

REGULATORS

WHO ARE OUR REGULATORS?

The Communications Authority of Kenya (CA) is the regulatory authority for the communications sector in Kenya. Established in 1999, the purpose of the CA is to ensure the people of Kenya receive the best possible services from communications providers. This responsibility requires making sure that there is adequate, healthy competition among providers, and that the public are protected from misleading or unscrupulous business practices. Among its duties, the CA licenses all communications systems and services, allocates and manages the frequency spectrum of the country, sets tariffs and monitors the activities and performance of licensees.

Other primary regulators of ours include:

Regulator	Mandate	Issues on which we engage
Competition Authority of Kenya	The CAK works to promote competition for the benefit of consumers, businesses and the economy as a whole.	<ul style="list-style-type: none"> • Trade practices • Consumer issues
Central Bank of Kenya	The CBK seeks to promote and maintain a stable, efficient financial system that serves the economy and the people of Kenya.	<ul style="list-style-type: none"> • Mobile money transfer services (M-Pesa)
Kenya Revenue Authority	The KRA is responsible for the efficient assessment and collection of revenue (taxes) on behalf of the government.	<ul style="list-style-type: none"> • Taxation
National Environment Management Authority	NEMA is mandated to ensure the natural resources and environment of Kenya are managed in a sustainable manner.	<ul style="list-style-type: none"> • Environmental Impact Assessments • E-waste management • Energy management regulations
Betting Control and Licensing Board	The BCLB seeks to promote reasonable, legal and sustainable gambling activities in Kenya and authorises lotteries and prize competitions.	<ul style="list-style-type: none"> • Safaricom promotions
Kenya Civil Aviation Authority	The KCAA is responsible for the safety and management of the Kenyan airspace.	<ul style="list-style-type: none"> • Site acquisitions • Construction of Base Transceiver Stations
Capital Markets Authority	The CMA protects the interests of investors and publicly-listed companies through licensing and supervising the capital markets industry.	<ul style="list-style-type: none"> • Corporate Governance

WHAT ARE REGULATORS' NEEDS AND EXPECTATIONS OF US?

Our services play an important and sometimes even critical role in the daily lives of Kenyans. As a result, the regulators expect us to provide these services in a reasonable, responsible, ethical and environmentally sensitive manner, providing customers with adequate information and support to access and enjoy our services, while respecting their rights. Our regulators also require us to compete for business fairly and to play our part in helping to empower and transform the lives of Kenyans through innovation and investment.

HOW DID WE DELIVER VALUE TO REGULATORS DURING THE YEAR?

On a regular, ongoing basis, we deliver value to our regulators by complying with the obligations they have give us and through communicating and engaging with them on the issues that arise. We ensure that we are

available and open to our regulators, that we respond to their enquiries in a smooth and swift manner, and that we take responsibility for dealing with compliance issues, such as paying fines. Accordingly, we have adopted the following strategies to manage regulatory issues:

Along with these standard, ongoing responses, some of the specific issues on which we have engaged our regulators during the reporting period include:

M-PESA agency network

We entered into discussions with the regulator at the beginning of the process and jointly agreed to open up our M-PESA agency network in order to see the market progress and expand to help deepen financial inclusion in Kenya

(see page 25 of this report for further discussion of this issue).

Quality of Service (QoS) measurements

Following engagement by Safaricom, the CA is developing a new Quality of Service (QoS) Measurement and Methodology Framework. The new framework shall cover, among other things, data and voice services, network installations, Electro-magnetic fields (EMF), billing accuracy and customer care.

The revised framework will also cover financial reporting that will require implementation of separation of accounts per licence.

Information and Communications Sector Regulations

The CA has begun a comprehensive review of the regulations governing the sector and is proposing to impose retail price controls on dominant operators.

We have contributed to industry responses to these proposals and continue to engage with the regulator to ensure that consumers enjoy the very best offerings in terms of variety, price and quality through robust, healthy competition.

National ICT Policy

In October 2014, the government published a draft ICT policy for stakeholder comments and input. We have made formal submissions in response regarding infrastructure sharing, the county telecommunications operators, the reduction of radio spectrum fees and the need to include incentives for environmental management.

COMPLY

Proactively ensure compliance with all licence obligations, legislation, regulations, by-laws and regulatory guidelines

ENGAGE

Actively engage with regulators through face-to-face meetings and written submissions when changes to the existing business environment are under discussion

DISCUSS

Facilitate workshops and information sessions with regulators, members of the media and affected stakeholders to discuss public policy issues affecting the industry

ATTEND

Be present at stakeholder workshops and lobby on behalf of the telecommunications industry

Universal Service Fund (USF) Fees

We have lobbied the CA to consider the proposals of operators that they be represented on the Universal Service Advisory Council (USAC) and that interconnect and MMT revenue be excluded from the USF payable by operators. The CA has since accepted the proposal to exclude interconnect fees.

FOCUS AREAS FOR THE YEAR AHEAD

Along with continuing to engage on the ongoing issues in the preceding list, a key focus area for us for the year ahead will be to continue our engagements with the CA

regarding the proposed amendments to the Information and Communications Sector Regulations. The current proposals present a significant concerns as these will unduly impact our ability to respond to market forces and to compete fairly. This consultation is ongoing. We are also keen to review the impending Data Protection Bill and establish how this will affect our strategies and practices in terms of collecting and using customer data analytics to customise our services to individuals more effectively.

