

## Kenya: Consumers furious over high internet prices

SEACOM and the East African Marine Systems (TEAMS) undersea fibre optic cables went live about a month ago but internet consumers in Kenya are yet to enjoy price cuts. The arrival of the much hyped fibre optic cable raised expectations amongst Kenyan consumers who were looking forward to faster speeds, more bandwidth and cheaper connectivity costs.

By [Carole Kimutai](#) 9 Sep 2009

As consumers anxiously wait for prices to come down, industry players now say they first have to make a return on the investment they have made in the Kenya government-led TEAMS project. Michael Joseph, the chief executive officer of Safaricom is at the centre of this storm as he has said several times it would take between six to nine months before internet costs in Kenya can come down.

Alex Gakuru of The ICT Consumers Association of Kenya says Safaricom has deliberately refused to lower the cost of bandwidth. "Prices of bandwidth through the fibre [have] gone down by as much as 90%. If Safaricom invested US\$25 million in the 25-year cable asset then normal accounting return on investment, depreciation and net-book-value ought to apply and prices should come down immediately," says Gakuru.

Safaricom has a 22.5% share in the TEAMS project together with other players like Kenya Data Network which have already reduced their prices by up to 90%. Telkom Kenya holds 22.5% while the government of Kenya has a 20%. Other major shareholders include Access Kenya and Jamii Telecom.

In a protest letter to Joseph, the ICT Consumers Association of Kenya says, by the Communication Commission of Kenya continuing to grant Safaricom its various other telecommunications companies acquisitions, the abetting regulator is indirectly supporting Safaricom in frustrating consumers' enjoyment of competition benefits, "which runs contrary to the law and specifically their legal obligation...to protect consumers against high prices charged."

The full cost of TEAMS is said to be US\$94 million. However, the amount increased by 20% when it was rerouted because of pirates in the Indian Ocean. The Kenya government owns 85% while Etisalat, a UAE firm, owns 15%.

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