

# Telkom Kenya signs \$148 million agreement with Ericsson

The stage is set for stiff competition in the mobile telephony sector as Telkom Kenya Limited, the former sole fixed line operator, prepares to roll out its Global System for Mobile communications (GSM) network by September this year. As part of the preparations for the roll-out, Telkom Kenya last week signed an agreement with Ericsson, the Swedish telecommunications giant as the sole equipment supplier for its ambitious network.

By [Zachary Ochieng](#) 19 May 2008

"The agreement with Ericsson reflects a strong commitment by Telkom Kenya to deliver enhanced communication experiences to customers and will pave the way for requisite advancement in the country's telecommunication industry," enthused Dominique Saint Jean, CEO, Telkom Kenya Limited.

According to the agreement, the value is estimated at Kshs 8.9bn (\$148 million) and covers equipment as well as supplies under the Build Operate Transfer (BOT) arrangement. Ericsson is set to commence the countrywide turn-key roll out of all GSM network components, including base transmission stations. The GSM/GPRS/EDGE 900/1800 MHz network comes with up-to-date functionality allowing the provision of high quality voice and data services.

"The sealing of this agreement underlines Ericsson's ability to provide end-to-end solutions to the most competitive telecommunications markets in the world," said Ericsson Managing Director Thomas Sonesson.

Dominique Saint Jean couldn't agree more: "Ericsson's market-leading technology, global experience in combination with knowledge and experience in Africa as well as their expertise in launching start-ups convinced us that they are the ideal partner for our GSM network roll-out."

## Taking on the competition

But while Telkom remains upbeat about its intended roll-out, it is certainly a latecomer in a market that is set to be crowded, given that the controversy-riddled Econet Wireless is also set to roll out its network later this year, joining Safaricom and Celtel Kenya. Dominique Saint Jean says Telkom will strive to offer quality service in order to survive the anticipated stiff competition.

Under the BOT element of the agreement, Ericsson will not only deploy the network but will train Telkom Kenya staff and after 18 months ensure a progressive handing over of key network management functions to Telkom Kenya in order to facilitate skills transfer.

Ericsson is a world-leading provider of telecommunications equipment and related services to mobile and fixed network operators globally. Its co-operation with Telkom Kenya dates back to the 1960s when the latter was still a monolith known as Kenya Posts and Telecommunications Corporation. Founded in 1999, Telkom Kenya Limited was privatised in December 2007, with France Telecom acquiring 51% stake.

## Connecting Millennium Villages

In another development, Ericsson, Zain and the Earth Institute, a development organisation based at Columbia University, last week launched the provision of mobile phone connectivity to the Millennium

Villages in Dertu, northern Kenya, Ruhira in Uganda and Mbola in Tanzania. Dertu becomes the second Millennium Village in Kenya after Bar Sauri in Siaya District. "As the dominant supplier in Africa, Ericsson tapped relationships with African operators, including Zain and its subsidiary Celtel, in order to develop a comprehensive end-to-end communication strategy in the villages," stated Chris Gabriel, Zain Africa Chief Executive.

For the 5000 odd residents of remote Dertu, the launch comes as a big relief given that the area is being connected to the mobile network for the first time. New mobile phone applications for healthcare and for livestock management are being piloted to help with the collection of household health data as well as tracking recently immunised livestock. But even as the initiators of this project deny it, there is a catch somewhere. Whereas Ericsson is providing the mobile handsets, buying airtime remains a tall order for the poor residents of this village who can hardly afford a decent meal.

But Jeffrey Sachs, Special Adviser to the UN Secretary General and Director of The Earth Institute sought to allay the fears. "This is not a marketing idea. Our goal is not to sell airtime. It is to promote development," he stated unequivocally. Sachs noted that Africa could only achieve its Millennium Development Goals if the donors delivered on their pledges.

In Uganda and Tanzania, Zain and Ericsson have upgraded the existing GSM network and are set to bring mobile network coverage to schools and health centres in the areas.

The Millennium Villages project, based at The Earth Institute at Columbia University, is a science-based bottom-up approach to lifting developing country villages out of the poverty trap that afflicts more than a billion people worldwide.

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