

Roshan enjoys Afghan mobile demands

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Minefields are rarely thought of as a boon for big business. But for Afghanistan's largest telecoms operator Roshan, the country's war-shattered infrastructure has been exactly that.

"There is no fixed-line infrastructure here because of the landmines and there probably never will be so we've seen a leapfrogging of technology," said Karim Khoja, chief executive of the company.

Mobile telephony is a rare bright spot on Afghanistan's bleak commercial landscape. Blighted by an ongoing insurgency in the south of the country, an out-of-control drugs business and an almost non-existent road and power network, Afghanistan has remained a no-go zone for foreign investors.

Telecoms have bucked the trend, with 4.5 per cent of the population using mobile phones – an astonishing figure given Afghanistan's poverty, said Emmanuel de Dinechin, of Kabul-based consulting firm Altai.

"The penetration of mobile phones is huge when you consider that the rate of penetration of mobiles was lower in India and Pakistan than Afghanistan until last year," said Mr de Dinechin, who puts the number of mobile subscribers in Afghanistan at just over 1m.

Some 650,000 of them are calling from Roshan phones, as the company, which won a licence in January 2003 has overtaken rival operator Afghan Wireless Communications Company (AWCC).

AWCC had almost a year's headstart but has slipped from its position of market leader as Roshan's network has widened.

By the end of 2005 Roshan will have invested US\$160m and plans to invest over US\$100m in the coming year to maintain its market lead, with two new competitors due to enter the market in January.

Lebanon's Investcom will begin operating a joint-venture with local company Alokozay Tea, and the other US\$40m licence will be taken by Afghanistan's Watan Telecommunications.

Part of Roshan's success may be a result of the business ethos of the Agha Khan Fund for Economic Development (AKFED), which owns a 51 per cent stake in the company. A further 37.75 per cent stake of Roshan is held by Monaco Telecom International and the remainder by MCT of the US.

Roshan now operates in 45 Afghan towns and cities, even in some commercially unprofitable places like the tiny Faizabad, provincial capital of the remote north-eastern province of Badakhshan. AKFED, an arm of the Agha Khan Development Network, aims to boost development as well as make a profit. And by opening up in smaller towns and cities, Roshan can push these areas out of the middle ages and into the 21st century.

Roshan now operates in 29 of Afghanistan's 34 provinces and plans to expand to cover the whole country by mid-2006, including the Taliban stronghold of Uruzgan where there is an ongoing insurgency.

Afghanistan's security problems have not been an insurmountable hurdle, said Ghulam Hassanzadah, Afghanistan's head of Siemens, which sells telecoms equipment to Roshan. "People want peace. We went into places where the Taliban are strong and said: 'you want a telephone and your telephone will work'," he said.