

**Statement by CCK Director-General, Mr. Charles J.K. Njoroge,
during the award of licence for additional spectrum to Telkom
Kenya on 24th November 2010 at the CCK Boardroom at 10.00 a.m.**

**Mr. Mickael Ghossein
Managing Director, Telkom Kenya,
CCK colleagues and officials from Telkom Kenya
Distinguished members of the Press
Ladies and gentlemen**

I am delighted for this function today where the Commission will be awarding Telkom Kenya with a licence for additional frequency spectrum for the deployment of 3G and other advanced services. The award of this spectrum licence marks the third such award after Safaricom's in 2007 and Zain (now Bharti Airtel Kenya) in July 2010. Let me take this opportunity to congratulate Telkom Kenya on acquiring the additional frequency resources and the attendant capacity to deploy modern and more innovative services to their customers.

The Commission considers the award of this licence as significant in a number of respects. The roll out of services under this licence shall enhance the level of competition in the high speed mobile data market, and, thus, create choice for consumers. 3G offers higher data speeds, more security, and more variety of services than the preceding technologies. The bandwidth available to 3G devices gives rise to applications not previously available to mobile phone users. More importantly, enhancement of competition in the mobile broadband market will not only bolster the level of innovativeness in the local mobile telecommunications industry but also the penetration of high speed Internet services.

Expanding the penetration of Internet services is considered crucial in view of the prevailing low level of Internet uptake of less than 20 per

cent of the total population. As at June 2010, Kenya had a total of 7.8 million Internet users, representing 19.9% of the total population. The penetration of Internet services thus compared unfavourably with mobile penetration which stood at 51.2% by 30th June 2010.

Ladies and gentlemen, mobile platform holds tremendous potential and promise for Internet development in Kenya. Out of the 7.8 million Internet users in the country, mobile data/Internet subscriptions through 2G and 3G accounted for 99 per cent of the total subscriptions as at June this year. If this trend is anything to go by, mobile broadband has the best chance of becoming Kenya's main broadband Internet access medium in the future. It is in recognition of this reality that the CCK in June this year took a decision to reduce the spectrum fee for 3G services from US\$25million to US\$10 million.

As a technology neutral regulator, the Commission shall continue to support the deployment of a vast array of technologies and solutions, where possible, through the allocation of the requisite frequency spectrum and through other regulatory interventions in order to stimulate the growth of the Internet in the country. These measures shall be undertaken to leverage on the potential catalytic impact of the Internet, and particularly broadband, on our country's socio-economic development. According to the World Bank, a 10 percentage point increase in broadband penetration results in 1.21% increase in per capita GDP growth in developed countries, and 1.38% increase in developing countries. Other studies have showed a positive correlation between Internet/broadband penetration and job creation and productivity.

It is, therefore, in the interest of the country to promote the uptake of 3G and other advanced mobile services in order to make realization of Vision 2030 a reality.

As we are all aware, frequency spectrum is a limited and finite resource that can only accommodate a limited number of services or operators. Meeting the ever-increasing demand for spectrum from new and existing users of radiocommunication services, therefore, remains one of our key

challenges. Going forward, operators are encouraged to evolve their existing services to higher services using new and more promising technologies using their already existing frequency assignments. To ensure frequency spectrum is managed in a way that takes cognizance of competing demands, CCK is reviewing its spectrum pricing methodology with a view to introducing market based methods of assigning frequencies such as auctions. We shall release more information on this issue in due course.

I wish to note here that the Commission is considering various ways to make available additional spectrum for commercial assignment. In this regard, CCK has been in discussion with various Government agencies to migrate from the 2.5GHz band and thus pave way for deployment of wireless broadband services. These discussions are at an advanced stage to make this a reality. The Commission will soon announce other measures being taken to avail more spectrum for roll out of broadband services.

As we pursue this matter, I wish to urge the existing cellular operators to consider re-farming the spectrum already assigned to them in order to introduce new broadband services such as 4G.

We are aware that operators in other jurisdictions have deployed much bigger networks with much less spectrum than what we have currently assigned to operators in Kenya. We should also optimize on spectrum that is already assigned and deploy more services.

Our network surveillance has also shown that most of the operators are using very little of the 1800 MHz spectrum in areas outside Nairobi. We believe that there is much more potential that can be derived from utilizing the already assigned spectrum to ease the pressure of addition assignment.

As I conclude, I wish to urge Telkom Kenya and, indeed, all licensed service providers diversify areas of competition and introduce new

services that would cater for the needs of their customers. It is with this focus that CCK is continuously addressing the issue of availability of requisite resources to make such innovations possible.

With those remarks, I wish to thank you all for your attention.