

## Vodafone raises queries over Safaricom IPO

Vodafone has called for the postponement of Safaricom's initial public offering (IPO) after it became apparent that the funds to be raised could be used to 'beef up' the Kenyan government's coffers during election time and thus give it an unfair advantage over other political parties.

By [Zachary Ochieng](#) 5 Nov 2007

Vodafone has called for the postponement despite winning a court case filed by opposition MPs who wanted to halt the sale of 25% of government shares in Safaricom, saying more consultation needs to be made. According to Vodafone, it does not seem right for the government to sell its shares in an election year.

Earlier, Safaricom CEO Michael Joseph had asked Finance Minister Amos Kimunya to slow down the exercise, arguing that an IPO of Safaricom's magnitude cannot take place at a time when the country has been gripped by an election fever. But Kimunya would not budge. According to analysts the government has a desperate need of cash to finance a gaping budget deficit to the tune of KES 35 billion expected from the sale of the shares and which was factored in the current financial year's budget.

Joseph's and Vodafone's arguments are based on the fact that a successful IPO normally takes about 12 weeks or three months. Given that Kenyans go to the polls on 27 December, the government has less than two months to complete the exercise. Vodafone says the logistics involved in an IPO would require more time and has pleaded with the government to suspend its plans until the elections are over.

On paper, the government, through the sole landline operator, Telkom Kenya holds 60% of the shares. Vodafone holds 40% but in reality, it has a 35% stake with another 5% being held by another UK firm known as Mobitelea Ventures. The mystery surrounding the 5% ownership has been a subject of inquiry by a parliamentary watchdog committee.

Analysts argue that the rush to sell the shares may lock out the general public from having a slice of Safaricom's cake. The time limit may not just allow retail investors, especially those in the rural areas to set aside funds for the purchase of shares.

It still remains to be seen whether the IPO will take place before the end of the year, given that the three opposition MPs who went to court to block it have filed an appeal.

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