regional economy, equivalent to 3.5% of total GDP. In particular, the mobile ecosystem is estimated to employ over 5 million Africans and is contributing to bringing mobile services to customers right across the continent.

However there remains huge untapped potential - 36% of Africans, within the 25 largest African mobile markets (A25), still have no access to mobile services. Projections indicate that raising the whole region to 100% mobile penetration (see figure 3), could add an additional \$35 billion in aggregate GDP to the region, equivalent to a further 2% increase.<sup>4</sup>

Figure 3: The direct contribution of mobile operators to GDP in A25 countries (2010, %)<sup>5</sup>



The mobile industry in Africa is an enabler of economic development far beyond its immediate domain. Mobile operators have driven the emergence of a unique industry in innovative mobile services in Africa. Mobile Value-Added Services have been launched throughout the continent to enable and support agriculture, banking, education, healthcare and gender equality. In particular, the emergence of mobile money transfers and mobile banking puts Africa firmly at the forefront of the global Mobile Money industry. Beyond mobile services, the mobile industry is also contributing to rural electrical distribution with lower carbon emissions and facilitating the work of NGOs across the continent. Many African governments have prioritized ICT policy as a key driver for development.



<sup>3</sup> Research ICT Africa – Fair Mobile Prices Q2 2011

<sup>4</sup> Clearly, this is a simplification of the challenges which exist in achieving this goal of 100% mobile penetration, something which would take years to achieve. However, it provides an indication of what could be if mobile communication was brought to the entire African population.

<sup>5</sup> Wireless Intelligence; EIU; Qiang 2008; A.T. Kearney analysis (Zimbabwe has been removed due to the difficulty in obtaining a reliable measure of GDP, NA – indicates countries where penetration is above 100% and a potential increase to GDP cannot be calculated, \* indicates countries with extrapolated MNO revenues)



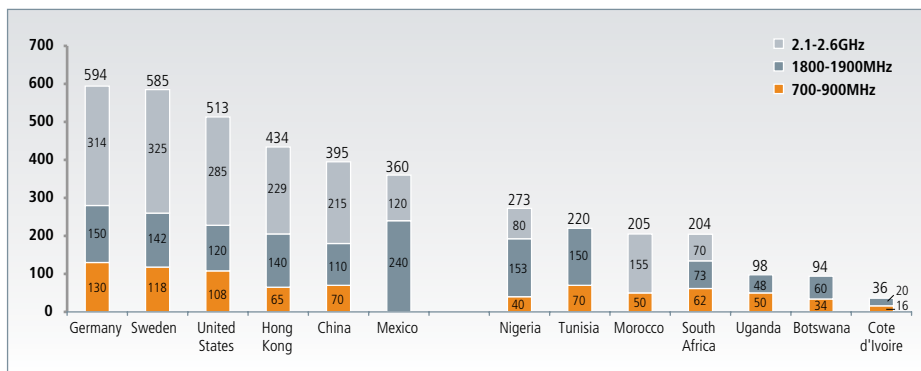
**Key issues for future growth**

**For the mobile industry to continue to serve as a catalyst for growth, sufficient spectrum is needed for the provision of mobile broadband services.** African countries have currently allocated considerably less spectrum to mobile services than developing countries in Europe, the Americas and Asia. Allocating the Digital Dividend spectrum to mobile services will enable the mobile industry to accelerate its efforts to bring connectivity and information to large swathes of rural Africa.

African governments are slowly shifting to more transparent ICT regulation, but limited spectrum availability remains a key barrier to sustaining long term growth. The GSMA supports a technology neutral approach to the use of all existing mobile bands; governments in Africa should allow deployment of mobile technologies that can technically co-exist according to what are relevant internationally harmonised bands for their region. The GSMA encourages governments in the region to establish clear guidelines for spectrum planning, licensing, pricing and re-farming. African governments must clarify future spectrum availability of both the coverage bands (700, 800, and 900 MHz bands) and the capacity bands (1800, 2100, 2300, 2600, and 3500 MHz bands).



**Figure 4: Spectrum licensed in selected African and non-African countries<sup>6</sup>**



To find out more contact the GSMA Press team at [press@gsm.org](mailto:press@gsm.org) or to read the full Africa Mobile Observatory with in-depth analysis and detailed examples visit [www.gsmworld.com](http://www.gsmworld.com)

**Regulation practices must continue to improve to ensure the effective long term development of the mobile sector.** 64% of African countries remain in the bottom quartile of the World Economic Forum’s political/regulatory index. GSMA research indicates that total tax intake of governments could be boosted, by reducing mobile specific taxes across Africa. Universal access has also been promoted by most African governments using taxation schemes, but there is limited transparency around the distribution of funds.

By working in partnership, mobile operators and African governments can continue the remarkable growth story of the African mobile industry. The benefits that mobile services have already brought to hundreds of millions of Africans can be extended to those who have yet to connect. By so doing, the African continent can continue to bring not only communication services, but also improved financial services, healthcare and education to its people and drive an increase in the economic wealth and development.

<sup>6</sup> GSMA, National regulators



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 November 2011

