

Kenya



The underlying basis of success



In any developing country, Information and Communications Technology has the potential to vastly improve the performance of all economic sectors. This is why Kenya is proving to be an exciting stage for progress: ICT is one of the fastest growing sectors in Kenya, an eastern African country that has traditionally been at the forefront of technological developments. The minister for information and communications, Mutahi Kagwe, points out that "on the economic front, Kenya's growth, which has been excellent in the last two years and is expected to go even higher in the next two, has been ICT based." Advances in services are world-class: "We have liberalised so much in this country that in the next few years people will be coming from all over the world, including Europe, to see how we are doing it," asserts Mr Kagwe.

One of the government's main priorities is to foster the sector with the aim of making Kenya in-

ternationally competitive while positioning it as one of the most attractive global destinations for outsourcing services. Kenya is an English-speaking country only three hours ahead of GMT and has a skilled workforce with expertise in the services sector. These factors are competitive advantages over other common outsourcing destinations such as India and Pakistan.

In terms of Internet, there has been a 455 percent increase in users since 2000, from 200,000 to 1,111,000. The sector has seen phenomenal growth since the introduction of the Internet in 1994. Digital switches, fibre optic cable and satellite services have recently connected six major cities in a national Internet backbone, and in 2009 Kenya will be connected by submarine cable to the international network. IT is already in situ in nearly all economic sectors and there is a plan underway to interlink all government departments, agencies and service providers in order to provide more efficient and effective public services around the clock. The mobile market is also buoyant: there are now seven million subscribers, up from four million just two years ago. This is mostly due to the falling cost of phones, reduced tariffs and an increase in disposable income. Safaricom, the leading mobile operator, is the country's most profitable company. Overall, Kenya is in a position to secure regional leadership in ICT and to glean excellent returns on investment within the sector. ●

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"To all interested investors..."



have a piece!"

Following the complete liberalization of the communications industry in Kenya, investors are now welcome to have a bigger piece of the pie. It is now possible to get licences for internet backbones, international voice and data gateways, broadcasting, commercial VSAT operation, postal/courier operation and much more. Bon appetit!



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COMMUNICATIONS COMMISSION OF KENYA

A licence to communicate



ICT is the fastest growing sector in Kenya, and CCK is mandated to regulate, licence and maintain an optimal environment for competition, investment and equity

Africa's telecom market has outpaced the rest of the world, and Kenya is the continent's leader. Within the next few years, it is expected that Kenya will have the largest number of Internet users in Africa. Growth in the ICT industry has led to a surge in both job creation and capital expenditure. In 1994, in a move to privatise the sector and to provide an environment in which ICT can thrive, the government established CCK, the Communications Commission of Kenya.

This commission is an independent regulator responsible for licencing, tariff regulation, monitoring the performance operators and service providers, industry and consumer affairs and universal service obligations. CCK has increased transparency in the sector and has taken an active role in several initiatives to promote ICT, including the Kenya Education Network Trust, the Kenya Information Centre and the ICT Trust Fund. The commission firmly encourages the involvement of foreign firms and provides a favourable

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investment climate for both private and foreign investors by providing information related to investment and a platform for entry. It ensures a level playing field by treating both local and foreign firms equally. Furthermore, CCK acts as a watchdog for the consumer insofar as it makes sure high standards of quality are maintained in both services and equipment.

Kenya's open telecom market allows for more competition which, according to Jon Waweru, CCK's Director General, "has afforded the consumer greater choice and high quality service at a more competitive cost." The field is still open to more players, however, and a significant portion of the market has yet to be covered. There are still ample investment opportunities, as infrastructure is still in the middle stages of

development. Mr Waweru believes that a competitor for Telkom, Kenya's main telecom company, would help to "speed up the process of laying infrastructure." Additionally, there is no tax on imported technological equipment, one of various incentives that are sure to continue attracting foreign firms. As the sector grows and investment rises, CCK will be playing a direct role in the country's overall development and leading Kenya into its role as the regional telecom hub. ●

TELKOM

Connecting Kenya to the world



The thriving telecom sector is strengthening Kenya's position as the prospective regional leader in ICT. Telkom is eyeing the future and using profits from stock sales to deliver updated infrastructure

Telkom is spearheading the process of connecting Kenya to the international digital community. The former monopoly now competes in a deregulated market that is more vibrant than ever and from which both investors and consumers are profiting. "What we are currently experiencing is beneficial to the consumer: phones are accessible for most of the populace, tariffs have been reduced, the quality of services has improved significantly and the environment has become a competitive one," affirms Sammy Kirui, Telkom's managing director. Moreover, strong partners like Cisco, Alcatel and Ericsson are contributing their technology and knowledge to the company's drive to raise industry standards.

In 1999, the government divided Kenya's public telecom system into three units: the Communications Commission of Kenya, the Postal Corporation of Kenya and Telkom Kenya. The latter was dubbed the state telecommunications company and was soon granted the licenses needed to operate in all sectors of

"Phones are accessible to most of the populace and the environment has become a competitive one"

the market. It recently passed through a transitional period in which internal problems such as a huge wage bill, exaggerated operational costs and a bloated workforce were addressed.

The government is now courting bids for a 51 percent stake in Telkom, with a view to placing 30 percent of the company's shares on the NSE. The bidding phase is open until the end of October, with the eventual winner set to be announced in November. The government will issue Telkom with a fourth

mobile and 3G licence, with seven international operators currently registering firm interest. The proceeds will be invested in further developing infrastructure by taking optic fibre to district level, opening up the whole country and lowering the cost of Internet access. As a means to reduce the cost and number of cell site towers, Telkom shares infrastructure with Celtel and Safaricom —

Kenya's leading mobile operator of which Telkom owns 60 percent. Telkom is making a monumental effort to prepare Kenya for its anticipated future as the regional technological hub and leading business process outsourcing destination. Mr Kirui is excited about the future and urges investors to take part soon: "This is just the beginning of many great things to come and those who want to join us have to do so before it is too late." ●



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Telkom Kenya is present in every line of business

related to the industry, from voice/data/ISP services to infrastructure.

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