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BOTSWANA EXPORT DEVELOPMENT AND INVESTMENT  
AUTHORITY FINANCIAL TIMES INVESTMENT FORUM**

***“BOTSWANA: AFRICA’S SUCCESS STORY”***

**FRANKFURT, GERMANY**

**15 SEPTEMBER 2006**

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Mr Chairman  
Distinguished Delegates

It gives me great pleasure and honour to share with the participants activities of the information and communication technology (ICT) sector in Botswana on behalf of the Ministry of Communications, Science and Technology and Botswana Telecommunications Authority, the latter being the regulatory body. I will be sharing with you a number of issues such as information and communication technology (ICT) policy, liberalisation of the telecommunications sector and the privatisation initiative in Botswana.

## **ICT POLICY**

The Ministry of Communications Science and Technology is in the process of finalising an Information and Communication Technology (ICT) policy, which will set clear and ambitious but achievable targets. The ICT policy dubbed Maitlamo, is intended to create opportunities for accelerated development, create wealth and achieve better socio-economic well being for Botswana through effective utilisation of ICTs. The ICT policy, which is in line with the national Vision 2016 and the UN Millennium Development Goals, is geared towards making Botswana an ICT hub.

In our quest to improve Botswana's competitiveness and efficiency a number of measures have been put in place. For instance, the Government is considering investment in the East African Sub-marine System (EASSy) in order provide adequate fibre –optic broadband connectivity and capacity to Botswana that will enhance Botswana's ambition of being an ICT hub. This will be achieved through the Maitlamo policy initiative which lays down, among others, the following principles:

- Providing easy access to valuable information on health, jobs and education;
- Moving Government information and services on-line;
- Stimulating increased levels of e-Commerce;
- Connecting all schools and libraries to the Internet;

- Increasing ICT related education for students – both children and adults;
- Increasing the numbers of computers in homes;
- Providing Internet Access Centres and training in rural villages;
- Providing all citizens with high speed, affordable Internet access.
- Improving quality of service by government;
- Providing e-education and support to schools, the adult population and the health sector;
- Using ICT to enhance economic productivity in agriculture, finance and tourism;
- Developing security framework so that Botswana is secure in ICT; and
- Increased economic diversification and foreign investment including ICT enabled services based in Botswana.

All these measures will ensure that our continued efforts towards a universal access to information through the use of the Internet are achieved. To ensure sustainability of the community information centres in rural areas, Government intends implementing these on partnership basis with local communities and the private sector.

It is envisaged that the implementation of Maitlamo projects will cost over P1 billion phased over a period and funding is anticipated to be raised through Private Public Partnerships (PPP) while government will contribute some of the money that will be needed to undertake these capital-intensive projects.

## **TELECOMMUNICATION LIBERALISATION**

Government has also found it fit to further liberalise the telecommunications market so as to enhance competition in the sector. It is longer appropriate to talk of basic voice telephony services only without reference to a variety of value-added data services available in today's digital networks. Our liberalisation strategy will allow and encourage private sector participation in a range of competitive value-added services especially in data, internet and mobile communications. Botswana's telecommunication market outlook is promising as the two mobile operators (Mascom Wireless and Orange Botswana) and the only fixed line operator (BTC) make reasonable rate of return.

Government would always want to make sure that policies and regulatory settings in place provide incentives for efficient investment, whilst continuing to promote competition through effective entry of new service providers in the market. As I speak, the Regulatory Authority is formulating a licensing framework designed for a more liberalised and converged telecommunications market which entails service neutral licences. Government is convinced that it is in the interest of all business partners to have in place an unambiguous licensing framework that establishes clear and verifiable obligations that are supported by robust enforcement mechanisms, which could facilitate sustainable competition.

The liberalisation of the telecommunications market would enable the Government to reach the goals of its ICT Policy as quickly and cost effectively as possible as envisaged in the Maitlamo policy.

The timetable for further liberalisation of the telecommunications sector as announced by the Honourable Minister on 21 June 2006 is as follows:

	<b>Activity</b>	<b>Time</b>	<b>Comment</b>
1)	Lift the restriction on the provision of VoIP by value-added network service providers.	1 August 2006	“Lift the restriction on the provision of VoIP by value-added network service providers” means allowing Voice over Internet Protocol to be provided by Internet Service Providers (ISP). This is equivalent to issuing voice licenses to ISPs at national and international level, the market currently serviced by BTC, Mascom and Orange only.
2)	Mobile operators start self providing (transmission links)	1 August 2006	“Mobile operators start self providing (transmission links)” means allowing Mascom and Orange to build their own backbone infrastructure to carry their traffic. Currently they are compelled to use the BTC infrastructure.
3)	Current fixed line and cellular operators may apply for service-neutral licenses.	1 September 2006	“Service Neutral Licenses” are those licenses that allow an operator to provide all telecommunications services including voice, data, and irrespective of whether the service is transmitted wirelessly or on a wire.
4)	New entrants may tender for service-neutral rural/ district level licenses	1 September 2006	See above
5)	Liberalisation of the international voice gateway	1 October 2006	“Liberalisation of the International voice gateway” means allowing other players to provide international switching and transmission of voice services, the market that is currently a monopoly to BTC.

6)	BTC attains a satisfactory level of tariff rebalancing	December 2007	“BTC attains a satisfactory level of tariff rebalancing” means allowing BTC to significantly complete their ongoing exercise of adjustment of their tariffs to align them with costs.
7)	New entrants may tender for service-neutral national licenses	1 July 2009	See above explanation of “service-neutral licenses”.

2. The Universal Service Fund be established and the proceeds thereof be used to subsidise rural telecommunications and that any shortfall be met by Government.

## **RURAL TELECOMMUNICATION STRATEGY**

Botswana like all other developing countries faces a great challenge in rolling out communications services to remote communities. For Botswana, this challenge is worsened by the fact that a population of about 1.7 million is spread across a vast landmass of approximately 582 000 square kilometres. However, Government has been addressing this challenge by subsidising the State owned operator (BTC) to rollout services to these otherwise uneconomic locations. The rural telecommunications programme is being reviewed with a view to finding the most effective and efficient way of reaching out to rural communities. Government will soon be inviting tenders to submit bids for offering services to rural areas so as to ensure equitable distribution of communications services throughout Botswana. The steps taken by Government to further liberalise the

telecommunications sector will set a stage for universal access and service.

In view thereof, the Government has decided to establish a Universal Service Fund and modalities for its operation are being worked out through a study that is being undertaken by Botswana Telecommunications Authority at the moment. It is expected that operators who would be willing to venture into rural areas would be subsidised using this Fund through reverse auctions mechanisms. The Botswana Telecommunications Authority has, in the meantime, contributed 10 million Pula as seed funding for the Universal Service Fund. The fund may be accessed by any potential operator who may offer cost effective technological solutions for the provision of ICT in the rural areas. Once the fund has been set up, four regional licences may be offered to potential operators.

## **PRIVATISATION INITIATIVE**

Mr Chairman

The Government of Botswana is considering measures and policies aimed at strengthening the role of the private sector in our economy. In this regard I am specifically referring to the liberalisation and privatisation policies to be implemented by our Government. It is an established fact that privatisation of state owned monopolies, when effected properly and transparently, generally leads to service improvements in the financial and operating performance of divested companies. Botswana Telecommunications Corporation has been in

Government's control since its establishment and Government has now decided to let it to go into private hands.

The main objectives of privatisation are as follows:

- Promoting competition, improving efficiency and increasing productivity of enterprises;
- Reducing the size of the public sector and withdrawing from commercial activities which no longer need to be undertaken by public sector;
- Increasing direct citizen participation in ownership of national assets;
- Broadening and deepening the capital markets; and
- Accelerating rate of economic growth by stimulating entrepreneurship and investment.

The specific objectives for the privatization of the Botswana Telecommunications Corporation entail the following:

- Attract Strategic Equity Partner with proven track record in telecommunications business;
- Subject BTC to greater competition by levelling the playing field for other operators to compete fairly;
- Enhance the contribution of telecommunications industry as an enabler to doing business cost effectively and to improve of Botswana's competitiveness;

- Reduce Government's financial commitments and operational involvement in telecommunications sector; and
- Facilitate development and deepening of capital market.

At operational level, BTC's privatisation objectives include:-

- acquisition of telecommunications technology and equipment plus modernization and enhancement of network and systems;
- expanding range of products and services as well as strengthening managerial capabilities of BTC; and
- Improving operational efficiency and enhancing customer service.

The intention is to attract the best deal in the transaction by attracting a strategic equity partner who truly understands telecommunications business and could help BTC achieve greater heights in terms of service delivery and technological advancements. It is also intended that citizens should have a direct economic stake in the privatised BTC so that in the end a sizeable fraction of our population becomes shareholders.

The approved privatisation strategy for Botswana Telecommunications Corporation has the following facets:

- Sale of a significant proportion of between 40% - 49% of equity of BTC to a Strategic Equity Partner (SEP),
- Allotment of about 5% of shares to citizen employees of BTC on deferred payment terms via Employee Share Ownership Plan (ESOP),
- Warehouse between 15% - 25% of equity in Privatisation Trust Fund for sale to Batswana at a later date,
- Retain between 25% - 30% of shares for sale to public via stock market listing at a later stage.

Privatisation is usually perceived as a high stake gamble that is why it is necessary to approach divestiture with great caution in order to avoid losing great opportunities that go with this kind of high capital investment spending. However, the underlying drive is for an efficient communications sector which is vital to the well functioning of a modern economy. It is for this reason that in June 2006 Government, after proper consultation, approved the BTC privatisation strategy, which is expected to be fully implemented before the end of year 2007.

The Government has constituted a divestiture reference committee to drive the privatisation process and a recruitment process for the transaction advisor has been initiated.

## **CONCLUSION**

In conclusion, all that I have said thus far support the fact that Communication is the driver for all sectors of the economy and the benefits derived from a thriving communications sector are immense.

For further information and enquires you may refer to the following websites:

Ministry of Communications, Science and Technology

[www.mcst.gov.bw](http://www.mcst.gov.bw)

Maitlamo Policy

[www.maitlamo.gov.bw](http://www.maitlamo.gov.bw)

Botswana Telecommunications Authority

[www.bta.org.bw](http://www.bta.org.bw)

Email address: [cmlekaukau@bta.org.bw](mailto:cmlekaukau@bta.org.bw)