

Excerpt from:

300 Million Connections

MTN & the African Tech Revolution

Chapter 3

A Network Is Born

The Founders

When the clocks turned toward midnight on 26 April 1994, and South Africans waited in hushed anticipation for the dawn that would bring their first democratic elections, few imagined that another revolution quieter, but no less transformative was germinating in the same air. The political birth of the “Rainbow Nation” has been chronicled endlessly: the ballots, the queues, the jubilant collapse of apartheid’s architecture. Less remembered is that within that same year, amid the swirl of liberation politics, the foundations of an entirely different freedom were being laid a freedom not of ideology or law, but of connection.

The early 1990s in South Africa were years of paradox: immense moral clarity and immense administrative confusion. The apartheid state had been dismantled, but its bureaucracies remained, their ledgers and offices still filled with the detritus of a segregated order. The telecommunications system mirrored the society that had produced it unequal, centralised, hierarchical. The parastatal Telkom SA operated as both gatekeeper and bottleneck, its copper wires running thick through white suburbs and barely brushing the peripheries of the townships. To obtain a telephone line was a ritual of privilege; waiting lists stretched beyond a decade for those without political or economic clout. In Soweto, a community of more than two million people, there were fewer than 20 000 working landlines. In Sandton, with a population one-twentieth the size, there were more than twice as many.

Against this backdrop, a small group of engineers, financiers, and entrepreneurs began to imagine something audacious: a private, mobile telecommunications company that could operate across race, geography, and eventually, across borders. Their proposal seemed quixotic. The state still guarded the electromagnetic spectrum as a sovereign domain, the economy was in flux, and foreign investors regarded South Africa with both fascination and trepidation. Yet this group sensed a

convergence of necessity and opportunity. The collapse of apartheid had not only freed politics it had freed policy. Entire sectors of the economy, long closed to black participation, were suddenly open to reimagination. Telecommunications, once a fortress of state control, was one of them.

The intellectual climate of that moment was saturated with talk of reconstruction. The Reconstruction and Development Programme (RDP), unveiled by Nelson Mandela's incoming government, proposed a sweeping vision of social renewal through infrastructure and employment. Electricity, housing, and education occupied the headlines, but communications was the quiet thread binding them all. The new administration understood instinctively that a modern state could not govern without modern networks. Yet Telkom's bureaucracy was slow to adapt; its unions resisted reform, and its technology was years behind international standards. The vacuum created by its inertia was the opening through which MTN would step. The idea coalesced around a consortium of individuals who, in retrospect, embodied the transitional generation of South African business. Phuthuma Nhleko, an engineer turned financier educated at Ohio State University and the University of New York, had returned to South Africa in the late 1980s with a vision of using corporate structure as an instrument of empowerment. Sifiso Dabengwa, an electrical engineer from the University of the Witwatersrand, had built his career at Eskom, the national power utility, where he gained an intimate understanding of large-scale infrastructure management. They were joined by figures from the emerging black business movement Cyril Ramaphosa's National Empowerment Consortium, among others who saw in telecommunications not just an industry but a platform for symbolic restitution.

In 1993, as the transitional government negotiated its way toward democracy, South Africa's broadcasting and telecommunications regulators began drafting the framework for two national mobile licences. The first would almost certainly go to the incumbent Telkom SA, which planned a joint venture with Britain's Vodafone; an entity that would become Vodacom. The second, open to competitive tender, would be awarded through a bidding process designed to encourage black economic participation. That process would later be criticised for its opacity, but at the time it represented a rare experiment in reconciling market efficiency with social justice. MTN's founders moved quickly.

They assembled a consortium that combined technical expertise with political credibility. International partners were necessary, GSM equipment and know-how were concentrated in Europe but the controlling interest would remain local. The consortium's early backers included M-Cell, a holding company structured to attract empowerment capital, and a group of institutional investors who saw in mobile

telephony the same explosive potential that the computer industry had exhibited a decade earlier. It was a delicate balance: too much foreign participation risked political backlash; too little, and the project would lack the technical and financial muscle to compete.

The licence application, submitted to the Independent Broadcasting Authority (IBA) in late 1993, read less like a corporate bid than a manifesto. It argued that mobile communications could become the infrastructure of inclusion, that the very technology which had made distance a tool of segregation could now be repurposed as an instrument of equality.

The tone was not rhetorical but prophetic. “South Africa,” it declared, “has the opportunity to leap directly into the information age, bypassing the historical stages of wired dependency that have constrained other nations.” The words captured both the optimism and the impatience of a country determined to rebuild not only its institutions but its self-image.

Negotiations stretched through the political transition. While the world’s cameras captured Mandela’s inauguration, engineers and lawyers in Johannesburg and Pretoria pored over spectrum charts, interconnection agreements, and network plans. On 15 September 1994, after months of technical evaluations, the government announced the award of the second GSM licence to MTN (Mobile Telecommunications Network).