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THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING  
AND THE SELECT COMMITTEE ON PUBLIC DEBT AND PRIVATIZATION

JOINT REPORT ON:  
THE CONSIDERATION OF THE SESSIONAL PAPER NO. 3 OF 2025 ON THE  
PARTIAL DIVESTITURE IN SAFARICOM PLC BY GOVERNMENT OF KENYA

VOLUME II

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 MAR 2026	DAY. TUESDAY
TABLED BY:	HON. ABDI SHURTE, MP
CLERK-AT THE-TABLE:	CHRISTINE NDIRITU

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MARCH 2026



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

PRESENTATION BY THE CABINET SECRETARY TO THE NATIONAL TREASURY  
HON. FCPA. JOHN MBADI ON PARTIAL DIVESTITURE IN SAFARICOM PLC  
BY GOVERNMENT OF KENYA

JANUARY 2026

## 1. OBJECTIVE

1.1 The objective of this paper is to provide highlights to the joint committee on the partial divestiture by the National Treasury of its shareholding in Safaricom PLC hereinafter referred to as (“the Company”). The partial divestiture generates approximately KES204.bn (c.\$1.57bn) in aggregate proceeds through the divestiture of 15% stake in Safaricom at a significant premium of c.23.6% to the 6-month volume weighted average price ended 2 December 2025. This transaction facilitates the mobilization of resources. This is the first step in the Government’s vision to allocate resources into critical infrastructure investment priorities, specifically Energy, Roads, Water, Airports etc. Investment in priority National Infrastructure is aimed at ensuring that it becomes a powerful tool to fuel our economy, accomplish strategic goals, and scale public investment by bridging institutional capital with public projects.

1.2 We are seeking approval in line with the provisions of Section 74 of the Privatization Act, 2025 as read together with section 87A of the Public Finance Management Act which requires that a divestiture in a Government Linked Corporation, a specific proposal for

privatization be prepared for approval by the Cabinet and submitted to the National Assembly for consideration and approval.

1.3 Whereas general privatizations follow a structured process led by the Privatization Authority, the sale or disposal of government shares in GLCs is anchored within the Public Finance Management Act (PFMA) framework, requiring direct executive and legislative approval.

1.4 Through the insertion of Section 87A into the PFMA, Kenya's Privatization Act, 2025 introduces a distinct and streamlined approval mechanism for the sale of government shares. This framework ensures that such transactions are fiscally prudent, subject to Cabinet and National Assembly oversight, and guided by the National Treasury's financial assessment, thereby reinforcing transparency and accountability in the management of public investments.

1.5 **Cabinet Approval:** The Cabinet has granted approval to the National Treasury to initiate the partial divestiture of 15% of the Government's equity stake in Safaricom Plc. The rationale for this divestment is anchored in the following strategic considerations:

- i. **Provision of funding for Critical and Priority Infrastructure Investment:** The transaction will mobilize substantial non-tax revenue to support the Government deliver priority infrastructure development in critical sectors including Energy, Roads, Aerospace Water and Digital transformation, reducing reliance on debt and expanding fiscal space for development priorities.
- ii. **Strategic Investor Partnership:** The proposed buyer, Vodacom Group, is a long-standing investor in Safaricom, holding approximately 40% through Vodafone Kenya, with deep regional experience and a proven track record in capital investment, digital infrastructure, innovation, and financial inclusion. Their increased stake will reinforce Safaricom's competitiveness and growth trajectory.
- iii. **Preservation of National Interest:** The Government will retain a strategic stake, representing 20%, with 2 seats on the board of Safaricom to safeguard national interests, ensure continuity in governance, and preserve Kenya's digital heritage and innovation leadership. The residual 20% shareholding represents a long-term investment in Safaricom by the Government. Through the transaction, Vodacom has made various commitments, including no acquisition related redundancies within 3 years of the

transaction, ensuring the chairman and independent directors remain Kenyan, as well as Vodacom's continued support of the Safaricom Foundation.

**1.6 Approval by the National Assembly:** Following Cabinet approval, a proposal was submitted to the National Assembly for parliamentary approval. The National Assembly is requested to consider the proposed sale within 28 sitting days of receiving this proposal. It is worth noting that the National Assembly oversight reinforced by the National Treasury's financial assessment, promotes transparency and accountability in the management of public investments.

**1.7 Regulatory Approval:** In addition to the approval by the National Assembly, *inter alia* the sale will be governed by the Capital Markets Act and the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023. It will also be subject to approvals and notifications from relevant regulators and stakeholders, including the Competition Authority of Kenya (CAK), Central Bank of Kenya (CBK), Communications Authority of Kenya (CA) and the Nairobi Securities Exchange (NSE), where applicable.

## 2. BACKGROUND INFORMATION

2.1 Safaricom was incorporated in Kenya under the Companies Act as a private company in 1997. The Group serves a combined base of over 60 million customers in Kenya and Ethiopia, providing a wide range of services that go beyond connectivity.

Safaricom's growth and market leadership has been significantly driven by M-PESA. M-PESA is the world's most advanced mobile payment platform, which has revolutionized financial inclusion. The platform has expanded beyond basic money transfers to become a fully integrated financial ecosystem, supporting payments, savings, credit, insurance, and international remittances. M-PESA continues to be a key contributor to Safaricom's financial performance and remains central to the Company's strategic focus on deepening customer engagement and expanding its regional footprint.

Safaricom is strategically evolving from a traditional communications provider to becoming Africa's leading purpose-led technology company by 2030. This vision focuses on leveraging technology to create impactful solutions in critical sectors like health,

agriculture, and education. A cornerstone of this growth strategy is its successful operational launch in Ethiopia, which aims to replicate the Company's transformative success. With a deeply entrenched brand, an unparalleled distribution network, and a consistent track record of innovation, Safaricom is uniquely positioned to capitalize on the rapid digital transformation across the continent. In the last financial year, the Company contributed KES 722 billion to the Kenyan economy, sustaining over 1.28 million jobs.

## 2.2 Safaricom Shareholding

As at 31 March 2025, Safaricom had 533,549 shareholders holding a total of 40,065,428,000 ordinary shares.

The table below sets out the top shareholders in Safaricom (ordinary shares only) as at 31 March 2025.

No. of Shares	Shareholding %		
1	Vodafone Kenya Limited	16,000,000,000	40.0%
2	Cabinet Secretary to the National Treasury of the Government of Kenya	14,022,572,580	35.0%
3	Others	10,042,855,420	25.0%
<b>Total</b>	<b>40,065,428,000</b>	<b>100</b>	

### 2.3 Indicative Valuation

Safaricom PLC is listed in the Nairobi Securities Exchange. Its valuation is therefore transparent and is readily available since it is an actively traded counter. The volume weighted average price over the six months ending up to December 2 2025 was approximately Kes. 27.50 per share, resulting in a market capitalization of approximately KES 1.158Tn (USD 8.979Bn). The actual proceeds to be raised from the transaction is - KES 204 333 682 800 or USD 1 576 162 317 - based on a share price of KES34 - which represents a premium to the listed share price of 17% of the current share price of 28.5.

## 2.4 Divestiture:

In this transaction the Government of Kenya proposes to divest 6,009,814,200 shares equivalent to 15% while retaining 8,012,758,380 shares equivalent to 20%.

## 2.5 Benefits of the proposed Divestiture

The proposed partial divestiture by Government of Kenya in Safaricom is a clear reflection of the growing strength and maturity of our economy as well as our Capital Market, and this transaction is well positioned to support the financing of our priority infrastructure requirements.

Our economy is in a critical turning point and to sustain the economic achievements realized thus far both from a macro and fiscal (**inflation, interest rates, currency stabilization, GDP growth**) perspectives we must turn to innovative financing mechanisms to fund infrastructure and public service projects. As the financial needs of the government continue to outpace available public resources, private sector participation has become a critical tool in addressing infrastructure gaps, enhancing service delivery, and promoting sustainable development.

This proposal aligns well with the sentiments received from Kenyans during the public participation process during the 2025/2026 budget making process. We have traditionally

financed our budget using debt and taxation instruments and it is now time to leverage on other instruments to align with both economic progression and public sentiments.

The National Treasury is also carrying out an economy-wide and state corporations' sector-specific reforms and corporation-specific restructurings not just as an end in itself and also in response to policy and business dynamics. The dynamics include the following:

- i. The coming of age of the private sector that can deliver commercial activities more efficiently, hence (part of) the need for **privatization of GOEs**; and/therefore,
- ii. the need to elevate the role of Government to one of policy and regulation to support commercial activities of the private sector (*to avoid conflict at the commercial operations level*).

The specific benefits of the partial divestiture include:

[Opportunity to raise capital at a significant premium to market value]

[Proceeds to the fiscus generated without an increasing debt or taxation]

[The capital received can be deployed towards necessary infrastructure investment, accelerating economic growth]

[Inward flow of much needed foreign, hard currency into the Kenyan economy]

[While retaining the Government's material stake and significant influence in an important national asset]

The Government retains a material investment in Safaricom, which through this transaction will become part of one of the largest and most respected telecommunications companies in the world (Vodafone, which owns 65% of Vodacom) – bring best practice and know how of operating around the world to Safaricom Kenya and Ethiopia.

### 3. The National Treasury's Recommendation on financial implications

3.1 **Economic Imperatives:** To pace up with the resources required to deliver priority infrastructure investments, the National Treasury has identified strategic divestitures as a key tool to address the following three major economic balances: Government debt, Budget balances and Economic stimulation. In this regard our program is designed to address fiscal sustainability challenges by limiting government debt, constraining budget deficits, and promoting counter-cyclical fiscal policy. Having pursued fiscal consolidation over the last three years, the policy has now reached optimal levels and hence can't be

pushed further. In this case an economic stimulus mechanism must be pursued. It is apparent that unlike taxation, privatization never reduces private sector wealth. In most cases it encourages the propensity to invest, and enhance aggregate demand which in the long run would widen the revenue base.

**3.2 Deepening our Capital Markets:** From a capital markets development perspective, GOK intends to build its capacity and capability to crowd in private sector resources to enable it have a wider elasticity in optimizing the limited resources. Capital markets provide institutional investors both local and foreign, such as mutual funds, pension funds, and insurance companies with instruments to diversify their assets geographically, thus increasing the potential for significant inflows of portfolio investment. The transaction shall now increase institutional investors' desired stock of assets in the Exchange and this will end up with an increase in the flows of foreign capital. Transactions carried out in the capital markets is one of the key financial reforms we are deploying in the development and deepening of our capital markets which is a necessary ingredient for enhancing economic efficiency promoting our course towards transition to a market economy.

**3.3 Value Realization;** The partial divestiture especially to an existing partner like Vodacom enables the Government to realize optimal value from its mature investment by selling at KES 34 per share which represents a significant premium compared to the market price as opposed to an on-market sale which would typically attract a discount to the market price. It has also been agreed that the proceeds generated will be paid in US Dollars, amounting to \$1.577bn. This transaction eliminates any settlement risk, as Vodacom has a strong financial capacity and proven track record in completing similar investments. Additionally, the proposed transaction includes a further aspect, wherein Vodacom will make an upfront payment of KES40.2bn (approximately \$309m) to the government, in lieu of future dividends that will accrue to the government on the Government's residual 20% shareholding in Safaricom.

**3.4 Enhancing Kenya's Competitiveness as an Investment Hub:** It is worth noting that the Nairobi Securities Exchange (NSE) delivered record-breaking performance in 2024, solidifying its position as the best-performing exchange in Africa in dollar returns, according to Morgan Stanley Capital International. The NSE's steady recovery — anchored by a rising market capitalization now at KES 2.5 trillion, just KES 300 billion below its all-time high — alongside double-digit growth across all key benchmark indices

for the six months ending June 30, 2025, demonstrates the robustness our capital markets to absorb such a large transaction. The performance of our bourse is a clear indicator that Investors - both domestic and international - are once again looking to Kenya with renewed interest, optimism and trust in the resilience and potential of our economy.

**3.5 Continued growth and Investment by Safaricom PLC:** The key benefit that GOK shall derive from the divestiture is to mitigate the risk of future dilution due to capital requirements by the business. Given the prevalent erosion of fiscal space, Companies that are controlled fully by Government might not be able to undertake investments even in the cases where there is proven certainty of payoffs or enhancing efficiency as the debt carrying capacity of the sovereign is diminishing. As a result, GOK risks losing the value from its profitable enterprises like Safaricom as a result of dilution in the event of a capital call when funds for additional investments are required, due to the thinning fiscal space, as the Government will be keener in delivering the much-needed social services like education, healthcare, roads etc. Private sector investors like the case of Vodacom can reduce, or eliminate, the unsystematic risk of investment and, hence, increase the availability of capital as well as lower the risk premium component in its cost hence

allowing the company to meet its objective of safeguarding Safaricom's expansion and diversification plans as well as enhancing Kenya's strategic position as a technology hub.

**4. INFORMATION REGARDING ANY WRITTEN LAW, THE REPEAL, AMENDMENT OR ENACTMENT OF WHICH WOULD BE NECESSARY FOR THE PROPOSED PRIVATIZATION TO BE CARRIED OUT**

The transaction shall be implemented within the existing legal framework.

**5. REQUEST TO THE JOINT COMMITTEE**

The Joint Committee is requested to;

- I. Consider and recommend the approval of the proposal for partial divestiture by GOK of its shareholding from 35% to 20% in Safaricom PLC.



**HON. FCPA JOHN MBADI NG'ONGO, EGH  
CABINET SECRETARY**

## Chief Executive's Office

**Our Ref:** CMA/CMD/172

**Your Ref:** NA/DDC/F&NP/2025/110

January 13, 2026

Samuel Njoroge  
Clerk of the National Assembly  
Main Parliament Buildings  
**NAIROBI.**

Dear Mr. Njoroge,

**RE: CAPITAL MARKETS AUTHORITY SUBMISSION DURING STAKEHOLDERS' ENGAGEMENT ON SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

We write in reference to the above subject and your letter dated December 17, 2025, to make submissions as highlighted below.

### 1. BACKGROUND

The Capital Markets Authority (CMA) received a request from the office of the Clerk of the National Assembly on December 22, 2025 to make submissions on Sessional Paper number 3 of 2025, on the proposed partial divestiture in Safaricom PLC by the Government of Kenya. The purpose of these submissions therefore is to present the views of the CMA on the sessional paper, highlighting to the relevant Committees of the National Assembly,

- i. General rationale for the divestiture and its contribution to the capital markets
- ii. The likely impact of partial divestiture in Safaricom plc listed on Nairobi Securities Exchange,
- iii. The applicable legal and regulatory requirements,
- iv. The role of the CMA in the proposed transaction,
- v. Actions already undertaken, and finally,
- vi. Recommendations for considerations.

This is explained as follows:

## 2. GENERAL RATIONALE FOR DIVESTITURE AND ITS CONTRIBUTION TO CAPITAL MARKETS

The aim of divestiture is to reposition commercial and operational activities to the private sector where market mechanisms can deliver greater efficiency, innovation, and accountability, allowing the government to focus on core functions. The case for government divestiture (privatization) in emerging markets is based primarily on improving **economic efficiency, generating revenue, and fostering private sector growth**. Some of the benefits include:

- **Improved Efficiency and Performance**- State-owned enterprises (SOEs) often face lengthy decision-making processes, an emphasis on procedural compliance over performance outcomes, and weak alignment between reward and performance.
- **Fiscal Benefits** -Divestiture generates much-needed, non-tax revenue for national development and helps address budgetary deficits and financial constraints.
- **Economic Restructuring and Market Development**- In many emerging markets, divestitures break up large SOE conglomerates, which increases competition and facilitates the entry of new firms into the market.
- **Attracting Investment**- Well-managed privatization programs, especially those that are transparent and protect property rights, can attract significant foreign direct investment (FDI) and boost investor confidence.
- **Reduced Managerial Burden** -Divestiture of non-core commercial functions allows the Government to concentrate managerial capacity and public expenditure on priority service areas, including infrastructure, health, and education. Capital markets are essentially marketplaces where those with **long-term funds to invest** (investors) connect with those who **need long-term capital** (businesses and governments). The core function is to facilitate the flow of money from savers to productive use, which fuels economic growth. They would either be primary or secondary. Well-developed local capital markets play a crucial role in the financing of sustainable economic growth and the maintenance of financial stability. Local capital markets can improve the availability of long-term financing, allowing companies to better manage interest rates and maturity risks that are associated with long-term investments, such as for equipment, machinery, land, and buildings. In addition, local capital markets provide

access to financing in local currency that allows local issuers and investors to better manage inflation and exchange rate risks. In short, local capital markets are an essential tool for companies to strengthen their balance sheets and weather financial and economic crises.

In the empirical literature, SOE listings have often been cited as the cause behind the rise of international capital markets. It has been found that former SOEs account for about 13-22 percent of global market capitalization, suggesting a positive correlation.

### **3. THE LIKELY IMPACT OF THE PARTIAL DIVESTITURE IN SAFARICOM PLC LISTED ON NAIROBI SECURITIES EXCHANGE**

Through the transaction, Vodacom has committed, among other things, that the Government of Kenya will retain two seats on the board of Safaricom to safeguard National interests. In addition, Vodacom has committed that Safaricom chairman will remain Kenyan. The number of shares available for sale in Safaricom is likely not to change as a result of this transaction. This is because neither the Government nor Vodacom Kenya trades its shares in the market; both holds them for strategic reasons.

The traction is likely to appeal to institutional investors both foreign and local leading to positive price movements. (To give credence to this, on the date of the announcement Safaricom shares hit a 52-week price high.) This is because it signals confidence in Safaricom, once a strong global telecommunication Company such as Vodafone increases its investment in the Company. This must however be considered against the sentiment that investors might have on the reduced ownership by government.

#### **3.1 ABOUT SAFARICOM PLC**

Safaricom Plc is a limited liability company registered under the Companies Act, 2015 and its shares are listed at the Nairobi Securities Exchange. The company has been listed for over 17 years, having been listed on June 9, 2008 after a successful and oversubscribed Initial Public Offer. Safaricom PLC is Kenya's largest telecommunications company and a leading mobile network operator in East Africa, best known for its mobile telephony and M-Pesa mobile money platform. It offers a wide range of services including voice, data, mobile banking, cloud, ecommerce, and fintech solutions. Safaricom has played a significant role in Kenya's digital economy and financial inclusion.

**a. Shareholding Structure in Safaricom Pre and Post Completion**

As of November 30, 2025, Safaricom had 532,774 shareholders holding a total of 40,065,428,000 ordinary shares. The table below shows the top shareholders in Safaricom (ordinary shares):

	Name	No. of Shares	Shareholding
1	Vodafone Kenya Limited	16,000,000,000	40%
2	GOK	14,022,572,580	35%
3	Others	10,042,866,420	25%
	Total	40,065,428,000	100%

**Table 1; current shareholding structure**

As set out in the table above, Vodafone Kenya legally and beneficially owns 16,000,000,000 shares in Safaricom, equivalent to a shareholding of approximately 40%. The GOK currently holds 35%. Following the Share Acquisitions, Vodafone Kenya’s aggregate shareholding in Safaricom will increase to approximately 55%. See below how the shareholding will change after the transaction is concluded:

Shareholder	Before the Transaction	After the transaction
Vodafone Kenya	40%	55%
GOK	35%	20%
*Other investors	25%	25%

**Table 2: shareholding structure post transactions**

*\*Of the amounts held by other investors, foreign investors hold about 7% of the 25% whilst local investors hold the balance.*

**b. Safaricom financial Position and Performance**

Safaricom reported total Assets of Kshs. 515.284 billion and liabilities of Kshs 291.263 billion as at March 31, 2025. The firm continues to report impressive financial performance with a net profit position of Kshs. 45.8 billion for the period ending March 31, 2025. The table below summarizes financial position and performance for the last 5 years:

Amounts (Kshs. 'millions)	FY2021	FY2022	FY2023	FY2024	FY2025
Total Assets	230,629	346,799	509,207	641,164	515,284
Total Liabilities	92,994	167,098	245,841	305,416	291,263
Net Profit	68,676	67,496	52,483	42,658	45,757
Earnings Per Share	1.70	1.70	1.60	1.60	1.70

Table 5: Financial performance

### c. Safaricom Share price movements

GoK has agreed to dispose its Safaricom shares at a price of Kshs. 34.00 per share. The prevailing share price of Safaricom Plc as at January 9, 2026, stood at Kshs. 29.10. From the figure below, Safaricom share price has been trading below Kshs.32 in the past one year. The highest price of Kshs. 31.90 was registered on December 4,2025 and the lowest price of Kshs. 14.5 registered on 30<sup>th</sup> August 2024.

The exit price of Kshs. 34 is therefore a premium of about 17% of the current market price and almost 21% above the Volume Weighted Average Price (VWAP) over the last 6 months before January 9, 2025 of Kshs. 29.1

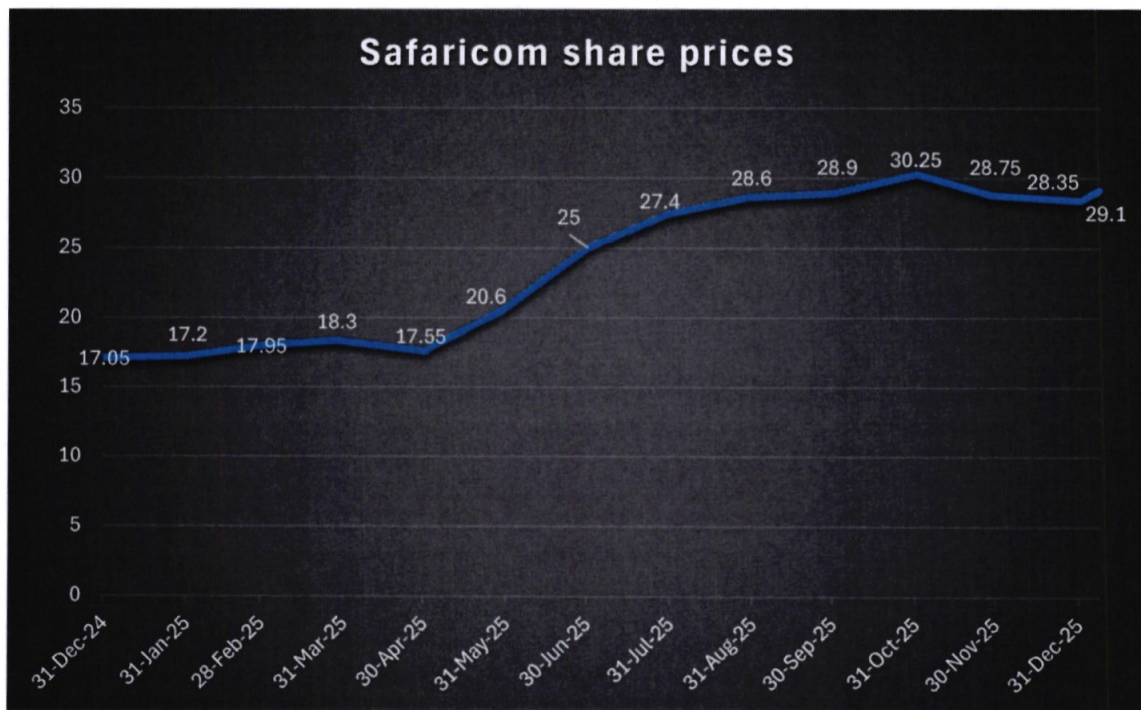


Figure 3: Safaricom prices (December 2024 – December 2025)

#### **4. APPLICABLE LEGAL AND REGULATORY REQUIREMENTS IN CAPITAL MARKETS**

The transaction is governed by the Provisions of the Capital Markets Act and the regulations issued there under as follows:

1. Capital Markets Act Section 11(3)(r), 30A (Part IVA), and 31 (See Annex 1)
2. Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023-Part II and First schedule (See Annex 1)
3. Capital Markets (Takeover and Mergers) Regulations, 2002 Part II (See Annex 1)
4. Capital Markets (Licensing and General Regulations, 2002- Part III, Regulation 57 (See Annex 1)

Please see attached as Annex 1, the extracts of the Act and Regulations.

#### **5. THE ROLE OF THE CMA IN THE PROPOSED TRANSACTION**

The mandate of the CMA in regulation of the capital markets industry in Kenya includes the oversight of both the primary markets and secondary markets of securities. In relation to public offers of securities, the primary market mainly refers to initial public offering whereas the secondary market encompasses the trading of securities in public markets.

Any changes in shareholding of companies whose shares are traded in securities exchanges is governed under the Capital Markets Act and the Regulations issued thereunder. The Authority's role is to ensure compliance with the prescribed regulatory framework.

In this transaction involving changes in the shareholding of Safaricom PLC, the acquiring party is required to comply with the Capital Markets (Mergers and Takeovers) Regulations, 2002. The proposed increase in the shareholding of Vodafone Kenya Limited shares in Safaricom PLC implies a take over scheme due to the resultant increase in effective control in the Company. Consequently, Vodafone Kenya Limited is obligated to either launch a full takeover process or seek an exemption from the CMA if not desirous of taking over the Company.

It is in this regard that the CMA received an application from Vodafone Kenya Limited for exemption from the takeover process and taken the following actions:

**a) Regulatory Requirement to seek Exemption**

Pursuant to regulation 4(3) of the Capital Markets (Take-overs and Mergers) Regulations, 2002, Vodafone Kenya Limited indicated that it has no intention of making a take-over offer and applied for exemption from take-over requirements. Regulation 5(1) provides the criteria to be considered for such exemptions and empowers the Authority to consider the application for the grant of an exemption from the take-over requirements as appropriate

**b) Safeguards taken by the Authority to ensure Investor protection during the transaction**

Once the proposed Transaction is completed, Vodafone has committed to keep Safaricom listed on the Nairobi Securities Exchange (NSE), protecting investor participation, public ownership, and trust in Kenya's capital markets. The following are additional measures taken by the Authority to ensure protection of investors during the transaction:

- i. **Mandatory Disclosures:** The Authority requires full disclosure of all relevant information pertaining to ensure there is no information asymmetry. Regulations 4(3) of the Capital Markets (Take-overs and Mergers) Regulations 2002 provides that where a person has acquired effective control in a listed company and has no intention of making a take-over offer, that person shall make a **public announcement** and shall apply to the Authority for exemption from the take-over requirements under regulation 5.
- ii. **Supervision of listed Companies:** To protect the integrity of the markets as well as the investors in the market, the CMA together with NSE conducts surveillance of trading on real time basis and offline after the market closes. The objective of surveillance is to ensure fair and orderly trading as well as ensure that there is no other form of market abuse. Real time surveillance allows the Authority to halt the problem in a timely fashion.
- iii. **Corporate Governance** – The Authority to continue ensuring good corporate governance standards at Safaricom just as it continues ensuring for all listed companies.

## Process from End to End

The transaction is expected to undergo the following stages:

1. Issue of a Legal Opinion by the Honourable Attorney General of Kenya;
2. Approval by the Cabinet of Kenya;
3. Approval by the National Assembly of Kenya;
4. Approval/no objection by the Central Bank of Kenya;
5. Approval by COMESA Competition Commission; and
6. Securing the required regulatory approvals from Ethiopia and South Africa.
7. Grant of exemption by CMA under the Capital Markets (Takeover and Mergers) Regulations, 2002

After all the approvals have been secured, the shares acquired by Vodafone will then be transferred through a private transaction to be undertaken through the Block trade Board of the Nairobi Securities Exchange.

## 6. RECOMMENDATIONS FOR CONSIDERATION

See the following recommendations, though not all of them may require not all may require policy consideration:

1. There is need to have the Government develop a criterion of determining the minimum threshold of its ownership in strategically listed entities.
2. Consideration for a possible lock-in requirement on anchor incoming shareholders where Government has divested.
3. Need for Government to take a strong position against special privileges for purchasers of SOEs. National authorities should not agree to make bad investments profitable by retaining, or even adding to, any special benefits and privileges that may have been attached to the enterprise when it was in the public sector-protection from competition, tax exemptions, special investment credits, sheltered domestic markets. Otherwise, these enterprises will present recurring future demands for special favors; they will be perpetual claimants for public money and the attention of the national authorities.
4. The gains from privatization will be greater if the policy environment encourages efficient operations of private enterprises. Reforms to promote competition and efficiency pricing (antitrust legislation, reductions in protection against imports, elimination of privileged

access to credit and inputs, pricing deregulation and the 'Like) should be part of the effort to encourage efficiency.

5. Transparency should be a major element in all divestiture-related programs. The rationale for such divestiture needs to be clear and the process followed should remain overboard to persuade sceptical and hesitant decision-makers who may not be clear on the overall objectives. A good communication strategy would be necessary to assist the professions involved in the entire process.

We are available to provide clarifications to Honourable Members as may be required.

Yours Sincerely,



FCPA, Wyckliffe Shamiah, MBS  
**CHIEF EXECUTIVE OFFICER**



**SUBMISSION TO THE NATIONAL ASSEMBLY ON SESSIONAL PAPER NO. 3 OF 2025:  
PROPOSED DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

**DATE: 24 February 2026.**

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**1. Executive Summary**

The Nairobi Securities Exchange (NSE) welcomes this opportunity to submit its considered assessment of the proposed divestiture of a 15% stake in Safaricom PLC by the Government of Kenya, as outlined in Sessional Paper No. 3 of 2025. As the licensed exchange on which Safaricom PLC is listed and traded, the NSE is well positioned to evaluate the fairness and appropriateness of the proposed transaction price on behalf of the investing public and the National Assembly.

This submission addresses the central question before Parliament: whether KES 34.00 per share is a fair price for Kenya. The NSE submits unequivocally that it is. The evidence across every standard valuation method used in professional practice confirms this conclusion, and recent developments in Safaricom's financial performance and strategic positioning provide independent market corroboration.

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**2. Our assessment of macro-fiscal implications**

The partial divestiture of the Government's stake in Safaricom PLC is a fiscally sound and strategically well-timed transaction. The Government proposes to sell 6.009 billion shares representing 15% of the company, while retaining a 20% stake. This structure preserves strategic oversight and ongoing dividend income while mobilising substantial capital without increasing public debt.

Total cash inflows to the Government amount to KES 244.5 billion comprising KES 204.33 billion in equity proceeds and a KES 40.2 billion upfront payment in exchange for the Government's future dividend entitlements on its retained 20% stake. The Government's fiscal position is strengthened immediately through the proceeds and sustainably through continued dividend participation in a company delivering strong earnings growth.

It is important to contextualise the transaction structure. The Government is selling a large, concentrated, strategic block to a single buyer through a negotiated process. Such transactions, by market convention, price at a discount to prevailing market prices and analyst targets, reflecting the illiquidity of the position and the absence of a competitive open-market auction. That the Government instead secured a 6.3% premium to the NSE market price as of Friday 20<sup>th</sup> February and a 6.5% premium above the nine-firm analyst consensus is a superior outcome by any standard.

The retention of a 20% stake ensures the Government continues to benefit from Safaricom's earnings trajectory. The company delivered 52.1% net profit growth in the first half of the financial year ending March 2026 and increased its interim dividend by 54.5%. The Government's ongoing shareholding will benefit directly from this continued performance.

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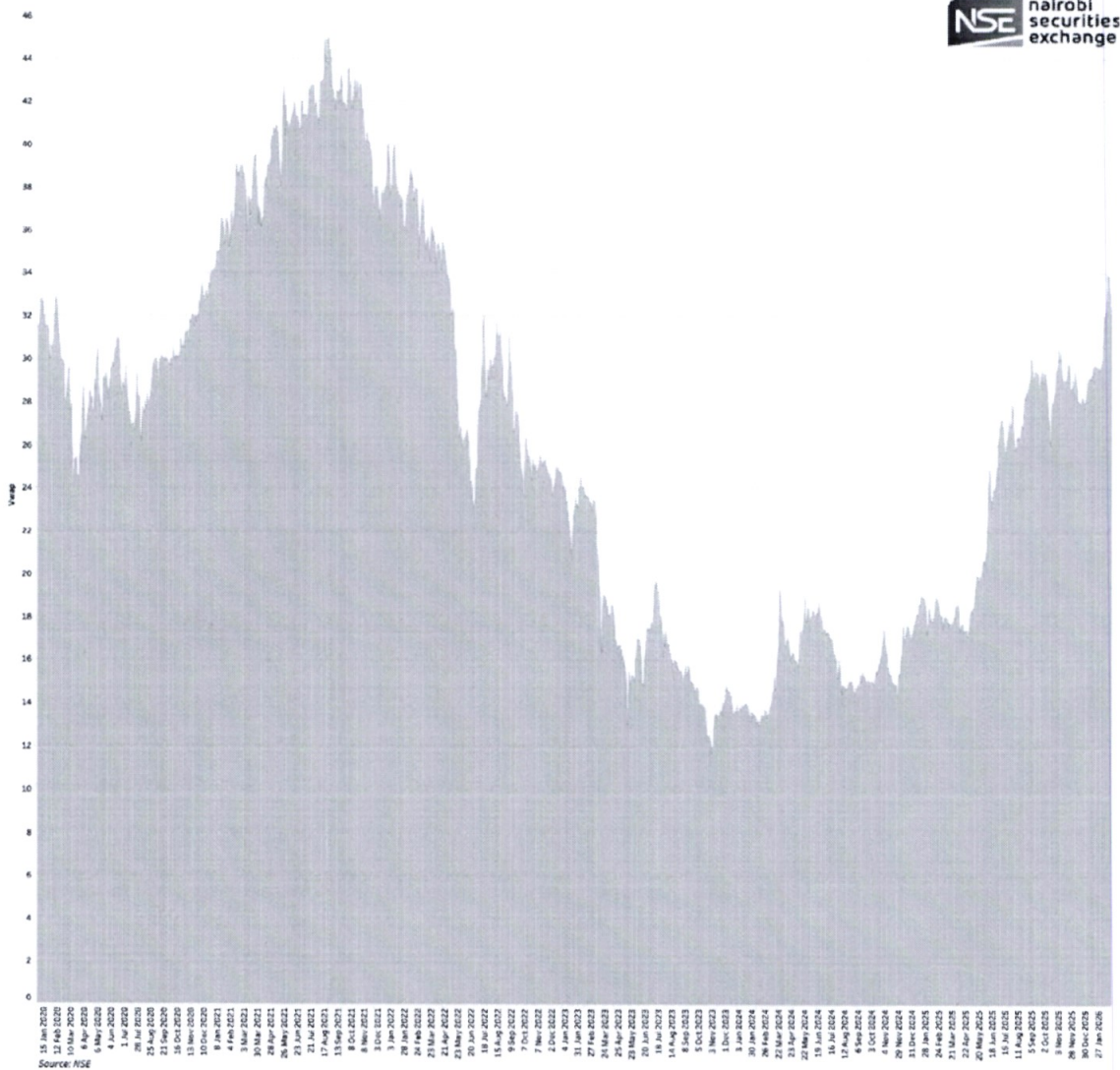
### 3. Assessment of the Transaction Price

#### 3.1 Live Market Price Evidence

The most immediate reference point for any share price discussion is the actual price at which willing buyers and willing sellers are transacting on the NSE. As of 20th February 2026, Safaricom shares are trading at KES 32.00. The Government locked in a price of KES 34 per share a 6.3% premium to Friday's open market price. An investor buying Safaricom freely on the NSE today would pay less than what the Government secured in this negotiated transaction.

This is significant context. In large block transactions of this nature, sellers routinely accept a discount to the prevailing market price to attract a single buyer willing to absorb the full position. Safaricom trades approximately 7.7 million shares per day. The Government is selling 6.009 billion shares at normal volumes, an open-market disposal would take approximately 780 trading days (over three years), during which continuous selling pressure would steadily push prices lower. Securing a premium rather than a discount in this environment reflects effective negotiation on behalf of the Kenyan public.

Safaricom Share Price (January 2020 - February 2026)



### 3.2 Independent Analyst Consensus

Nine independent research houses published price targets for Safaricom over the past fourteen months. Their assessments drawn from their own financial models, without reference to this transaction provide the National Assembly with an objective external benchmark. The published targets range from KES 28.00 to KES 36.38, with a nine-firm average of KES 31.92.

The transaction price of KES 34 sits above seven of the nine published targets. AIB-AXYS independently assessed fair value at KES 34.30 virtually identical to the transaction price. The two outliers above KES 34 are Standard Investment Bank at KES 36.38 (published May 2025) and Pergamon at KES 36.00 (published November 2025). The most recent analyst targets available at the time the transaction was agreed were materially below KES 34.00, and the Government exceeded both through negotiation.

The Government secured KES 34 a premium of KES 2.08, or 6.5%, above the nine-firm consensus average of KES 31.92, and above seven of nine independent targets.

Company	Price Target	Date of Issue
Standard Investment Bank	36.38	May, 2025
Pergamon	36	Nov, 2025
AIB-AXYS	34.3	Nov, 2025
<b>Vodafone Proposed Acquisition Price</b>	<b>34</b>	<b>Dec, 2025</b>
Faida	31.85	Nov, 2025
Barclays	31	Nov, 2025
Absa	30.9	Oct, 2025
Investec	30	Oct, 2025
NCBA	28.83	Nov, 2025
HSBC	28	Nov, 2025

Source: Published equity research reports

### 3.3 Price-to-Earnings Analysis

Safaricom's audited FY2025 earnings per share were KES 1.74. By December 2025, when the Government agreed the terms of this transaction, the market was pricing Safaricom at approximately KES 28.20, placing the market P/E at 16.2 times. The Government negotiated a transaction price of KES 34 implying a P/E of 19.5 times FY2025 earnings materially above where the open market was trading at the time of agreement.

As of 20th February 2026, following first-half profit growth of 52.1%, the market prices Safaricom at KES 32.00 a P/E of 18.4 times. The buyer is proposing to pay at 19.5 times. The market today, even after absorbing strong interim results, implies only 18.4 times. The Government secured the right multiple.

## 4. Readiness of the Nairobi Securities Exchange

The Nairobi Securities Exchange has the institutional capacity, regulatory framework, and market infrastructure required to support the orderly execution of a transaction of this scale. The Exchange's licensed ecosystem of brokers, investment banks, custodians, pension funds, and international investors ensures that the process is conducted under established market rules, with full transparency and regulatory oversight.

Recent structural reforms have further strengthened the Exchange's operational resilience and governance standards. Improvements in market infrastructure, regulatory compliance, and investor participation have reinforced confidence in the Exchange as a venue for large and complex transactions. Measures such as single-stock trading have broadened access to the market, while continued expansion of the retail investor base supports long-term market development.

The NSE supports execution of this transaction through its Block Trading Board. Safaricom represents a significant proportion of total market capitalisation, and off-exchange execution of a block of this size would increase information asymmetry and reduce transparency for minority shareholders. Execution through the Exchange ensures equal access to information, adherence to established market rules, and effective regulatory supervision of the transaction.

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## **5. Investor Appetite and Market Dynamics**

Safaricom is the NSE's most actively traded and a widely held security, with a deeply established investor base spanning retail shareholders, pension funds, unit trusts, and international institutional investors. The company's interim results of 5 February 2026 showing 52.1% net profit growth and a 54.5% dividend increase to KES 0.85 per share generated a 10.9% share price re-rating within days of announcement, confirming the depth and responsiveness of demand for the stock.

The valuation evidence in Section 3 demonstrates that KES 34 was agreed at a level reflecting the underlying quality of the business at a time when the market had not yet fully done so. Since the deal was agreed, the share price has risen from approximately KES 29 to KES 32.00. This sequencing further confirms that KES 34 represented full and fair value at the time of agreement.

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## **6. Conclusion**

Across all valuation measures applied in this submission, the evidence is consistent. KES 34.00 per share represents fair value for a strategic block of this size in a company of Safaricom's quality. Subsequent market trading, even after improved earnings and dividends, remains below the agreed price. The NSE supports completion of the proposed transaction at the agreed terms.

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## **End of Report**

Respectfully submitted,

Frank Lloyd Mwit  
Chief Executive Officer

**Nairobi Securities Exchange PLC**



## THE COMPETITION AUTHORITY SUBMISSION ON SESSIONAL PAPER 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY GOVERNMENT OF KENYA

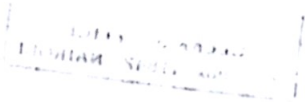
### A. BACKGROUND

1. The Competition Authority of Kenya (CAK) is established under the Competition Act, CAP 504 of the Laws of Kenya. Its mandate is to promote and safe competition, and to protect consumers from unfair or misleading market conduct. The Act, sets out the legal framework to promote and protect competition, prohibit restrictive trade practices and the regulation of mergers.
2. The object of the Act as set out in Section 3 is to enhance the welfare of the people of Kenya by promoting and protecting effective competition in market and preventing unfair and misleading market conduct throughout Kenya.
3. The Government tabled Sessional Paper No. 3 of 2025, outlining its plan to partially divest a portion of the state's shareholding in Safaricom PLC. The partial divestiture of its 35 % stake in Safaricom PLC by selling a 15 % share to Vodafone Kenya (a subsidiary of Vodacom Group). This sale will reduce the state's stake from 35 % to 20 % and significantly increase Vodacom's effective hold in Safaricom to 55 %, giving Vodacom control.
4. The National Assembly's through its letter dated 5<sup>th</sup> January, 2026 the required the Competition Authority of Kenya ("the Authority") to appear and make a submission regarding the proposed divestiture.

### B. SUBMISSIONS

5. Section 41 of the Competition Act provides that a merger occurs where two or more undertakings directly or indirectly acquire or establish direct or indirect control over the whole or part of the business of another undertaking. Section 42 further sets out the various means through which such control may be acquired.

6. The Authority is mandated to review and scrutinize mergers that meet applicable notification thresholds. In carrying out this mandate, the Authority has developed merger review guidelines to guide the analysis of notified transactions and to assess their likely effects on competition.
7. The transaction has not yet been notified to the Competition Authority, but available information indicates that the proposed divestiture is likely to result in Vodacom acquiring control.



**4. Fear-based approaches create conflict**

Cooperative management and co-benefit models always outperform criminalization in natural resource governance.

Effective forest law must balance **justice with opportunity**.

What works better?

- **Fair and realistic licensing structures**
- **Community rights and stewardship**
- **Transparent market access**
- **Capacity building instead of pure enforcement**

Justice systems worldwide have shown that **when people participate in and profit from resource management, compliance rises naturally** — penalties become a last resort or primary mechanism.

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**Conclusion**

Kenya has a remarkable opportunity:

- To transform our drylands into productive, biodiverse, carbon-positive landscapes
- To empower communities with legitimate livelihoods
- To reduce corruption through smarter governance
- To restore grasslands that feed millions of livestock and support tourism economy
- To stop treating charcoal as a problem and finally treat it as part of the solution

I respectfully request that the Bill be amended to reflect the **reality** of Kenya's drylands: **landscapes**, not untouched forests. They must be managed through **use**, not abandonment.

Kenya does not have to choose between people and nature. We can — and must — choose both.

Thank you for considering these comments. I would be grateful if this submission could be acknowledged and included in the record of public participation.

Sincerely,  
A Concerned, Tax-Paying Kenyan Citizen

Teddy Kinyanjui  
Sustainability Director  
Cookswell Jikos/Seedballs Kenya





Ref. No: CA/LS/002/2026 (028)

Date: January 12<sup>th</sup>, 2026

**Samuel Njoroge, CBS**  
Clerk of the National Assembly  
Clerk's Chambers, Parliament Buildings  
**NAIROBI**

Dear Clerk,

**STAKEHOLDER ENGAGEMENT ON SESSIONAL PAPER NO. 3 OF 2025 ON  
PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

Reference is made to your letters Ref. No: NA/DDC/F&NP/2025/110, dated December 17<sup>th</sup>, 2025, and Ref. No: NA/DDC/F&NP/2026/015, dated January 7<sup>th</sup>, 2026, on the above subject matter.

In accordance with its statutory mandate under the Kenya Information and Communications Act, Cap. 411, the Authority hereby submits its comments and observations for consideration.

The Authority underscores the importance of ensuring that any proposed partial divestiture is fully aligned with established sectoral policy objectives, preserves a competitive market structure, safeguards consumer interests, and upholds effective regulatory oversight within the ICT sector. The submission, attached herewith, sets out key considerations that the Authority deems necessary to inform deliberations on this matter and to support sound policy and implementation outcomes.

We highly appreciate the opportunity to participate in this stakeholder engagement and remain available to provide further technical input as may be required.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Mugonyi David', written in a cursive style.

**David Mugonyi, EBS**  
**DIRECTOR GENERAL/CEO**

Copy to: **Stephen Isaboke, EBS**  
Principal Secretary  
State Department for Broadcasting & Telecommunications  
Ministry of Information, Communication & The Digital Economy,  
**NAIROBI**

Encl: Comments on the Sessional Paper No. 3 of 2025 on the Partial Divestiture in Safaricom PLC by the Government of Kenya



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**COMMUNICATIONS AUTHORITY OF KENYA'S SUBMISSION**

**TO**

**THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL  
PLANNING**

**AND**

**THE SELECT COMMITTEE ON PUBLIC DEBT AND PRIVATIZATION**

**ON**

**THE NATIONAL TREASURY AND ECONOMIC PLANNING SESSIONAL  
PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC  
BY GOVERNMENT OF KENYA**

**REGARDING**

**COMMUNICATIONS AUTHORITY'S MANDATE ON THE PROPOSED  
PARTIAL DIVESTITURE IN SAFARICOM PLC BY GOVERNMENT OF  
KENYA**

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## 1. INTRODUCTION

This submission is presented by the Communications Authority of Kenya (the Authority) to the Departmental Committee on Finance and National Planning and the Select Committee on Public Debt and Privatization in response to the request for stakeholder engagement dated December 17th 2025 and January 7th, 2026 on the National Treasury and Economic Planning Sessional Paper No. 3 of 2025 on the proposed partial divestiture in Safaricom PLC by the Government of Kenya.

The submission sets out the Authority's statutory mandate and regulatory role in relation to changes in shareholding in licensed telecommunications entities, with specific reference to the proposed partial divestiture in Safaricom PLC. In this regard, the submission outlines the applicable legal, policy, and licensing framework governing changes in ownership and control of telecommunications licensees as well as highlights the regulatory implications arising from the proposed transaction.

The purpose of this submission is to apprise the Committees of the Authority's considerations, obligations, and preliminary position under the Kenya Information and Communications Act, Cap. 411A, , the prevailing ICT Policy Guidelines of 2020 (as amended), and the terms and conditions of licences issued to Safaricom PLC, in order to support informed parliamentary oversight and deliberation on the proposed divestiture.

## 2. BACKGROUND

Safaricom PLC was first licenced in Kenya by the then Communications Commission of Kenya (CCK) on July 1<sup>st</sup>, 1999, as a GSM Mobile Network Operator in Kenya to provide mobile communications services for an initial period of fifteen (15) years. The licence was subsequently renewed for a further ten (10) years.

Following the introduction of the Unified Licensing Framework (ULF), the GSM Mobile Network Operator licence was converted, resulting in Safaricom PLC holding multiple licences under the Unified Licensing Framework regime. These include:

- a. Network Facilities Provider Tier 1 (NFP-T1) Licence,
- b. International Gateway Systems and Services (IGSS) Licence,
- c. Submarine Cable Landing Rights (SCLR) Licence,
- d. Applications Services Provider (ASP) Licence and
- e. Content Service Provider (CSP) Licence.

With the exception of the Submarine Cable Landing Rights (SCLR) licence, which was granted in 2025, all other licences held by Safaricom PLC are due for renewal by June 30<sup>th</sup> 2026 for a further term of 25 years.



### **3. LEGAL AND REGULATORY PROVISIONS ON CHANGE OF SHAREHOLDING IN COMMUNICATION LICENSEES**

#### **3.1. NATIONAL ICT POLICY GUIDELINES, 2020**

The ICT Policy Guidelines of 2020, contained in Gazette Notice No. 5472 of 2020, initially provided for a minimum local equity participation requirement, mandating that entities seeking licences to provide ICT services in Kenya have at least thirty per centum (30%) substantive Kenyan ownership, whether corporate or individual.

This requirement in the ICT Policy Guidelines of 2020 was subsequently amended by Gazette Notice No. 3192 dated April 9<sup>th</sup>, 2021, and further removed through an amendment effected by Gazette Notice No. 11079 dated August 22<sup>nd</sup>, 2023. The amendment permits foreign ownership of up to one hundred per centum (100%) in companies licensed to provide ICT services in Kenya.

Accordingly, the minimum local equity participation threshold is no longer applicable to ICT licensing in Kenya.

#### **3.2. KENYA INFORMATION AND COMMUNICATIONS ACT, CAP 411 A**

Section 24 of the Kenya Information and Communications Act, Cap. 411A, establishes licensing as a fundamental regulatory requirement in the telecommunications sector by providing that no person or entity shall operate a telecommunications system or provide telecommunications services unless duly licensed in accordance with the provisions of the Act. This provision underpins the Authority's mandate to regulate market entry, ensure orderly development of the sector, and safeguard public interest objectives.

In operational terms, the licensing requirements which are further restated under Part VI of the Kenya Information and Communications Act, CAP 411A, enables the Authority to exercise effective oversight over telecommunications operators and service providers by prescribing licence terms and conditions that promote compliance with applicable legal and regulatory obligations. Licensing further provides a mechanism through which the Authority enforces compliance with national policy objectives.

In this regard, the Authority continuously monitors changes in licensees' shareholding structures to ensure effective implementation and enforcement of this statutory provision. Applying the foregoing provisions to the proposed transaction, the Authority notes that the transaction will result in Vodacom Group Limited holding a fifty-five per cent (55%) shareholding in Safaricom PLC.

#### **3.3. LICENCE PROVISION**

Although the ICT Policy Guidelines of, 2020 has since been amended to remove the minimum local equity participation threshold, the policy framework then in force, together with the



provisions of the Kenya Information and Communications Act, Cap. 411A, necessitated the inclusion of shareholding notification and approval provisions in telecommunications licences.

Accordingly, the Network Facilities Provider Tier 1 (NFP-T1) Licence, and similarly worded conditions in the other licences held by Safaricom PLC, contain Condition 18 (Notification of Change in Shareholding), which provides as follows—

***“CONDITION 18: NOTIFICATION OF CHANGE IN SHAREHOLDING***

*18.1 Subject to 18.3 below, the Licensee shall notify the Authority of:*

*18.1.1 any change in the proportion of the shares held directly in a Licensee by any person, and*

*18.1.2 the acquisition of any shares and such shares not being shares already listed in any stock exchange held directly in a Licensee by a person not already holding shares, and the proportion of such shares held by that person immediately before acquisition.*

*18.2 The Licensee shall notify the Authority prior to any entity acquiring ownership or control of all or a majority of the stock of the Licensee such that the Licensee shall stand as a subsidiary in relation to that entity.*

*18.3 The Licensee shall be obliged to notify the Authority of any acquisition of shares or change in shareholding of the Licensee by any person and such shares not being shares already listed in any stock exchange only if, by reason of that acquisition or change, the total number of shares in the Licensee held by that person together with any shares held by any nominee or trustee for that person immediately after the change or acquisition:*

*18.3.1 exceeds 15 per cent of the total number of shares in the Licensee (where it does not exceed 15 per cent prior to that change or acquisition);*

*18.3.2 exceeds 30 per cent of the total number of shares in the Licensee (where it does not exceed 30 per cent prior to that change or acquisition), and*

*18.3.3 exceeds 50 per cent of the total number of shares in the Licensee (where it does not exceed 50 per cent prior to that change or acquisition).*

*18.4 In any case referred to in 18.1 or 18.2, notification shall be given by a date, which is thirty (30) days prior to the taking effect of such change or acquisition, as the case may be.*



18.5 *In instances referred to in 18.2 and 18.3, if the Authority disapproves of the change in shareholding notified to it, it shall notify the Licensee within thirty (30) days of receipt of notification. The Authority may within sixty (60) days of notifying the Licensee of its disapproval, having taken into account representations made by interested parties, and giving reasons for its decision, prohibit the change in shareholding where it believes it is in the public interest to do so”.*

The inclusion of these licence conditions obligates licensees to notify the Authority of any changes in shareholding and accords the Authority the opportunity to assess such changes to ensure compliance with prevailing policy, legal, and regulatory requirements, including considerations of public interest, competition, national security, and statutory obligations relating to spectrum licensing.

Pursuant to the above provisions, Safaricom PLC wrote to the Authority on December 4<sup>th</sup>, 2025, requesting for the Authority’s approval of change in shareholding in accordance with the Kenya Information and Communications Act, CAP 411A.

#### **4. SAFARICOM’S NOTIFICATION TO THE AUTHORITY ON CHANGE OF SHAREHOLDING**

Pursuant to the foregoing provisions, on “**notification of change in shareholding**”, Safaricom has written to the Authority, seeking to obtain regulatory approval of the proposed partial divestiture.

The proposed transaction is currently under consideration by the Authority in accordance with the applicable legal, policy, and regulatory framework.

#### **5. AUTHORITY’S CONSIDERATION IN APPROVING THE REQUEST**

The current ICT Sector Policy does not prescribe a minimum local equity participation threshold. Accordingly, the Authority’s role in relation to changes in shareholding in a licensee is guided by the provisions of the Kenya Information and Communications Act, Cap. 411A, and the relevant licence terms and conditions.

Applying the foregoing provisions to the proposed transaction, the Authority notes that the transaction will result in Vodacom Group Limited holding a fifty-five per cent (55%) shareholding in Safaricom PLC. The implications of the proposed transaction are that Safaricom PLC will—

- a. Acquire a foreign majority shareholder at fifty-five per cent (55%);
- b. Remain a publicly listed company, with approximately twenty-five per cent (25%) of its shares held by public investors; and
- c. Retain local equity participation through the Government of Kenya, which will continue to hold a twenty per cent (20%) shareholding.



## 6. CONCLUSION

- a. The Authority will respond formally to Safaricom, within the next one (1) week, on its request for regulatory approval of the proposed change of shareholding.
- b. The preliminary position of the Authority is that the request for the proposed change of shareholding can be accommodated considering that:
  - i. There is no local shareholding threshold requirement under policy, law or regulations.
  - ii. The transaction retains local equity participation, through the government of Kenya.
  - iii. The transaction has been approved by the Cabinet as indicated in the Sessional Paper No. 3.

**David Mugonyi, EBS**  
**DIRECTOR GENERAL/CEO**



REPUBLIC OF KENYA

OFFICE OF THE ATTORNEY-GENERAL  
&  
DEPARTMENT OF JUSTICE

Our Ref: AG/CONF/618/62 Vol III  
,2026  
Your Ref: NA/DDC/F&NP/2025/110

12<sup>th</sup> January

**Mr. Samuel Njoroge, CBS**  
Clerk of the National Assembly  
Clerk's Chambers, Parliament Buildings  
P.O. Box 41842-00100  
**NAIROBI**

**RE: STAKEHOLDER ENGAGEMENT ON SESIONAL PAPER NO.3 OF 2025 ON  
PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF  
KENYA**

**Hon Chairman and Committee Members,**

We are in receipt of your letter dated 17<sup>th</sup> December,2025 requesting for our requesting this Office to make submissions on Sessional Paper No. 3 of 2025 on partial divestiture in Safaricom PLC by the Government of Kenya.

This submission is made pursuant to Article 156 of the Constitution, which mandates the Attorney-General to advise the Government on matters of law and to ensure compliance with the Constitution and statutory requirements.

**Constitutional and Statutory Framework**

The proposed transaction is governed by the following legal instruments:

- (a) Articles 201 and 227 of the Constitution, which establish principles of public finance management, transparency, accountability and value for money.
- (b) The Public Finance Management Act (PFMA), which governs the management of public investments and non-tax revenue.
- (c) The Privatization Act, 2025, as read together with amendments to the PFMA introducing a distinct approval mechanism for divestiture of Government shareholding in Government-linked corporations.

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DEPARTMENT OF JUSTICE  
CO-OPERATIVE BANK HOUSE, HAILLE SELLASIE AVENUE.P.O. Box 56057-00200, Nairobi-Kenya TEL: Nairobi 2224029/ 2240337  
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- (d) The Companies Act and Capital Markets Act, which regulate share transfers and transactions in listed companies.
- (e) Applicable regulatory regimes administered by the Capital Markets Authority, Nairobi Securities Exchange, Competition Authority of Kenya, Central Bank of Kenya and Communications Authority of Kenya.

### **Reasons why the Transaction Did Not Proceed Through the General Privatization Program**

The Office notes that under the Privatization Act, general privatization processes are ordinarily undertaken through the Privatization Authority and involve structured public divestiture program.

However, the present transaction does not fall within the category of general privatization, for the following reasons:

#### **(a) Sale to an Existing Strategic Shareholder in a Public Listed Company**

The proposed divestiture is structured as a direct sale to an existing shareholder of Safaricom PLC, rather than as a public offer or broad-based privatization exercise. Such transactions are recognized under company law and capital markets law as legitimate mechanisms for restructuring shareholding in listed companies.

#### **(b) Specific Statutory Pathway Under PFMA and Privatization Act Amendments**

The insertion of Section 87A into the Public Finance Management Act by the Privatization Act, 2025 introduced a distinct approval framework for disposal of Government shares in Government-linked corporations, which requires a specific proposal to be approved by Cabinet and submission to the National Assembly for approval, prior to implementation.

This mechanism was deliberately designed to allow Government to undertake strategic equity transactions outside the full privatization program, while maintaining parliamentary oversight and fiscal discipline.

#### **(c) Preservation of Strategic Public Interest Considerations**

The proposed transaction does not remove Government from ownership of Safaricom PLC, but merely reduces its shareholding. This enables Government to rebalance its investment portfolio while retaining strategic participation in the Company.

Accordingly, the applicable legal regime is PFMA-anchored divestiture with parliamentary approval, rather than Privatization Authority-led privatization.

The proposed transaction therefore falls within lawful public investment management frameworks.

### **Regulatory Compliance and Oversight**

In addition to Cabinet and Parliamentary approval, the transaction remains subject to the following:

- (a) Capital markets approvals and disclosures
- (b) Competition law review where applicable
- (c) Sector-specific regulatory oversight

These safeguards ensure compliance with both public law and market integrity requirements.

In this regard, the transaction remains subject to approvals and oversight by the following institutions:

- (a) Capital Markets Authority;
- (b) Nairobi Securities Exchange;
- (c) Competition Authority of Kenya ;
- (d) Communications Authority of Kenya; and
- (e) Central Bank of Kenya (where applicable).

### **Procedural Compliance and Executive Approvals**

The Office further confirms that the proposed transaction has complied with all required internal Government approval and legal clearance processes, including:

- a) Cabinet consideration and approval of the proposal for partial divestiture, pursuant to the Public Finance Management Act and the Privatization Act framework.
- b) Mandatory legal review and clearance by the Office of the Attorney-General, in accordance with Article 156(4) of the Constitution and applicable Attorney-General Circulars, prior to execution of the transaction agreements.
- c) Submission of the proposal to the National Assembly strictly in accordance with the statutory sequence of approvals contemplated under the Public Finance Management Act.

### **Position of the Office of the Attorney-General**

Having reviewed the Sessional Paper together with the supporting Cabinet Memorandum and transaction documentation, and having cleared the transaction agreements for execution, the Office of the Attorney-General:

- (a) Confirms that the proposed partial divestiture is lawfully anchored in statute.
- (b) Confirms that the procedural pathway adopted complies with the Public Finance Management Act and Privatization Act approval framework.
- (c) Confirms that the Executive has complied with Cabinet and Attorney-General clearance requirements prior to approaching Parliament.

We therefore raise no legal objection to the National Assembly considering and approving Sessional Paper No. 3 of 2025.

**Hon. Shadrack J. Mose, CBS**  
**SOLICITOR GENERAL**





**Central Bank of Kenya**

# **Stakeholder Engagement on Sessional paper no. 3 of 2025 on Partial Divestiture in Safaricom PLC by the Government of Kenya**

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Presentation by  
Dr. Kamau Thugge, CBS  
Governor  
Central Bank of Kenya

**During the Meeting with the National Assembly Departmental Committee on Finance and National Planning and Select Committee on Public Debt and Privatization, Glee Hotel, Nairobi, January 20, 2026**

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**WWW.CENTRALBANK.GO.KE**

## Outline

1. Background
2. CBK's Legal and Regulatory Mandate in the Transaction
3. Macroeconomic Impact of the Safaricom PLC Divestiture

- Safaricom was incorporated in Kenya on April 3, 1997, and granted a “letter of no objection” by CBK to carry out electronic funds transfer under the brand name “Mpesa” on February 16, 2007. Following the passing of the NPS Regulations, 2014, Safaricom was authorised as a PSP by CBK on September 29, 2016.
- Safaricom is listed at the Nairobi Stock Exchange, and its shareholders are Vodafone Kenya Ltd (40 percent), Government of Kenya (35 percent) and the general public (25 percent).
- Proposal: Partial divestiture of a 15% stake in Safaricom PLC by the Government of Kenya (GoK), will result in a new ownership structure:
  - GoK: Reducing from 35% to 20%.
  - Vodafone Kenya Limited (VKL): acquiring a majority controlling stake from 40% to 55%.
- Fiscal Objective: Expected to generate approximately KES 244.2 billion (US\$1.88 billion) (including upfront payments of future dividends) for national infrastructure projects (energy, roads, water)



## **A. CBK's Legal and Regulatory Mandate in the Transaction**

- CBK's involvement in this transaction is anchored in its statutory role to supervise Payment Service Providers (PSPs) and ensure financial stability under the following legal frameworks:
- **National Payment System (NPS) Act, 2011:** Section 17(1) empowers CBK to exercise all powers necessary to establish, regulate, and supervise effective payment, clearing, and settlement systems.
- **Approval of Significant Shareholding:** Regulation 8(1) of the NPS Regulations (2014) mandates CBK to assess and approve any change in significant ownership or control of a licensed PSP.
- **Oversight of Material Changes:** Regulation 13(1) of the NPS Regulations requires CBK oversight for any substantial or material changes to a PSP's business operations.
- **Financial Stability & System Oversight:**
- **Section 4(2) (CBK Act):** Mandates the Bank to foster the liquidity, solvency, and proper functioning of a stable market-based financial system.
- **Section 4A(1)(d) (CBK Act):** Mandates the Bank to formulate and oversee a stable, efficient, and inclusive national payment system.

**Definition:** A system whose failure could trigger widespread financial instability or significantly impair the real economy. The assessment is based on the following criteria:

<b>Size and Volume of Transactions</b>	Aggregate value of transactions, KES 83.7 Trillion in 2025, it is a significant four times multiple of Kenya's GDP annually. Holds approximately KES 250 billion in customer funds in trust accounts with local commercial banks.
<b>Market Share and Dominance</b>	Holds a 95% market share of retail payment transactions. Over 32 million 30-day active users, representing more than 50% of Kenya's population
<b>Interconnectedness with the Financial System</b>	Linked with all major financial institutions
<b>Substitutability</b>	While alternatives exist, none can match M-Pesa's reach, acceptance, and liquidity

**Safaricom's Application (Dec 4, 2025):**

Safaricom requested a "letter of no objection" for a change in significant shareholding following the Government of Kenya's (GoK) proposed 15% divestiture thereby allowing Vodafone Kenya Limited (VKL) to acquire a 55% direct interest in Safaricom.

**CBK's Information Request:**

In response to the approval request, CBK issued a detailed query to Safaricom seeking clarity on:

- Vetting of proposed shareholders,
- Final transaction and governance/control structures,
- Sources of funding and intra-group control rights,
- Operational continuity plans and
- The safeguarding of customer funds among others.

### 1. Financial Stability

Ensuring payment system integrity, operational resilience, cybersecurity, business

continuity, or continuity of critical services will be maintained or enhanced.

No introduction of contagion risk arising from the parent-group financial

distress.

### 2. Customer Fund Protection

Safeguarding monies belonging to customers (e-money) currently over approximately KES 250 billion in trust accounts and ensuring they remain robust,

ring-fenced and insulated from group-level risks;

### 3. Governance and Local Decision-Making

Ensuring effective local decision-making autonomy for critical operational matters (including risk management and regulatory compliance) is retained and local oversight of M-PESA operations is not impaired;

#### 4. Fit and Proper Status

Confirm that the new controlling shareholder and its ultimate beneficial owners meet CBK's fit-and-proper requirements, including financial soundness, integrity and technical competence;

#### 5. Systemic Risk

Monitor the transaction to ensure it does not introduce new or heightened systemic or economic risks to Kenya's financial system and economy.

**6. Enhanced Oversight:** CBK's oversight authority is not diluted by the change in ownership and that CBK continues to apply enhanced oversight on Safaricom with enhanced reporting requirements being imposed due to M-Pesa's systemic importance and increased concentration of ownership of Safaricom.

**7. Cross-Border Cooperation:** The change in ownership is accompanied by effective cross border supervisory cooperation and information-sharing with the relevant home regulators of the Vodacom/Vodafone Group.

- **Robust Regulatory Framework:** CBK operates within a robust regulatory framework that ensures that the proposed divestiture does not compromise the integrity of the national payment system.
- **Condition for Stability:** The proposed transaction is expected to have no adverse impact on financial stability or the payment ecosystem, provided that:
  - Formal CBK approval is secured through the ongoing assessment.
  - All existing prudential, consumer protection, and safeguarding requirements remain fully enforceable.
- **Approval Status:** Assessment is ongoing; CBK has issued a detailed information request to Safaricom to facilitate the final **Decision**.



## **B. Macroeconomic Impact of the Safaricom PLC Divestiture**

- Government faces significant fiscal constraints:
- Revenue performance is consistently below target and there appears to be little room for additional revenue measures.
- The other sources of financing have been declining or are expensive;
  - Official Development Assistance (ODA) and multilateral financing have declined globally thereby limiting availability of concessional financing.
  - Commercial debt remains expensive—and inappropriate for countries with a heavy debt burden;
  - higher domestic borrowing is crowding out lending to the private sector.

## Fiscal Position (Concl):

This innovative financing mechanism is positive as it will address the infrastructure gap while avoiding debt accumulation.

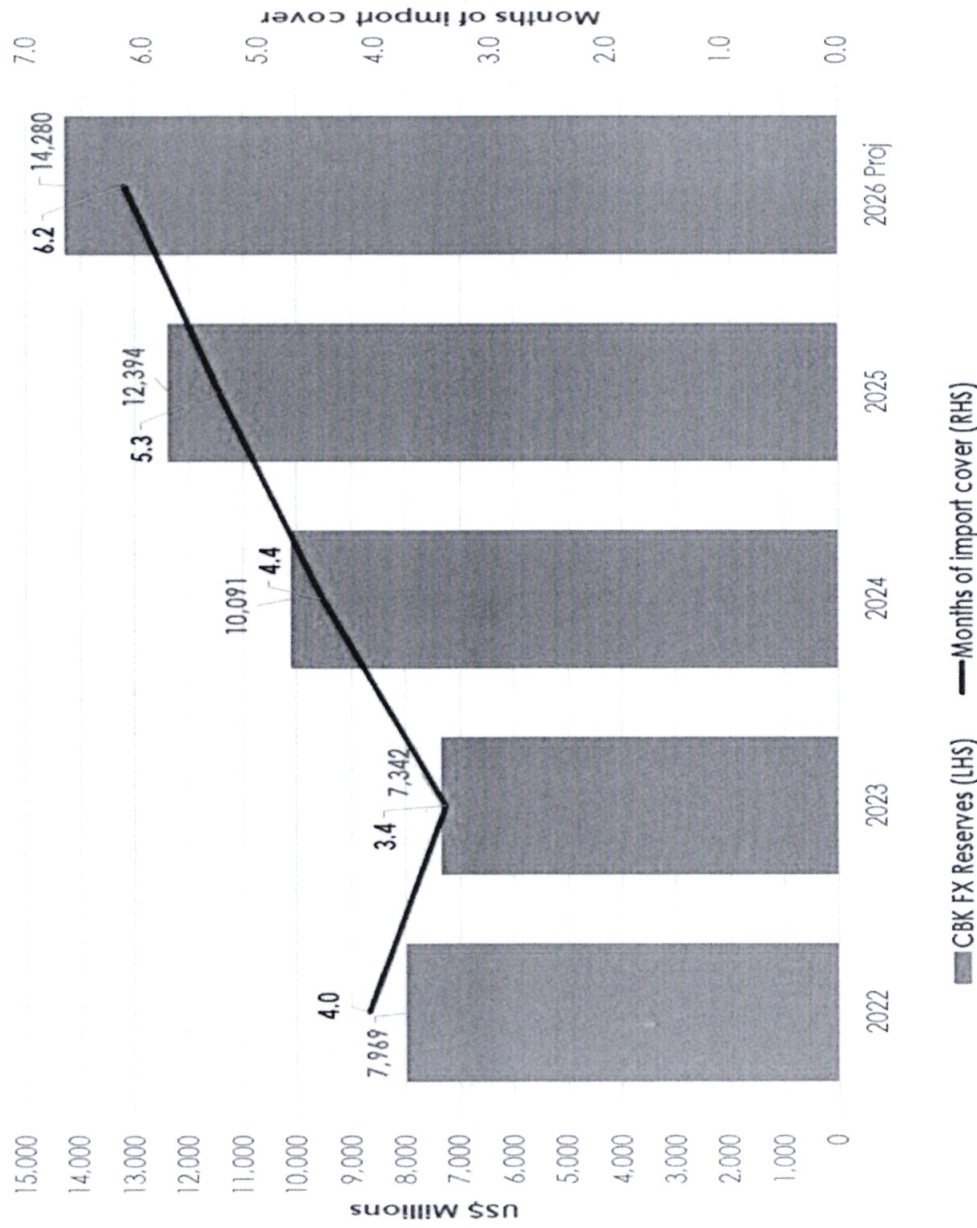
- On the expenditure side, a significant portion is non-discretionary spending (wages, debt service, county allocations, and education/health);
- The lack of fiscal space, therefore, leads to under-investment in infrastructure, as it is difficult to reduce most recurrent spending which is non-discretionary; This affects growth and employment.
- We therefore welcome this innovative way of financing our infrastructure needs in areas such as roads, energy, water and transport, without adding to our already high debt.

## 3.3

### Foreign exchange reserves and exchange rate stability:

Expected proceeds will boost reserves providing a buffer against short-term shocks in the foreign exchange market, thus stabilizing the exchange rate

#### CBK foreign exchange reserves (end period)



Source: CBK

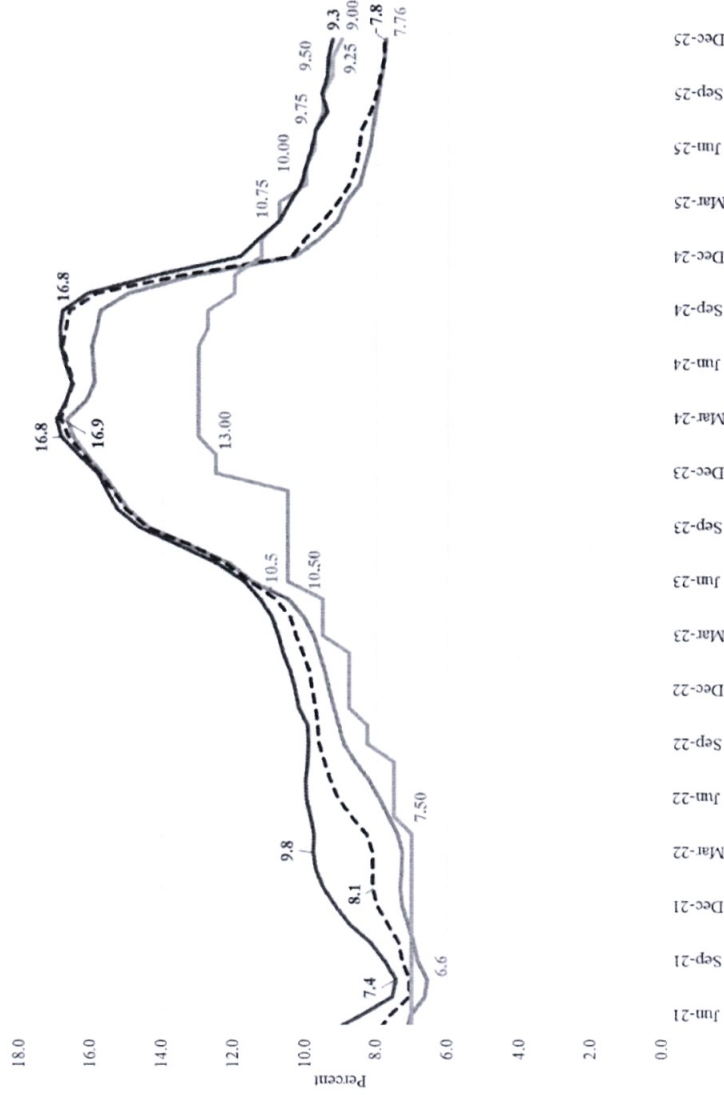
- Expected proceeds from divestiture amounting to US\$ 1,577 million and an upfront payment of future dividends equivalent to US\$ 309 million will increase FDI by the same amount, and other things constant, will support a further build-up of our foreign exchange reserves.
- The reserves will increase from US\$ 12,394 million (5.3 months of imports) in 2025 to potentially US\$ 14,280 million (6.2 months of imports).
- The reserves increase will support a stable exchange rate, help contain imported inflation, and help us address both external/domestic shocks.

## Interest rates:

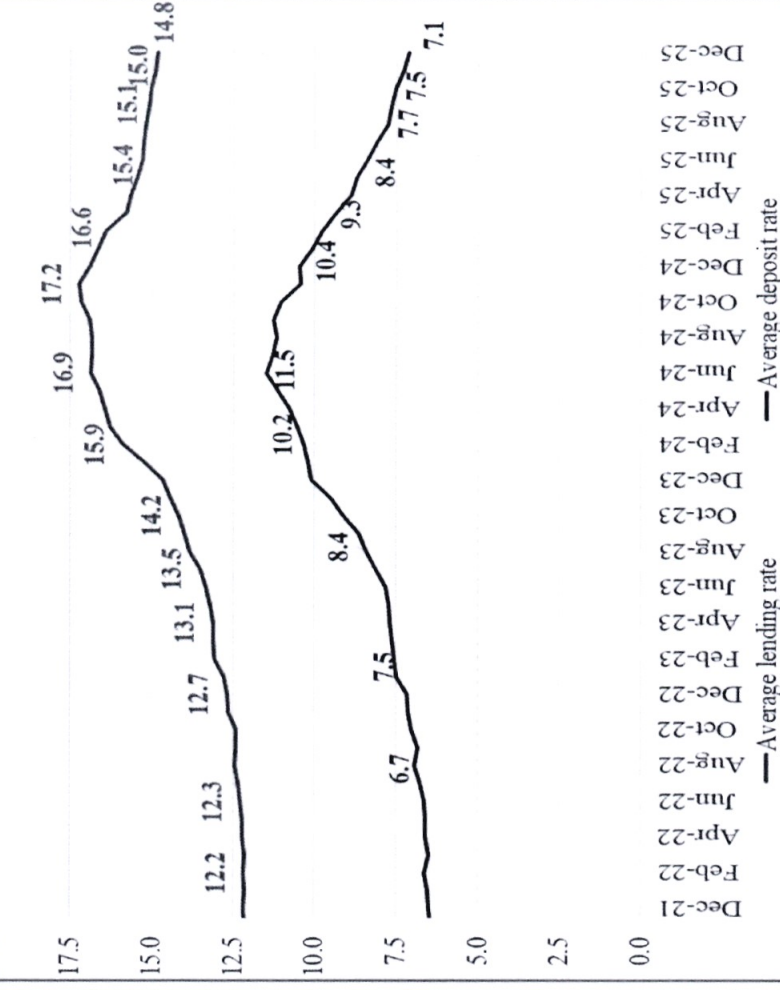
Proceeds from the divestiture will create fiscal space of about Ksh 244.2 billion, which should be used to reduced domestic borrowing that can sustain the momentum in interest rate reduction, and hence crowd in lending to the private sector.

# 3.4

**Average Treasury bill rates and Central Bank Rate (percent)**



**Average commercial banks interest rates (percent)**



Source: CBK

- The projects in roads, water, energy, airports, and agriculture being funded by the proceeds from the divestiture should be those projects already in the budget.

**Public debt:**

Innovative financing mechanism help infrastructure investments without expanding public debt and is thus consistent with the Government's medium-term fiscal consolidation path

- By avoiding a further build-up of debt, this innovative financing will help us move towards a sustainable debt position, and to our debt anchor of 55% NPV-of-debt relative to GDP.
- Kenya's public debt stood at Ksh 12,054 billion (about 68.9 percent) as at end of September 2025 compared to Ksh 11,810.8 billion (about 67.7 percent) at the end of June 2025.

Overall, the Proposed Divestiture of Safaricom PLC will have a positive macroeconomic impact:

- Increased foreign exchange reserves
- Exchange rate stability
- The additional fiscal space will reduce domestic borrowing and help sustain the reduction in domestic interest rates

*Thank You!*

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WWW.CENTRALBANK.GO.KE

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① DDC  
Please deal.

30/01/26

② Benjamin Magut, HoD

Bring to the attention of the Dept.  
Comm. on Finance.  
DM 2/2/26



**OFFICE OF THE DATA PROTECTION COMMISSIONER**

**When replying please quote:**

**Ref: ODPC/LEG/2/(14)**

Email: [info@odpc.go.ke](mailto:info@odpc.go.ke)

Britam Tower  
12<sup>th</sup> Floor  
P.O. Box 30920 - 00100  
NAIROBI

**20<sup>th</sup> January 2026**

**The Clerk of The National Assembly**

The National Assembly  
Main Parliament Buildings  
P.O Box 41842-00100  
Nairobi, Kenya

Dear Clerk,

**RE: STAKEHOLDER ENGAGEMENT ON SESSIONAL PAPER NO.3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

Reference is made to your letter dated **9<sup>th</sup> January 2026**, Ref: **NA/DDC/F&NP/2026/018**, inviting the Office of the Data Protection Commissioner (the Office) to submit written memoranda regarding **Sessional Paper No.3 of 2025 on Partial Divestiture in Safaricom Plc by The Government of Kenya** (hereinafter the paper).

The Office has reviewed the paper and submits as follows:

1. Safaricom PLC constitutes critical national digital infrastructure, with platforms that process and store extensive volumes of sensitive personal data belonging to millions of residents of Kenyan. Any alteration in its ownership structure, particularly an increase in foreign shareholding, should be accompanied by robust,



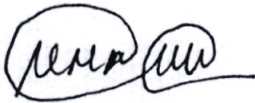
clear, and enforceable safeguards to ensure strict compliance with Kenya's data protection legal framework and safeguard the rights of data subjects.

2. The proposed divestiture should strictly adhere to the data protection principles set out under Section 25 of the Data Protection Act, 2019. In particular, the processing of personal data must be lawful, fair, and transparent; limited to explicit, specified, and legitimate purposes; limited to what is necessary; accurate and kept up to date; storage limitation; confidentiality and integrity. It is critical for Safaricom PLC to put in place appropriate technical and organizational measures in accordance with section 41 of the Act to implement these principles which must guide all decisions arising from or connected to the divestiture transaction.
3. The divestiture should explicitly safeguard the rights of data subjects as provided under Section 26 of the Data Protection Act, including the right to be informed of the use of personal data, the right of access, the right to object to processing, the right to correction or deletion of false or misleading data, and the right not to be subject to automated decision-making without appropriate safeguards. These rights must not be diminished or compromised as a consequence of the proposed transaction.
4. Safaricom PLC, together with its agents, suppliers, contractors, affiliates, and any third parties involved in data processing, should be required to demonstrate full compliance with the Data Protection Act. This includes registration with the Office of the Data Protection Commissioner as data controllers and/or data processors in accordance with Section 18 of the Act, and conduct of Data Protection Impact Assessments (DPIAs) under Section 31 where processing activities arising from the divestiture are likely to result in high risks to the rights and freedoms of data subjects.

The Office looks forward to working closely with the National Assembly as it continues to perform its mandate to protect the rights of data subjects.

In case of further clarification on this matter, please contact the Office by email address through [info@odpc.go.ke](mailto:info@odpc.go.ke).

Yours Sincerely,



**IMMACULATE KASSAIT, SC, MBS  
DATA COMMISSIONER**



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**PRESENTATION BY THE AUDITOR-GENERAL TO THE NATIONAL ASSEMBLY'S DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING AND THE SELECT COMMITTEE ON PUBLIC DEBT AND PRIVATIZATION ON SESSIONAL PAPER NO.3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

---

**09 January, 2026**

**The Chairman, Departmental Committee on Finance and National Planning, Hon. CPA Francis Kimani Kuria, M.P.**

**The Chairman, Select Committee on Public Debt and Privatization, Hon. Abdi Omar Shurie, M.P.**

**Honorable Members of the Committees**

**A. Preamble**

1. We received your letter Ref: NA/DDC/F&NP/2025/110 dated 17 December, 2025 on 22 December, 2025 where the Auditor-General was requested to make submissions on Sessional Paper No. 3 of 2025 on Partial Divestiture in Safaricom PLC by the Government of Kenya during stakeholder engagement meetings.
2. We thank the Committees for giving the Office of the Auditor- General the opportunity to provide our input (insight) in the proposed partial divestiture of Government shares in Safaricom PLC as outlined in the Sessional Paper.

**B. Mandate**

**Honorable Chairs**

**Honorable Members**

3. The Office of the Auditor-General (OAG) is an Independent Office established by Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight role of ensuring accountability in the use of public resources within the three arms of government (the Legislature, the Judiciary and the Executive) as well as the Constitutional Commissions and Independent Offices.

**C. Kenya's Economic Outlook**

**Honorable Chairs**

**Honorable Members**

4. Data by the Kenya National Bureau of Statistics indicates that Kenya economy grew by 4.7 percent in 2024. In the first half of 2025, growth remained strong at 4.9 percent and 5.0 percent in the first and second quarters, respectively. The growth was driven by a robust agriculture sector, recovery in industry, and continued dynamism in services. The outlook for 2025 and 2026 remains positive, with GDP projected to grow by 5.3 percent, bolstered by favourable weather conditions, improved agricultural

productivity, climate-smart investments, and sustained implementation of BETA interventions.

### **Revenue Projection**

5. In the financial year 2025/26, total revenue including Appropriation-in-Aid (A-i-A) is projected at Kshs.3,385.8 billion (17.6 percent of GDP) from the projected Kshs.3,065.2 billion (17.6 percent of GDP) in FY 2024/25. Of this, ordinary revenue is projected at Kshs.2,835.0 billion (14.7 percent of GDP) from the projected Kshs.2,580.9 billion (14.8 percent of GDP) in FY 2024/25.

### **Expenditure Projection**

6. The overall expenditures and net lending are projected at Kshs.4,263.1 billion (22.1 percent of GDP) in FY 2025/26 from the projection of Kshs.3,978.3 billion (22.8 percent of GDP) in FY 2024/25. The FY 2025/26 comprise: recurrent expenditure of Kshs.3,096.3 billion (16.1 percent of GDP); development expenditure of Kshs.725.1 billion (3.8 percent of GDP); transfers to County Governments of Kshs.436.7 billion and Contingency Fund of Kshs.5.0 billion, respectively.

### **Deficit Financing**

7. The fiscal deficit including grants is projected at Kshs.831.0 billion (4.3 percent of GDP) in FY 2025/26 compared to the projected fiscal deficit of Kshs. 862.7 billion (4.9 percent of GDP) in FY 2024/25.
8. The fiscal deficit in FY 2025/26 is expected to be financed by a net external financing of Kshs.146.8 billion (0.8 percent of GDP) and a net domestic financing of Kshs.684.2 billion (3.6 percent of GDP).

### **The Debt and Fiscal Sustainability Constraint**

9. Kenya's fiscal position remains challenging. As of June 2025, public debt stood at approximately Kshs.11.8 trillion ( $\approx$  67.8 percent of GDP), underscoring sustained borrowing pressures. As at the same date, debt servicing stood at Kshs.1.722 trillion or 71.2% of revenue and interest payments consumed Kshs.987 billion or 40.8 % of ordinary revenue. High servicing costs have crowded out development spending. For the 2025/26 fiscal year, the government projects to raise about Kshs.901 billion in new debt, around 65 percent of it from domestic sources. Such heavy reliance on local

markets risks crowding out private-sector credit, suppressing investment and consumption.

10. Against this backdrop, there is need to explore other financing options different from the conventional debt-led growth to an innovative, asset-based approaches that mobilize domestic capital and spread risk more effectively.

#### **D. Sessional Paper No. 3 of 2025**

**Honorable Chairs**

**Honorable Members**

11. The National Treasury proposes the sale of 15% of the Government of Kenya's shareholding in Safaricom PLC to Vodacom Group Ltd, through Vodafone Kenya Ltd, reducing the State's stake from 35% to 20%. The divestiture is priced at Kshs.34 per share, targeting gross proceeds of approximately Kshs.204.33 billion (USD 1.576 billion), and includes an additional Kshs.40.2 billion upfront payment in lieu of future dividends on the residual stake. Proceeds are to fund priority infrastructure across energy, roads, water, airports, and digital transformation.
12. Safaricom PLC is the leading telecommunication company in East Africa with over 50 million customers connected currently. The Company plays a vital role in the society, supporting over one million jobs both directly and indirectly. Safaricom PLC is listed on the Nairobi Securities Exchange (NSE) and generated annual revenues of close to Kshs.388.7Billion (USD 3.0 billion) as at March 2025. The Company was founded in 1997 as a fully owned subsidiary of Telkom Kenya before a 40 percent acquisition by Vodafone Group PLC in May 2000, and a public offering of 25 percent shares through the NSE in 2008.
13. The Company provides connectivity through wide range of technology, 2G, 3G, 4G and 5G in aggregate covering over 99% of Kenya's population and runs the world's largest mobile payment system and Africa's largest Fintech, M-PESA, the world's first mobile money transfer system. By empowering over 32 million customers to transact, save or borrow money through their mobile phone, M-PESA has driven financial inclusion in Kenya to more than 84% of the adult population, and generated over Kshs.139.9 billion (USD 1,062 million) in revenue as at FY24.

14. The proposed divestiture of Government Shareholding is being undertaken within the existing legal framework, namely the Public Finance Management Act, 2012. The framework provides for the process to be followed in the divestiture.

#### **E. Auditor-General's Comments on the Proposed Divestiture**

**Honorable Chairs**

**Honorable Members**

#### **Transparency and Fairness of the Process**

15. Paragraph 1.5 (ii) of the Sessional Paper indicates that the planned divestiture is to a Strategic Partner—Vodacom Group. However, the paper has not clearly explained how Vodacom was identified or whether other investors were considered before settling on this particular Strategic Partner. This lack of disclosure limits transparency and raises questions on whether the Government secured the best possible offer.

16. Further, the National Treasury has indicated that the proposed sale price of Kshs.34 per share represents a premium of Kshs.6.50 per share (17%). While this appears favourable to the Government, it is not clear whether alternative methods would have delivered better value or allowed broader participation, including by Kenyan investors. Negotiation as a method may have inadvertently locked out potential investors and the public, reducing competitiveness and inclusivity.

#### **Dividend Monetization**

17. Paragraph 3.3 of the Sessional Paper indicates that the proposed transaction includes an additional component whereby Vodacom Group, through Vodafone Kenya will make an upfront payment of Kshs.40.2 billion to the Government in lieu of future dividends from the residual 20% stake. This arrangement warrants closer scrutiny because, even after the divestiture, Safaricom PLC is expected to continue generating substantial profits, and historically, annual dividends to the Government have averaged Kshs.15–20 billion when holding a 35% stake. Although the dividend attributable to a 20% stake would proportionally reduce, the Kshs.40.2 billion payment still represents only a few years of potential dividend income. Consequently, there is a significant risk that this structure effectively converts a recurring revenue stream into a one-off payment, thereby foregoing long-term returns that would accrue to the Government's remaining stake.

### **National Interest and Cyber Security Vulnerabilities**

18. The Safaricom PLC post-sale arrangement will see Vodacom's shareholding increase to a 54.9% stake, giving it effective control of the Company.
19. Telecommunication infrastructure is critical for national security. Foreign control could potentially expose Kenya to vulnerabilities in communication channels. There is a risk of external influence over strategic decisions affecting security protocols.
20. Further, Safaricom PLC operates critical national infrastructure that support Kenya's digital sovereignty. The M-PESA platform—M-PESA's technology, customer data and network effects and E-Citizen have become intertwined with nearly every aspect of Kenyan life. Consequently, the question of who controls Safaricom PLC becomes critical.
21. Although Paragraph 1.5(iii) of the Sessional Paper indicates that the Government has negotiated strict conditions to preserve local control elements which includes no acquisition-related redundancies within 3 years of the transaction, ensuring the Chairman and independent directors remain Kenyan, as well as Vodacom's continued support of the Safaricom Foundation, there is need to ensure that these commitments are legally binding.

### **Data Sovereignty and Privacy**

22. Safaricom PLC handles sensitive national data, including mobile communications, financial transactions (M-PESA) and customer information. Increased foreign ownership could raise concerns about compliance with Kenyan data protection laws and the risk of data being accessed or processed outside Kenya.

### **Financial System Stability**

23. Safaricom's M-PESA platform is deeply integrated into Kenya's financial ecosystem. Any operational disruption or policy change under foreign control could affect financial stability and economic security.

## **F. Policy Proposals**

**Honorable Chairs**

**Honorable Members**

### **Ownership and Preservation of National Interest**

24. Paragraph 1.5(iii) of the Sessional Paper indicates that the Government has negotiated strict conditions to preserve local control elements which includes no acquisition-related redundancies within 3 years of the transaction, ensuring the Chairman and independent directors remain Kenyan, as well as Vodacom's continued support of the Safaricom Foundation. There is, however, need to ensure that these commitments are legally binding.

25. In addition, the Government should ensure that the proposed residual 20% stake in the Company will not be diluted further in order to guarantee some element of control.

### **Dividend Monetization**

26. If the proposed upfront payment of Kshs.40.2 billion is not based on a clearly defined future period of dividend payouts, then the valuation should instead be anchored on the present value of perpetual cash flows expected from the Government's residual 20% stake in the Company.

27. Use of the perpetual cash flow approach ensures that the Government captures the true economic value of an ongoing dividend stream rather than accepting an arbitrary lump sum that may significantly undervalue long-term returns. This method reflects the principle that dividends from a profitable entity like Safaricom PLC are expected to continue indefinitely, subject to market and regulatory conditions.

28. Therefore, the Committees should require:

- Disclosure of the basis for the Kshs.40.2 billion amount (e.g., number of years of dividends assumed).
- If no definite period is provided, apply the perpetual cash flow model to determine a fair valuation for negotiation or structuring alternative monetization options.

### **Alternative Valuation Methods**

29. While the Sessional Paper proposes a negotiated price of Kshs.34 per share, representing a 17% premium over the six-month volume-weighted average price, the Committees should require additional valuation benchmarks to ensure the

Government realizes optimal value. This is critical given the strategic nature of Safaricom PLC and the absence of competitive bidding. These may include Discounted Cash Flow (DCF) Analysis, Comparable Company Analysis and Public Tender or IPO Pricing Simulation.

### **Redundancies**

30. The current arrangement provides that no redundancies will be implemented within the next three years after the divestiture. This condition may lead to operational uncertainty after the end of the three years. In view of this risk, the Government could consider revisiting this condition to extend the no redundancies period.

### **Ring-Fencing Proceeds from the Divestiture**

31. To safeguard the integrity and intended impact of the proposed partial divestiture, it is critical that the proceeds are ring-fenced and not diverted to other government activities, including recurrent expenditure, as has occurred previously with proceeds from some Eurobond issuances. Such diversion would undermine the strategic rationale of the transaction and erode public trust.

32. Further, Paragraph 1.5(i) of the Sessional Paper indicates that the proceeds will be used to mobilize resources for critical infrastructure investments in sectors such as Energy, Roads, Water, Airports, and Digital Transformation. However, the paper does not mention the proposed Sovereign Wealth Fund or the National Infrastructure Fund as potential vehicles for managing these resources.

33. If the Government intends to credit the proceeds into either of the proposed Funds, then the enabling legislation to operationalize the Funds must be enacted first. Without a clear legal and governance framework, there is a risk of misallocation or opaque utilization of the proceeds, which could compromise fiscal discipline and accountability.

### **Increased Post Divestiture Regulatory Oversight**


34. Given Safaricom PLC's unique role, respective industry regulators including Communication Authority of Kenya, Central Bank of Kenya, Nairobi Securities Exchange and Competition Authority of Kenya should prepare for closer post-divestiture vigilance including frequent audits of compliance, dynamic monitoring of

fintech market health, and a willingness to strengthen regulations on digital infrastructure.

## **G. Conclusion**

35. In conclusion, while the proposed divestiture offers an opportunity to mobilize resources for infrastructure development, it must be executed within a framework that preserves national interests, ensures fiscal prudence and maintains public confidence. The Auditor-General recommends that Parliament and the relevant Committees incorporate these safeguards into their approval process and require full disclosure and accountability mechanisms throughout the transaction lifecycle.

I thank you for this opportunity.

  
FCPA Nancy Gathu, CBS  
**AUDITOR-GENERAL**

09 January, 2026



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PPRA/DG/2 VOL.III (61)

9th January, 2026

**Samuel Njoroge, CBS**  
Clerk of the National Assembly  
The National Assembly  
Main Parliament Buildings  
**NAIROBI**  
Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

Mr. Benjamin Magut  
Please TWA  
13/1/26

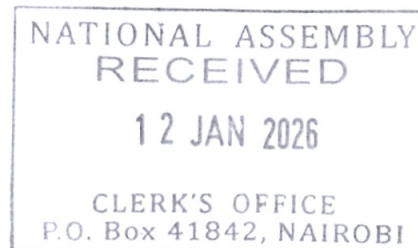
**RE: STAKEHOLDER ENGAGEMENT ON SESSIONAL PAPER NO. 3 OF 2025  
ON PARTIAL DIVESTITUTE IN SAFARICOM PLC BY THE  
GOVERNMENT OF KENYA**

We acknowledge receipt of your letter Ref: NA/DDC/F&NP/2025/110 and Ref: NA/DDC/F&NP/2026/003 dated 17<sup>th</sup> December, 2025 & 5<sup>th</sup> January, 2026 respectively, inviting the Public Procurement Regulatory Authority (the Authority) to participate in the subject stakeholders' engagement on **13<sup>th</sup> January, 2026** and, make submissions on Sessional Paper No. 3 of 2025 on Partial Divestiture in Safaricom PLC by the Government of Kenya.

We sincerely appreciate the opportunity to engage in this important national dialogue and recognize the significance of the issues under consideration. However, we wish to respectfully note that as guided under Section 4 (2)(d) of the Public Procurement and Asset Disposal Act, Cap. 412C (the Act), sale of shares by a public entity does not fall within the scope of the Act and is therefore, outside the scope of the Authority's mandate. The aforementioned section 4 (2)(d) of the Act provides that, *"For avoidance of doubt, the following are not procurements or asset disposals with respect to which this Act applies-acquisition and sale of shares or securities, fiscal agency by a public entity, investments such as shares purchased by cooperative societies, state corporations or other public entities"*

Nonetheless, we remain available to provide any guidance or clarification that may be required within the confines of our statutory functions.

*Pd/B*  
**Peter K. Ndung'u**  
**For: DIRECTOR GENERAL**



**Copy to: Hon. FCPA John Mbadi, EGH**

Cabinet Secretary  
National Treasury and Economic Planning  
Treasury Buildings  
**NAIROBI**

**FCPA Nancy Gathungu, CBS**

Auditor-General  
Office of the Auditor-General  
Anniversary Towers, University Way  
**NAIROBI**

**Hon. Dorcas Oduor, OGW, EBS, SC**

Attorney General of the Republic of Kenya  
Office of the Attorney General and Department of Justice  
State Law Office  
Sheria House, Harambee Avenue  
**NAIROBI**

**Mr. Cyrell Odede Wagunda, CBS**

Principal Secretary  
State Department for Public Investments and Asset Management  
Treasury Building  
**NAIROBI**



**The Institute of Certified Public Accountants of Kenya**

**SUBMISSION**

**ON**

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**SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY GOVERNMENT  
OF KENYA**

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**JANUARY 2026**

## 1. INTRODUCTION

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The Institute of Certified Public Accountants of Kenya (ICPAK) is a statutory body of accountants established under by the Accountants Act CAP 531, mandated to develop and regulate the Accountancy Profession in Kenya and advise the Cabinet Secretary on matters relating to financial accountability in all sectors of the economy.

The National Treasury tabled Sessional Paper No. 3 of 2025, that proposes the partial divestiture of the Government's shareholding in Safaricom PLC through the sale of 15% stake to Vodacom Group. In response to the public call for comments, the Institute has reviewed the sessional paper and has developed the following submission to the joint committees of the National Assembly.

## 2. GENERAL OBSERVATIONS

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### a. Expected Proceeds from the Sale

According to the Sessional Paper, the main objective for the partial divestiture is to raise funds for infrastructure investment priorities in energy, roads, water and airports. Vodafone Kenya Limited will acquire 15% of the Government of Kenya's 35% stake in Safaricom PLC, amounting to 6,009,814,200 shares at Ksh. 34 per share, valued at Kshs 204.3 billion. The transaction is at a premium to the current market price of Ksh. 28.5 and the six-month volume weighted average price of Ksh. 27.5.

In addition, the government will sell its rights to future dividends from the remaining 20% stake for an upfront payment of Ksh. 40.2 billion, bringing the total value of the transaction to Ksh. 244.5 billion as shown below

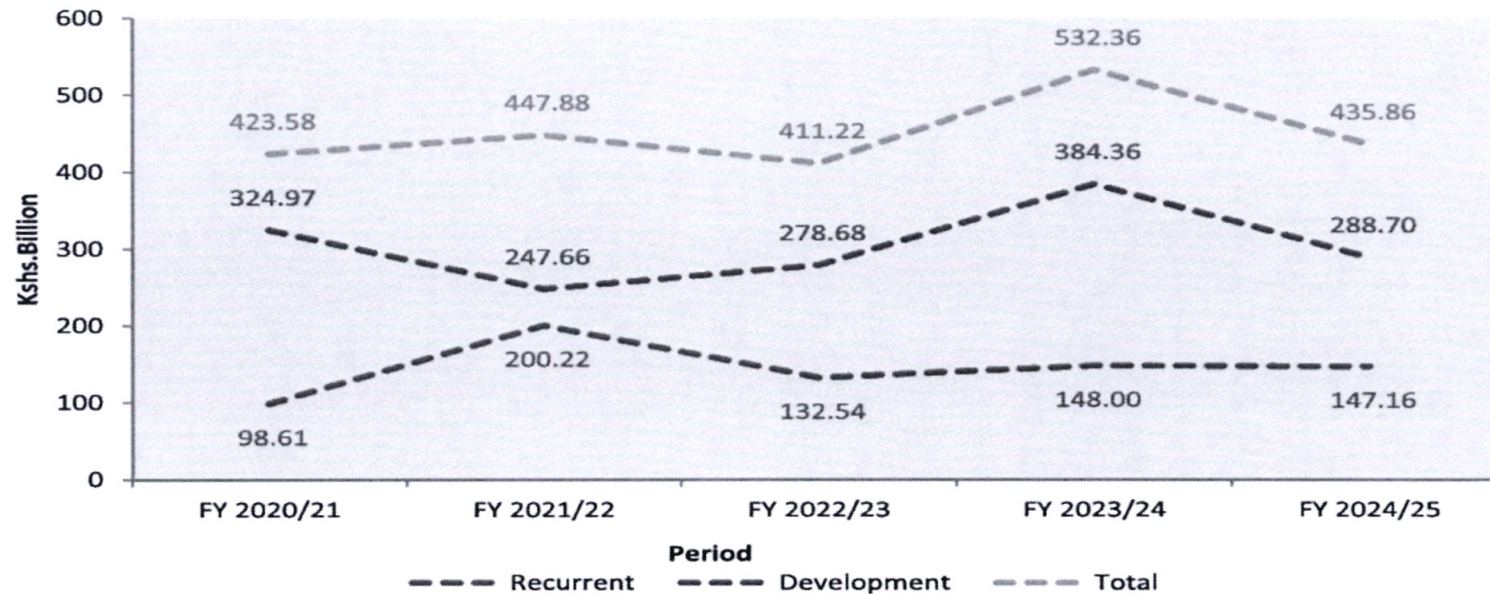
Table 1: **Expected proceeds from the sale**

	No. of Shares	Amount in Ksh. (Billions)
Expected Proceeds from Sale	6,009,814,200	204.3
Sale of rights to Future Dividends	-	40.2
Total Expected proceeds from Sale		244.5

**b. Budgetary Performance for the Energy, Infrastructure, Information, Communications and Technology Sector (EIICT)**

The Energy, Infrastructure, Information, Communications and Technology (EIICT) Sector remains a key pillar of Kenya's economic growth and competitiveness. This Sector comprises nine Ministries, Departments and Agencies MDAs which are; The State Department for Roads, Transport, Shipping and Maritime Affairs, Housing and Urban Development, Public Works, Information Communications Technology and Digital Economy, Broadcasting and Telecommunications, Energy, and Petroleum.

Controller of Budget reports indicate that in FY 2024/2025, the sector was initially allocated Kshs 476.04 billion. Following three supplementary budgets, this allocation was revised downward to Kshs 435.86 billion. The revised



allocation accounted for 10% of the gross national budget of Kshs 4.37 trillion and 18% of the total budget for MDAs amounting to Kshs 2.38 trillion.

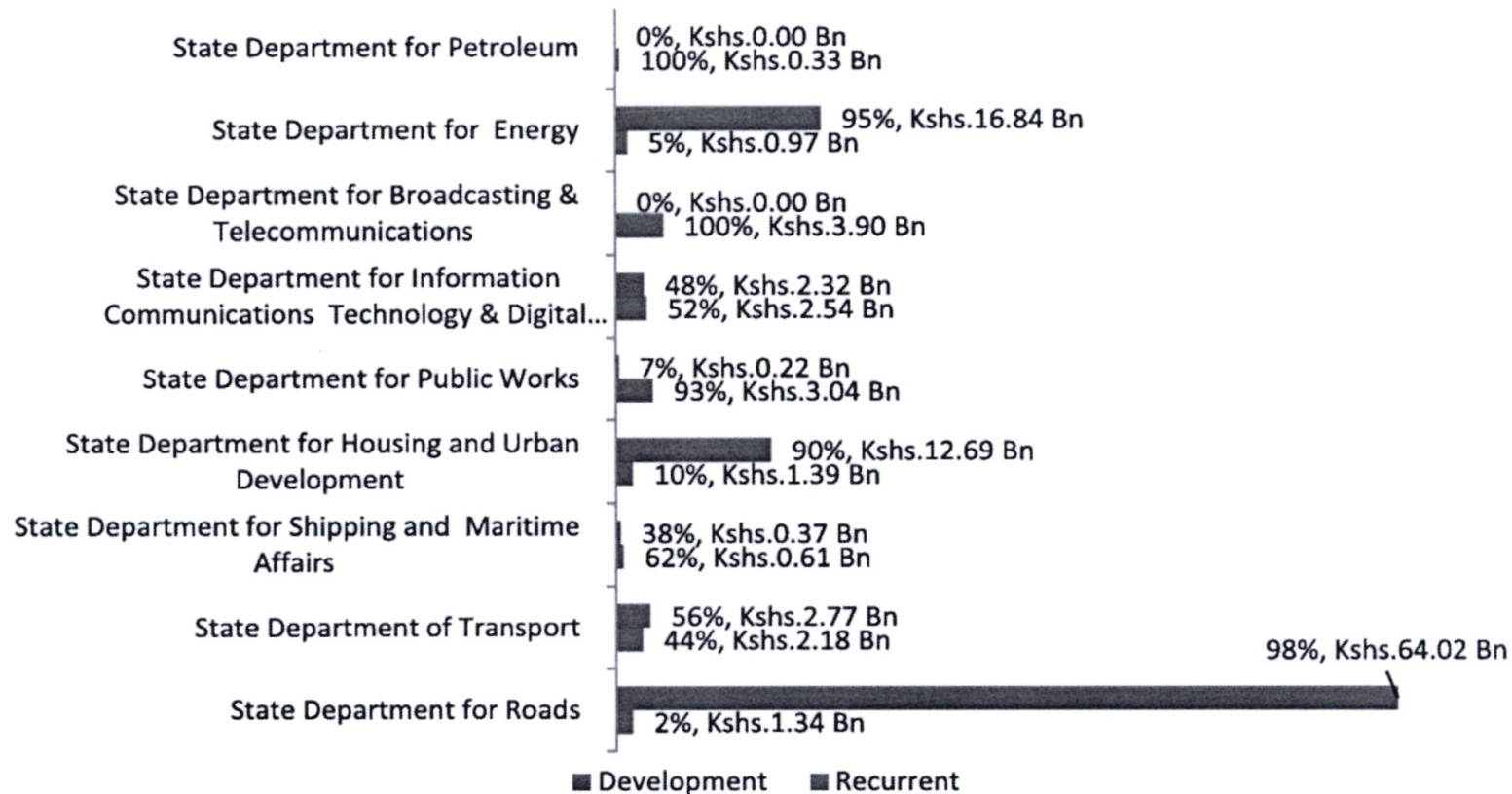


Figure 1: **Budgetary Allocation Trend for the EI&ICT Sector FY 2020/21 – FY 2024/25**

**Source: Controller of Budget 2025**

Based on the figures above, the performance of the sector demonstrates a strong development focus, with Ksh. 288.7 billion (66%) utilized for development expenditure and Kshs 147.16 billion (34%) allocated to recurrent expenditure. The State Department for Roads received the largest share at Kshs 196.60 billion (45%), highlighting the continued prioritization of road infrastructure, while the State Department for Shipping and Maritime Affairs received the smallest allocation of Kshs 3.49 billion.

The State Departments for Roads and for Shipping and Maritime Affairs each recorded 100% development exchequer issues relative to their net estimates, while the State Department for Energy recorded the lowest ratio at 92%, which remains relatively strong.

ICPAK notes that the magnitude of funding directed toward energy and infrastructure highlight their key role in the government's development agenda and provide a clear rationale for exploring additional financing mechanisms to support the implementation of capital-intensive projects

**c. Existing and Proposed Shareholding in Safaricom**

Under the existing arrangement, Vodafone Kenya Limited holds 40% of Safaricom's issued shares, the Government of Kenya holds 35%, and other shareholders, comprising institutional and retail investors, hold the remaining 25%. Through the National Treasury's proposal, the Government of Kenya would divest 15% of its shareholding in Safaricom to Vodafone Kenya Limited. This transaction would reduce the Government's stake from 35% to 20% while increasing Vodafone's ownership from 40% to a controlling 55%.

The main advantage of this proposal is its capacity to provide immediate fiscal relief, which will enable the Government to mobilize substantial non-debt financing at a time of heightened budgetary constraints.

**Table 2: Existing and Proposed Shareholding in Safaricom PLC**

Shareholder	Existing Shareholding Before Sale		Shareholding after Sale	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Vodafone Kenya Limited	16,000,000,000	40	22,000,000,000	55
Cabinet Secretary to the National Treasury of the Government of Kenya	14,022,772,580	35	8,012,758,380	20
Others	10,042,855,420	25	10,042,855,420	25
<b>Total</b>	<b>40,065,426,000</b>	<b>100%</b>	<b>40,065,426,000</b>	<b>100%</b>

#### **d. Analysis of the Strengths and Weaknesses of the Proposed Shareholding**

ICPAK has reviewed the proposal by the National Treasury and has analysed the following strengths and weaknesses

##### **Strengths of the Partial Divesture Proposal**

- (i) The transaction yields Kshs 244.5 billion providing immediate resources to address pressing budgetary needs without increasing public debt.
- (ii) Settlement in US dollars is expected to bolster foreign exchange reserves, support the stabilization of the Kenyan shilling, and reduce short-term external vulnerability.
- (iii) Proceeds will provide seed capital for the National Infrastructure Fund and the Sovereign Wealth Fund, enabling financing of large-scale infrastructure projects and strengthening long-term investment capacity.
- (iv) A direct sale to Vodafone avoids flooding the Nairobi Securities Exchange, which could have depressed Safaricom's share price and eroded shareholder value.
- (v) According to the sessional paper, Government argues that the agreed price is higher than what might have been realized through a public offering, thereby safeguarding value.
- (vi) Increased Vodafone ownership may enhance access to global expertise, technology transfer, and operational best practices, benefiting Safaricom's operations in Kenya and Ethiopia.
- (vii) The transaction signals implementation of the Privatization Act 2025 and demonstrates commitment to leveraging private capital for development.

##### **Limitations of the Partial Divesture Proposal**

- (i) The proposed price of Kshs 34 per share has not been accompanied by a clear explanation of the valuation methodology, raising concerns over price discovery and accountability. If not addressed, this will fuel the perceived concern that the offer price is below Safaricom's all-time high of Ksh. 44.7 in 2021, reinforcing public perceptions that the asset may have been sold below its intrinsic value.
- (ii) Through the monetization of future dividends, future Government administrations lose discretion over a dependable revenue source that could have supported recurrent or development expenditure.
- (iii) Vodafone's shareholding increases to 55%, resulting in majority control and potentially reducing the government's leverage in strategic decision-making.

- (iv) The decision to pursue a private transaction rather than a public offering has attracted criticism, which may undermine public confidence in the privatization process.
- (v) The perceived weaknesses in transparency and valuation may complicate future privatization efforts by intensifying political and public resistance.
- (vi) MTP IV emphasizes **sustainable, long-term financing**. Selling dividend-generating asset for one-time capital contradicts this principle.

### 3. COMPARATIVE ANALYSIS OF PARTIAL DIVESTURES AND STRATEGIC SALE: KENYA AND INDIA

Partial divestiture and strategic sale of government shareholding have become key policy instruments for mobilizing capital, improving efficiency, and reducing fiscal pressure without full privatization (National Institute for Public Finance & Policy, 2022). Both Kenya and India have pursued these approaches, albeit with different considerations.

In Kenya, partial divestiture has historically been implemented on a case by case basis, driven by fiscal constraints and sector-specific considerations. According to the Privatization Commission, Kenya’s partial divestitures since the early 1990s have spanned different sectors and have used various methods, including public flotation, strategic sale, pre-emptive rights, and share dilution.

**Table 1: Selected Partial Divestitures in Kenya**

Company	Year	Method	Government Share Before (%)	Government Share After (%)	Sector	Buyer	Proceeds / Outcome
Telkom Kenya	2007	Strategic Sale	100	49	Tele-communications	Strategic Investor	Not disclosed
Kenya Commercial Bank Ltd	1990–1998	Public Flotation	100	35	Banking	Public & institutional investors	Over Kshs 2.8 bn (cumulative)

Company	Year	Method	Government Share Before (%)	Government Share After (%)	Sector	Buyer	Proceeds / Outcome
(various subsidiaries)							
Mt. Kenya Textile Mills	1992	Receivership	100	48.5	Textile	DFCK & DEG	Share dilution
Uchumi Supermarkets Ltd	1992	Public Flotation	90	44	Retail	Public investors	Kshs 232 m
General Motors (K) Ltd	1992	Pre-emptive Rights	51	46.5	Vehicle Assembly	ITOH & ICDC	Share dilution
Housing Finance Co. of Kenya	1992	Public Flotation	50	30	Housing Finance	Public investors	Kshs 126 m

Source: Privatization Commission

An analysis conducted by the African Centre for Governance revealed that the privatization of Telkom Kenya Limited was marked by concerns regarding probity and transparency. The key findings are outlined below:

- (i) Recommendations by Public Investment Committee were ignored without consequence. There was no binding obligation or enforcement mechanism to ensure their recommendations are acted upon.
- (ii) Excessive discretion allowed senior government officials to bypass parliamentary oversight, delay legal implementation and ignore committee findings.

- (iii) The delayed operationalization of institutions like the Privatization Appeals Tribunal denied stakeholders access to grievance and appeals mechanisms, undermining transparency and redress.
- (iv) Transactions lacked clear, timely, and full disclosure of ownership, valuation, and beneficiaries.
- (v) The public was largely excluded from access to key documents, timelines, and rationale for decisions. This undermined public trust and limits oversight.

In comparison, India has progressively developed a strategic disinvestment framework anchored in valuation procedures. According to the National Institute of Public Finance and Policy (2022), public offers were the most widely used method of disinvestment in India during the period from 2005 to 2014. Out of a total of 43 disinvestment transactions, 32 were conducted through public offers, including 13 transactions executed via stock exchange. Collectively, public offers contributed approximately 84% of the total disinvestment proceeds during the phase.

The emphasis on public offers highlights India's preference for transparent approaches to partial divestiture, enabling broad investor participation while ensuring significant revenue generation for the government.

**Figure 2: India Divestment from FY 2005 - 2014**

Methods of disinvestment	Number of transactions	Number of CPSEs	Disinvestment proceeds (INR crore)	Average % of shares sold	Average change in % of govt equity post disinvestment
PUBLIC OFFER	32	22	91,206.59	7.32	7.32
CPSE TO CPSE SALE	1	1	5,340.00	10.00	10.00
AUCTION TO FINANCIAL INVESTORS	2	1	3,934.53	9.13	9.13
EXCHANGE TRADED FUND	1	10	3,000.00	0.83	0.83
BUYBACK	1	1	2,131.28	9.00	0.40
BLOCK DEAL/MARKET SALES	1	1	1,888.93	4.66	4.66
INSTITUTIONAL PLACEMENT PROGRAMME	1	1	358.21	3.56	3.56
SALE TO EMPLOYEES	4	4	67.36	1.27	1.27

Source: National Institute of Public Finance and Policy, India (2022)

The proposed partial divestiture of the Government of Kenya's stake in Safaricom PLC, warrants comparison with international practice, particularly India's experience.

**Table 3: Kenya vs. India: Strategic Sale and Partial Divestiture Frameworks**

Dimension	Kenya	India
<b>Use of Proceeds and Dedicated Funds</b>	Kenya intends to allocated proceeds realized from the divestiture to the National Infrastructure Fund which received Cabinet approval in December 2025 and the Sovereign Wealth Fund. The focus of the fund is on financing capital-intensive infrastructure projects in energy, roads and water. Social sector programs are not prioritized in this framework.	Proceeds on divestitures are channeled to the National Investment Fund. 75% allocated to targeted social sector programs including education, health, and employment and 25% reinvested into profitable or revivable Central Public Sector Enterprises (CPSEs) for expansion and diversification. Fund policies periodically restructured to improve efficiency and governance.
<b>Treatment of Profitable Enterprises</b>	Profitable firms are treated on an ad hoc basis and politically sensitive. The Safaricom Limited partial divestiture illustrates a partial sale of a highly profitable company and policy guidance on profitable firms is limited beyond Cabinet and National Assembly approval.	Strategic sales include profitable enterprises. Companies such as Oil and Natural Gas Corporation Limited (ONGC), Bharat Petroleum Corporation Limited (BPCL), Power Grid Corporation of India Limited, and Coal India Limited have been partially divested to mobilize capital, improve efficiency, and support development priorities. Policy and process are clearly defined.
<b>Institutional Roles and Responsibilities</b>	Primarily executive-driven. The Privatization Commission and Cabinet initiates the divestiture, National Treasury evaluates financial implications, and the National Assembly provides parliamentary oversight.	Oversight and accountability are clearly separated. The National Institution for Transforming India (NITI Aayog) identifies firms and assesses strategic relevance; Department of Investment and Public Asset Management (DIPAM) executes transactions; Cabinet Committee on Economic Affairs (CCEA) approves policies; Alternative Mechanism determines

Dimension	Kenya	India
<b>Use of Proceeds and Dedicated Funds</b>	Kenya intends to allocated proceeds realized from the divestiture to the National Infrastructure Fund which received Cabinet approval in December 2025 and the Sovereign Wealth Fund. The focus of the fund is on financing capital-intensive infrastructure projects in energy, roads and water. Social sector programs are not prioritized in this framework.	Proceeds on divestitures are channeled to the National Investment Fund. 75% allocated to targeted social sector programs including education, health, and employment and 25% reinvested into profitable or revivable Central Public Sector Enterprises (CPSEs) for expansion and diversification. Fund policies periodically restructured to improve efficiency and governance.
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		pricing, timing, and buyer selection; Independent External Monitors oversee the process.
<b>Valuation Methodology</b>	In the Safaricom transaction, the per-share price of 34 Kenyan Shillings was set without publicly disclosed methodology. Independent benchmarking or third-party validation is minimal.	Multiple valuation methods including discounted cash flow, asset valuation, and relative valuation are provided. Valuation is documented in Expressions of Interest and bid submissions, with oversight from Department of Investment and Public Asset Management (DIPAM), Alternative Mechanism, and

Dimension	Kenya	India
<b>Use of Proceeds and Dedicated Funds</b>	Kenya intends to allocated proceeds realized from the divestiture to the National Infrastructure Fund which received Cabinet approval in December 2025 and the Sovereign Wealth Fund. The focus of the fund is on financing capital-intensive infrastructure projects in energy, roads and water. Social sector programs are not prioritized in this framework.	Proceeds on divestitures are channeled to the National Investment Fund. 75% allocated to targeted social sector programs including education, health, and employment and 25% reinvested into profitable or revivable Central Public Sector Enterprises (CPSEs) for expansion and diversification. Fund policies periodically restructured to improve efficiency and governance.
<b>Treatment of Profitable Enterprises</b>	Profitable firms are treated on an ad hoc basis and politically sensitive. The Safaricom Limited partial divestiture illustrates a partial sale of a highly profitable company and policy guidance on profitable firms is limited beyond Cabinet and National Assembly approval.	Strategic sales include profitable enterprises. Companies such as Oil and Natural Gas Corporation Limited (ONGC), Bharat Petroleum Corporation Limited (BPCL), Power Grid Corporation of India Limited, and Coal India Limited have been partially divested to mobilize capital, improve efficiency, and support development priorities. Policy and process are clearly defined.
		Independent External Monitors, ensuring fairness and credibility.

#### 4. ICPAK'S PROPOSALS ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY GOVERNMENT OF KENYA

The Institute has developed the following specific proposals and recommendations for consideration and adoption

#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATION	JUSTIFICATION/ LIKELY IMPACT
1.	Objective	<p>Paragraph 1.1 describes the partial divestiture of a 15% stake in Safaricom at a proposed price of Ksh. 34 per share, expected to generate Ksh. 204.6 billion (USD 1.57 billion).</p> <p>The proposed transaction price reflects a 23.6% premium to the 6 month Volume Weighted Average Price (VWAP).</p>	<p>The proposed price of Kshs 34 per share has not been accompanied by a clear explanation of its methodology, raising concerns over price discovery and accountability</p> <p>In addition, basing the transaction price primarily on the 6 month VWAP relies on historical trading data and liquidity conditions rather than Safaricom's intrinsic value. This approach may not fully capture the company's long-term growth prospects, future cash-flow potential, or</p>	<p>There is need to link the proposed premium to Safaricom's expected future earnings, sector outlook, and relevant macroeconomic trends, rather than relying solely on historical trading metrics.</p>	<p>This will enhance clarity of the valuation methodology and strengthen public trust in Kenya's Capital Markets.</p>

#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATIO N	JUSTIFICATION/ LIKELY IMPACT
			strategic importance to the State.		
2.		Paragraph 1.1 indicates that the proceeds are intended to finance priority infrastructure projects, including energy, roads, water, and airports.	Given that the focus on infrastructure aligns with strong budget performance in this EIICT sector, the framework does not prioritize social sector programs such as education, health, and employment. This contrasts with the Indian model, where proceeds from divestitures are channeled into the National Investment Fund, with 75% allocated to targeted social sector programs and 25% reinvested into profitable or revivable Central Public Sector Enterprises (CPSEs) to support expansion and diversification.	In addition to funding infrastructure, a clearly defined proportion of the divestiture proceeds should be allocated to each of the sectors of Energy 30%, roads 50%, water 10% and airports 10% to manage these allocations transparently and effectively.	This ensures a balanced development by addressing both economic infrastructure and social welfare priorities, therefore supporting the Governments agenda.
3.	Cabinet Approval	Paragraph 1.5 outlines Cabinet approval and the rationale for	The proposed safeguards may be insufficient to protect long-term national	The Institute recommends that employment	This will ensure the government can influence decisions

#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATIO N	JUSTIFICATION/ LIKELY IMPACT
		the divestiture including raising funds for infrastructure development, a 3 year no-redundancy and continued support for the Safaricom Foundation.	interests. Vodacom's majority stake could limit government influence over strategic decisions, and critical operations such as M-PESA which may undermine public confidence and socio-economic benefits.	<p>safeguards be extended beyond three years, to cover severance and reskilling.</p> <p>Board and governance oversight should be enhanced through proportional representation on key committees, including audit, risk, and data privacy, to ensure meaningful participation in decision-making.</p> <p>Regulatory provisions should be established to protect sensitive operations such as M-PESA, national data and financial interests.</p>	<p>critical to national security, data privacy, and financial inclusion.</p> <p>It also protects jobs and local innovation.</p>

#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATIO N	JUSTIFICATION/ LIKELY IMPACT
4.	2.1 and 2.2. Background and Shareholding	Paragraphs 2.1 and 2.2 outline Safaricom's corporate history, its customer base, the role of M-PESA in promoting financial inclusion, and its economic contributions, including Ksh. 722 billion to the economy and support for 1.28 million jobs.	The section emphasizes the company's achievements but does not address potential risks arising from increased foreign control particularly M-PESA, which manages sensitive financial data. Additionally, alternative funding mechanisms to divestiture are not discussed	The Institute recommends the inclusion of a comprehensive risk assessment addressing data privacy, financial stability, and alternative funding options in a post-divestiture scenario	This will inform policymakers of viable alternatives, strengthening long-term fiscal and digital resilience
5.	2.3 Indicative Valuation	Paragraph 2.3 reports a 6 month volume weighted average price of Ksh. 27.5 per share, a total market capitalization of Ksh. 1.158 trillion, and proposed divestiture proceeds of Ksh. 204.3 billion at Ksh. 34 per share, described as a 17% premium over the current price of Ksh. 28.5	The calculation of market capitalization and the stated premium appears unclear.  The proposed sale price of Ksh. 34 per share implies a premium of about 23.6% over the VWAP, not 17% over Ksh. 28.5. The basis for using Ksh. 28.5 as the current price is not clearly	Provide a transparent explanation of the pricing methodology, clearly stating the reference price and the calculation of the premium.	This will enhance clarity in the practice for pricing and disclosures.

#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATIO N	JUSTIFICATION/ LIKELY IMPACT
			explained, which may create confusion		
6.	The National Treasury Recommendations on financial implications  3.2. Deepening Capital Markets	Paragraph 3.2 states that the partial divestiture of Safaricom is expected to deepen Kenya's capital markets by building capacity to attract private sector resources and increasing foreign capital inflows	The Institute is of the opinion that the intended capital market benefits may not materialize if the transaction is conducted off-market directly to a single buyer. Such a structure limits participation by domestic investors.	The Institute recommends deletion of this section.	This will enhance clarity.
7.	3.4 Enhancing Competitiveness	Paragraph 3.4 highlights the recent strong performance of the Nairobi Securities Exchange and interprets this as evidence of market capacity to absorb the proposed transaction, this assessment does not fully account for structural vulnerabilities within the market. According to the NSE Strategic Plan 2025–2029, foreign investors have historically accounted for the majority of trading activity on the NSE, especially in large-cap stocks such as Safaricom. This reliance on foreign portfolio flows has previously amplified market volatility during periods of global capital outflows and constrained the development of a stable domestic investor base.		To enhance competitiveness of the Capital markets, future divestures should be structured to increase the public float through the Nairobi Securities Exchange, with deliberate	This will lead to Increased domestic participation and would align the divestiture with the objectives of the NSE Strategic Plan 2025–2029.

#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATION	JUSTIFICATION/ LIKELY IMPACT
		Consequently, strong headline performance alone may not reflect underlying market resilience or justify an off-market transaction that does not expand the public float or broaden local participation.		mechanisms to enhance domestic investor participation, including retail and institutional investors, rather than relying predominantly on a single strategic buyer.	

Figure 1: Foreign vs Local participation at the NSE from 2008 – 2023



#	AREA/ CLAUSE	BRIEF DESCRIPTION OR PROVISION	ISSUE OF CONCERN	RECOMMENDATIO N	JUSTIFICATION/ LIKELY IMPACT

**5. ICPAK POLICY RECOMMENDATIONS**

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- (i) There is need for the Government to prioritize privatization methods that actively deepen and revitalize Kenya's capital markets, particularly through public offerings and listings on the Nairobi Securities Exchange.
- (ii) The Government should ensure that the entire share sale process is guided by a balanced consideration of national strategic interests and fiscal requirements, so that revenue raising objectives do not undermine long term economic and developmental priorities.
- (iii) There is need for building institutional capacity within the Privatization Authority and other government agencies is essential for effective implementation of the privatization program. This includes developing expertise in areas such as valuation and transaction structuring.
- (iv) Divestiture of strategic national assets should be permitted only as a last resort, after demonstrating that all alternative financing and revenue-mobilisation options have been fully explored and exhausted.

## **6. REFERENCES**

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African Centre for Governance. (n.d.). *Transparency lessons from the privatisation of Telkom and Safaricom*.

Privatization Commission. (2019). *Comparative analysis of privatization and government divestiture: Challenges and opportunities*. Privatization Commission of Kenya.

Sudipto Banerjee et al., *History of Disinvestment in India 1991–2020*, National Institute of Public Finance and Policy, 2022; Press Information Bureau, Government of India.



**KENYA BANKERS**  
ASSOCIATION

14<sup>th</sup> January 2026

**Samuel Njoroge, CBS**  
Clerk of the National Assembly  
Main Parliament Building  
P. O. Box 41842-00100  
**NAIROBI.**

Advance copy sent via email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

*Dear Samuel,*

**SUBMISSIONS ON SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

We refer to your letter dated 5<sup>th</sup> January 2026, inviting the banking sector to submit memoranda on the sessional paper to the Departmental Committee on Finance and National Planning in compliance with Article 118(1)(b) of the Constitution of Kenya.

On behalf of the Banking Industry, the Kenya Bankers Association (KBA) is pleased to submit its proposals and comments on the sessional paper no. 3, 2025 for your consideration.

We welcome the opportunity to contribute to the proposal on 15% partial divestiture of Safaricom PLC by the Government of Kenya and are available to provide any further information or clarifications as may be required. Additionally, we would appreciate the opportunity to appear before the Departmental Committee on Finance and National Planning to further discuss and elaborate on our proposals.

We are available for any further discussions on our submissions at your convenience.

Yours faithfully

For: Raimond Molenje  
**CHIEF EXECUTIVE OFFICER**

### 3. Proposals from the Banking Sector on Sessional Paper No. 3,2025 on Partial Divestiture of Safaricom PLC by the Government of Kenya

No	Issue	Current situation	Banking Industry Proposal	Justification
1.	<b>Alternative Government Funding</b>	<p>Currently the government primarily funds its budget through domestic tax revenues collected by the Kenya Revenue Authority (KRA). In addition, the Government has been financing fiscal budget deficit through Domestic borrowing (Treasury bonds, T-bills) and External borrowing (loans from bilateral partners, multilateral institutions, and international capital markets</p> <p>Whereas this model may have been optimal in the past, public expenditure demands have accelerated faster than public revenue growth resulting in unsustainable tax revenue mobilization and public debt accumulation.</p>	<p>We have no objection to the proposal of partial divestiture of Safaricom Plc by the Government. We support this form of alternative funding to alleviate pressure on tax revenue mobilization and ease public debt accumulation which has reached concerning levels.</p> <p>The banking Sector has been at the forefront in advocating for the reduction of taxes, especially on personal taxes and levies to enhance disposable incomes and spur credit growth which will in turn stimulate consumption and aggregate demand, production and economic growth.</p>	<p>Kenya remains at high risk of external and overall debt distress, though debt is considered sustainable over the medium-term horizon. Based on the IMF's Debt Sustainability Analysis (DSA) indicator for December 2025, Kenya's present value of public debt to GDP stands at 64 % exceeding the global benchmark of 55% threshold.</p> <p>The above situation has necessitated a paradigm shift in public financing due to limited borrowing headroom.</p> <p>Similarly, due to Kenya's low economic growth largely driven by low credit growth, depressed aggregate demand and diminished purchasing power, tax revenue mobilization capacity has been constrained restricting avenues to bolster tax mobilization. This is demonstrated by public sentiments especially in the year 2024 when the Government attempts to raise additional taxes through the Finance Bill, 2024 was challenged by the public leading to the withdrawal of the Finance Bill,2024.</p> <p>Due to increased demand and competing priorities for infrastructure development, alternative funding arrangements have become a necessity, and the proposed partial divestiture of Safaricom PLC by the Government of Kenya is a welcome move in funding government strategic projects especially on development of critical infrastructure. The government has stated that the proceeds from this divestiture will be ring fenced and deployed towards infrastructure development and funding of the sovereign wealth fund. This approach is expected to greatly</p>

No	Issue	Current situation	Banking Industry Proposal	Justification
				contribute towards reducing budgetary pressure to fund these projects.
2.	Enhanced Innovation Inclusion Financial and	<p>Kenya has become a <i>global leader</i> in financial innovation especially through mobile money usage, with penetration reaching about 91% of the population as of mid-2025. This transformation is significantly driven by Safaricom innovation and adoption of Mpesa which is intricately integrated with the banking sector payment channels and ecosystem. M-Pesa (operated by Safaricom) remains the dominant mobile money platform in Kenya.</p> <p>Mobile money is a key enabler of financial inclusion in the country, particularly in areas underserved by traditional banks and has helped bring millions of adults into the formal financial system.</p>	<p>Banks support the divestiture of Safaricom by the government as it will present an opportunity for Vodacom to become the majority shareholder of the company. This change will enable the company to mobilize and access more capital for deployment in financial innovation and technological development that will in turn support expansion and growth of Safaricom.</p> <p>We are of the view that budgetary constraints of the Government, which is a significant shareholder, have led to limited investment in Safaricom effectively undermining financial innovation and transformation.</p>	<p>With the envisaged increase of Vodacom shareholding the citizens and financial services customers and the sector in general, stands to benefit immensely from Safaricom potential to mobilize more capital for financial innovation through Vodacom as the majority shareholder. Such investment will enhance integration and partnership with the banking sector that will catalyze development of innovative financial products and services that will further deepen financial inclusion and customer experience.</p> <p>The Banking industry derives significant strategic, financial, and operational benefits from partnering with Safaricom. Given Safaricom's dominance in mobile money, these partnerships are now a core pillar of banks' digital and retail strategies rather than optional collaborations which require critical and continuous investment in innovation which we believe Vodacom as a majority shareholder would bring.</p>
3.	Deepening of the capital market	Safaricom is the largest company on the NSE by market value—As of the latest trading data in early January 2026, Safaricom's market capitalization on the Nairobi Securities Exchange (NSE) is approximately Ksh.1.17 trillion out of the NSE market	The banking sector supports capital market development and deepening. This divestiture is aligned to the goal of government exiting from mature State-owned enterprises. Although banks support the divestiture, the sector recommends that 5% of the shares	This proposal is aligned to the objective of Kenya's Privatization Act, 2005 which aims to provide a legal, institutional, and policy framework for the orderly, transparent, and efficient divestiture of government interests in public enterprises, to improve economic efficiency and support national development. This process will unlock shareholder value in the company as the government exits the company.

No	Issue	Current situation	Banking Industry Proposal	Justification
		<p>capitalization of Ksh.3 trillion. Safaricom Plc market capitalization represents approximately 40% of the entire bourse's worth.</p> <p>Safaricom's listing at the Nairobi Securities Exchange (NSE) in 2008 delivered strategic, financial, market-development, and public-policy benefits—not only to Safaricom itself, but also to the Government of Kenya, investors, and the capital market.</p>	<p>under divestiture be reserved to the public to broaden public ownership and participation in this national key asset.</p>	<p>By placing more Safaricom shares in free float and aligning a major portion with a <i>strategic investor</i> like Vodacom/Vodafone, the NSE stands to benefit from higher liquidity and deeper market participation.</p> <p>Vodacom increased holding will reinforce Stronger Strategic Alignment &amp; Long-Term Commitment to the company. Vodacom majority shareholding is expected to instill global best practice in Network design and optimisation, cybersecurity and data privacy, digital platforms (IoT, cloud, fintech interoperability) and accelerate technology transfer and adoption of proven solutions, lowering execution risk. Ultimately Safaricom is positioned to benefit from Improved Corporate Governance &amp; Investor Confidence resulting to a stronger value of the company for the shareholders.</p>



15th January 2026

THE CLERK OF THE NATIONAL ASSEMBLY,  
PARLIAMENT BUILDINGS,  
P.O. BOX 41842-00100,  
NAIROBI, KENYA.

Dear Sir,

**RE: STAKEHOLDER ENGAGEMENT ON SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA.**

The Kenya Association of Stockbrokers and Investment Banks welcomes the opportunity to comment on Sessional Paper No. 3 of 2025 concerning the Government of Kenya's proposed partial divestiture of its shareholding in Safaricom PLC.

**SUMMARY**

KASIB supports the Government's decision to divest from Safaricom PLC as a strategic move to raise capital while maintaining meaningful oversight of this critical national asset. However, we propose modifications to the transaction structure to maximize public benefit, enhance capital market development, and ensure market-wide participation in Kenya's economic growth.

Our key positions are that:

1. **We support both the divestiture decision and the proposed valuation.**
2. We support **execution through the NSE Block Trading Board.**
3. We recommend **increasing the total divestiture to 20% of government shareholding with the additional 5% offered to the public through the Nairobi Securities Exchange.**
4. We request **acceleration of other planned privatizations and IPOs.**
5. We call for **enhanced regulatory oversight** to protect national interests.
6. Vodacom must commit to maintaining Safaricom as a listed company with no compulsory acquisition of minority shareholders.

KASIB stands ready to support the government in executing these recommendations and ensuring that this landmark transaction delivers maximum benefit to the Kenyan people while protecting national interests. We appreciate the opportunity to contribute to this important policy discussion and remain available for further consultation.

Yours Sincerely,

*Willie Njoroge*

**Willie Njoroge**  
**Chief Executive Officer**  
**Kenya Association of Stockbrokers**  
**and Investment Banks (KASIB)**

**Fred Mburu**  
**Chief Executive Officer**  
**Fund Managers Association (FMA)**

### **1. SUPPORT FOR THE DIVESTITURE DECISION**

KASIB supports the Government's decision to partially divest its shareholding in Safaricom PLC. The transaction will generate approximately Sh244.5 billion in immediate fiscal resources that can be deployed toward critical infrastructure development, debt reduction, and other developmental priorities. Given Kenya's current fiscal constraints, this capital injection provides the government with much-needed flexibility to address pressing national needs without resorting to additional borrowing.

Private sector management of telecommunications assets has historically demonstrated superior operational efficiency compared to state-owned enterprises. The proposed transaction allows the government to benefit from Safaricom's value while enabling more dynamic private sector-led growth. Furthermore, this transaction sets an important precedent for future state asset monetization and can catalyze deeper capital markets if structured appropriately.

### **2. SUPPORT FOR EXECUTION THROUGH THE NSE BLOCK TRADING BOARD**

KASIB supports the execution of the proposed Safaricom PLC divestiture through the Nairobi Securities Exchange Block Trading Board. The Block Board provides a regulated, transparent, and orderly mechanism for executing large-scale transactions in listed securities without disrupting normal market trading. Given Safaricom's systemic importance to Kenya's capital markets, exchange-based execution is critical to preserving price integrity, investor confidence, and market stability.

Executing the transaction on the NSE ensures transparent price discovery, equal access to material information for all market participants, and full regulatory oversight under the Capital Markets framework. It also guarantees secure settlement through the Central Depository and Settlement Corporation, eliminating counterparty risk and safeguarding minority shareholders. Importantly, this approach reinforces the NSE as the primary platform for national asset transactions and establishes a strong precedent for future State divestitures to be conducted within Kenya's regulated capital markets infrastructure.

### **3. PROPOSED MODIFICATION: INCREASE DIVESTITURE TO 20% WITH 5% PUBLIC OFFERING**

We propose that:

- 1. The government should proceed with 15% divestiture of Safaricom to Vodacom**
- 2. The government should divest a further 5% to the Kenyan Public**

The new shareholding structure would therefore be: **Vodacom would acquire 55% as proposed, the government would retain 15% after divesting a total of 20%, and the public shareholding would increase to 30% through an additional 5% public offering.**

#### **Rationale for Additional Public Offering**

**The additional 5% public offering would generate approximately Sh68 billion in additional proceeds based on the Sh34 pricing, bringing total government revenue from the transaction to approximately Sh312 billion.** This represents a 28% increase in fiscal mobilization from the same divestiture decision.

Offering shares to the Kenyan public through the NSE allows ordinary citizens, pension funds, insurance companies and to local and international institutional investors to participate in ownership of this national asset. This promotes wealth democratization, economic participation, financial inclusion and creates national pride and stakeholder buy-in. Kenya's capital markets have experienced declining activity in recent years, and a 5% Safaricom public offering would increase market liquidity and trading volumes, attract domestic and regional institutional investors, demonstrate government commitment to capital markets development, create positive sentiment for other planned IPOs, and increase Safaricom's free float, potentially improving its index weightings.

Successfully executing a large public offering alongside a strategic sale creates a template for future state asset transactions, demonstrating that fiscal mobilization and capital markets development are not mutually exclusive objectives. We recommend completing the strategic sale to Vodacom first, then launching the public offering of an additional 5% through the NSE with reserved allocations for retail investors, priority for Kenyan citizens and institutions, employee ownership programs, pension fund participation, and a transparent book-building process. This approach delivers approximately Sh312 billion total while achieving multiple policy objectives.

#### **4. REQUEST FOR ACCELERATED CAPITAL MARKETS ACTIVITY**

KASIB strongly urges the government to capitalize on the momentum from this transaction by accelerating other planned privatizations and IPOs. The successful Safaricom transaction should serve as a catalyst for KPC's public listing, which would further develop Kenya's capital markets, provide investment opportunities for Kenyan institutions and citizens, generate additional fiscal resources, and demonstrate government commitment to capital markets development.

We request the government to present a comprehensive pipeline of planned divestitures and IPOs in the near term. A consistent pipeline of quality transactions would attract long-term institutional investors, improve market liquidity and depth, create employment in the financial services sector, position Nairobi as a regional financial hub, generate sustained fiscal resources beyond one-off transactions, and build domestic institutional investment capacity.

#### **5. ENHANCED OVERSIGHT AND PROTECTION OF NATIONAL INTERESTS**

While KASIB supports the divestiture, we emphasize that the government must maintain a tight grip on Safaricom and not allow new shareholders a free hand to make decisions contrary to national interests.

We recommend the government retain veto rights on any merger or acquisition of the company. The new majority shareholder should be encouraged to maintain minimum capital investment levels, maintain employment levels, continue support for social impact programs such as M-PESA Foundation and Safaricom Foundation, and retain headquarters and key operations in Kenya. The agreement should include sunset clauses allowing the government to buy back shares if conditions are breached and provide first right of refusal if Vodacom seeks to sell its stake.

## **6. PROTECTION OF MINORITY SHAREHOLDERS AND CONTINUED LISTING**

Critically, Vodacom must commit to maintaining Safaricom as a listed company on the Nairobi Securities Exchange with no compulsory acquisition of minority shareholders. This commitment is essential to protect the rights of public investors and ensure continued market participation in Kenya's most valuable listed asset. Safaricom's listing status contributes significantly to the depth and liquidity of Kenya's capital markets, and any delisting or forced takeover of minorities would undermine investor confidence and market development objectives.

## **7. SAFARICOM AS A REGULATED STATE ASSET: NO LOSS OF GOVERNMENT CONTROL**

A critical point that must be emphasized in this discussion is that Safaricom operates as a heavily regulated entity in a strategic sector under comprehensive government oversight. This regulatory framework ensures that concerns about loss of government control are largely overstated.

Safaricom's operations are governed by multiple regulatory bodies including the Communications Authority of Kenya which regulates licensing, pricing, quality of service, and market conduct, the Competition Authority of Kenya which oversees market dominance issues and competitive practices, the Central Bank of Kenya which regulates M-PESA and mobile financial services, the Data Protection Commissioner which governs data privacy and protection, and the national security apparatus which oversees telecommunications infrastructure from a national security perspective.

The divestiture does not diminish the government's regulatory and policy power over Safaricom's operations. The government retains licensing authority through the Communications Authority to revoke or modify operating licenses, pricing controls for essential telecommunications services, universal service obligations requiring coverage in underserved areas, local content requirements and employment regulations, national security veto over infrastructure decisions, competition enforcement to prevent abuse of market dominance, and taxation authority to ensure appropriate contribution to national revenues.

Furthermore, with a retained 20% shareholding (or 15% under our proposal) and guaranteed board representation, the government maintains internal visibility into company strategy and operations, complementing its external regulatory powers. As a strategic national asset, any decisions by Vodacom or other shareholders that are contrary to national interest can be challenged through regulatory intervention, board-level opposition using government-appointed directors, or legislative action if necessary. The combination of retained equity stake and comprehensive regulatory oversight provides robust protection for national interests regardless of the shareholding structure.

## **8. RESPONSE TO VALUATION CONCERNS**

Various stakeholders have raised concerns about the proposed transaction price of Sh34 per share. As representatives of Kenya's capital markets industry, KASIB offers the following professional perspective on these concerns.

### **Absence of Alternative Credible Valuations**

While some commentators have questioned the Sh34 pricing, we note the absence of any alternative credible independent valuation that contradicts this figure. Critics have not presented alternative valuation methodologies or comprehensive financial models that demonstrate the price is inadequate. In the absence of competing professional valuations conducted with full access to Safaricom's financial data, operational projections, and strategic plans, we are persuaded that the negotiated price represents a fair transaction value for the government's stake.

#### **Understanding Market Price versus Fair Value**

Some critics have pointed to the current market price of approximately Sh29.50 and argued that selling at Sh34 means the asset is "overvalued." This argument reflects a fundamental misunderstanding of the difference between market price and fair price, a distinction that is critical in evaluating this transaction.

Market price reflects the price at which minority stakes trade in the secondary market under current liquidity conditions, investor sentiment, and trading volumes. It is influenced by daily supply and demand dynamics, market liquidity constraints, investor sentiment and macroeconomic conditions, information asymmetries, and the minority shareholder discount that comes from lack of control.

Fair price for a strategic stake, particularly one of this magnitude representing 6.01 billion shares, incorporates different factors entirely. These include strategic control premium, absence of liquidity discount, access to operational control and board representation, long-term cash flow projections, synergies available to strategic investors, and the block transaction premium that is standard in such deals.

The Sh34 pricing reflects appropriate premiums for a strategic block transaction. In corporate finance and M&A practice globally, strategic block sales consistently command premiums of 15-30% over prevailing market prices. The approximately 15% premium in this transaction is well within standard market practice for control or significant influence transactions. A strategic investor with long-term horizons and operational synergies rightfully values the asset differently than short-term traders in the secondary market.

Moreover, the current market price of Sh29.50 likely reflects temporarily depressed valuations in the Kenyan market due to current economic headwinds, the interest rate environment, foreign investor outflows from frontier markets, and limited institutional demand.

It is important to note that this depressed valuation is not unique to Safaricom but cuts across the entire Kenyan capital markets. If market prices are indeed below intrinsic values as critics suggest, this should serve as a strong signal to investors to come to the market and invest in these undervalued opportunities. The fact that a strategic investor like Vodacom is willing to pay a premium above current market prices validates that sophisticated investors recognize value in Kenyan assets that short-term market sentiment has temporarily obscured.



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MEMORANDUM  
TO  
THE CLERK OF THE NATIONAL ASSEMBLY  
ON  
THE SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM  
PLC BY THE GOVERNMENT OF KENYA

JANUARY, 2026

Faith Mony Odhiambo, President Law Society of Kenya  
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## Introduction

1. The Law Society of Kenya is a professional statutory body established under the Law Society of Kenya Act, No. 21 of 2014 with a mandatory membership of all Advocates in Kenya.
2. The organs of the Society are the General Membership, the Council, the Branches and the Secretariat. The Council is the governing body of the Law Society of Kenya. It comprises a President, a Vice- President and eleven other members, all of whom must be members of the Law Society of Kenya. Council members are elected every two years by the members of the Society by means of a secret ballot conducted in accordance with the Law Society of Kenya Act.
3. Currently, the Council is comprised of The President, The Vice-president and 11 Council members namely:
  - President, Faith Mony Odhiambo
  - Vice President, Mwaura Kabata
  - General Membership Representatives, Tom K'opere, Teresia Wavinya, Hosea Manwa
  - Nairobi Representatives, Gloria Kimani, Irene Otto, Stephen Mbugua
  - Up-country Representatives, Vincent Githaiga, Lindah Kiome, Hezekiah Areso, Zulfa Roble
  - Coast Representative, Elizabeth Wanjeri
  - Secretary/CEO, Florence W. Muturi
4. One of the Law Society of Kenya statutory objects as provided in section 4(a) of the Act is to assist the Government and the courts in all matters affecting legislation and the administration and practice of law in Kenya. Pursuant to this statutory mandate, the Law Society of Kenya makes a presentation on the Sessional Paper No. 3 of 2025 on Partial Divestiture in Safaricom PLC by the Government of Kenya.

## General Comments

5. Safaricom PLC, although a publicly listed company is regarded as a national asset by virtue of its market dominance, its central role in telecommunications and mobile financial infrastructure through M-Pesa, and its position as a bellwether stock at the Nairobi Securities Exchange. Given Safaricom's strategic location at the intersection of public finance, digital infrastructure, and capital markets, any reduction in Government ownership constitutes a strategic national decision with fiscal, macro-economic, capital market, and sovereignty implications.
6. The government of Kenya holds shares in Safaricom PLC in trust for the people of Kenya thereby rendering such shareholding a public asset subject to constitutional safeguards.
7. The National Treasury, through the Sessional Paper, proposes a partial divestiture of approximately 15% of the Government's stake to raise an estimated KShs. 240–244.5 billion for infrastructure financing, while retaining a 20% strategic holding. While the proposal offers short-term fiscal relief at a premium valuation, it raises concerns on long-term foregone dividend income, legal compliance, and constitutional requirements.
8. The Constitution in Articles 10, 95, 201 and 227 mandates Parliament to ensure public participation, transparency, accountability and prudent management of public resources in any such decision.
9. We have reviewed the Sessional Paper; it is evident that the proposed divestiture reflects mixed prudence. While the Law Society of Kenya acknowledges the prevailing fiscal pressures facing the Government and recognises that the proposed share sale may generate resources to support the budget particularly development expenditure temporarily easing reliance on market borrowing, potentially stimulating economic activity, additional tax revenues and reduction of Government control of the Safaricom company, LSK, does not support the proposed divestiture model due to its broader constitutional, governance, and

long-term public interest concerns; including risks of undervaluation, absence of transparent valuation methodology, short-term revenue prioritization over long-term sustainability, and inadequate clarity on proceeds utilization. The sale secures a premium price but risks forgoing steady dividend income from a high-performing asset without an analysis of fiscal impact assessments. It is against this backdrop that we set out below our considered views and recommendations.

### Specific comments

No.	Sessional Paper provision and implication	Policy recommendation
	<b>Corporate Governance</b>	
1.	<p><b><u>Buyer Concentration and National Interest</u></b></p> <p>The proposed divestiture would result in foreign majority ownership of 55% in Safaricom PLC, reducing the Government to a minority while Vodacom retains effective control. This risks undermining Kenya's strategic leverage over national data infrastructure, mobile money systems, and competition policy, while exposing critical financial and security sectors to foreign influence. Comparative examples illustrate these risks: the UK's privatization of British Rail in the 1990s for instance led to fragmented ownership. The State</p>	<p>To safeguard public interest, we propose allocating 50% of the 15% divestiture to retail investors via the NSE, democratizing ownership so as to enhance equity spread, boost market depth, fulfilling Article 10 participation more authentically than elite sales and to reduce corruption perceptions. The terms of sale must obligate the foreign-owned majority shareholder to commit, either by shareholders' agreement or other binding deed, to reinvesting part of its profits in its Kenyan operations. Pending the enactment of the Local Content Bill, measurable targets for Kenyan-ization ought to be agreed upon and disclosed beforehand to ensure alignment with various national strategic agendas on the economy, sustainability, digital innovation, and other crucial sectors.</p>

<p>ultimately had to re-intervene through renationalization of key components due to safety concerns, service failures and escalating public subsidies.</p> <p>This shows that privatization of systemically important infrastructure without robust regulatory capacity can undermine national control and long-term efficiency. Safaricom, through M-Pesa, functions as critical payments and financial infrastructure. Loss of effective State influence could expose Kenya to systemic risks beyond ordinary commercial considerations.</p> <p>Similarly, entrenchment of foreign monopolies may be problematic. A shift to majority foreign ownership in Safaricom risks entrenching market dominance in a sector with limited effective competition, weakening domestic leverage over pricing, data governance, innovation priorities and management. The sale of Zambia Telecommunications Company (Zamtel) to a foreign investor resulted in underinvestment and weakened national telecom</p>	<p>Other shareholders and GOK should move to retain significant, veto-capable board seats in this new arrangement (e.g., on the Audit, Risk, and Strategic Investment committees) to ensure protection of Safaricom as a national asset</p> <p>It is prudent if the agreement contains provisions to prevent immediate asset-stripping or further transfers or restructuring by contractually locking up the majority shareholder from interfering with its stake for several years, and also from loading Safaricom with excessive debt.</p>
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<p>capacity. The State was forced to reversed the transaction through re-nationalization after protracted legal disputes, highlighting the risks of divesting strategic telecom assets without safeguards on control, reinvestment and data sovereignty.</p> <p>Further, ceding majority control to a foreign-owned entity raises questions about where final strategic decisions will be made and whether they will align with Kenya's national digital economy agenda or the holding company's portfolio strategy. The act of increasing the concentration of ownership to a sole foreign entity, where there is no range of other potential purchasers, is quite restrictive.</p> <p>The proposed model here also fails to address potential conflicts of interest, insider advantage, or the rationale for preferential treatment to Vodacom, raising concerns over transparency, fair play and economic equity.</p>	
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<p>2. <b><u>Valuation Financial Prudence and Sale Structure</u></b></p> <p>The proposed divestiture raises serious concerns regarding valuation, financial prudence, and compliance with the principles of public finance under Article 201 of the Constitution. The proposal does not disclose the valuation methodology, timing, or structure of the proposed share sale, nor does it provide safeguards to ensure value for money. This opacity exposes a strategic public asset to the risk of undervaluation, potentially resulting in loss of public funds, undermines fiscal transparency, and weakens accountability in the management of public resources. In Russia – 1990s “Loans-for-Shares” rapid privatization of State assets during fiscal crisis resulted in massive undervaluation. Strategic national assets were transferred at prices far below intrinsic value, with long-term fiscal and governance consequences. Divesting Safaricom shares during a depressed price cycle risks replicating a form of distressed sale, permanently</p>	<p>We propose the deferment of any divestiture of Safaricom PLC shares until a transparent, independently verified valuation and a clearly defined, competitive sale structure is established in full compliance with Article 201 of the Constitution. Any proposed sale should be supported by publicly disclosed valuation methodologies, an assessment of optimal timing within the market cycle and a clear fiscal framework demonstrating that proceeds will be applied to debt reduction or productivity-enhancing capital investment rather than short-term budget support.</p>
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transferring value from the public to private interests without commensurate long-term benefit.

While we appreciate that a sale at a premium may offer short-term liquidity without additional borrowing or taxation thereby easing immediate fiscal pressures and potentially supporting urgent infrastructure development the approach reflects fiscal short-termism. Safaricom is a high-performing, dividend-yielding asset with long-term growth prospects, including regional expansion, raising concerns about inter-generational equity and foregone future revenue.

Equally, although partial divestiture could enhance price discovery, attract institutional investors, and strengthen the Nairobi Securities Exchange, these potential benefits cannot justify proceeding without a transparent, independently verified valuation framework and a clearly defined, competitive sale structure consistent with constitutional standards of prudence and accountability.

<p>3. <b><u>Lack of Fiscal Impact Assessment</u></b></p> <p>The Paper does not adequately assess the long-term fiscal implications of reduced Government shareholding, including the loss of dividend income and strategic influence.</p> <p>Selling a strategic public asset at such a point in the price cycle creates a strong perception of a distressed sale. Although the Government cites a premium over recent volume-weighted average prices, short-term market averages are an inadequate benchmark for the disposal of public assets. Considerations of long-term value preservation and intergenerational equity require a more robust evaluation of timing, as well as a careful weighing of sustained long-term benefits against the limited gains of a one-off transaction.</p>	<p>We propose a comprehensive fiscal impact assessment before any reduction of its shareholding, quantifying the long-term loss of dividend income, strategic influence, and wider economic spill-overs against the projected benefits of the proposed sale. Such assessment should incorporate long-term valuation benchmarks rather than short-term market averages, evaluate the appropriateness of timing within the price cycle and explicitly address intergenerational equity.</p>
<p>4. <b><u>Use of Proceeds</u></b></p> <p>The Sessional Paper fails to provide clarity on how the proceeds will be applied, including whether funds will be ring-fenced for development expenditure and if so under which regulatory</p>	<p>It would be insightful if a straight-line allocation of the proceeds of this sale were done against anticipated or earmarked projects. As it stands, the proposed purpose of intended infrastructure financing is shrouded in mystery, raising accountability concerns. It is prudent that financing</p>

<p>framework? debt reduction or will otherwise be utilized for recurrent spending. This lack of transparency undermines constitutional principles of openness, accountability, and prudent financial management under Article 201 and the Public Finance Management Act. Safaricom generates stable and predictable dividends, meaning that selling shares without a clear investment or debt-reduction framework risks trading a perpetual revenue stream for short-term fiscal relief.</p> <p>Additionally, Vodacom will make an upfront payment to GOK instead of future dividends that will accrue to GOK on the Government's residual 20% shareholding in Safaricom. This arrangement raises pertinent concerns of how the majority shareholder will deal with dividends in the future, especially without all shareholders participating. Is it possible that the majority shareholder will prioritize dividend payouts to service external debt or fund its parent's projects, potentially starving</p>	<p>arrangements must always disclose the detailed use of proceeds. GOK ought to create a mandatory, publicly accessible portal showing the inflow of proceeds and their allocation to the priority high-impact projects.</p> <p>Comparative practice, such as Egypt's infrastructure-led divestitures and Greece's debt-reduction strategies, demonstrates the economic prudence of earmarking proceeds for long-term, value-adding initiatives. Parliament should therefore require that 100% of proceeds be ring-fenced for verifiable infrastructure projects or debt reduction, with quarterly National Treasury audits. This approach would safeguard inter-generational equity, prevent misuse of public assets, and ensure that divestiture supports sustainable national development rather than transient budgetary pressures.</p>
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	Safaricom of the capital for operations?	
5.	<p>Minority shareholder protection has not been highlighted. The feedback, rights and value of retail shareholders have not been canvassed.</p> <p>The risk of a drag-along transaction such as this may facilitate a new majority shareholder engaging in related-party transactions, preferential dividend policies or asset stripping that is not beneficial to minority shareholders.</p>	<p>Documented participation and feedback by other shareholders ought to be part of the arrangement.</p> <p>For publicly traded companies, the NSE and CMA reinforce the protection of minority shareholders. Any deviation must be documented with strict procedures followed and transparent disclosures made.</p> <p>Because the majority shareholder may consider offloading its shareholding in the future to investors, and in a situation where these investors are not aligned with Kenyan interests, then provisions must be made for all minority shareholders get the same price and terms in the event of another drag/tag along sale</p>
6.	<p>The share pricing valuation methodology, the approval of Vodacom as purchaser, and initial or final terms of sale must be fully disclosed upfront for transparency and weighted decision-making. The Sessional Paper states that partial divestiture to Vodacom enables GOK to realize optimal value from its mature investment</p>	<p>An existing shareholder and any member of the public will have a right to know if the transaction is legally sound, the terms of sale are fair, and if the consideration offered truly reflects a competitive value in a situation where they are being diluted. An independent valuation and report on the sale figure would suffice.</p>

	<p>by selling at a significant premium as opposed to an on-market sale, which would typically attract a discount to the market price.</p> <p>The Sessional Paper further provides a very generic, high-level justification that is not grounded in satisfactory facts, figures, and bespoke feasibility studies.</p>	<p>Other transparent and participatory options ought to be considered, such as a public sale of the government's stake to Kenyans or a sale to a consortium of local institutional investors (pension funds, SACCOs), and regional institutional investors to keep ownership localised. If they are not merited approaches, a considered analysis ought to be done to rule out the possibilities of such options on solid legal and factual grounds.</p> <p>The entire process must respect the legal rights of all shareholders and allow patriotic retail and institutional investors to increase their stake in a national asset if they choose.</p> <p>The pricing ought to be market-tested and of fair value for Safaricom, to remove doubts about under-valuation. The foreign purchasing entity will still get its stake, but through an open, market-based mechanism that garners public trust.</p>
7.	Dispute Resolution management and/or escalation-there is a need to have visibility of this beforehand.	It would be insightful to see the dispute management protocol that will be put in place in addition to the governing laws, and the seat of the tribunal that will resolve the dispute. Kenya has been party to very

		<p>costly dispute resolution procedures outside of the jurisdiction that could have been amicably and judiciously handled in-house.</p>
<p>8.</p>	<p><b><u>Data Privacy and Cybersecurity</u></b></p> <p>Data sovereignty and localisation will be eroded with the increased foreign control. The data management, governance, and ultimate control of such a critical infrastructure have not been assessed to give assurances that the data governance and security protocols will remain under stringent Kenyan oversight and not be subject to the laws of the foreign parent's jurisdiction.</p>	<p>Data privacy considerations and a robust framework must be part of the sale arrangement. This must include a data privacy impact assessment on the data flows from Kenya to the various foreign entities making up Vodafone and consequent compliance measures.</p> <p>Safaricom is arguably one of the largest data handlers in Kenya, and the respective controlling entities will need visibility over various aspects of this data, which includes personally identifiable information from time to time. The current compliance framework available at Safaricom ought to be improved and made robust enough to facilitate the controlling entity's role in dictating how these data sets will be used from time to time.</p> <p>Under foreign majority ownership, ultimate control of data architecture, access policies, and encryption keys will shift to a parent company domiciled in a foreign jurisdiction governed by the EU GDPR in</p>

	<p>Further, Safaricom, as a technology and financial service provider, is amongst those gazetted as a critical information infrastructure entity whose data localisation must meet regulatory requirements. Cybersecurity resilience framework, operation centres, and risk assessments are measures that such entities must robustly maintain. This ought to be made</p>	<p>the instance of Vodacom. This subjects Kenyan data to a myriad of foreign laws, which can compel data access regardless of its physical location. Data sovereignty needs to be a discussion point when framing the agreement-the ability of the GOK to maintain control and power over how it's citizens data is governed.</p> <p>For instance, if a foreign government issues a secure order to the parent company for all M-PESA transaction data of individuals in a specific region. The parent company, bound by its domestic law, may quietly comply. What are the implications for Kenyans in such an instance?</p> <p>Through the National Computer and Cybercrimes Coordination Committee-NC4 or other mandated state agency, a thorough review and advisory on the implications of data security on Safaricom's data and infrastructure against the nature of the foreign ultimate beneficial owners ought to be undertaken. There will be a need to impose legally binding security protocols on data, infrastructure, and technology transfer as part of the agreement.</p>
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	<p>part of the discussions in negotiating the sale agreement</p>	<p>Safaricom must work with the possibility of putting together a data privacy and critical infrastructure technology committee sub-committee on its Board, comprising an independent Kenyan ICT security expert and a representative from the relevant regulatory agency. Foreign shareholder representatives can participate but cannot have a voting majority on this committee. The sub-committee will oversee any data privacy and cybersecurity-related issues with a direct reporting line to the board chair and the relevant CS thereafter.</p>
<p>9.</p>	<p><b><u>Stakeholders</u></b></p> <p>Safaricom enjoys contractual or non-contractual and regulatory arrangements with suppliers, customers, integrators, partners, and collaborators. The proposed arrangement does not highlight what happens to the pre-existing material contracts and how they will be safeguarded</p>	<p>As per earlier comments, legally binding deeds that guarantee the continuity of Safaricom's binding relationships with its stakeholders ought to be made a guarantee in the proposed sale arrangement.</p> <p>Critical decisions on network vendors from different countries, where there may be geopolitical differences with the parent company, may be made to align with the parent company's global procurement deals, not Kenya's economic interests. It is ideal that these are canvassed with public participation from the stakeholders as well.</p>

		<p>The transfer of core assets (e.g M-PESA), change of primary data location, and alteration of national security-related contracts should remain an area of concern for stakeholders and the sale agreement should ensure these are not interfered with by the parent company in its holding structures.</p>
<p>10. <b><u>Market Competition</u></b></p>	<p>Safaricom has always been considered dominant. With GOK as a major shareholder, this provided a counterweight to purely anti-competitive behaviour and promoted some semblance of national social-economic strategy. In this case, where a purely commercial foreign-controlled entity has a controlling stake, it might engage in more aggressive, market-distorting tactics, potentially crushing smaller competitors</p>	<p>The GOK ought to consider a staged sale with options for increasing that are tied to performance milestones or budgetary requirements for its infrastructure projects. This keeps the shareholder accountable, allows for course correction, and most importantly, curbs any predatory tactics that may arise out of the dominating parent company</p>
<p>11. <b><u>Regulatory Roles</u></b></p>	<p>These have been generalised in the Sessional Paper.</p>	<p>It would be ideal if mapping were done, allocating specific responsibilities to the particular regulator or joint responsibilities, including regulators such as the Office of the Data Protection Commissioner, on data localization of critical infrastructures, and the Kenya Revenue Authority on tax</p>

	Regulatory guidance and oversight into structuring the sale have not been sufficiently canvassed.	implications, and a legal advisory from the office of the Attorney General on GOK's legal standpoint.
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## Conclusion

The government of Kenya must handle this transaction above board, considering and mitigating all the legal, social and economic factors and risks arising in the sale of such a critical asset to a foreign entity as a precedent. The LSK agrees with the GOK on the need for debt-free infrastructure funding; however, the goose that lays the golden egg cannot be sacrificed to achieve this. The objective of securing Kenya's future in the priority sectors by partial divestiture must guarantee future local availability of these entities that were built and sustained by Kenyans from the ground up.

## Recommendations

We respectfully urge the National Assembly to:

- i. Decline approval of the Sessional Paper in its current form;
- ii. Require the Sessional Paper be reviewed, revised, and subjected to wider stakeholder engagement before any implementation is undertaken;
- iii. Require a transparent, competitive price discovery process, including consideration of multiple bidders;
- iv. Requires disclosure of detailed valuation, financial, and market-risk analyses; and
- v. Require a comprehensive national security, data sovereignty and fiscal impact assessment.

Yours faithfully,



Faith Odhiambo  
President Law Society of Kenya.

**Private and Confidential**

The Chairman and Members  
Departmental Committee on Finance and National Planning  
1<sup>st</sup> Floor, Main Parliament Building  
Parliament Road Nairobi

***Attention: The Clerk of the National Assembly***

16<sup>th</sup> January, 2026

Dear Sir,

**RE: SUBMISSION OF COMMENTS ON THE PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

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We refer to the above matter and to the invitation to the public to submit comments on the on partial divestiture in Safaricom PLC by the Government of Kenya.

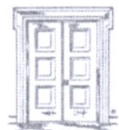
Please find annexed to this letter, a schedule setting out our comments on the partial divestiture in Safaricom PLC by the Government of Kenya.

Should you require any clarifications or further information with regard to our comments, please do not hesitate to contact me at [philip.muema@ke.andersen.com](mailto:philip.muema@ke.andersen.com)/ [info@ke.andersen.com](mailto:info@ke.andersen.com).

Yours faithfully,



**FCPA Philip Muema**  
Managing Director  
Andersen in Kenya



No.	Clause	Description of the Clause	Proposal	Justification
<b>SESSIONAL PAPER NO. 3 OF 2025</b>				
1.	1	<p>Paragraph 1.5 (iii) <b>Preservation of National Interest</b></p> <p>“The Government will retain a strategic stake, representing 20%, with 2 seats on the board of Safaricom to safeguard national interests, ensure continuity in governance, and preserve Kenya’s digital heritage and innovation leadership. The residual 20% shareholding represents a long-term investment in Safaricom by the Government. Through the transaction, Vodacom has made various commitments including no acquisition related redundancies within 3 years of the transaction, ensuring the chairman and independent directors remain Kenyan, as well as Vodacom’s continued support of the Safaricom Foundation.”</p>	<ul style="list-style-type: none"> <li>➤ We welcome the proposal with concerns over data security.</li> </ul>	<ul style="list-style-type: none"> <li>➤ We are of the opinion that Safaricom provides critical digital infrastructure with personal, financial and national security implications.</li> <li>➤ Given the proposed foreign majority ownership, we propose amending Section 48 of the Data Protection Act to classify strategic national data, mandate that such data be stored and processed within the country of collection, and establish clear penalties for any contravention of these provisions.</li> </ul>
2.	3.1	<p>Paragraph 3.1 <b>Economic Imperatives</b></p> <p>“To pace up with the resources required to deliver priority infrastructure investments, the National Treasury has identified strategic divestitures as a key tool to address the following major economic balances: Government debt, Budget balances</p>	<ul style="list-style-type: none"> <li>➤ We welcome the proposal</li> </ul>	<ul style="list-style-type: none"> <li>➤ The economic imperatives of the divestiture are grounded in macro-economic theory. It allows the government to mobilize substantial development capital without increasing public debt or raising taxes. Over time, this approach can expand the economic base, improve competitiveness, and</li> </ul>

		and Economic stimulation. In this regard our program is designed to address fiscal sustainability challenges by limiting government debt, constraining budget deficits, and promoting counter-cyclical fiscal policy. Having pursued fiscal consolidation over the last three years, the policy has now reached optimal levels and hence can't be pushed further. In this case an economic stimulus mechanism must be pursued. It is apparent that unlike taxation, privatization never reduces private sector wealth. In most cases it encourages the propensity to invest, and enhance aggregate demand which in the long run would widen the revenue base.”		ultimately widen the tax base
3.	3.3	<p><b>Paragraph 3.3 Value Realization</b></p> <p>“The partial divestiture especially to an existing partner like Vodacom enables the Government to realize optimal value from its mature investment by selling at KES 34 per share which represents a significant premium compared to the market price as opposed to an on-market sale which would typically attract a discount to the market price. It has also been agreed that the proceeds generated will be paid in US Dollars amounting to \$1.577bn. This transaction eliminates any settlement risk, as Vodacom has</p>	<ul style="list-style-type: none"> <li>➤ We have concerns over the valuation methodology and the mismatch of selling in dollars to invest in domestic infrastructure in Kenya shillings.</li> </ul>	<ul style="list-style-type: none"> <li>➤ We are of the opinion that the government has not clearly indicated the methodology adopted to determine the stated share premium of KSHs 34.</li> <li>➤ While pricing the transaction in USD protects value at the point of sale, it is not fully aligned with the intended use of proceeds in Kenya shillings for domestic infrastructure.</li> <li>➤ Thus, foreign exchange risk is therefore deferred rather than eliminated, arising when the proceeds are converted to fund local projects.</li> </ul>

		<p>a strong financial capacity and proven track record in completing similar investments. Additionally, the proposed transaction includes a further aspect wherein Vodacom will make an upfront payment of KES 40.2bn (approximately \$309m) to the government, in lieu of future dividends that will accrue to the government on the Government's residual 20% shareholding in Safaricom."</p>		<ul style="list-style-type: none"> <li>➤ This mismatch underscores the need to have considered participation by Kenyan investors, which would have mobilised local capital, reduced currency risk, and better aligned the transaction with its stated development objectives.</li> </ul>
4.	3.5	<p><b>Paragraph 3.5 Continued growth and Investment by Safaricom PLC</b></p> <p>"The key benefit that GOK shall derive from the divestiture is to mitigate the risk of future dilution due to capital requirements by the business. Given the prevalent erosion of fiscal space, Companies that are controlled fully by government might not be able to undertake investments even in the cases where there is proven certainty of payoffs or enhancing efficiency as the debt carrying capacity of the sovereign is diminishing. As a result, GOK risks losing the value from its profitable enterprises like Safaricom as a result of dilution in the event of a capital call when funds for additional investments are required due to the thinning fiscal space as the Government will be keener in delivering the much needed social services like education, healthcare, roads etc. Private sector investors like the case of Vodacom can reduce, or</p>	<ul style="list-style-type: none"> <li>➤ We welcome the proposal</li> </ul>	<ul style="list-style-type: none"> <li>➤ Retaining exposure through a non-controlling stake allows the state to preserve value and avoid forced dilution and benefit from future growth without committing constrained fiscal resources.</li> <li>➤ Introducing a strong private sector anchor mitigates this risk by ensuring Safaricom retains access to capital while the state is better positioned to deliver social services.</li> </ul>

	eliminate, the unsystematic risk of investment and, hence, increase the availability of capital as well as lower the risk premium component in its cost hence allowing the company to meet its objective of safeguarding Safaricom's expansion and diversification plans as well as enhancing Kenya's strategic position as a technology hub."		
<b>ADDITIONAL COMMENTS</b>			
<b>Observation</b>		<b>Recommendation</b>	
<ul style="list-style-type: none"> <li>➤ The Sessional Paper indicates that proceeds from the divestiture will be allocated towards infrastructure development. The paper provides limited details on the institutional structure and governance safeguards that will apply to the management of the proceeds.</li> <li>➤ The proposed structure is to allocate 80-90% of the proceeds to the National Infrastructure Fund (NIF) and 10-20% to the Sovereign Wealth Fund (SWF).</li> <li>➤ The SWF is supported by a draft bill and statutory ring-fencing however, the NIF is proposed as a corporate vehicle without a dedicated Act of Parliament.</li> </ul>		<ul style="list-style-type: none"> <li>➤ The NIF should be formed in accordance with Section 24 (4) of the Public Finance Management Act (PFMA) in order to go through public participation and have statutory ringfencing and parliamentary oversight in order to reduce the execution risk of this fund.</li> </ul>	



**SAFARICOM PRESENTATION BEFORE THE JOINT PARLIAMENTARY COMMITTEES ON FINANCE & NATIONAL PLANNING AND PUBLIC DEBT & PRIVATISATION REGARDING CONSIDERATION OF SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE FOR SAFARICOM PLC BY GOVERNMENT OF KENYA.**

Chairperson and Honourable Members,

- Thank you for the opportunity to appear before this Joint Committee on behalf of Safaricom PLC.
- Safaricom comes before this House conscious of the responsibility that comes with being a company deeply woven into Kenya's social and economic fabric.
- Our networks carry the country's communications, our platforms enable financial inclusion and digital public services, and our partnerships support millions of livelihoods across the economy. It is therefore natural and appropriate that developments relating to our shareholding attract national attention and Parliamentary interest.
- Our role today is to provide clarity from the perspective of the company, on the nature of the proposed transaction, what it means for Safaricom's governance and operations, and how the company will continue to serve Kenyans within Kenya's legal, regulatory, and institutional frameworks.
- We welcome Parliament's scrutiny and view this engagement as a vital part of sustaining trust, transparency, and confidence in a company that serves millions of Kenyans every day.



## **Nature of the Transaction – A Shareholder Action**

Chairperson and Honourable Members,

- The proposed transaction before Parliament is a shareholder-to-shareholder transaction between the Government of Kenya and Vodacom. Under the proposal, the Government intends to divest 15 per cent of its shareholding in Safaricom PLC, reducing its ownership from 35 per cent to 20 per cent.
- Safaricom itself is not a counterparty to this transaction. The company is not selling shares, setting pricing, or negotiating valuation. Our role is limited to complying with the obligations applicable to a listed company under Kenyan law and capital markets regulations.
- In that regard, Safaricom facilitated the publication of a Notice of Intention on 4 December 2025, as required under the Capital Markets Act and the Capital Markets (Public Offers, Listings and Disclosures) Regulations.
- All commercial terms, including price and structure, remain matters between the transacting shareholders. Safaricom's responsibility is to ensure full regulatory compliance, timely disclosures, and continued operational stability throughout the process.

## **Governance and Regulatory Oversight**

Chairperson and Honourable Members,

- It is important to state clearly that the proposed transaction does not alter Safaricom's governance framework, regulatory oversight, or national jurisdiction.
- Safaricom will continue to operate fully under Kenyan law. The company remains licensed, supervised, and regulated by Kenyan institutions, including the Communications Authority of Kenya, the Central Bank, Capital Markets Authority, the Competition Authority



of Kenya, and other relevant regulators. Safaricom remains listed on the Nairobi Securities Exchange, and accountable to Kenyan enforcement mechanisms.

- There is no transfer of operational control, no dilution of regulatory authority, and no weakening of governance standards arising from this transaction. Safaricom's Board, management structure, and decision-making frameworks remain intact.

### **Vodacom as a Long-Term Strategic Partner**

Chairperson and Honourable Members,

- Vodacom is not a new or unfamiliar party to Safaricom. It has been a strategic shareholder since Safaricom's inception, has been represented on the Board for over two decades, and has supported the company through successive phases of growth, innovation, and expansion.
- Vodacom has also been a key partner in Safaricom's regional journey, including the entry into Ethiopia, bringing experience from multiple markets, technical expertise, and long-term investment capacity.
- From Safaricom's perspective, Vodacom's increased shareholding reinforces a long-term investment orientation. It strengthens access to global best practice, technology capability, and regional insight that support Safaricom's competitiveness and resilience as we deliver our Vision 2030 ambition.

### **Safeguards and Assurances for Kenyans**

Chairperson and Honourable Members,

- Safaricom recognises that Kenyans rightly seek assurance that a company of national significance continues to operate in the public interest.
- Beyond structure and ownership, Kenyans care most about continuity of service, continuity of impact, and continuity of trust.



- At a practical level, this proposed shareholder transaction does not disrupt how Safaricom operates, how it is led, or how it engages the ecosystem that depends on it. Our leadership team remains in place, our people continue to deliver day-to-day operations, and the culture that has defined Safaricom for more than 25 years remains unchanged.
- Today, Safaricom serves **over 60 million customers across Kenya and Ethiopia**, supporting millions of households, businesses, and institutions every day. Our platforms underpin financial inclusion, public service delivery, enterprise productivity, and digital access at national scale. That responsibility does not change as a result of shareholder movements.
- The M-Pesa Foundation and Safaricom Foundation will continue transforming lives through sustained investment in education, healthcare, livelihoods, and community development across Kenya. These initiatives are integral to our purpose and central to how we define success.
- Equally, Safaricom's long-standing relationships with local suppliers, dealers, and partners remain a core strength of our operating model. Our supplier ecosystem supports thousands of jobs and enterprises across the country, and those relationships continue in the normal course of business.
- From a governance perspective, Safaricom remains Kenyan-led, Kenyan-governed, and fully accountable to Kenyan institutions. Our strategic focus, management approach, and decision-making structures remain firmly in place, allowing us to stay focused on execution rather than transition.



## **Strategic Continuity and National Role**

Chairperson and Honourable Members,

- For over 25 years, Safaricom has been at the centre of Kenya's digital transformation enabling connectivity, financial inclusion, enterprise growth, and public sector digitisation. That role remains unchanged.
- Safaricom remains committed to digitising Kenya, deepening financial inclusion, supporting innovation across sectors, and transforming lives.
- The proposed transaction has the potential to broaden Safaricom's access to global expertise, networks, and best practices, strengthening our ability to innovate and compete.
- This could position Safaricom as a Kenyan brand serving the world, while remaining firmly rooted in Kenyan regulation, public accountability, and national development priorities.

## **Closing & Looking Ahead**

Chairperson and Honourable Members,

- Safaricom recognises that the process now before this House reflects the very safeguards Parliament deliberately built into Kenya's public finance and privatisation framework.
- From the company's perspective, the arrangements in place preserve continuity, protect national interests, and provide the stability required for Safaricom to continue delivering for customers, communities, and the wider economy.
- As Parliament exercises its mandate, Safaricom remains confident that the framework you have established allows decisions of this nature to be assessed on their merits, lawfully, transparently, and with full regard to both present needs and long-term value.



- Safaricom will continue to operate with discipline, accountability, and purpose. But we are assured that the pathway before Parliament provides a sound basis for sustaining confidence, enabling responsible investment, and allowing Safaricom to remain a strong national asset serving Kenya and the region.
- We remain committed to working with this House, and to continuing our role in supporting Kenya's digital, economic, and social transformation.

**Thank you.**

**SAFARICOM PLC**

A handwritten signature in black ink, appearing to read 'Peter Ndegwa', written over a horizontal line.



**PETER NDEGWA  
CHIEF EXECUTIVE OFFICER**

01000  
8/1/26

Established Under the Investment and Financial Analysts Act (No. 13 of 2015)  
5th Floor, Kasneb Tower II, Hospital Road, Upperhill P.O. Box 48250-00100, Nairobi,  
Kenya. Telephone: 0726 498 698, Email: info@icifa.co.ke Website: www.icifa.co.ke

Our Ref: ICIFA/SCOM/2026

08 January 2026

Samuel Njoroge, CBS  
The Clerk of the National Assembly  
Main Parliament Buildings  
P. O. Box 41842-00100  
Nairobi, Kenya.

Benjamin Magak, HoD  
To place before the Dept. Committee on  
Finance. JM 09/01/2026

Dear Mr Samuel,

**RE: SUBMISSION OF MEMORANDUM ON SESSIONAL PAPER NUMBER 3 OF 2025 ON  
PARTIAL DIVESTURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

The Institute of Certified Investment and Financial Analysts (ICIFA) is the only professional body mandated to regulate the Investment and Financial Analysis profession in Kenya. This mandate includes registering and licensing Certified Investment and Financial Analysts (CIFAs) in Kenya both in private and public practice under the Investment and Financial Analysts Act (No.13 of 2015).

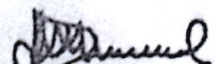
Pursuant to Article 118(1)(b) of the Constitution of Kenya and the call for public participation by the clerk of the National Assembly through the departmental committee on Finance and National Planning and the public debt and privatization committee, The Institute of Certified Investment and Financial Analysts (ICIFA) hereby submit this memorandum.

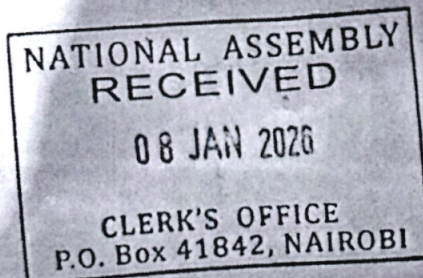
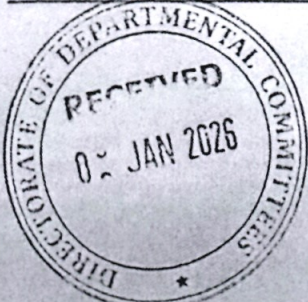
The memorandum has been prepared in line within our mandate of promoting standards of professional competence and ethical practice in the investment and finance sector and promote research into subjects of securities and investments in the country to safeguard investor trust.

Our submission provides a regulatory assessment of the proposed sale of a 15% stake in Safaricom PLC to Vodacom Group. We focus on ensuring value for money, market stability, and the protection of the digital economy's integrity. We remain available to the committee should further technical clarification or oral testimony be required during the deliberation process.

Should you require any further information, please do not hesitate to contact us via info@icifa.co.ke/mpule@icifa.co.ke or call 0726 498 698.

Yours Sincerely

  
FA Diana Muriuki-Maina  
CHIEF EXECUTIVE OFFICER





INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

*Established Under the Investment and Financial Analysts Act, No.13 of 2015*

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## **MEMORANDUM**

**TO: THE CLERK OF THE NATIONAL ASSEMBLY  
P. O. BOX 41842-00100  
NAIROBI, KENYA**

**FROM: THE INSTITUTE OF CERTIFIED  
INVESTMENT AND FINANCIAL ANALYSTS  
(ICIFA)**

**DATE:8TH JANUARY 2026**

**SUBJECT: MEMORANDA ON SESSIONAL PAPER  
NUMBER 3 OF 2025 ON PARTIAL DIVESTURE IN  
SAFARICOM PLC BY THE GOVERNMENT OF  
KENYA**

# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>INTRODUCTION .....</b>	<b>3</b>
<b>BACKGROUND .....</b>	<b>3</b>
<b>CONSIDERATIONS .....</b>	<b>4</b>
<b>CONCLUSION.....</b>	<b>5</b>

## EXECUTIVE SUMMARY

The Government of Kenya (GoK) proposes to divest **6,009,814,200 shares (15%)** to Vodacom Group at **KES 34 per share**, seeking to raise **KES 204.3 billion or USD 1.5 billion**. While we support the fiscal objective of infrastructure capitalization, we urge Parliament to consider the following:

- ✓ Capacity of the domestic market - Kenya's domestic capital markets possess more than sufficient capacity to absorb a 15% equity stake in Safaricom.
- ✓ Impact on the capital markets - Safaricom accounts for close to 50% of daily trading volumes on the NSE. Increasing the free float through a domestic offering would significantly deepen liquidity.
- ✓ Dividend flows and foreign exchange - Safaricom has a strong and consistent dividend-paying record. Increasing foreign ownership would result in higher dividend outflows in foreign currency, exerting additional pressure on Kenya's balance of payments.
- ✓ Policy, governance, and national interest - Safaricom is not an ordinary commercial enterprise. Its platforms and services directly influence the daily lives of millions of Kenyans and underpin critical sectors of the economy

## INTRODUCTION

This Memorandum is submitted pursuant to the invitation by the clerk of the national assembly for stakeholder input on the **SESSIONAL PAPER NUMBER 3 OF 2025 ON PARTIAL DIVESTURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**. The submission is made in the public interest and in line with our mandate of promoting standards of professional competence and ethical practice in the investment and finance sector and promoting research into subjects of securities and investments in the country to safeguard investor trust.

Safaricom PLC is a flagship listed company whose performance and ownership structure have far-reaching implications for Kenya's fiscal position, capital markets, and digital financial ecosystem. Decisions regarding government ownership in such an entity therefore require a holistic assessment that extends beyond immediate commercial and fiscal considerations.

## BACKGROUND

The Government of Kenya holds shareholding in Safaricom PLC currently approximated at 35%. Since its listing on the Nairobi Securities Exchange, (NSE) Safaricom has metamorphosed into one of the largest and most actively traded counters on the Nairobi Securities Exchange, with a wide retail shareholder base, significant pension fund exposure, and notable foreign investor participation.

Safaricom's market capitalisation has at times exceeded KES 1 trillion, and the company has consistently represented a substantial proportion of NSE indices and trading volumes. As a result, changes in Safaricom's share price and ownership structure may have system-wide effects on market confidence and portfolio valuations across the financial sector.

The proposed partial divestiture is understood to be driven by fiscal considerations, including the mobilisation of resources to support budgetary needs. While such objectives are legitimate, international and domestic experience demonstrates that divestiture of systemically important public assets must be carefully structured to avoid unintended adverse consequences.

# CONSIDERATIONS

## CAPACITY OF THE DOMESTIC MARKET

Kenya's domestic capital markets possess more than sufficient capacity to absorb a 15% equity stake in Safaricom. Pension funds and collective investment schemes collectively manage close to KES 3 trillion in assets under management, supplemented by additional capital from insurance companies, corporates, and high-net-worth individuals. These resources can be mobilised efficiently to meet Government funding needs without divesting strategic equity offshore.

## IMPACT ON THE CAPITAL MARKETS

Safaricom accounts for close to 50% of daily trading volumes on the NSE. Increasing the free float through a domestic offering would significantly deepen liquidity, enhance price discovery, and elevate the attractiveness of the Kenyan market to both domestic and international investors. Conversely, transferring this stake to a foreign strategic investor likely to hold the shares for dividend yield would deprive the market of this structural benefit.

Consequently, we note that the large-scale sale of shares by the dominant Safaricom in our Nairobi Securities Exchange carries the risk of depressing prices, increasing volatility, and negatively affecting the valuation of pension, insurance, and retail investor portfolios.

Large block disposals may distort price discovery and undermine orderly market functioning. Phased divestiture, executed through transparent and predictable mechanisms, is preferable to mitigate market impact and preserve liquidity.

## DIVIDEND FLOWS AND FOREIGN EXCHANGE

Safaricom has a strong and consistent dividend-paying record. Increasing foreign ownership would result in higher dividend outflows in foreign currency, exerting additional pressure on Kenya's balance of payments. Retaining the stake within domestic ownership would ensure that dividend flows continue to circulate within the local economy.

Central Bank of Kenya have been pushing for a Safaricom split into three entities which include Telecom, Towers and M-Pesa but its parent company Vodacom has refused. Does the valuation consider this as we note that fintechs have higher multiples compared to telcos.

Consequently, partial divestiture would result in a one-off capital receipt to the Exchequer. However, Safaricom has historically provided the Government with a predictable and recurring stream of dividend income.

## POLICY, GOVERNANCE, AND NATIONAL INTEREST

Safaricom is not an ordinary commercial enterprise. Its platforms and services directly influence the daily lives of millions of Kenyans and underpin critical sectors of the economy. Further dilution of Kenyan ownership risks shifting governance and policy influence beyond national jurisdiction, with implications that extend well beyond shareholder value.

Consequently, given Safaricom's role in critical digital communications and mobile financial services infrastructure in the country and across the region, the committee may wish to consider establishing a minimum retained government shareholding threshold to preserve strategic influence and safeguard the integrity of our financial system.

## **CONCLUSION**

The proposed partial divestiture of the Government's shareholding in Safaricom PLC is a significant fiscal and capital markets decision with long-term implications to the country and the region.

In light of the foregoing, we respectfully urge the National Treasury to reconsider the proposed sale of the 15% stake in Safaricom Limited to a foreign entity and instead prioritise a domestic allocation. Such an approach would achieve fiscal objectives while strengthening capital markets, preserving foreign exchange, and safeguarding national strategic interests.

We submit this appeal in the spirit of constructive engagement and stand ready to support a transparent, market-led domestic solution.

Tuesday 13th January 2026

Your Ref: NA/DDC/F&NP/2026/009

Our Ref: TESPOK007/01

Jeremiah Nyengenyne, CBS  
The Clerk of the Senate  
Parliament Buildings  
**NAIROBI**



Dear Mr. Nyengenyne.

**Re: Stakeholder Engagement on Sessional Paper No. 3 of 2025 on Partial Divestiture in Safaricom PLC by the Government of Kenya**

We acknowledge receipt of your letter dated 5th January 2026, referenced NA/DDC/F&NP/2026/009 on the above subject and wish to submit our memorandum as below.

The Technology Service Providers of Kenya (TESPOK) is a professional non-profit organisation that represents the interests of Technology Service Providers in Kenya. Our mandate is to advocate for a robust, competitive and innovative telecommunications sector that supports Kenya's digital economy and serves the interests of consumers, businesses and investors alike.

We commend the Government of Kenya for initiating this structured consultation process and for making the Sessional Paper publicly accessible, which underscores a commitment to transparency and participatory governance.

Following our review of the Sessional Paper No. 3 of 2025, which outlines the rationale, modalities, and intended outcomes of the proposed partial divestiture of the Government's shareholding in Safaricom PLC, TESPOK acknowledges the potential strategic objectives behind this action. We further recognise Safaricom PLC as a strategically significant national asset and a major contributor to the country's digital transformation, financial inclusion and fiscal revenue.

Based on our analysis, TESPOK offers the following views and recommendations to ensure the divestiture process strengthens, rather than inadvertently undermines, Kenya's telecommunications and digital landscape.

**1. Uphold and Strengthen Market Competition**

The divestiture must not create a perception or reality of reduced regulatory oversight or an uneven playing field. Safaricom's market position is substantial and any change in its shareholding structure should not entrench dominance or discourage investment by other industry players. We propose that the National Assembly, in conjunction with the Communications Authority of Kenya (CA), establishes a clear post-divestiture monitoring framework. This framework should ensure continued strict adherence to pro-competition principles, fair interconnection rates and equitable spectrum allocation to foster a healthy, multi-player ecosystem.

**2. Ensure Process Transparency and Fair Valuation**

The credibility of this exercise hinges on absolute transparency in the valuation methodology and timing. The government should publicly disclose the comprehensive valuation report, subject to

standard commercial confidentiality carve-outs and the rationale for the chosen disposal method. A transparent process will maximise public trust, achieve fair value for the national asset and bolster investor confidence in Kenya's capital markets.

### 3. Ring-fence Proceeds for Digital Infrastructure and Innovation

The infusion of capital from this divestiture presents a unique opportunity to accelerate Kenya's digital future beyond a one-time fiscal benefit. We strongly advocate for a substantive portion of the net proceeds to be strategically reinvested into critical national digital infrastructure projects. This could include:

- i. Universal broadband access initiatives, especially in underserved and rural areas;
- ii. Strengthening cybersecurity resilience frameworks;
- iii. Funding for innovation hubs, digital skills training, and support for SMEs and
- iv. Modernising digital government services.

This targeted reinvestment would create a lasting digital dividend for all Kenyans and stimulate sector-wide growth.

### 4. Safeguard Strategic National Interests

Telecommunications is a sensitive sector with implications for national security, data sovereignty, and economic stability. The divestiture structure should include prudent safeguards. These may involve golden share provisions, consider limiting individual foreign ownership or other mechanisms approved by relevant regulators to ensure that national security and public interest considerations remain protected under the new shareholding structure.

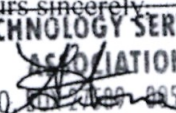
### 5. Maintain Stable Sector Governance

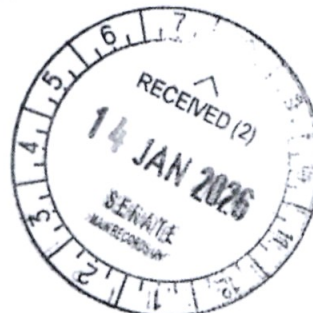
A sudden or poorly communicated shift in a key shareholder's position can create market uncertainty. The divestiture plan should be executed in a phased and predictable manner, with clear communication to all market participants. The Government should articulate its long-term governance philosophy regarding its residual stake to ensure stability for Safaricom's management, employees, partners and customers.

TESPOK supports government initiatives that aim to optimise state assets for national development, provided they are conducted with transparency, foster fair competition, and result in tangible long-term benefits for the Kenyan economy and its digital advancement.

We believe that by incorporating the above recommendations, the partial divestiture in Safaricom PLC can be a landmark transaction that not only achieves its fiscal objectives but also catalyses greater innovation, inclusivity and competitiveness across Kenya's entire technology sector.

We thank the Joint Committee for this engagement opportunity and are available for any clarifications required.

Yours sincerely,  
  
**TECHNOLOGY SERVICE PROVIDERS  
ASSOCIATION OF KENYA**  
P. O. Box 27589 - 00506, NAIROBI - KENYA  
www.tespok.co.ke  
TEL: 0732 614497  
**Dr. Fiona Asonga**  
Chief Executive Officer





- Memorandum to the joint sittings of the Departmental Committee on Finance & National Planning and Public Debt & Privatisation Committee.

From: Airtel Networks Kenya Limited

13<sup>th</sup> January 2026

**SUBJECT: STAKEHOLDER ENGAGEMENT ON SESSIONAL PAPER NO.3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC. BY THE GOVERNMENT OF KENYA**

**1 Preamble**

This submission to the Honourable members of the joint Parliamentary Committees on Finance & National Planning and Public Dept & Privatisation is pursuant to the invitation to attend the stakeholder's engagement on Sessional Paper No. 3 of 2025 on the partial divestiture in Safaricom Plc by the Government of Kenya. This is our formal submission to be made to the Committee on 14<sup>th</sup> January 2026 for consideration by the honourable members of the Committee.

**2 Airtel's Position on the Proposed Partial Divestiture in Safaricom Plc by the Government of Kenya**

Airtel commends Parliament through its joint Committees, for taking time to engage key stakeholders in the sector on the matter of the partial divestiture in Safaricom Plc by the Government of Kenya.

Considering the proposed divestiture will in Airtel's understanding only result in changes in shareholding of Safaricom Plc with no expected effect on the entity's existing external contractual arrangements, Airtel is in principle not opposed to the proposed divestiture.

Nevertheless, Airtel seeks assurance that even with these changes, the Government will through its Regulatory bodies remain committed to ensuring a level playing field which supports a competitive environment in the telecommunications sector, for the benefit of Kenyan citizens.

 **airtel**  
Airtel Networks Kenya Ltd.  
P. O Box 73146,  
City Square, 00200  
Nairobi, Kenya



Advance copy by email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

Ref: NA/DDC/F&NP/2025/106

8th January 2026

The Clerk of The National Assembly  
Parliament Buildings  
P.O. Box 41842 – 00100  
NAIROBI

Attention of: *S. Njoroge, CBS*

Dear Sir,

**RE: SUBMISSIONS ON SESSIONAL PAPER NO. 3 OF 2025  
ON PARTIAL DIVESTITURE OF GOVERNMENT SHAREHOLDING IN  
SAFARICOM PLC**

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### 1. Introduction

Jamii Telecommunications Limited (“Jamii Telecom”) welcomes the opportunity to submit comments on **Sessional Paper No. 3 of 2025 on the Partial Divestiture of Government Shareholding in Safaricom PLC.**

Jamii Telecom is a licensed telecommunications operator with extensive experience in the Kenyan market. Our submission reflects industry insights, commercial realities and policy considerations, and is offered in the spirit of supporting sound public policy, sustainable competition and inclusive sector growth.

### 2. General Support for the Policy Direction

The proposed divestiture aligns with internationally recognised best practice whereby governments:

- Transition from passive ownership in mature, profitable companies to focus on core strategic and public service priorities;
- Promote capital market development by increasing free float and liquidity;
- Ensure regulatory neutrality, removing any real or perceived conflicts of interest.

By reducing Government shareholding while maintaining strategic influence, the policy supports fiscal prudence, market confidence, and sectoral stability.



Jamii Telecom therefore welcomes the bold and forward-thinking proposal outlined in Sessional Paper No. 3 of 2025. Our support stems from our fundamental belief in a growing, dynamic, and competitive Kenyan digital economy. A stronger, well-capitalized Safaricom can be a catalyst for sector-wide growth, **provided the market remains fair, open, and innovative.**

We believe this transaction will deliver significant benefits for Kenya:

- **Unlocking Capital for National Development:** Raising KES 204 billion in non-debt revenue to fund critical infrastructure in Energy, Roads, Water, and Digital Transformation is precisely the kind of innovative financing our economy needs.
- **Maximizing Public Asset Value:** Selling at a **23.6% premium** to a trusted strategic partner like Vodacom represents exceptional value for the Kenyan people and demonstrates confidence in our capital markets.
- **Strengthening a National Champion:** Partnering with Vodacom's global expertise will enhance Safaricom's ability to compete regionally and invest in next-generation networks, which benefits the entire telecommunications ecosystem.
- **Balancing Interests with Prudence:** The retention of a **20% strategic stake** with board seats is a prudent measure that safeguards Kenya's digital sovereignty and long-term interests.

As a Kenyan company deeply invested in the nation's digital future, JTL stands in solidarity with this visionary move to secure resources for transformative projects.

### **3. Key Issues Requiring Careful Parliamentary Consideration**

In the spirit of constructive partnership and to ensure the long-term health of our industry for the benefit of all Kenyans, we respectfully submit the following recommendations for the National Assembly's consideration. These measures are not impediments to the transaction but are prerequisites for its long-term success. They align the divestiture with the transformative, competitive outcomes seen in advanced markets, ensuring it fuels Kenya's ambition to be a broad-based digital hub, rather than merely a one-time fiscal event.

#### *3.1 Spectrum Concentration and Management*

In telecommunications, radio frequency spectrum is the equivalent of prime real estate or a vital natural resource. It is the finite, strategic infrastructure upon which all digital services are built. Its allocation is the single most significant determinant of long-term market structure. In Kenya, the allocation of high-value spectrum bands (e.g., 700MHz, 800MHz, 2600MHz for 4G/5G) has historically been asymmetric. Fair access, as a prerequisite for a competitive



market, must be enforced in order to create a level playing field and enable operators to invest confidently in network expansion and new services, particularly in underserved areas.

#### **Justification for Parliamentary Action:**

The proposed divestiture, which consolidates strategic control, is a trigger event analogous to a major merger. Spectrum management cannot be passive, and Parliament's approval of this divestiture should therefore be accompanied by a **resolution or directive** that codifies the principles of spectrum management and directs the CA to:

- **Conduct an immediate audit** of current spectrum holdings by band and operator, assessing their market value and competitive impact.
- **Establish forward-looking Spectrum Caps** particularly in high-demand bands critical for mobile broadband (especially for 5G and beyond), ensuring no operator can hold a dominant share of this critical resource.
- **Develop a "Spectrum Re-farming and Reallocation Roadmap"** to review underutilized spectrum held by any operator and make it available for competitive assignment. This ensures spectrum, a public asset, is used efficiently for maximum national benefit, not hoarded.

Allowing further spectrum concentration under a more privately controlled entity would **cement an unassailable market advantage**, effectively foreclosing competition in next-generation services for the next decade. This is antithetical to the pro-competition goals of the transaction. By enacting these safeguards, Parliament will ensure the divestiture unlocks not only fiscal value but also the competitive potential of Kenya's entire telecommunications sector, safeguarding consumer welfare and innovation for the long term

#### *3.2 Overall Regulatory and Market Impact on the Kenyan Telecommunications Sector*

Jamii Telecom emphasizes that the significance of this divestiture extends far beyond the national treasury. It represents a **fundamental shift in the structure of Kenya's telecommunications market**. Parliament, therefore, has a critical duty to assess and shape its **broader regulatory and competitive consequences** to secure the sector's long-term health.

We respectfully urge the National Assembly to ensure its approval establishes a framework where:

##### *3.2.1 Proactive Market Oversight is Mandated*

The transaction increases effective private control of a historically dominant operator. Without proactive oversight, this risks entrenching anti-competitive practices. Parliament should



therefore direct the Communications Authority (CA) and the Competition Authority of Kenya (CAK) to jointly track dominance indicators and enforce rules pre-emptively, preventing the predatory pricing seen in concentrated markets and focused on:

- **Market Structure:** Tracking indicators of undue market concentration and dominance.
- **Competition Enforcement:** Taking swift, decisive action against any anti-competitive conduct.
- **Access to Essential Facilities:** Ensuring mandated access to towers, fibre, and digital platforms is fair, non-discriminatory, and cost-based.

**Reasoning:**

Safaricom currently holds a dominant position in several key market segments (voice, data, mobile money). Increasing Vodacom's strategic control without safeguards risks cementing this dominance into a de facto monopoly or a “super-dominant” position. This can lead to “margin squeeze tactics” (where the dominant player raises wholesale costs for competitors), predatory pricing, and exclusionary bundling of services. The CAK's own 2020 market study highlighted concerns over market concentration in mobile money and data.

**Justification for Recommendation:**

Parliament should not wait for harm to occur. By mandating a joint CA/CAK monitoring regime at the point of approval, it creates a proactive regulatory oversight. This allows for early intervention if indicators like predatory pricing or unfair access terms emerge, protecting competitors and, ultimately, consumer choice and innovation.

***3.2.2 Long-Term National Objectives are the Benchmark***

The ultimate success of this transaction should be measured against Kenya’s strategic goals of fostering sustainable competition, attracting greater sector-wide investment, spurring innovation, and improving price and service outcomes for all Kenyan consumers.

**Reasoning:**

While the KES 204 billion provides a vital short-term fiscal injection, Parliament's greater duty is to secure enduring structural benefits for the economy. A concentrated telecommunications market discourages innovation and efficiency, as dominant players can sustain high profits with minimal investment in new technologies or underserved areas. This slows national digital transformation and limits consumer choice.

Conversely, a competitive market compels all operators - including the market leader - to **innovate, improve efficiency, and lower prices**. This dynamic is essential to realizing the ambitions of **Kenya’s Digital Economy Blueprint**, which envisions the country as a



continental technology hub. Such a hub cannot be built by a single giant; it requires a vibrant, multi-player ecosystem where competition drives progress.

#### **Justification for Recommendation:**

Approving this divestiture, while embedding the recommended pro-competitive safeguards, is an investment in Kenya's long-term economic competitiveness. It transforms the telecommunications sector from a source of one-time revenue into a self-sustaining engine for growth, job creation, and technological advancement. This ensures the transaction delivers transformative value for decades, fully aligning with Kenya's strategic vision for a digital future.

#### ***3.2.3 Fair Access to Essential Facilities***

In network industries like telecommunications, certain facilities are deemed “**essential**” because they are:

- **Non-replicable:** Extremely costly or practically impossible for competitors to duplicate (e.g., a national fibre backbone, dense urban tower sites).
- **Indispensable:** Necessary for any competitor to offer a viable service to consumers.

#### **Reasoning:**

The proposed divestiture represents a critical opportunity to fundamentally restructure Kenya's telecommunications market. However, its benefits will be severely limited if it merely transitions from state-influenced dominance to privately controlled dominance over essential facilities - the non-replicable, foundational assets upon which all digital services depend. These include passive infrastructure (towers, fibre ducts), digital platforms (M-PESA API), and the enabling spectrum resource. The divestiture rationale cites Vodacom's expertise and capital for infrastructure investment. The risk is that this leads to further proprietary investment in next-generation infrastructure (e.g., 5G standalone cores, edge data centres) without corresponding, strengthened access obligations. This would see the infrastructure gap widen, not close, post-transaction. Without robust safeguards, the transaction could allow the newly empowered entity to leverage this control to marginalize competitors, harming consumer choice and innovation.

#### **Recommendations:**

Therefore, Parliament's approval must be conditional on establishing a **modern, enforceable regulatory framework for essential facilities access**, and require the following:



1. **Expanding the Definition of “Essential Facility”:** The CA’s mandate must explicitly include future digital infrastructure (e.g., IoT networks, cloud edge nodes, API platforms) as potentially essential.
2. **Mandating “Equivalence of Input” (EOI):** This is a gold-standard regulatory remedy used in the EU and UK. It requires the dominant operator to offer its wholesale products (like network access) to competitors **on the exact same terms, using the same systems, and with the same quality** as it provides to its own retail division. This eliminates the ability to subtly degrade competitor services.

This is not about advantaging any single operator; it is about creating the **level playing field** necessary for a dynamic, multi-player market that drives down prices, spurs innovation, and delivers the digital economy envisioned in Kenya's national blueprints. This ensures the divestiture's fiscal gains are matched by enduring structural benefits for the entire sector and Kenyan consumers

By embedding these access guarantees into the approval, Parliament will ensure the divestiture catalyzes a race in service innovation and quality among all operators, rather than a further entrenchment of infrastructural dominance. This is fundamental to achieving the stated national goals of increased investment and improved consumer outcomes.

#### ***3.2.4 Mandate Regulated National Roaming as a Public Good***

A key outcome of this divestiture should be the accelerated closure of Kenya’s digital divide. **Mandatory National Roaming** is the most direct tool to achieve this. It would allow any Kenyan, regardless of their chosen operator, to have basic connectivity nationwide by automatically accessing available networks in areas where their provider lacks infrastructure.

The primary risk of not mandating a national roaming framework alongside this divestiture is the entrenchment of a two-tier digital economy. Without it, geographic coverage will remain an unassailable competitive advantage for the operator with the widest network, permanently distorting the market and stifling competition. This condemns underserved regions to limited choice and poorer services, locks consumers into providers based on location rather than value and forces all operators to waste capital on duplicative infrastructure in low-return areas instead of investing in innovation and service quality. Ultimately, Parliament would miss a **historic opportunity to correct a structural market failure**, allowing the transaction to optimize state finances while leaving the telecommunications market inefficient, uncompetitive, and inequitable for the Kenyan people.

**Justification:**



While multiple networks exist, significant disparities in coverage reliability and technological reach persist, limiting true consumer choice and leaving some regions behind. The divestiture risks further widening this gap and the primary rationale for mandating national roaming is to align **private commercial incentives** with **national public interest goals**.

1. **Economic Rationale for Operators:** For any rational, profit-maximizing entity—including the new Safaricom-Vodacom entity—capital investment follows a return-on-investment (ROI) calculation. It is an economic reality that deploying network infrastructure in low-population density or remote areas yields a lower and slower return than investing in high-density urban centers or high-margin services. This is not a critique, but a standard commercial principle.
2. **The Risk of Underinvestment in Underserved Areas:** Without a regulatory framework like national roaming, there is a demonstrable risk that the market mechanism alone will not deliver timely, equitable network coverage across all of Kenya's geography. This is a classic case of market failure in providing a public good—in this case, universal connectivity.
3. **Divestiture as a Catalyst for Policy Modernization:** This transaction, requiring Parliamentary approval on grounds of national interest, creates the perfect policy moment to address this long-standing structural issue. It allows the government to proactively shape the market outcome, ensuring the efficiency gains from the sale also translate into equitable access for citizens.

**Recommendation:** We therefore urge Parliament to direct the Communications Authority to develop and implement a National Roaming framework, with clear rules on transparent, cost-oriented pricing and strict quality of service standards to p

## Conclusion

In light of the compelling national interest, Jamii Telecommunications Limited provides its unequivocal support for Sessional Paper No. 3 of 2025. We commend the Government for a strategic and fiscally prudent initiative that will unlock vital capital for Kenya's infrastructure transformation.

Our endorsement is rooted in a shared vision for a robust, innovative, and competitive digital Kenya. The proposed partial divestiture presents a historic opportunity not only to strengthen the public treasury but also to reshape the telecommunications landscape for the benefit of every Kenyan consumer and business. By approving this transaction, the National Assembly will catalyze investment, accelerate digital inclusion, and reinforce Kenya's position as a leader in Africa's digital economy.



To ensure this opportunity is fully realized, we have offered expert recommendations aimed at *fortifying regulatory neutrality, ensuring fair access to essential facilities, and preventing harmful market concentration*. These safeguards are not conditions, but critical enablers, designed to guarantee that the sector emerges more dynamic, equitable, and innovative for the long term.

We therefore urge the Honourable Members to champion the accompanying oversight measures that will protect competition, foster innovation, and deliver lasting value to the nation.

Jamii Telecommunications Limited remains a committed partner in Kenya's digital journey and stands ready to support this transformative step forward.

Yours faithfully

**Dr. C.K. Joshua**  
**CEO/Chairman**

MEMORANDUM ON SESSIONAL PAPER NO. 3 OF 2025: PARTIAL  
DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA

**Submitted to:**

THE CLERK OF THE NATIONAL ASSEMBLY  
NATIONAL ASSEMBLY OF KENYA  
P.O. BOX 41842-00100  
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Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

**Submitted by:**

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Mobile: 0725 211511

As Registered Safaricom Channel Partners/Dealers

Date: January 5, 2026

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**1. INTRODUCTION**

We, Safaricom Dealers Association, a duly registered association under the Societies Act, Cap 108 Registration No. SOC/45649 representing the interest and welfare of channel distribution and trading Partner of Safaricom PLC under the Channel Partner Framework Agreements for the past 25 years of Safaricom PLC's existence, hereby submit this Memorandum in response to the public invitation for memoranda on Sessional Paper No. 3 of 2025, as tabled before the National Assembly on or about December 4, 2025, and referred to the Departmental Committee on Finance and National Planning and the Select Committee on Public Debt and Privatization.

As the key trading partners in Safaricom's business ecosystem; that assisted in the acquisition of 50 million plus customers to the network, maintaining and servicing the said customers through provision and access to all Safaricom's products and services across the country using our distribution, resources, and infrastructure. These products include airtime, SIM cards, devices, M-PESA products, enterprise services, mobile data,

and fixed data (as applicable under our agreement). We are the engine and critical value chain partner that has contributed to the great success and the Safaricom Plc brand in the country and in the region.

As a matter of fact, Safaricom Partners represented by this association are the backbone that has brought Safaricom Plc to the continental giant it currently is and provided the shareholders with the value they hold in Safaricom Plc. Part of this immense value is what the government intends to unlock to raise Kshs. 245 billion to create an infrastructure fund.

Over the past 25 years, Safaricom Partners have collectively invested over Kshs. 1.0 trillion to build and sustain a robust distribution infrastructure across the nation and currently serve a customer base of over 50+ million.

The Safaricom key distribution channel partners are about 434 with 2,170 outlets, over 300,000 M-Pesa agents, 675,000 Lipa na M-pesa merchants and 1.15 million pochi la biashara bringing the total physical and digital M-Pesa footprint to over 2 million touchpoints.

It is important to note that as Safaricom partners, we finance the float that enables Safaricom to process M-Pesa transactions smoothly and maintain uninterrupted service delivery. The M-pesa ecosystem transacts Kshs. 98 billion daily and in FY 2025 M-Pesa processed over 37.1 billion transactions valued at approximately Kshs. 38.29 trillion.

### **Safaricom Brand**

We have carried and sustained the Safaricom brand by creating unmatched visibility and loyalty across the country.

### **Tax impact**

Through our investment, commitment, hard work and combined effort as the key trading partners, we have consistently enabled Safaricom Plc to remain the largest taxpayer in the country contributing Kshs. 168.2 billion in the FY ending March 2025 alone, and over Kshs. 1.48 trillion since inception.

### **Employment**

Our operations employ over 855,000 staff directly, sustaining over 4.30 million dependents nationwide. A significant proportion of this workforce consists of youth and micro-entrepreneurs operating at the community level.

## **Business Model**

Safaricom PLC's exponential growth is driven by the immeasurable strategic investment by the Partners under the shared-prosperity business model from inception. The unique nature of the shared prosperity business model has ensured financial inclusion, deep penetration, and connectivity across the country through provision of products and services.

The shared-prosperity business model, which encompasses payment of residual and commissions, has empowered Safaricom Partners to make and commit monumental long-term investments in the belief of the perpetuity of the shared prosperity business model.

As a key Safaricom Partner and major stakeholder, we shall immediately and directly be affected by the divestiture, should the majority shareholder unfavorably change the partner business model. Any unilateral alteration of this model post-divestiture would retroactively undermine investment decisions made in good faith over decades.

We appreciate the opportunity for public participation as mandated by Articles 10, 118, and 201 of the Constitution of Kenya, which emphasize national values, public involvement in legislative processes, and prudent management of public finances.

While we recognize the Government's objectives in the Sessional Paper to mobilize non-tax revenue for critical infrastructure sectors (energy, roads, aerospace, water, and digital transformation), reduce public debt, and enhance Safaricom's competitiveness, we are concerned about the potential implications of the proposed 15% divestiture (approximately 6,009,814,200 shares valued at Kshs. 204.3 billion, plus an upfront payment of Kshs. 40.2 billion for dividends from Vodacom Group) on small and medium-sized enterprises (SMEs) like ours that form the backbone of Safaricom's dealer network. This Memorandum outlines our submissions, concerns, and recommendations to safeguard the interests of local Partners and ensure the divestiture aligns with Kenya's broader economic and social goals.

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## **2. GENERAL COMMENTS ON THE PROPOSAL**

We commend the Government for its strategic approach in retaining a 20% stake in Safaricom PLC post-divestiture, which ensures continued national influence in governance, board representation, and strategic decision-making. This retention is

crucial for maintaining Safaricom's role as a key player in Kenya's digital economy and protecting national interests in critical infrastructure.

The proposal's emphasis on avoiding policy and regulatory conflicts by shifting toward greater private sector involvement is also positive, as it could foster innovation and efficiency.

However, as a Partner bound by a comprehensive Framework Agreement with Safaricom, we note that increased influence from the Vodacom Group (which already holds approximately 40% and is facilitating the upfront payment) and becoming a majority shareholder may lead to operational changes that prioritize global strategies over local priorities. Our agreement (including clauses on commissions, residuals, performance standards, and termination for changes in our composition) does not explicitly address shifts in Safaricom's ownership, potentially exposing Partners to uncertainties.

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### **3. SPECIFIC CONCERNS**

#### **3.1 Impact on Dealer Contracts and Continuity.**

The divestiture could trigger indirect changes in Safaricom's management or policies, affecting dealer agreements. For instance:

- Clauses in our Framework Agreement (e.g., Clause 1.1.5 on Change in Composition) apply only to Partners, not to Safaricom, leaving us vulnerable if Vodacom-driven restructurings lead to contract reviews or terminations without cause. The proposed 3-year period is not sufficient.
- Potential revisions to commissions, residuals (Clause 1.1.31), or claw-back policies (Clause 1.1.6) to align with private efficiency goals could erode our margins, jeopardize investments, and threaten livelihoods.

#### **3.2 Risks to Local SMEs and Employment**

As an SME, we represent hundreds of thousands of similar partners nationwide who rely on Safaricom for business sustainability. Greater foreign control might favor large-scale distributors or digital channels, marginalizing local partners. This could lead to job losses, SME collapse and reduced economic multipliers in communities.

The Sessional Paper's goal of "promoting economic efficiency and market transition" should not come at the expense of local empowerment, as enshrined in Article 55 of the Constitution (access to employment and economic opportunities).

### 3.3 National Security and Digital Infrastructure

While the retained 20% stake safeguards national interests, we are concerned about data privacy, cybersecurity, and access to services in underserved areas. Partners play a frontline role in customer onboarding (e.g., via Identification Documents under Clause 1.1.17) and service delivery. Any shift toward Vodacom's international priorities could compromise these, particularly in M-PESA and digital services that are critical to Kenya's financial inclusion.

### 3.4 Transparency and Valuation

The proposed valuation (based on a 6-month volume-weighted average price of Kshs. 27.50 per share) and upfront payment structure appear reasonable, but we recommend independent audits to ensure fairness and prevent undervaluation of a national asset.

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## 4. RECOMMENDATIONS

To secure the interests of the entire Safaricom Partner eco-system and align the divestiture with constitutional principles, we respectfully recommend that Parliament:

4.1 Amend or condition approval of the Sessional Paper to include mandatory safeguards for local partners, such as:

- A. A clause requiring Safaricom to preserve the shared prosperity business model into perpetuity, noting the value within the Safaricom ecosystem has been built over time through Partner investment, market penetration, and sustained operational Partner presence, with a minimum guarantee of residual commission at the rate of 10%.
- B. Ring-fencing a portion of divestiture proceeds for SME support programs, including training and financing for Partners to adapt to potential changes.
- C. Being major stakeholders in the business chain, Safaricom Partner should be given one slot on the Safaricom Board for better representation.
- D. Safaricom Partners be indemnified and protected against any loss or disruption which may arise from Vodacom Group acquiring and becoming a majority shareholder after the transaction.
- E. Retain the current partners as a primary customer and market touch points for all current and future products and services.

4.2 Mandate stakeholder consultations with Partner representatives during implementation, ensuring compliance with the Public Private Partnerships Act and Competition Act to prevent anti-competitive practices.

4.3 Require periodic reporting to Parliament on the impact of divestiture on local businesses, employment, and service accessibility for at least 5 years post-transaction.

4.4 Prioritize Kenyan investors in any future offerings to enhance local ownership and reduce foreign dominance should the divestiture proceed.

We believe these measures will mitigate risks while achieving the Government's fiscal and developmental objectives.

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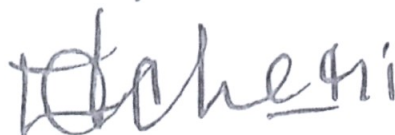
## 5. CONCLUSION

We support initiatives that strengthen Kenya's economy but emphasize the need for balanced reforms that protect vulnerable stakeholders like local Partners. We urge the Committees to consider this Memorandum in their deliberations and recommend approval of the Sessional Paper only with the proposed safeguards.

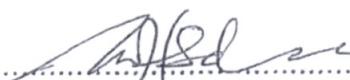
We are available for oral submissions or further clarification.

Thank you for the opportunity to contribute.

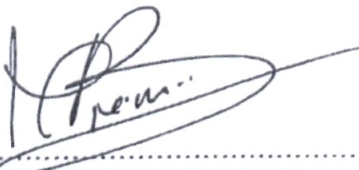
Signed on behalf of Safaricom Dealers Association by Governing Council members of the Executive :-



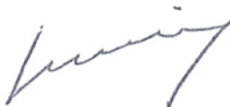
.....  
DR. ESTHER WANJIRU MUCHEMI  
CHAIRPERSON



.....  
MOHAMUD SALAT  
VICE-CHAIRPERSON



.....  
NAHASHON MACHARIA  
SECRETARY



.....  
ALISON MUIYURO  
ASSISTANT SECRETARY



.....  
ABDISALAN ALI  
TREASURER



# MAINGI MUSYIMI & ASSOCIATES

ADVOCATES, NOTARIES PUBLIC & COMMISSIONERS FOR OATHS

Page

## REPUBLIC OF KENYA

### MEMORANDUM ON SESSIONAL PAPER NO. 3 OF 2025: PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA

**Submitted to:**

THE CLERK OF THE NATIONAL ASSEMBLY,  
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A. INTRODUCTION

1. We, **MAINGI MUSYIMI & ASSOCIATES ADVOCATES**, duly instructed by **TRANSCEND MEDIA GROUP LIMITED** a registered company under the Companies Act hereby submit this Memorandum in response to the public invitation for Memoranda on **Sessional Paper No. 3 of 2025**, as tabled before the National Assembly on or about December 4, 2025, and referred to the Departmental Committee on Finance and National Planning and the Select Committee on Public Debt and Privatization.
2. In 2016, the directors of *Transcend Media Group Limited* made a complaint to the County Criminal Investigation Officer, Milimani regarding theft of copyright, economic sabotage and financial improprieties arising out of a tender floated by *Safaricom* for provision of Creative and Digital Services. The said tender was awarded to *M/s Saracen Limited*. A forensic investigation was conducted and from the data collected from the laptops and computers of a Director of *Saracen Ltd* and 4 employees of *Transcend Media Group Ltd*, it transpired that;
- *Safaricom* influenced and enticed employees of *Transcend Media Group* to leave their employment and work for or in conjunction with *Saracen Limited* in implementation of the creative output presented to *Safaricom* by *Transcend Media Group Limited*. This meant that the said employees and *Saracen* would team up and use *Transcend Media Group's* copyrighted work/creativity to pass off as belonging to *Safaricom*. This is what birthed the popular tagline '*BLAZE by SAFARICOM*'.
  - During the tendering process, *Safaricom* employees and managers were in constant touch with Directors of *Saracen Ltd* coaching/tutoring them on how to present, what to present and the fact that what *Transcend Media Group* were presenting was what would eventually be worked on

by them. To put it simply there was a scheme to rig out *Transcend Media Group* and it was actively perpetrated behind the scenes while the tender process was on going.

3. As a result of the foregoing infractions, the Directorate of Criminal Investigations initiated investigations over possible violations of provisions of the **Bribery Act [2016]** and despite several summons to the directors and management of Safaricom Limited to shed light on their possible prosecution for perpetuating conflict of interest and theft of intellectual property, they ignored and/or defied the same. Page |
4. Besides the Criminal proceedings against Safaricom Directors, Transcend Media Group Limited instituted a Civil suit for damages amounting to **Kes. One Billion Five Hundred Thousand Million [Kes.1,500,000/-]**. The citation for the case is **NAIROBI HCCC NO. 466 OF 2016 [As consolidated with HCOMM E014 OF 2022]**. The case is still on-going and has persisted in court for the last 10 years.

#### B. SPECIFIC CONCERNS

1. The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations [2012] require detailed disclosure or reporting of material litigation whether criminal or civil. Considering the potential risk exposure of Safaricom Plc and the tax payers in respect to the dispute between the company and Transcend Media Group Limited and thousands of other claims in court, what is the extent of provision by the Company of such Liabilities and to what extent can it be determined as sufficient to cover the exposure?
2. The tax payers on whose behalf the Government of Kenya holds shares have a legitimate expectation to benefit from full disclosure of the litigation exposure and whether the huge payout to the government for the divestiture exposes the company in their ability to defray the liabilities.

3. Vodacom Group Limited is poised to be the largest shareholder in Safaricom Limited. Will creditors be guaranteed settlement of amounts arising out of litigation or otherwise considering the history of Vodacom Group Limited's hard stance and refusal to pay legitimate debts awarded by the Courts and their brazen breach of Intellectual Property Rights e.g the famous South African case of "Please Call Me". Page |

### C. RECOMMENDATIONS

To secure the interests of potential creditors and in order to align the divestiture with constitutional principles, we respectfully recommend that Parliament:

- Amend or condition approval of the Sessional Paper to include mandatory safeguards for all the creditors and a full disclosure of the financial provisions for the liabilities projected to arise out of litigation involving large sums of money.
- Safaricom creditors be protected against any loss or disruption which may arise from Vodacom Group acquiring and becoming a majority shareholder after the transaction.

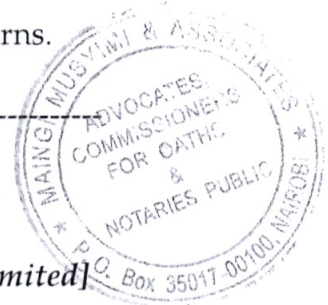
### C. CONCLUSION

We urge the Committees to consider this Memorandum in their deliberations and recommend a fool-proof liability disclosure and detailed provision for liabilities arising from litigation or disputes with Safaricom Plc or any other safeguard. We are available for oral submissions or further clarification.

We appreciate the opportunity accorded to articulate our concerns.

  
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Signed by: **MAINGI MUSYIMI & ASSOCIATES**

*[Representing Transcend Media Group Limited]*



TRANSPARENCY INTERNATIONAL KENYA & KATIBA INSTITUTE'S MEMORANDUM ON SESSIONAL PAPER  
NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA

To: The Clerk of the National Assembly

Date: 19<sup>th</sup> January 2026

**Organizations**

*Transparency International - Kenya (TI-Kenya)*

Transparency International - Kenya (TI-Kenya) is a national civil society organization that works towards a transparent and corruption-free society. Registered in Kenya in 1999 with a mission to combat corruption, we are dedicated to promoting integrity, transparency, and accountability in the public and private spheres through good governance and social justice initiatives.

With over 25 years' experience in governance interventions at the national and county levels, we work collaboratively with partners, institutions, and citizens to prevent, expose, and challenge corruption, and to strengthen systems that uphold good governance and public integrity. We pursue advocacy, partnership development, strategic litigation, research, capacity building, and civic engagement as our core approaches.

*Katiba Institute*

Katiba Institute (KI) is a non-profit, non-partisan, and non-governmental organization established in 2011 to promote knowledge and understanding of Kenya's Constitution and constitutionalism, and to defend and facilitate the implementation of the Constitution.

KI works on various areas of the Constitution, including issues of leadership and integrity, human rights, rule of law, elections, human rights and technology, and environment. KI also undertakes public interest litigation, research and publications, public education on the Constitution, capacity development, advocacy, and promotion of people's participation in public affairs.

### **Introduction:**

Sessional paper No. 3 of 2025 provides a proposal for partial divestiture of the Government of Kenya's shareholding in Safaricom PLC. The partial divestiture of 15% stake in Safaricom generates approximately Ksh. 204.3 billion in aggregate proceeds. The transaction is intended to facilitate the mobilization of resources.

Following an invitation for public participation on the Sessional Paper, TI-Kenya and Katiba Institute wish to make the following submissions and recommendations.

### **General Comments:**

1. The Government of Kenya (GoK) has the legal authority in the management of public assets, with this mandate not being limited to the disposal of assets. Notably, however, the proposed divestiture of the 15% stake at Safaricom PLC raises concerns regarding fiscal prudence, intergenerational equity, transparency, value-for-money, and accountability, which are all principles of public finance as per Article 201 of the Constitution 2010. It also raises concerns regarding the extent of compliance with principles guiding asset disposal under section 3 of the Public Procurement and Asset Disposal Act (PPADA).
2. The proposed partial divestiture of 15% stake in Safaricom seeks to prioritize short-term relief over long-term gains. This undermines the constitutional imperative (Article 10), which is also a principle of asset disposal, for development to be sustainable. The move does not safeguard public interest, given that Safaricom PLC is a critical company not only in Kenya's communication sector, but also in the digital economy space and the financial system. Further, key concerns of losing data sovereignty also arise.

3. There is a lack of specificity in how the Kshs 204.3 billion projected to be raised will be used. The Sessional Paper does not clearly identify the specific projects to be financed using proceeds from the sale of the 15% stake. While it states, “critical infrastructure investment priorities”, i.e., energy, roads, water, airports, and digital transformation, etc., the absence of a detailed and specific project breakdown, costing, timelines, and implementing agencies, raises concerns about transparency, traceability, prioritization, and value for money. The lack of a specific and clear plan for the utilization of the funds delegitimizes the urgency with which the divestiture is sought to be concluded.
4. There has been no proper justification for non-competitiveness in the sale of the 15% GoK stake at Safaricom PLC. This undermines the imperative to maximize value for money in the disposal of assets, under section 3 of PPADA. The proposal specifies that the shares are to be sold to Vodacom Group without a clear explanation of whether competitive bidding or even a market-testing process was undertaken. Kenya’s Constitution (Article 227), as well as the PPADA (which operationalizes Article 227, calls for competitiveness in procurement processes in Kenya, hence ensuring value for money, efficiency, fairness, transparency, and accountability in spending public funds. This requires adherence to set processes like open tendering, evaluation, and clear rules for all entities. In this case, this seems to have been overlooked, given GoK’s 35% share stake at Safaricom PLC is a public asset, and the 15% share stake being disposed of falls under the category of public assets that needs competitive procurement process before disposal. The Sessional Paper does not adequately justify why a single sourcing approach was preferred over an open and competitive process.
5. On matters of Beneficial Ownership (BO), the Vodacom Group is a publicly listed telecommunications company on the Johannesburg Stock Exchange, with Vodafone Group holding a controlling stake of approximately 60 - 65%, while the remaining shares are owned by institutional and public investors, meaning its ultimate beneficial ownership and decision-making power are largely foreign and institutional. From a public interest and beneficial ownership perspective, the proposed sale of GoK’s 15% stake in Safaricom PLC to Vodacom Group therefore raises critical concerns about the further transfer of control over a strategic national asset to external interests, which appears inconsistent with the government’s stated Bottom-Up Economic Transformation Model. By not prioritizing direct Kenyan citizen ownership through a public offer or citizen-focused investment mechanism, the transaction represents a missed opportunity to promote broad-based ownership, deepen domestic capital formation, and enhance democratic control over an asset central to Kenya’s digital economy, warranting closer

parliamentary scrutiny on whether the move advances transparency and inclusion or entrenches concentrated, externalized ownership.

6. Lastly, the proposal as illustrated in the Sessional Paper No. 3 of 2025 on the partial divestiture of Safaricom PLC presents a risk and a precedent that is being set by the GoK on matters of public finance as well as privatization. This move, like the prior move on the privatization of the Kenya Pipeline Company (KPC), poses the risk of normalizing the liquidation of public assets to resolve short-term fiscal deficiencies and pressures, in disregard of public interest and the principles of transparency, sustainability, and public participation.
7. Lastly, there appears to be an inconsistency between what is contained in the Sessional Paper and the information given by the CS for National Treasury to the Joint Parliamentary Committee, which he appeared before on 13 January 2026, on the matter on two levels:
  - a. While the Sessional Paper indicates that the funds received from the divestiture are intended to be utilized to finance priority infrastructure in critical sectors, the CS was insistent that the whole reason behind the divestiture is to raise seed capital for the establishment of the National Infrastructure Fund to de-risk public investment and attract foreign investment in the Fund. The Fund is set up as a commercial limited liability company under the Government Owned Enterprises Act, 2025. The constitutionality of this Fund is pending determination by the High Court in Petition E835 of 2025. There is a real risk of payment of proceeds of the divestiture into a fund that may end up being declared unconstitutional.
  - b. There appears to be minimal disclosure provided in the Sessional Paper regarding the terms of payment by Vodacom of the upfront amount of 40.2billion. While it is indicated under paragraph 3.3 to be payment in lieu of future dividends, the CS revealed before the joint committee that the amount will attract a payment of an additional 15billion (a total of 55billion), which essentially makes it a medium-long-term loan disguised as just a normal payment. Utilizing the divestiture to take out what is essentially a loan undermines both the rationale provided for the divestiture of avoiding further borrowing and circumvents the constitutional framework for the acquisition of debt, including all safeguards built into the borrowing framework to guarantee intergenerational equity and general compliance with the law.

8. We recommend that GOK should:

- i. Undertake a thorough public interest test regarding the proposed divestiture, given the central role Safaricom PLC plays in Kenya's governance and economy.
- ii. Explore other alternatives to financing the budget and development projects other than the disposal of the 15% Government stake in Safaricom PLC.
- iii. Given the inconsistencies and omissions between the CS's statement and the contents of the Sessional Paper, the Committee should halt its sessions and demand that the CS present a revised Paper that accurately captures all details revealed but not contained in the Paper.

Clause	Comments	Proposal/ Recommendation
1 - Objectives	<p>The Sessional Paper states that the proposed divestiture is to help with resource mobilization for development purposes, but there is no clear explanation on why this is the preferred methodology to finance the development side of the Kenyan budget as opposed to other mechanisms such as domestic revenue collection, borrowing, as well as grants and Aid. The objective is framed narrowly around revenue generation, without reference to Article 201 of the Constitution of Kenya 2010 (CoK 2010), principles of public finance, particularly openness, accountability, and responsible financial management.</p>	<p>It is recommended to:</p> <ol style="list-style-type: none"> <li>i. Reframe the objective to align with Article 201 of CoK 2010 principles of public finance.</li> <li>ii. Clarify whether the objective is to generally finance priority infrastructure or to commercially invest in the National Infrastructure Fund to attract private funding.</li> <li>iii. Include a cost-benefit and opportunity-cost analysis comparing divestiture with alternative financing options.</li> </ol>
	<p>The stated objective is fiscally sound and aligns with the government's broader goal of enhancing fiscal space and supporting infrastructure investment. However, the Paper does not provide sufficient clarity on the governance framework for managing the divestiture proceeds or how these funds will be integrated into the Public Finance Management (PFM) system to ensure adherence to the principles of fiscal responsibility, transparency, and value for money. Without a clear mechanism for allocation,</p>	<p>It is recommended to:</p> <ol style="list-style-type: none"> <li>i. Define clear and measurable fiscal objectives for the divestiture proceeds, including specific targets such as the percentage of proceeds to be applied toward debt reduction, and the portion to be invested in priority infrastructure projects.</li> <li>ii. Include a requirement for the National Treasury to submit quarterly reports to</li> </ol>

	tracking, and reporting, there is a risk that proceeds could be diverted to recurrent expenditures, undermining the long-term developmental and fiscal consolidation objectives of the divestiture.	Parliament on the utilization and impact of these funds, in line with Sections 76 and 83(3) of the PFM Act, to promote accountability, transparency, and value for money.
1.6 – Approval by the National Assembly	The proposed approval timeframe of 28 days offers a limited duration that restricts opportunities for comprehensive technical review, stakeholder engagement, and public participation, which are essential for maintaining transparency and public confidence in high-value fiscal transactions. The expedited timeline may therefore compromise the quality of fiscal due diligence and the robustness of parliamentary oversight envisaged under the PFM Act and Privatization Acts.	It is recommended that the National Assembly consider initiating an amendment process for section 87A (5) of the PFMA to extend the approval period to at least 60 days to allow adequate time for in-depth fiscal analysis, stakeholder consultations, and public disclosure. The approval process should also include a mandatory public participation component, in line with Article 118 of the Constitution of Kenya, to enhance accountability, transparency, and legitimacy of the divestiture decision.
2 - Background Information	The background section illustrates the commercial strength of Safaricom PLC, and what it contributed to the Kenyan economy in one year, yet paradoxically, the GoK uses this strength as a justification for selling its 15% stake. The Sessional Paper does not give a proper explanation of why GoK would opt to divest from such an asset that is financially strong, market dominant, and a key driver to financial prosperity, inclusion, and digital public infrastructure. This section does not offer an explanation on how the M-Pesa and data-infrastructure of Safaricom PLC will be handled if GoK divests the 15% share it owns, as these two factors are also critical and have made Safaricom PLC a success.	It is recommended that Parliament ask for: <ul style="list-style-type: none"> <li>i. Inclusion of a precise public interest and strategic asset analysis before approving this move.</li> <li>ii. Records illustrating Safaricom’s historical flow of dividends to do a comparison with the projected divestiture proceeds of Ksh 204.3 billion since its inception in 1997 or in the last 10 years. This will help analyze and see if GoK is getting value for money.</li> <li>iii. Assessment report with detailed narration of implications on digital sovereignty, competition, and consumer protection</li> </ul>

	<p>The irony is that the government seeks to divest from a profitable commercial entity that has admitted prospects for further growth in order to invest in another commercial venture in the name of the National Infrastructure Fund, whose legality remains in question.</p>	<p>before approving the divestiture move.</p>
<p>2.2 – Safaricom Shareholding</p>	<p>The proposed reduction of the Government of Kenya’s shareholding from 35% to 20%, and the increase in Vodacom’s effective control to 55%, raises significant national interest and data sovereignty concerns. While the transaction is financially and strategically motivated, the Paper does not clearly outline how the Government intends to preserve sovereign control over critical telecommunications infrastructure, national data systems, and cybersecurity interests post-divestiture. The absence of an explicit governance safeguard risks compromising the state’s ability to influence decisions of strategic importance, particularly in areas of data protection, emergency communications, and digital public infrastructure.</p>	<p>It is recommended that the Government retain a “Golden Share” or equivalent veto right in Safaricom PLC to safeguard national security, data sovereignty, and public interest considerations.</p>
<p>3 - National Treasury’s Recommendation on Financial Implications</p>	<p>While the recommendations given by the National Treasury heavily focus on the one-off revenue of Ksh 204.3 billion generated from the sale of the 15% share stake by GoK, it doesn’t explicitly give a framework on how the funds will be used, which is contrary to the PFMA on matters of traceability, transparency, and accountability. We see a forthcoming risk as the funds will be directly absorbed into the Consolidated Fund without a proper measurable</p>	<p>It is recommended that Parliament should request:</p> <ul style="list-style-type: none"> <li>i. Provision of a detailed report illustrating the existing gap and showing which sectors and specific projects these funds will be directed at.</li> <li>ii. A written guarantee that these funds will be used for development purposes only, and not to finance the recurrent expenditure.</li> </ul>

	development impact. Additionally, how is such a move sustainable in the long term?	
3.3	<p>The Sessional Paper indicates that an upfront payment of 4.2 billion is to be made in lieu of future dividends on GOK's residual 20% stake. No details have been provided on the full extent of the terms of such payment and what other commitments are made to the payment. It is not clear whether this is a loan and whether specific approval for its borrowing will be obtained.</p> <p>Receiving upfront payment for future dividends to be repaid with interest, without having a constitutionally tenable justification for this borrowing, risks the use of the proceeds for present consumption needs, which future generations will be burdened with paying for. This not only undermines the constitutional imperative for intergenerational equity but also contravenes the constitutional framework for borrowing.</p>	<p>The Sessional Paper should be revised to provide specific details not only regarding the justification but also on the terms of the payment. If it indeed attracts an interest payment of 15 billion, then it should be separated and presented separately through the appropriate procedure for the approval of loans.</p>
4 – Information	<p>The Sessional Paper ambiguously states that the transaction shall be implemented within the existing legal framework, without demonstrating how key legal principles such as competitiveness, public participation, transparency, accountability, fiscal prudence, intergenerational equity, and value-for-money have been operationalized in the proposed transaction, as required under the Constitution, the Public Finance Management Act (PFMA), the Public Procurement and Asset Disposal Act (PPADA), and the Capital Markets Regulations of 2023.</p>	<p>It is recommended that the clause be amended to provide explicit details of specific compliance requirements/conditions/principles applicable to the proposed transaction under the relevant laws, and information be provided on how the National Treasury has complied with each of them.</p>

5 – Request to the National Assembly	The proposal lacks detailed cost-benefit analysis and fiscal risk disclosure, as required under Section 15 of the Public Finance Management (PFM) Act, 2012. The omission of a comprehensive fiscal impact statement, including an assessment of foregone dividends, contingent liabilities, valuation of risks, and macroeconomic implications, limits Parliament’s ability to make a fully informed decision. This gap also raises accountability concerns, given the transaction’s potential to affect the medium-term fiscal framework and public debt sustainability.	It is recommended that the Sessional Paper be revised to incorporate a detailed Cost-Benefit and Fiscal Risk Analysis, in compliance with PFM Act.
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KENYA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY (KNCCI)

**Brief Submission to the National Assembly Finance Committee**

Subject: KNCCI Position on Proposed Sale of 15% of Safaricom PLC to Vodacom Group

Date: 15<sup>th</sup> January 2026

**1. Introduction**

The Kenya National Chamber of Commerce and Industry (KNCCI), representing Kenya's private sector through its 47 county chapters, submits its position to Parliament on the Government of Kenya's proposed sale of 15% of its shareholding in Safaricom PLC.

Safaricom is Kenya's most systemically important listed company and the backbone of the country's digital payments and MSME commerce infrastructure. Any ownership change, therefore, has economy-wide implications beyond fiscal revenue.

KNCCI supports capital market deepening and private sector participation. However, divestiture of Safaricom must be conducted in a manner that:

- Preserves financial and digital stability
- Protects MSMEs and consumers
- Enhances local ownership
- Avoids value erosion or market shocks

Any ownership change, therefore, has systemic consequences for:

- Business continuity
- Cost of transactions
- Data sovereignty
- Financial inclusion
- National security

We therefore recommend a structured, Kenyan-led divestiture model, rather than a rapid or externally-driven sell-down.

**1. Background**

The National Treasury has proposed to sell 6,009,814,200 Safaricom shares (15%) to Vodacom Group at Sh34 per share, raising approximately Sh204.3 billion, with total proceeds including dividend monetization of Sh244.5 billion.

Upon completion:

- Government shareholding will fall from 35% to 20%

- Vodacom Group's ownership will rise to 55%, giving it effective controlling interest

KNCCI recognizes the fiscal pressures facing government. However, this transaction represents one of the largest asset disposals in Kenya's history and involves systemically important national infrastructure.

## **2. Safaricom Is a Systemic Economic Utility**

Safaricom is not simply a telecom company. It is Kenya's primary digital payments and MSME commerce platform:

- M-Pesa processes over Sh25 trillion annually.
- Enables over 30 million Kenyans to transact, save, borrow, and pay taxes
- Anchors FinTech, InsurTech, e-commerce, agri-tech, and digital lending ecosystems
- Over 1 million MSMEs use Safaricom rails for payments, credit, payroll and trade
- Safaricom contributes approximately Sh140–160 billion per year in taxes
- Government currently receives Sh15–20 billion annually in dividends

Any ownership change, therefore, affects:

- MSME operating costs
- Financial inclusion
- Government revenue
- Data and platform control

## **3. Fiscal Trade-Off**

Government will raise Sh204–244 billion once, but permanently surrender:

- About Sh4–6 billion per year in dividends from the 15% stake sold
- Strategic leverage over a core national economic platform

Within 10–15 years, foregone dividends alone will approach the sale proceeds. If the funds are used for recurrent spending, Kenya's net fiscal position will weaken.

## **4. Market and Savings Risk**

Safaricom accounts for nearly 50% of NSE market capitalisation and is the anchor stock for:

- Pension funds
- Unit trusts
- Insurance portfolios

Selling the stake off-market to a single foreign buyer avoids immediate price disruption, but it also:

- Bypasses Kenyan institutional and retail investors
- Concentrates ownership
- Transfers long-term dividend flows offshore

This reduces domestic capital formation and weakens Kenya's financial system over time.

### **5. Competition and Control Risk**

Post-transaction, Vodacom will own 55% of Safaricom, giving it:

- Effective operational control
- Strategic influence over pricing, data and product direction

Given Safaricom's dominance in payments and digital trade, this creates concentration risk that requires strong regulatory oversight to prevent:

- Fee escalation
- MSME exploitation
- Reduced innovation and interoperability

### **6. Risks of an Unstructured or Externalized Divestiture**

KNCCI cautions Parliament against a divestiture model that is:

- Driven by short-term fiscal pressures
- Executed through offshore placements
- Concentrated in foreign institutional investors

Such an approach would risk:

#### **(a) Capital Flight**

Selling large blocks offshore would export future dividend flows out of Kenya, weakening the balance of payments and reducing domestic reinvestment.

#### **(b) Market Destabilization**

A poorly sequenced sell-down could depress Safaricom's share price, wiping out Kenyan pension funds, SACCOs, unit trusts, and retail investors.

#### **(c) Loss of Policy Leverage**

The government currently retains a strategic voice over:

- Digital inclusion

- Consumer protection
- Interoperability
- National data infrastructure

Divestiture without safeguards risks ceding this influence to purely profit-driven interests.

#### **(d) MSME Cost Exposure**

Safaricom controls transaction rails for millions of businesses. Ownership changes could lead to:

- Higher fees
- Reduced incentives for MSME-friendly innovation

#### **7. KNCCI Position**

KNCCI does not oppose the sale per se, but submits that:

1. The transaction materially changes control of Kenya's most important digital utility and must be treated as a national economic decision, not merely a fiscal one.
2. Kenyan investors should be given structured access to this asset through the NSE or domestic investment vehicles in future tranches.
3. Proceeds must be legally ring-fenced for debt reduction and productive infrastructure, not consumption and recurrent expenditure.
4. Strong regulatory safeguards must be imposed on pricing, data protection, MSME access, and competition.

#### **7. Conclusion**

The proposed Safaricom divestiture will provide short-term fiscal relief, but it also transfers long-term economic power and income streams from Kenya to external shareholders.

Parliament must ensure that this transaction strengthens, not weakens, Kenya's private sector, capital markets, and digital economy.



## MEMORANDUM SUBMISSION ON SESSIONAL PAPER NO. 3 of 2025: Partial Divestiture in Safaricom PLC by the Government of Kenya.

Date: 19th January, 2026.

### Section A — Introduction.

This Memorandum is submitted by WeCare Youth Organization, a youth-led community-based organization committed to advancing transparency, accountability, economic justice, and meaningful youth participation in governance processes at both county and national levels. WeCare co-convenes university-based Transparency and Integrity Clubs at Maseno, Great Lakes University of Kisumu, Jaramogi Oginga Odinga, and Masinde Muliro Universities of Science and Technology, serving as sustainable platforms for young people to meaningfully engage in governance and democratic processes.

The Memorandum is submitted pursuant to Articles 1, 10, 118, 201, and 232 of the Constitution of Kenya (2010), which anchor public participation, transparency, accountability, prudent public finance management, and citizen oversight in public decision-making. It responds to Sessional Paper No. 3 of 2025, which proposes the partial divestiture of the Government of Kenya's shareholding in Safaricom PLC.

The purpose of this Memorandum is to:

- ❖ Present a youth-centered legal and policy analysis of the proposed partial divestiture.
- ❖ Assess the implications of the proposal on intergenerational equity, economic justice, and digital inclusion.
- ❖ Share comparative international best practices relevant to safeguarding public interest in strategic assets.
- ❖ Highlight risks and governance gaps from a citizen oversight perspective.
- ❖ Offer actionable recommendations to Parliament that reflect constitutional values and the long-term interests of young people and future generations.

### Section B— Background, Context & Objective of the Bill.

Safaricom PLC is Kenya's most profitable company and a critical national asset, contributing significantly to government revenue through dividends, taxation, employment creation, and digital infrastructure development. Beyond its commercial value, Safaricom plays a strategic role in: National digital transformation, Financial inclusion through mobile money platforms, National security and data sovereignty & Connectivity and innovation ecosystems.

The Government of Kenya currently holds a minority but influential shareholding, which has historically ensured public interest oversight while benefiting from commercial returns. The Sessional Paper proposes a partial divestiture as a strategy for raising public funds and broadening ownership. The primary objective of this sessional paper is to seek parliamentary approval for the divestiture of 15% of the Government's equity in Safaricom PLC, generating approximately **KES 204.3 billion (USD 1.57 billion)** in proceeds. These funds are earmarked for critical infrastructure investments in energy, roads, water, airports, and digital transformation.

## **Section C - POLICY ANALYSIS with Justifications OF THE PROPOSED PARTIAL DIVESTITURE: A YOUTH AND INTERGENERATIONAL JUSTICE PERSPECTIVE.**

The Sessional Paper advances several justifications, including: *Mobilization of domestic resources, Reduction of public debt pressures, Deepening capital markets & Broadening citizen ownership*. While these objectives are legitimate, they require careful scrutiny against alternative policy options and long-term fiscal impacts.

### **Key Policy Concerns:**

- 1. Short-Term Fiscalism:** Divesting a high-performing asset to meet short-term financing needs may undermine sustainable revenue generation through dividends.
- 2. Loss of Strategic Influence:** Even partial divestiture can weaken government influence in strategic decisions affecting data governance, pricing, and national infrastructure.
- 3. Equity and Access:** Without deliberate safeguards, divestiture may disproportionately benefit institutional and elite investors rather than ordinary citizens.
- 4. Precedent Setting:** The decision sets a precedent for the treatment of other profitable state-linked assets.

## **Section D - COMPARATIVE AND INTERNATIONAL BEST PRACTICES.**

### **1. United Kingdom – British Telecom (BT)**

The UK government undertook a gradual and well-sequenced privatization of BT, retaining regulatory oversight and ensuring universal service obligations. Lessons include: Phased divestiture rather than rapid sell-offs, Strong, independent regulation to protect consumers, & Continued state influence over strategic infrastructure.

### **2. South Africa – Telkom SA**

South Africa's partial divestiture of Telkom highlighted risks of undervaluation and weakened public control. Key lessons include: *Importance of transparent valuation, Risks of reduced service affordability & Need for clear post-divestiture governance frameworks*.

### **3. Singapore – Singtel**

Singapore retained significant state ownership through Temasek Holdings, balancing commercial efficiency with strategic national interests. Best practices include: *Use of sovereign holding entities, Clear separation between ownership and political interference, and long-term value maximization over fiscal expediency*.

## **Section E: RISK ANALYSIS AND SAFEGUARDS FROM A YOUTH AND DIGITAL RIGHTS PERSPECTIVE**

Some of the risks include:

- 1. Undervaluation and Loss of Long-Term Public Revenue** - Safaricom PLC remains one of the most profitable entities in Kenya, providing consistent dividend income to the Exchequer. A partial divestiture conducted under fiscal pressure risks undervaluation of public shares, which may result in Permanent loss of future dividend streams that could fund (education, health, and youth) development, Intergenerational transfer of value from the public to private investors, & Weak bargaining power for the State if market conditions are unfavorable at the time of sale.

**Safeguard:** Parliament should require independent, multi-firm valuation reports, public disclosure of valuation assumptions, and a clear justification demonstrating that projected long-term benefits exceed forgone future revenues.

- 2. Short-Term Fiscalism and Debt Substitution** - There is a significant risk that proceeds from divestiture may be used to plug short-term budget deficits or service recurrent expenditure, rather than address structural fiscal challenges. This creates a substitution of sustainable revenues with one-off financing, resulting in Reduced fiscal resilience and weak accountability if the proceeds are absorbed into the Consolidated Fund without traceability.

**Safeguard:** The Divestiture proceeds should be legally ringfenced for clearly defined & development-oriented investments with an impact on the youth population, like climate resilience, digital infrastructure, and Innovation.

- 3. Erosion of Strategic Public Influence** - Even partial reduction in government shareholding may weaken the State's ability to influence decisions on National digital infrastructure priorities, Pricing and accessibility of essential digital services. For many young people, this may translate into reduced affordability of data services, barriers to digital entrepreneurship, and constrained innovation ecosystems.

**Safeguard:** Retention of a strategic or "golden share" and strengthened regulatory oversight to protect public interest considerations beyond pure profitability.

- 4. Data Sovereignty and Digital Rights** - Safaricom's infrastructure handles vast amounts of personal, financial, and transactional data. Reduced public ownership heightens concerns regarding Control over sensitive national and citizen data, Weak enforcement of data protection obligations, and exposure to external commercial or geopolitical interests. In this case Young people, as the most active digital users, are particularly vulnerable to misuse of data and exclusion from digital rights protections.

**Safeguard:** Parliament should require binding commitments on data localization, compliance with the Data Protection Act, and enhanced oversight by the Office of the Data Protection Commissioner.

- 5. Risk of Weak Public Participation and Democratic Deficit** - If the divestiture process is driven primarily by executive and technocratic actors, public participation may become procedural rather than substantive. This undermines Constitutional legitimacy, Public trust in economic governance, and Youth confidence in democratic institutions.

**Safeguard:** Parliament should mandate meaningful, well-resourced public participation, including simplified disclosures, civic education, and incorporation of citizen input into final decisions.

- 6. Risk of Precedent Setting for Other Public Assets** - Approving divestiture without robust safeguards sets a precedent for the disposal of other profitable or strategic public assets, potentially accelerating Asset stripping, Privatization without accountability and Long-term erosion of the public balance sheet.

**Safeguard:** Parliament should develop and apply a clear, principled framework for public asset divestiture grounded in constitutional values and intergenerational equity.

## Section F: RECOMMENDATIONS BY WECARE YOUTH ORGANIZATION

We respectfully recommend that Parliament, through the committee:

1. Approves the Sessional Paper, but only subject to clear conditions and safeguards.
2. Requires a comprehensive cost–benefit and alternatives analysis for the divestiture.
3. Ensures phased divestiture with periodic parliamentary reviews.
4. Mandates ring-fencing of the proceeds for clearly defined public investments.
5. Retains strategic state influence to protect national interests.
6. Strengthens public participation and disclosure mechanisms.

### CONCLUSION.

From a youth and citizen oversight perspective, Safaricom PLC represents both a financial asset and a pillar of Kenya's digital future. Decisions affecting its ownership structure will have lasting implications for young people, including access to affordable digital services, employment opportunities, innovation ecosystems, data governance, and public revenue available for social investment.

WeCare Youth Organization urges Parliament to approach the proposed partial divestiture with caution, transparency, and a firm commitment to constitutionalism and intergenerational equity. Short-term fiscal considerations must not override the long-term public interest of present and future generations.

Parliament is therefore called upon to uphold its constitutional oversight role by ensuring that any divestiture of public assets is justified, participatory, well-regulated, and demonstrably aligned with Kenya's development aspirations and the lived realities of young people.

SIGNED 

DATE: 19th January, 2026.

② Benjamin Magut HOD  
Pls inform the Depr. Committee  
on finance. DM 2/4/26



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January 16, 2026

① DDC  
8  
20/1/26

Mr. Samuel Njoroge, CBS  
Clerk of the National Assembly  
Clerk's Chambers  
Main Parliament Buildings  
P.O Box 41842-00100  
Nairobi, Kenya

**RE: SUBMISSION ON THE SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA**

Dear Mr. Samuel,

The Institute for Social Accountability (TISA) writes in response to your letter (**REF: NA/DDC/F&NP/2025/101**) inviting stakeholders to submit their views on the Sessional Paper No.3 of 2025 concerning the proposed partial divestiture of the Government of Kenya shareholding in Safaricom PLC. TISA is a Civil Society Organization founded in 2008, committed to achieving sound policy and good governance by supporting a culture of active citizenship and accountable governments. TISA promotes active citizenship to advance accountability in the management of public resources and empower communities to shape an equitable and just society, anchored in a vision of citizen-led public accountability for good governance in Kenya.

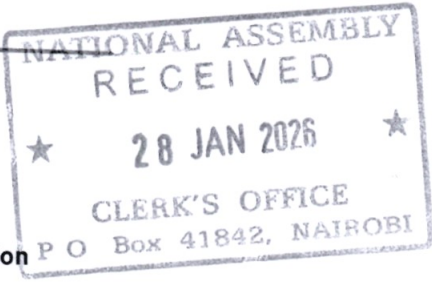
The submission provides a detailed legal and policy analysis, identifies critical contractions with the Constitution of Kenya 2010, the Public Finance Management Act, the Privatization Act 2025, Data Protection Act 2019, and other applicable frameworks, and present specific policy recommendations grounded in constitutional principles and the protection of Kenya's strategic national interests.

Given the strategic importance of Safaricom PLC as a critical national infrastructure and the far-reaching implications of the proposed transaction, we respectfully urge that adequate time be afforded to the parliamentary committees and the public to thoroughly examine this matter in accordance with provisions of Article 118 of the Constitution and the principles established in relevant jurisprudence on meaningful public participation.

We are grateful to you for facilitating this constitutional right to participate in matters of public interest and trust that our submission will receive serious consideration it deserves.

Yours Sincerely,

Diana Gichengo,  
Executive Director,  
The Institute for Social Accountability (TISA)  
Convener, Okoa Uchumi Campaign and Right to Food Coalition



**Our Vision**  
Citizen-led public accountability for good governance





## Introduction

On December 4, 2025, the Government of Kenya announced its intention to partially divest its shareholding in Safaricom PLC by disposing a 15% stake to Vodacom for KSh 204.3 billion, plus an upfront KSh 40.2 billion payments in respect of anticipated future dividends on the Government's remaining 20% shareholding, aggregating to KSh 244.5 billion<sup>1</sup>. This announcement was made without prior public consultation or notice, revealing a transaction that had already been negotiated, structured, and effectively concluded between the Executive and Vodacom before any pretense of public involvement.

The public participation process that followed came only after sustained outcry from some Members of Parliament, civil society organizations, and ordinary Kenyans who demanded transparency and accountability. Yet this consultation, conducted during the December holiday period with a truncated 31-day timeline, is nothing more than a ceremonious exercise designed to tick constitutional boxes while the substance of the transaction remains predetermined and non-negotiable. The National Treasury and the Executive had already approved the sale, and the deal was closed. Public participation is theater, not democracy.

This explains why the Government has categorically refused democratic alternatives such as listing the shares on the Nairobi Securities Exchange or conducting an open public tender that would allow Kenyan citizens, institutional investors, and competitive bidders to participate. Such processes would have been transparent, competitive, and value-maximizing. Instead, the Government opted for a pre-negotiated sale to a single foreign buyer at a price determined behind closed doors, foreclosing any genuine public input or competitive discovery of true market value.

Safaricom is not merely a commercial enterprise. It is a national treasure and strategic asset that sits at the very heart of Kenya's digital economy. Across Kenya, in urban centers and rural villages, among the prosperous and the marginalized, Safaricom has been the bridge for communication, connectivity, and financial access. It is Kenya's digital backbone, underpinning financial inclusion and entrepreneurship. Through platforms such as M-Pesa and its expansive telecommunications infrastructure, Safaricom has played a central role in advancing economic participation and contributing significantly to public revenues.

While the Executive and the National Treasury argue that the divestiture will enhance fiscal space, support Kenya's infrastructure agenda, and enhance competitiveness, TISA firmly contends that the proposed divestiture is unconstitutional, economically short-sighted, strategically reckless, and contrary to the national interest. It threatens to undermine the country's sovereignty over critical digital infrastructure, lacks meaningful public participation, and risks catastrophically undervaluing a public asset of immense and enduring national significance. As discussed below, the approach has flouted fundamental constitutional and legal principles.

This transaction violates the foundational architecture of Kenya's constitutional and legal order on public finance management, the republic and our sovereignty and even security. Article 10 of the Constitution mandates good governance, transparency, accountability, and meaningful public participation in all state actions. The Courts have repeatedly emphasized that these are not aspirational goals but binding obligations<sup>2</sup>. Yet the Government announced this transaction

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<sup>1</sup> <https://x.com/KeTreasury/status/1996502773987209434?s=20>

<sup>2</sup> *Attorney General & 2 others v Ndii & 79 others; Dixon & 7 others (Amicus Curiae)* [2022] KESC 8 (KLR)



as a *fait accompli*, conducted sham consultations during a holiday period, and refused to disclose critical documents including independent valuations, transaction advisors' reports, or comparative analyses of alternative approaches. This is not transparency; it is contempt for constitutional governance.

Article 201 requires that public finances be managed openly, that resources be used prudently and equitably, and that the burdens and benefits of resource use be shared fairly between present and future generations. Selling a revenue-generating asset that produces sustainable annual dividends to fund short-term budgetary gaps or recurrent expenditure violates these principles fundamentally. Worse still, the upfront payment of KSh 40.2 billion for future dividends constitutes disguised borrowing—off the books, unaccountable, and designed to circumvent debt thresholds and fiscal responsibility rules. This is not prudent resource management, but a fiscal subterfuge that mortgages the financial security of future generations for immediate political expedience.

Article 206 of the Constitution of Kenya requires that all money raised or received by or on behalf of the national government be paid into the Consolidated Fund, unless specifically authorized by an Act of Parliament to be paid into a different public fund. The tragedy of this fire sale is compounded by a glaring legislative void that we have not enacted the law required to establish an Infrastructure Fund. There is currently no legal mechanism to ring-fence these proceeds for their stated purpose. Without such a statutory "silo," the Ksh 244.5 billion remains legally indistinguishable from any other revenue, making it a prime target for recurrent expenditure and immediate political expedience. By moving forward without this essential legal framework, the Executive is engaging in a dangerous game of fiscal shell-shifting, trading away decades of sustainable dividend streams for a one-time cash injection that we cannot legally protect for its intended use

Article 227 mandates that procurement and disposal of public assets be conducted through systems that are fair, equitable, transparent, competitive, and cost-effective, with preferences for previously disadvantaged groups. The direct negotiated sale to Vodacom, without open tender or public listing, brazenly violates these requirements. No Kenyan individual, cooperative, pension fund, or institutional investor was afforded the opportunity to bid. No competitive process was conducted to discover true market value or maximize public returns. The Public Procurement and Asset Disposal Act establish detailed procedures: disposal committees, proper valuation, transparent methods including public auction, tender, or stock exchange listing. None were followed. Instead, the Government bypassed statutory safeguards, foreclosed public participation, and handed Kenya's most valuable digital asset to a foreign corporation in a closed-door transaction. The process circumvent the provisions of the circumvents the provisions of the PPAD Act that have entrenched transparency and inclusion of marginalized groups in not only procurement but also the disposal of assets, including assets like Safaricom hat has entrenched transparency and inclusion of marginalized groups in not only procurement but also the disposal of assets including assets like Safaricom shares. If the divestiture was in good faith, then this is an opportunity for the government to put their commitments to youth and '*mama mboga*' by ensuring that 30% of shares earmarked for disposal via divestiture are set aside for youth, women and persons with disability in Kenya. The same act also urges that procurement and disposal should prioritize Kenyan citizens, after all we need to harness our resources and ensure optimal investment of capital by Kenyans for Kenya.

Article 238 places national security at the constitutional apex, requiring the protection of Kenya's sovereignty, territorial integrity, and strategic interests. Safaricom controls telecommunications infrastructure carrying sensitive government communications, security agency operations, and critical national data. It manages M-Pesa, processing financial



transactions for over 30 million Kenyans, including tax collections, government payments, and security force salaries. Transferring majority control to a foreign entity, subject to foreign laws and foreign government influence, creates catastrophic vulnerabilities. Yet no national security impact assessment was conducted. No data sovereignty safeguards were established. No mechanisms to protect against foreign intelligence access, technology backdoors, or infrastructure shutdown during crises were put in place.

The Data Protection Act 2019 requires lawful, transparent processing of personal data with robust safeguards for cross-border transfers. Vodacom's majority control will inevitably lead to systems integration with its global infrastructure, enabling offshore data processing and storage. The Office of the Data Protection Commissioner has not been consulted, and no binding data localization requirements have been imposed. Sensitive financial, health, identity, and communications data of millions of Kenyans will be subject to foreign corporate control and potentially accessible to foreign governments through legal compulsion or intelligence operations.

### **The Dangerous Precedent and Devastating National Consequences**

If Parliament approves this transaction, it will establish a catastrophic precedent that fundamentally transforms Kenya's constitutional order. It will confirm that the Executive can bypass any statutory framework, however comprehensive or constitutionally mandated, through creative invocation of procedural provisions. Every safeguard that Parliament has enacted, for privatization, procurement, asset disposal, debt management, public participation, becomes optional, subject to executive discretion and political convenience. The rule of law becomes the rule of expediency.

Future governments will cite this precedent to sell assets such as Kenya Ports Authority to foreign operators, transfer control of Kenya Power to international corporations, dispose of strategic petroleum reserves, or privatize water utilities, all without meaningful public participation, competitive processes, or statutory compliance. Public assets will be sold at prices determined in closed negotiations rather than discovered through competitive markets. Kenyans will become spectators in the disposal of their own national patrimony, reduced to ceremonial consultations that occur after deals are finalized.

The economic consequences are equally devastating. By refusing to list the shares on the Nairobi Securities Exchange, the Government has denied Kenyan pension funds, insurance companies, cooperative societies, and individual investors the opportunity to acquire ownership in their country's most profitable enterprise. The transaction externalizes value where dividends that would have enriched Kenyan institutions will now flow to South African shareholders. Capital that could have deepened Kenya's equity markets and broadened citizen ownership is instead exported, entrenching economic dependency and foreign control.

The upfront dividend payment of KSh 40.2 billion represents the most pernicious form of fiscal irresponsibility. Based on historical yields, this amount represents merely three to five years of dividends on the 20% stake. In exchange for short-term cash, the Government has surrendered decades of sustainable revenue. This is intergenerational theft, sacrificing the financial security of future Kenyans for the political convenience of the current administration. When future governments face budget constraints, they will have no dividend stream to rely upon, the assets will be gone and the money spent. The burden will fall on future taxpayers.

The concentration of control in foreign hands threatens Kenya's technological sovereignty and digital independence. Vodacom, now holding 55% and effective majority control, will determine



technology choices, infrastructure investments, service pricing, data management policies, and regulatory positions. Kenya's digital economy will be subject to strategic decisions made in Johannesburg or London, aligned with Vodafone Group's global interests rather than Kenya's national development priorities. Innovations in 5G deployment, satellite connectivity, fintech expansion, and digital identity systems will be shaped by foreign corporate strategy, not Kenyan policy imperatives.

Safaricom's Kenyan workforce, local supply chains, innovation ecosystems, and technology partnerships have created thousands of direct jobs and supported countless businesses. Foreign control inevitably leads to offshoring—customer service relocated to India, back-office operations moved to South Africa, technology development centralized in global hubs. The brain drain will be substantial as Kenya's best telecommunications engineers, fintech developers, and digital innovators follow opportunities to regional offices rather than building careers at home.

Most fundamentally, this transaction represents a betrayal of the social contract between the state and its citizens. Public assets are held in trust for the people. Their disposal must advance public interest, maximize public value, and ensure equitable participation. This transaction does not do any of these. It was negotiated in secret, approved behind closed doors, and imposed on Kenyans through a sham consultation. It transfers strategic control to foreign interests, undervalues a national asset, forecloses competitive discovery of market value, excludes Kenyan investors, and mortgages future revenue for immediate cash.

The message is clear; this government views us as subjects to be informed of decisions already made, not citizens entitled to participate in decisions affecting their national patrimony. The Constitution's guarantees of transparency, participation, and accountability are negotiable when executive convenience demands. Strategic assets can be sold to foreign buyers without our consent, input, or even meaningful knowledge until the transaction is fait accompli. This is not governance, but the hollowing out of constitutional democracy, the reduction of citizenship to spectatorship, and the transformation of public assets into private deals conducted in shadows and sealed before daylight.



**Comprehensive Sessional Paper no. 3 of 2025 Analysis Matrix**

This section provides a detailed clause-by-clause analysis of Sessional Paper No. 3 of 2025. Each element of the paper is examined against constitutional provisions, statutory requirements, and public interest considerations. The analysis identifies issues, provides policy recommendations, justifications, comments, and concludes with a position on whether to adopt or decline each proposal.

ISSUE	POLICY RECOMMENDATION	JUSTIFICATION	COMMENT
Absence of a statutory Infrastructure Fund to receive and ring-fence the proceeds	Ensure that a statutory Infrastructure Fund is established under Article 206 of the Constitution to provide a clear, transparent, and legally protected mechanism for receiving, managing, and disbursing proceeds from the sale of public assets. Article 206 envisions a structured public finance framework that safeguards public resources by ensuring that all revenues are paid into funds established by law and subjected to parliamentary oversight.	Without a statutory Infrastructure Fund, proceeds with risk diversion from long-term infrastructure, violating Articles 201 and 206 on prudent, transparent, and equitable use of public resources. The Privatization Act, 2025 requires a comprehensive programme, and reliance on a Sessional Paper cannot override constitutional safeguards or parliamentary oversight. Selling this high-performing asset without a secured fund risks short-term relief at the expense of lasting public value.	The lack of a statutory Infrastructure Fund is a material governance risk. It undermines accountability, transparency, and public confidence, and makes any infrastructure rationale for the sale speculative
Sales of 15% stake (6.01 billion shares) directly to Vodacom Group at KSh 34 per share	Adopt transparent competitive bidding or IPO method. If direct sale is pursued, conduct comprehensive independent	Section 45 of the Privatization Act prescribes specific methods including IPO, public tender, or preemptive rights. Direct negotiated sale to a single buyer without	Safaricom's market performance shows significant volatility. A six-month average of KSh 27.50 includes periods of market depression. Recent H1 2025 results show 52.1% profit increase to KSh 42.8 billion,



	valuation considering strategic value, not just market price	competitive process violates principles of fairness, transparency, and value for money (Article 227). Share prices based on a six-month average during market volatility may undervalue the asset.	suggesting shares are undervalued. The 17% premium is inadequate for such a strategic asset with monopolistic characteristics.
Reduction of Government shareholding from 35% to 20%, resulting in loss of strategic majority	Maintain Government shareholding above 25% to preserve the blocking minority rights under the Companies Act. Alternatively, secure special rights through golden share or special resolutions	At 20%, the Government loses blocking minority powers for special resolutions (requiring 75% under the Companies Act). This eliminates veto power over major decisions including constitutional amendments, asset disposals, mergers, and winding up. Articles 201 and 238 require prudent management and protection of strategic national interests.	Government reduction to 20% while Vodacom increases to 55% creates fundamental power imbalance. Without blocking minority or golden share provisions, the Government becomes a passive minority shareholder in critical national infrastructure. This violates the duty to protect strategic assets for current and future generations.
Transfer of effective majority control (55%) to Vodacom, a South African company ultimately controlled by Vodafone Group(UK)	Decline transfer of majority control to foreign entity. If divestiture proceeds, maintain Kenyan majority ownership through IPO structure with restrictions on foreign ownership concentration	Article 10 requires sustainable development and economic participation of Kenyans. Transferring majority control of critical telecommunications and financial infrastructure to foreign entity contradicts economic sovereignty. Article 238 of national security provisions require local control of strategic assets. No	Vodacom's 55% stake gives absolute control over board appointments, strategic direction, dividend policy, technology choices, data management, and regulatory engagement. Government's 20% and 2 board seats provide minimal influence. This represents de facto denationalization of Kenya's most strategic digital asset.



		comparable economy has ceded majority control of dominant telecom to foreign interests.	
Valuation based on six-month volume-weighted average price (Ksh 27.50) plus 17% premium (Ksh 34)	Conduct independent strategic asset valuation considering: (1) monopolistic market position; (2) M-Pesa platform value; (3) future earning potential; (4) network infrastructure replacement cost; (5) data assets; (6) regulatory advantages	Market price reflects only tradable minority shares, not control premium for strategic majority stakes. Telecommunications assets require specialized valuation methodologies. Privatization Act Section 42 requires independent valuation. Current methodology ignores intangible assets, network effects, and regulatory moat that create substantial value beyond market capitalization.	Safaricom's unique position as payment system operator, data controller, infrastructure owner, and digital services platform creates value far exceeding accounting book value or market price. Ethiopian expansion, fintech innovations, and IoT positioning represent substantial unrecognized value. The government is selling strategic control at commodity share prices.
Vodacom's upfront payment of KSh 40.2 billion in lieu of future dividends on Government's remaining 20% stake	Decline upfront payment arrangements. Maintain Government's right to dividends as an ongoing revenue stream. If cash is needed urgently, explore securitization of future dividends without surrendering dividend rights	Selling future dividend stream violates the intergenerational equity principle (Article 201). Based on historical dividend yields, the Government is trading long-term sustainable revenue for short-term cash. This converts strategic investment into one-time windfall, benefiting current administration while impoverishing future governments.	At historical dividend yields, the KSh 40.2 billion represents approximately 3-5 years of dividends. Given Safaricom's growth trajectory and expanding business lines, the Government is surrendering decades of future revenue. This exemplifies imprudent resource management prohibited by Article 201. Future taxpayers will bear the cost of this decision. Further, this amounts to illegal borrowing.



<p>Application of KSh 244.5 billion proceeds to budgetary support, infrastructure financing, and debt management</p>	<p>Proceeds must be allocated to capital investments with long-term returns, not recurrent expenditure. Establish transparent framework under Article 201 showing how proceeds generate sustainable value</p>	<p>Using proceeds from sale of income-generating assets to fund recurrent expenditure or short-term needs violates fiscal sustainability. Articles 201 and 206 require revenues to be used prudently. Selling assets to fund operations is financially imprudent and burdens future generations who lose both the asset and its revenue stream.</p>	<p>Paper's vague reference to 'budgetary support' suggests proceeds will fill holes in the recurrent budget rather than creating new productive assets. Infrastructure financing is appropriate but requires specific, auditable allocation. Debt management is valid but should not be the primary driver of strategic asset sales. No framework provided for tracking or reporting use of proceeds.</p>
<p>Public participation period from December 8, 2025, to January 8, 2026 (31 days) during festive season</p>	<p>Extend public participation to a minimum of 90 days. Conduct nationwide consultative forums. Publish all relevant documents including valuation reports, transaction advisors' reports, and due diligence findings</p>	<p>Article 118 and jurisprudence require meaningful public participation. ODM case emphasized adequacy of time, accessibility of information, and genuine consideration of views. 31-day period during holidays violates these standards. Privatization Act Section 21 contemplates substantive public engagement, not perfunctory consultation.</p>	<p>Timing appears deliberately chosen to minimize participation. Universities closed, many professionals on leave, rural areas difficult to access during rainy season. Complex transactions require adequate time for stakeholders to analyze, consult experts, and formulate positions. The current process is tokenistic compliance, not genuine participation.</p>
<p>No express provisions on data sovereignty, localization requirements, or protection of 30+ million Kenyans' personal and financial data</p>	<p>Adopt statutory provisions requiring: (1) all data processing within Kenya; (2) data servers physically located in Kenya; (3) prohibition on cross-border data transfers</p>	<p>The Data Protection Act requires lawful processing and protection. With Vodacom control, technical integration with group systems creates data sovereignty risks. National security requires Kenyan</p>	<p>M-Pesa handles highly sensitive financial, identity, credit, and transactional data. Vodacom's technical integration could enable offshore processing under the guise of operational efficiency, bypassing ODPC oversight. No binding safeguards in</p>



	without ODPC approval; (4) regular audits by Kenyan authorities; (5) encryption key custody by Kenyan entity	control of citizen data. No other country allows foreign control of payment system data.	Sessional Paper. Voluntary undertakings are legally unenforceable and can be changed by new management.
Vodacom's voluntary undertaking to avoid redundancies for three years	Enact statutory employment protection for a minimum of 5 years with penalties for violation. Require maintenance of Kenya headquarters and Kenyan management. Prohibit offshoring of strategic functions	Three-year protection is inadequate. Voluntary undertaking lacks legal enforceability. Labour Relations Act and Constitution require protection of workers' rights. After three years, new management can restructure without constraint. Strategic communications and management should remain Kenyan.	Vodacom's undertaking is business-driven, not rights-based. Historical precedent shows foreign acquirers often restructure after compliance periods expire. No guarantee against offshoring technical, customer service, or back-office functions to South Africa or India. Local expertise loss would damage Kenya's ICT sector development. Kenyan professionals trained at Safaricom constitute national human capital.
Government retention of 2 board seats; Vodacom commitment to maintain Kenyan chairman and majority independent directors	Mandate by statute: (1) minimum 40% Kenyan citizens on board; (2) Board committees chaired by Kenyans; (3) Key management (CEO, CFO, CTO) must be Kenyan; (4) Strategic decisions require Government director approval	Two potentially 12+ directors give Government minimal influence (~16%). Board controls management, strategy, policy positions, and regulatory engagement. Voluntary commitment to Kenyan chairman can be changed. Need statutory protection ensuring Kenyan strategic direction.	Board appointment power flows from shareholding. At 55%, Vodacom appoints the absolute majority. Kenyan chairman is ceremonial without supporting Kenyan directors. Independent directors can be Vodacom nominees. Need structural power, not cosmetic representation.
Vodacom commitment to continue supporting Safaricom Foundation	Establish minimum annual foundation funding at 1% of pre-tax profits, enshrined in	Foundation CSR works critically for vulnerable communities. Voluntary support can be reduced or	Foundation currently receives discretionary funding. New controlling shareholders may prioritize dividend



	Articles of Association. Require independent foundation governance with Government representation	eliminated. Need binding commitment at adequate funding levels. Foundation governance should be protected from commercial pressures.	distributions over CSR. Need protection against foundation being converted to Vodacom's global CSR vehicle losing Kenya focus. Current proposal lacks specificity and enforceability.
No amendments to telecommunications regulatory framework or special provisions for foreign-controlled critical infrastructure	Amend Kenya Information and Communications Act to strengthen regulatory oversight of foreign-controlled strategic telecommunications assets. Grant Communications Authority enhanced powers over technology choices, data practices, interconnection, and tariffs	Communications Authority regulates based on universal service, competition, and consumer protection. Foreign control creates new regulatory challenges regarding national security, data sovereignty, and technology dependence. The current framework is inadequate for foreign-controlled monopolistic infrastructure.	Vodacom control creates potential conflicts between commercial interests and national policy. CA needs strengthened powers to ensure Safaricom's decisions align with Kenya's development agenda. Technology choices (e.g., 5G rollout, satellite integration) have strategic implications requiring government input.
No analysis of competition impacts of Vodacom increasing control from 40% to 55% in market where Safaricom has 66%+ market share	Require comprehensive competition assessment by the Competition Authority. Consider structural remedies including divestiture of non-core businesses or functional separation requirements	The Competition Act requires merger notification for transactions resulting in change of control. Vodacom's increased control strengthens already dominant Safaricom. Potential for anti-competitive coordination with Vodacom's global operations. No competition analysis in Sessional Paper violates statutory requirements.	Safaricom's dominance in mobile telephony, mobile money, and fixed broadband creates competition concerns. Foreign control could enable technology exclusion, predatory pricing funded by the parent, or market foreclosure. Competition Authority clearance should be prerequisite, not afterthought. Current proposal bypasses competition review.



<p>No consideration of alternative divestiture methods such as IPO, competitive tender, or phased divestiture maintaining Government control</p>	<p>Conduct comparative analysis of: (1) Further IPO to public; (2) Competitive international tender; (3) Strategic partnership maintaining Government majority; (4) Phased approach with option to reverse</p>	<p>Privatization Act Section 45 prescribes multiple methods. Direct sales to existing major shareholders lack competitive tension, which may undervalue shares. IPO would democratize ownership, deepen capital market, maintain Kenyan ownership. Other methods may achieve fiscal objectives while protecting strategic interests.</p>	<p>Paper presents a single option as fait accompli without comparing alternatives. IPO would likely generate higher proceeds due to retail investor premiums. Competitive tenders would establish true market value. A phased approach would allow assessment of impacts before irreversible control transfer. Lack of alternatives analysis violates prudent decision-making.</p>
<p>No national security impact assessment despite transfer of control over critical communications and financial infrastructure</p>	<p>Conduct comprehensive national security assessment by National Security Council covering: (1) communications resilience; (2) cybersecurity; (3) foreign intelligence risks; (4) technology dependence; (5) crisis management capabilities</p>	<p>Article 238 requires protection of national security. Telecommunications and payments infrastructure are critical to national infrastructure. Foreign control creates vulnerabilities including potential technology backdoors, foreign government pressure on the parent company, data access by intelligence services, and infrastructure shutdown in crisis.</p>	<p>M-Pesa processes government payments, tax collections, and security forces transactions. The network carries sensitive government communications. No other nation allows foreign majority control of dominant telecommunications operators. Paper ignores national security dimensions completely, suggesting political pressure to conclude transaction overrode security analysis.</p>
<p>No provisions for Government buyback rights, put options, or sunset clauses allowing transaction reversal if</p>	<p>Include: (1) Government call option exercisable if national interest threatened; (2) Mandatory review after 5 years; (3) Sunset clause with automatic reversion unless</p>	<p>Privatization of strategic assets in other jurisdictions often includes protective mechanisms. Given uncertainty of impacts and irreversibility of control transfer, prudence requires safeguards. Allow</p>	<p>Once control is transferred and proceeds are spent, reversal becomes practically impossible. The government's minority position provides no leverage. Future governments inherit fait accompli. Prudent contracting includes exit</p>

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adverse impacts materialize	renewed; (4) Force majeure provisions for national emergencies	policy correction if transactions prove detrimental to national interest.	mechanisms for long-term strategic commitments. Current structure binds Kenya indefinitely with no recourse.
No framework for ongoing parliamentary oversight of Safaricom's operations, dividend policy, or compliance with undertakings	Establish annual reporting requirement to Parliament on: (1) compliance with undertakings; (2) employment levels; (3) technology investments; (4) data practices; (5) CSR contributions; (6) regulatory issues	The Privatization Act emphasizes accountability. Given strategic importance, Parliament should maintain oversight beyond initial approval. PFM Act principles require continued monitoring of public assets and resources. Only formal reporting requirements ensure compliance.	Without ongoing oversight, voluntary undertakings become meaningless. Vodacom accountability is to shareholders, not Parliament. Need mechanism ensuring Parliament is informed of strategic decisions affecting public interest. Current proposal's <b>'approve and forget'</b> approach is inappropriate for strategic assets.
No analysis of transaction impacts on county governments' revenue (through cess on transactions), service delivery, or digital inclusion initiatives	Conduct County-specific impact assessment. Guarantee maintenance of county service programs. Ensure M-Pesa agent networks in all counties. Protect county government revenues from M-Pesa transactions	Article 174 requires devolution and equitable resource sharing. Counties rely on M-Pesa agents for financial inclusion. Transaction could affect county revenues and service delivery models. The Constitution requires consideration of devolution in major policy decisions.	Counties have invested in digital service delivery assuming Safaricom continuity. Changes in technology, pricing, or service models could strand county investments. Agent network changes could reduce financial access in marginalized areas. No county consultation is evident in the Sessional Paper.
No gender analysis or consideration of impacts on women, youth, persons with disabilities, or marginalized communities	Conduct comprehensive social impact assessment. Require maintenance and expansion of special programs for vulnerable groups. Mandate	Articles 27, 54, 55, and 56 require consideration of special groups. Safaricom's services are critical for women entrepreneurs, youth employment, PWD access. Transaction could affect pricing,	Women constitute majority of M-Pesa agents and users. Youth employment in the technology sector depends on the Safaricom ecosystem. PWD access to financial services through M-Pesa is vital. Foreign control may prioritize profitability



	inclusive hiring and procurement practices	accessibility, agent networks serving vulnerable communities.	over social inclusion. No mitigation measures are proposed for social equity impacts.
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## **Critical Issues with Legal Frameworks**

### **Contradiction with the Privatization Act, 2025**

The most fundamental contradiction in Sessional Paper No. 3 of 2025 is its complete bypass of the statutory framework established by the Privatization Act, 2025. The Act, which came into force on November 4, 2025, was specifically enacted to address constitutional deficiencies identified in the previous privatization framework.

#### **Specific contradictions:**

- i. The Privatization Act requires formulation of a Privatization Programme (Sections 20-22), public participation, Cabinet approval, Parliamentary consideration for 90 days, and gazette publication before implementation. The Sessional Paper approach bypasses all these requirements.
- ii. Section 42 requires independent valuation by qualified valuers. No evidence of independent valuation in accordance with this provision has been provided.
- iii. Section 45 prescribes specific privatization methods. Direct negotiated sales to an existing shareholder is not among prescribed methods without competitive process.
- iv. The Act establishes the Privatization Authority (Section 8) to implement privatization. No evidence of Authority involvement in this transaction.

### **Imprudent Resource Management**

Selling an income-generating asset to fund recurrent expenditure or short-term infrastructure needs violates the principle that public money shall be used in a prudent and responsible way. Safaricom's dividends provide sustainable revenue. Exchanging this for one-time proceeds that will be exhausted within fiscal year(s) is fiscally imprudent.

### **Intergenerational Inequity**

Article 201(d) requires that burdens and benefits of resources be shared equitably between present and future generations. The current administration benefits from KSh 244.5 billion windfall, while future generations lose:

- i. Annual dividend streams are potentially worth KSh 10-15 billion annually in perpetuity.
- ii. Strategic control over critical national infrastructure.
- iii. Policy leverages over the telecommunications sector.
- iv. Appreciation potential as the company grows.

### **Inadequate Public Participation**

Article 201(a) requires openness and accountability, including public participation in financial matters. The 31-day consultation period during the December holidays falls short of meaningful participation requirements, particularly for a decision of this magnitude.

### **Contradiction with Article 10 (National Values)**

On transparency and accountability, the Sessional Paper lacks:



- i. Accessible independent valuation report to public
- ii. Transaction advisors' reports and due diligence findings
- iii. Comparative analysis of alternative approaches
- iv. National security impact assessment
- v. Competition Authority analysis
- vi. Social impact assessment.

### **Sustainable Development**

Surrendering control of key telecommunications infrastructure to a foreign entity(s) contradicts sustainable economic development. Kenya's digital economy depends on locally controlled telecommunications infrastructure. Foreign control creates dependency and vulnerability inconsistent with sustainable development principles.

### **Contradiction with the Data Protection Act, 2019**

The Data Protection Act requires personal data to be processed lawfully, fairly, and transparently; data controllers maintain security and confidentiality; and cross-border data transfers meet adequacy requirements.

The Sessional Paper provides no framework for ensuring compliance with these requirements of post-transaction. Vodacom's majority control creates risk of:

- i. Integration of Safaricom systems with Vodacom's global infrastructure
- ii. Offshore data processing and storage
- iii. Access by foreign intelligence services
- iv. Reduced oversight by the Office of Data Protection Commissioner.

The absence of binding data sovereignty provisions in the transaction structure creates a regulatory gap that could enable circumvention of Kenya's data protection framework.

### **Policy Alternatives**

Should the Government insist on partial divestiture, TISA recommends the following framework:

#### **Process requirements**

- i. Follow Privatization Act, 2025 process in full: formulate Privatization Programme, conduct public participation (minimum 90 days), obtain Cabinet approval, table before Parliament with 90-day consideration period, and gazette before implementation.
- ii. Commission independent valuation by internationally recognized firm(s) considering strategic value, not just market price.
- iii. Conduct mandatory assessments: national security, competition, data protection, social impact, environmental impact, county impact.
- iv. Publish all relevant documents: valuation reports, advisors' reports, assessment findings, transaction agreements.
- v. Conduct nationwide public consultations with adequate notice and accessibility.

#### **Alternative divestiture methods**



TISA recommends the Initial Public Offering (IPO) where the government:

- i. Floats 10% through IPO on Nairobi Securities Exchange.
- ii. Reserve portion for Kenyan retail investors.
- iii. Maintain Government shareholding at 25% (blocking minority).
- iv. Limit individual/group holdings to prevent foreign majority control.
- v. It is likely to achieve premium pricing due to retail investor demand.
- vi. Deepens capital market and broadens Kenyan ownership.
- vii. Respects and applies a reservation of 30% for Kenyan youth, women and person with disability.

The approach commands several benefits, including but not limited to, no foreign majority control, competitive price discovery, democratized ownership, capital market development, and maintaining strategic control within Kenya.

### **Conclusion and Recommendations**

Safaricom PLC is more than a telecommunications company, it is a critical national infrastructure underpinning Kenya's digital economy, financial inclusion, and technological advancement. The decision before Parliament is not merely commercial but profoundly strategic with implications extending decades into Kenya's future. TISA's comprehensive analysis of Sessional Paper No. 3 of 2025 reveals fundamental legal, constitutional, and policy deficiencies rendering the proposed transaction unacceptable in its current form.

Based on the foregoing analysis, Parliament must reject this transaction. Not merely because of its specific flaws, the undervaluation, the procedural violations, the constitutional breaches, but because approval would fundamentally alter Kenya's constitutional trajectory. It would confirm that comprehensive legislative frameworks can be bypassed, that public participation can be theatrical rather than meaningful, that strategic national assets can be sold through closed negotiations, and that the Executive's political imperatives supersede constitutional constraints. These precedents, once established, will be cited and expanded by every future government seeking to evade accountability, circumvent safeguards, and dispose of public assets without genuine democratic engagement. The damage will be permanent with consequences compounding across generations, and Kenyans will inherit a country where constitutional protections exist on paper but yield in practice to executive determination and political expediency.

If the government insists on partial divestiture of Safaricom shares, it must:

- i. Comply with the Privatization Act, 2025, by formulating a comprehensive Privatization Programme subject to public participation, Cabinet approval, and Parliamentary oversight as prescribed by law.
- ii. Comply with the provisions of the public procurement and asset disposal act.
- iii. Conduct comprehensive and independent strategic asset valuation considering Safaricom's unique position, intangible assets, and long-term value.
- iv. Pursue divestiture through Initial Public Offering (IPO) rather than direct sale to existing shareholder, thereby democratizing ownership and maintaining Kenyan control.
- v. Maintain Government shareholding at level sufficient to preserve blocking minority rights (minimum 25%).



- vi. Conduct mandatory national security, competition, data protection, and social impact assessments before proceeding.
- vii. Establish robust and enforceable safeguards through statutory amendments for data sovereignty, employment protection, local content, and governance.
- viii. Ensure allocation of proceeds exclusively to capital investments that generate long-term returns, not recurrent expenditure.

It is public knowledge that the government is under immense fiscal pressures, but selling income-generating assets to fund current operations is not a sustainable solution and violates fiscal responsibility principles. The prospects might appear right with temporary debt relief, but this extends beyond the current regime, surrendering future dividend streams worsens long-term fiscal positions and exposes future generations. Let us pose for a moment to assess whether any comparable African economy has ceded majority control of its dominant telecommunications operator to foreign interests. Kenya should not be the exception. TISA implores Parliament to act guided by its constitutional mandate since this decision will set precedent for future privatizations. History will judge this Parliament by how it exercises its constitutional duty to protect public assets and national interests. The current proposal fails to meet constitutional, legal, and policy standards. Parliament must reject it and demand a process that respects the law, protects the public interest, and ensures Kenya maintains control over its digital destiny.

***TISA further calls on the National Assembly to:***

- i. Uphold its constitutional duty to protect public interest and national assets.
- ii. Exercise independent judgment based on law and evidence, not political pressure.
- iii. Demand full disclosure of all relevant documents and assessments.
- iv. Extend public consultation period to allow meaningful participation.
- v. Consider long-term implications for future generations.
- vi. Protect Kenya's digital sovereignty and strategic autonomy.



**OPERATION LINDA JAMII,**

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**NAIROBI.**

**LEGAL MEMORANDUM**

**RE: CONSTITUTIONAL, LEGAL, AND PUBLIC  
INTEREST IMPLICATIONS OF THE PROPOSED SALE  
OF THE GOVERNMENT OF KENYA'S 15% STAKE IN  
SAFARICOM PLC TO VODACOM PLC**

**1. INTRODUCTION**

This Memorandum is prepared to analyse the constitutionality, legality, and public interest implications arising from the proposed sale of a fifteen per cent (15%) shareholding in Safaricom PLC by the Government of Kenya to Vodacom PLC. The proposed transaction is presented as a fiscal intervention aimed at addressing short-term budgetary pressures. However, upon legal scrutiny, the proposal raises substantial concerns regarding constitutional compliance, statutory obligations, national security, data sovereignty, public finance management, and protection of minority shareholders.

This Memorandum contends that, in its present form, the proposed divestiture is constitutionally infirm, procedurally deficient, and contrary to the national interest, and therefore ought to be rejected or suspended pending full compliance with the Constitution and applicable laws.

**2. BACKGROUND**

Safaricom PLC is a strategic national asset with dominant market position in telecommunications, mobile financial services, digital infrastructure, and public service delivery platforms. The Government of Kenya currently holds a significant stake, conferring strategic influence and public interest oversight.

The proposed sale would result in:

- Loss of Government majority influence;
- Concentration of control in a foreign entity;
- Foregone future dividend income; and
- Heightened risks to national security, data protection, and market competition.

### **3. ISSUES FOR DETERMINATION**

The key legal issues arising are:

1. Whether the proposed sale complies with the Constitution of Kenya, 2010.
2. Whether the process satisfies public finance, transparency, and accountability requirements.
3. Whether the sale undermines national security, data sovereignty, and competition law.
4. Whether the transaction is consistent with Kenya's stated objective of establishing a National Sovereign Wealth Fund (NSWF).
5. Whether adequate safeguards exist for minority shareholders and the public interest.

### **4. APPLICABLE LEGAL FRAMEWORK**

The proposed divestiture is governed by, inter alia:

- The Constitution of Kenya, 2010
- The Public Finance Management Act
- The Privatisation Act, 2023
- The Competition Act
- The Data Protection Act, 2019
- The Capital Markets Act
- Relevant principles of administrative and constitutional law

### **5. LEGAL ANALYSIS**

#### **5.1 Violation of Article 10 – National Values and Principles of Governance**

Article 10 of the Constitution binds all State organs to uphold transparency, accountability, public participation, good governance, and sustainable development.

The proposed sale:

- Has not been subjected to meaningful public participation;
- Lacks disclosure of valuation methodology, sale structure, and timing;
- Fails to demonstrate alignment with sustainable development principles.

The absence of transparency and public engagement renders the process constitutionally defective.

## **5.2 Breach of Article 201 – Principles of Public Finance**

Article 201 requires that public finances be managed in a manner that is:

- Open and accountable;
- Prudent and responsible; and
- Equitable across present and future generations.

The disposal of a profitable, dividend-yielding strategic asset to address short-term fiscal constraints violates:

- The principle of prudence, and
- The doctrine of intergenerational equity, by sacrificing long-term public revenue for immediate fiscal relief.

## **5.3 Violation of Article 35 – Right of Access to Information**

Article 35 guarantees citizens the right to access information held by the State.

To date, there has been:

- No public release of independent valuation reports;
- No disclosure of fiscal impact assessments;
- No disclosure of national security or data protection impact analyses.

This omission infringes upon the constitutional right of Kenyans to make informed decisions regarding public assets.

## **5.4 Non-Compliance with Article 227 – Disposal of Public Assets**

Article 227 mandates that procurement and disposal of public assets be conducted in a manner that is fair, equitable, transparent, competitive, and cost-effective.

A direct or preferential sale to Vodacom PLC without a demonstrably competitive and transparent process raises serious constitutional concerns, particularly where:

- Market valuation is unclear;
- Alternative disposal mechanisms (e.g., NSE retail allocation) are unexplored;
- Minority shareholder protections are inadequately addressed.

## **5.5 National Security and Data Sovereignty Concerns (Articles 238 and 239)**

Safaricom PLC operates critical national infrastructure, including:

- Telecommunications networks;
- Mobile financial systems (M-Pesa);
- Platforms supporting government services.

Articles 238 and 239 obligate the State to safeguard national security. The transfer of controlling influence to a foreign entity poses:

- Risks to national communications security;
- Data sovereignty challenges under the Data Protection Act, 2019;
- Vulnerability in continuity of essential public services.

These risks have not been adequately assessed or mitigated.

### **5.6 Competition and Market Dominance Risks**

Under the Competition Act, the State has a duty to prevent abuse of dominant market positions.

The proposed sale risks:

- Entrenching foreign monopoly power;
- Weakening regulatory leverage over pricing, access, and universal service obligations;
- Undermining fair competition in telecommunications and financial technology markets.

### **5.7 Inconsistency with the National Sovereign Wealth Fund (NSWF) Objective**

International best practice establishes that sovereign wealth funds are capitalised through budgetary surpluses, natural resource revenues, or excess reserves, not liquidation of productive assets.

Selling strategic assets to fund the NSWF:

- Defeats the conceptual and economic rationale of a sovereign wealth fund;
- Converts the fund into a short-term fiscal instrument rather than a generational wealth vehicle;
- Undermines economic sovereignty by aligning policy with externally driven conditionalities.

## **6. PUBLIC INTEREST AND PRIVATISATION CONCERNS**

Kenya's privatisation history demonstrates recurring challenges of:

- Elite capture;
- Loss of public control over essential services;

- Weak accountability and transparency mechanisms.

The Privatisation Act, 2023, by reducing oversight, heightens public concern that the proposed transaction may not serve the broader public interest.

## 7. CONCLUSIONS

The proposed sale of the Government's 15% stake in Safaricom PLC, as currently structured:

- Violates or undermines multiple constitutional provisions;
- Fails statutory and procedural requirements;
- Exposes the country to national security and data sovereignty risks;
- Undermines long-term fiscal sustainability and public trust.

## 8. RECOMMENDATIONS

It is therefore recommended that:

1. The proposed divestiture be rejected in its current form.
2. Any future divestiture be subjected to:
  - Independent and transparent valuation;
  - Full public participation;
  - Parliamentary scrutiny.
3. A minimum of 50% of any divested stake be allocated to retail investors through the NSE.
4. Comprehensive impact assessments be conducted on:
  - Fiscal sustainability;
  - National security and data protection;
  - Competition and market structure;
  - Continuity of public and contractual obligations.

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## 9. OPINION

In light of the foregoing, it is our considered legal opinion that the proposed sale is constitutionally untenable, legally vulnerable to challenge, and contrary to the public interest, and should not proceed unless and until full constitutional and statutory compliance is achieved.

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DATED 19<sup>th</sup> January 2026 at Nairobi, Kenya

Issued by:

OPERATION LINDA JAMII

For Sustainable Development, Social Justice, and Responsible Governance

Prof. Fred Ogola

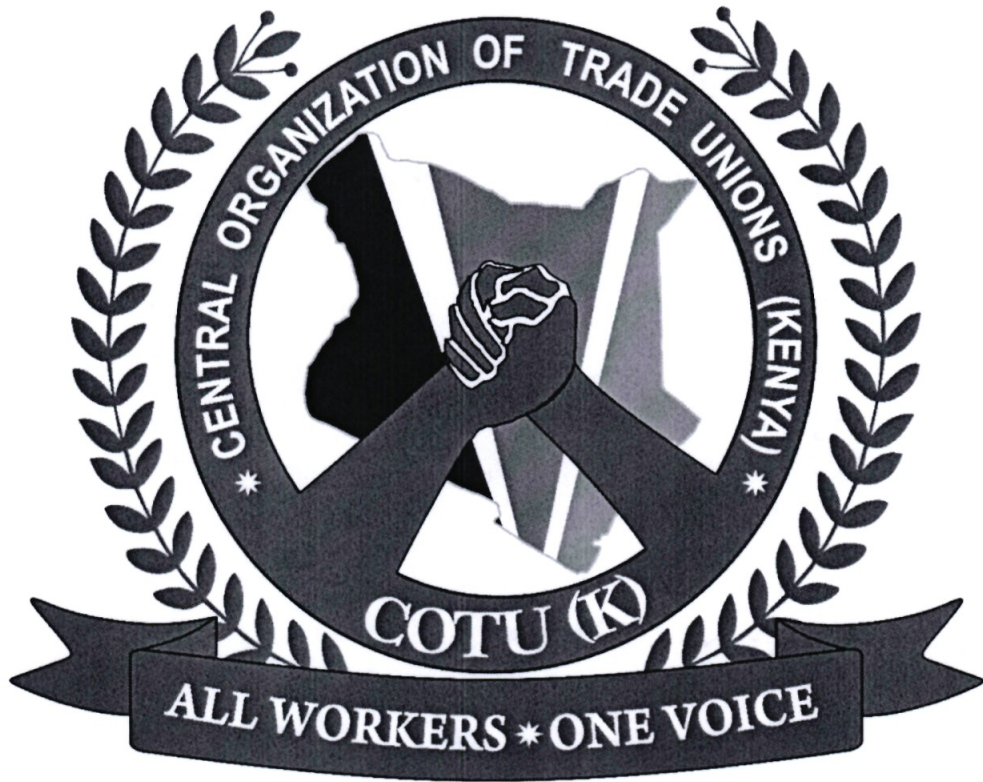
Yours faithfully,

**FOR: OPERATION LINDA JAMII**

A handwritten signature in black ink, appearing to read 'Fred Ogola', written over a horizontal line.

**PROF. FRED OGOLA**  
**NATIONAL CONVENER**

Contact No: **0708400457**, Email address: **fredotbs@gmail.com**



**COTU (K)'S PROPOSALS ON THE CONSIDERATION OF SESSIONAL PAPER NO.  
3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC AND THE  
ESTABLISHMENT OF THE NATIONAL INFRASTRUCTURE FUND (NIF)**

**2026**

**COTU (K)**

## **About COTU (K)**

The Central Organization of Trade Unions (Kenya), COTU (K) is the National Trade Union in Kenya. COTU (K) was founded in 1965 upon the dissolution of the Kenya Federation of Labour and the African Workers' Congress (KFL & AWC). COTU (K) is registered and operates within the provisions of the Labour Relations Act of 2007 and the constitution of Kenya 2010.

Presently, COTU (K) has 45 affiliate trade unions in Kenya with a membership of more than four million workers. Since its formation in 1965, the workers' umbrella body has endeavored to create, develop and maintain a comprehensive social framework for championing the rights of workers and advocating for a humane and productive work environment. This has been achieved on many fronts including actively contributing to the relevant clauses on the Bill of Rights in Kenya's Constitution 2010.

COTU (K)'s activities have been geared towards:

- Strengthening the Affiliated Unions;
- Promoting workers' education;
- Lobbying and advocating for appropriate employment and labour market policies and legal regimes;
- Articulating workers' views and representation at National, Regional and International Levels; and,
- Building solidarity, alliances, partnerships and networks with Government, Private sector, Regional and International Trade Union Confederations and other labour support institutions.

In particular, COTU (K) continues to engage with other like-minded partners in the region and the African Continent to champion the rights of workers who are the movers of the economy. Such organizations include the East African Trade Union Confederation (EATUC), the African Regional Organization of the International Trade Union Confederation (ITUC-Africa), and Organization of African Trade Union Unity (OATUU).

In the country, COTU (K) works closely within the tripartite partnership that is made up of the Ministry of Labour and Social Protection and the Federation of Kenya Employers (FKE).

### **Vision**

To be a premier umbrella trade union that champions for a decent and sustainable work environment

### **Mission**

To promote, safeguard and improve the welfare of all workers through social dialogue and effective representation

### **Core Values and Principles**

COTU (K) subscribes to the following values and principles:

- Collaboration and teamwork
- Participatory leadership
- Respect for the rights and privileges of workers
- Worker Solidarity
- Tripartism
- Professionalism and Integrity
- Innovation and Continuous Learning
- Results-Orientation which include:
  - a. Developing and orientating Kenya's policies on industrial relations and occupational health and safety programmes;
  - b. Mainstreaming productivity in wage setting and collective bargaining;
  - c. Aligning wage negotiations to market mechanisms
  - d. Influencing and strengthening wage-fixing bodies such as the Labour Advisory Board, Wage Boards and Councils;
  - e. Expediting registration of collective bargaining agreements and resolution of trade disputes; and
  - f. Encouraging tripartism, social dialogue, training and research.

## **Objectives**

- Improve the social, economic and political conditions of all workers in Kenya and beyond;
- Facilitate the organization of all workers in the trade union movement;
- Organize the structure and spheres of influence to promote amalgamation of trade unions affiliated to COTU (K);
- Encourage the principles of development and maintenance of good industrial relations between employees and employers;
- Facilitate the settling of disputes between members of trade unions and their employers or between the trade unions and their members or employees of one union and employees of another union, or between two or more trade unions;
- Secure adequate and effective representation in bodies dealing with labour and employment policies and legislation;
- Establish and maintain funds by means of membership fees, monthly contributions donations, subscriptions, levies and by borrowing on such security and such terms as may from time to time be arranged by the Executive Board;
- Set up appropriate committees and organs to provide training, education and other facilities for the advancement of workers and the labour movement in general
- Enhance networking and collaboration with national and international labour organizations

## **BACKGROUND**

The Central Organization of Trade Unions (Kenya), (COTU (K) submits this Memorandum pursuant to the invitation by the National Assembly, through the Departmental Committee on Finance and National Planning and the Select Committee on Public Debt and Privatization, to provide views on Sessional Paper No. 3 of 2025 on the Partial Divestiture of the Government of Kenya's shareholding in Safaricom PLC.

The Sessional Paper proposes the partial divestiture of 15 per cent of the Government's equity in Safaricom PLC, reducing the State's shareholding from 35 per cent to 20 per cent, with the stated objective of mobilizing approximately KES 204 billion in non-tax revenues. The proceeds are intended to support the Government's broader infrastructure development agenda, principally through the establishment and operationalization of the National Infrastructure Fund (NIF).

COTU (K) situates this proposal within Kenya's long-standing development challenge, namely, persistent infrastructure deficits that constrain productivity, industrialization, job creation, and the overall welfare of workers. Indeed, despite decades of economic growth, Kenya continues to face high logistics costs, unreliable energy supply, inadequate transport networks, and underdeveloped urban and industrial infrastructure. These structural constraints disproportionately affect workers by limiting employment opportunities, suppressing wages, increasing the cost of living, affecting productivity and undermining decent work outcomes.

The Sessional Paper correctly acknowledges that traditional methods of financing public investment, principally taxation and public debt, have reached their practical limits. Moreover, Kenya's public debt burden, coupled with fiscal consolidation pressures, has narrowed the Government's fiscal space. In this context, the proposed partial divestiture of mature State assets, such as Safaricom PLC, represents a policy shift towards asset monetization as an alternative development financing strategy.

Noteworthy, Safaricom PLC occupies a unique position in Kenya's economy for, beyond its role as a telecommunications provider, it is a critical pillar of the digital economy, financial inclusion through M-PESA, innovation, and employment creation. The company's growth has been driven significantly by Kenyan workers, both directly employed staff and the broader ecosystem of agents, contractors, and service providers, whose labour has contributed to Safaricom becoming one of the most profitable companies in the region. It is, therefore, imperative that any restructuring of State ownership in Safaricom explicitly safeguards workers' interests and recognizes their contribution to value creation.

The Sessional Paper further grounds the divestiture within the existing legal framework, particularly the Public Finance Management Act and the Privatization Act, as amended, and highlights enhanced parliamentary oversight introduced through recent legislative reforms. Cabinet approval, parliamentary scrutiny, and regulatory clearances are presented as safeguards to ensure transparency and fiscal prudence.

COTU (K) notes that the partial divestiture is also linked to a broader institutional reform agenda, including the enactment of the Government-Owned Enterprises Act and the establishment of the National Infrastructure Fund and the Sovereign Wealth Fund. Taken together, these reforms signal a deliberate attempt by the Government to reconfigure the State's role from direct operator to strategic investor and regulator, while leveraging private and institutional capital for development.

However, while the macroeconomic rationale for the Sessional Paper is compelling, the labour and social dimensions require deliberate and explicit policy attention. Infrastructure-led development is not an end in itself because it must translate into decent jobs, fair labour standards, and inclusive growth. As the apex workers' organization, COTU (K) is duty-bound to ensure that workers, who are the primary contributors to pension funds, taxpayers, and builders of national enterprises, are not marginalized in the governance, deployment, and benefits of the proposed financing instruments.

It is against this background that COTU (K) submits its rationale, best-practice considerations, and strategic proposals in support of the Sessional Paper, while calling for strengthened governance, transparency, and worker representation.

## **RATIONALE**

COTU (K) supports the creation of the National Infrastructure Fund and the partial divestiture of Safaricom PLC as a strategic development intervention, consistent with our long-held position that no country develops by accident. Deliberate investment in quality infrastructure is a prerequisite for industrialization, productivity growth, and mass job creation.

First, the partial divestiture will allow the Government to unlock value from an existing public asset, generating substantial non-tax revenue for priority development interventions while avoiding additional taxation or unsustainable borrowing. When channeled through the National Infrastructure Fund, these resources can be deployed into infrastructure investments with strong multiplier effects. From a workers' perspective, this approach offers a development-oriented alternative to austerity measures that often shift the burden of fiscal adjustment onto labour.

At the same time, the retention of a significant minority shareholding by the Government preserves strategic public interest in Safaricom PLC because it ensures influence over key strategic decisions relating to national data, digital financial infrastructure, and critical communications systems that underpin Kenya's economic and social life. This balance between divestiture and retention reflects a pragmatic approach that safeguards national interests while mobilizing capital for development.

Partial divestiture also presents an opportunity to deepen domestic capital markets by broadening ownership of Safaricom shares. Increased participation by pension funds, SACCOs, cooperative societies, and other worker-linked investment vehicles strengthens market depth, enhances collective savings, and improves retirement security for Kenyan workers. In this way, workers do not merely remain contributors to national development but become active participants in value creation.

Safaricom is a major employer and a key driver of indirect employment across Kenya's digital economy and with appropriate policy safeguards, partial divestiture need not result in job losses or erosion of labour standards. On the contrary, improved capitalization, professional governance, and long-term investment orientation can enhance business sustainability and employment stability. COTU (K) maintains that labour protection and unionization must remain central to any restructuring process to ensure that workers benefit from, rather than bear the costs of, change.

In its public statement on the establishment of the National Infrastructure Fund, COTU (K) underscored that Kenya's infrastructure gaps have persisted due to delayed structural reforms, short-term thinking, and underinvestment in productive assets. We emphasized that infrastructure investment is essential to attract investment, lower the cost of doing business, and create sustainable employment across sectors such as construction, manufacturing, logistics, energy, housing, and the digital economy.

The Sessional Paper aligns with this position by proposing a financing mechanism that avoids additional taxation and unsustainable borrowing. By monetizing part of a mature and profitable State asset, the Government seeks to unlock capital for long-term infrastructure investment while retaining a strategic stake in Safaricom. From a workers' standpoint, this approach is preferable to austerity measures that often result in job losses, wage suppression, and reduced public services. Importantly, this strategy is now anchored in a strengthened institutional framework through the enactment of the Government-Owned Enterprises (GOE) Act.

The GOE Act introduces a clear separation between ownership, policy, and regulation of State assets, an approach that has worked effectively in Singapore for decades. Under Singapore's model, the state acts as a strategic shareholder while insulating enterprises from political interference, enforcing commercial discipline, and holding boards and management accountable for performance. This governance architecture enabled entities such as Temasek-linked companies to grow, reinvest profits, and support national development without sacrificing transparency or efficiency. COTU (K) views the GOE Act as a critical safeguard that enhances confidence in the management of assets divested to support the National Infrastructure Fund.

However, COTU (K) stresses that support for the Fund must be accompanied by robust governance and accountability mechanisms. Workers, through their pension contributions and labour, are among the largest indirect financiers of infrastructure and national development.

COTU (K) further notes that infrastructure investment has the highest employment multiplier effects when projects are labour-intensive, locally anchored, and linked to domestic supply chains.

## **Endless Scrutiny or Bold Infrastructure-Led Development?**

As the COTU (K), we, however, note with concern that an inordinate amount of public debate is being consumed by arguments around the competitiveness of the sale itself, while very little attention is paid to the reason behind the sale.

This misplaced focus risks obscuring the bigger national issue before us, namely, the transformative potential of investing these resources in the National Infrastructure Fund (NIF) as a game changer for Kenya's development. It calls for a deliberate choice to look forward rather than remain trapped in endless procedural suspicion. History teaches that nations do not develop by perfecting debate, but by making bold, calculated decisions and implementing them with discipline.

COTU (K) deliberately refuses to be drawn into a narrative that elevates the transaction above the transformation as the sale is not the end; it is merely the means. The objective is infrastructure, jobs, industrial growth, and dignity for Kenyan workers. Those who reduce this conversation to pricing formulas and transactional mechanics, while ignoring the crippling infrastructure gaps, unemployment crisis, and high cost of living, are, wittingly or unwittingly, delaying the development of this country.

For starters, China transformed itself within a single generation not because it debated endlessly, but because it empowered builders, planners, and engineers to execute national priorities. It is often said that China became a country of engineers rather than lawyers, focused on delivery, construction, and scale, while others perfected arguments as roads, factories, and power plants failed to materialize. We must therefore ask: will roads be built by debate, factories powered by skepticism, or jobs created by fear of change?

As COTU (K), we wish to align ourselves with the intended objective of the sale which is to unlock capital for infrastructure that creates jobs, lowers the cost of doing business, and restores hope to working Kenyans. We reject the politics of delay that thrives on doubt, cynicism, and endless questioning without alternatives.

## **BEST PRACTICE AND LEGAL FOUNDATIONS**

The proposed sale of shares in Safaricom PLC, with the proceeds earmarked as seed capital for the establishment of the National Infrastructure Fund (NIF) to address Kenya's infrastructure deficit, stimulate job creation, lower the cost of doing business, deepen industrialization, and unlock long-term economic growth, is a sound and forward looking policy choice. This approach, converting mature state assets into productive capital for infrastructure and development, is not new as it has been successfully applied in other jurisdictions as a deliberate strategy to finance development without resorting to excessive taxation or unsustainable public debt.

International experience demonstrates that well governed infrastructure and sovereign investment funds can play a transformative role in national development when anchored in strong institutions, professional management, and clear public accountability. The analysis conducted by COTU (K) highlights key lessons from countries such as Singapore, China, Australia, and the United Arab Emirates, where strategic asset monetization and disciplined investment vehicles have accelerated infrastructure delivery, expanded employment, strengthened industrial capacity, and improved living standards.

### ***1. Singapore***

In Singapore, the state adopted a model of disciplined state capitalism anchored in institutions such as Temasek Holdings and GIC. Through a clear separation of ownership, policy formulation, and regulation, Singapore insulated state investments from political interference while enforcing strict commercial performance standards. Starting with modest assets in the 1970s, Temasek has grown state holdings into a portfolio worth hundreds of billions of dollars, financing infrastructure, industrial expansion, and global investments without burdening taxpayers or compromising governance. The lesson from Singapore is that strong boards, professional management, transparency, and performance accountability are essential for success.

### **2. China**

China's experience demonstrates the power of state coordinated infrastructure financing in driving rapid development. Through a network of policy banks such as the China Development Bank, large state-owned construction enterprises, and specialized infrastructure funds, China was able to build roads, railways, ports, airports, and energy systems at an unprecedented scale within a single generation.

While Kenya's democratic and fiscal context differs significantly, China's experience underscores the importance of scale, long-term planning, and coordination between finance, infrastructure delivery, and national development objectives: while also highlighting the risks of weak oversight and excessive debt when governance discipline is lost.

### **3. Australia**

In Australia, the establishment of the Future Fund following the privatization of Telstra provides another instructive example. Proceeds from asset divestiture were ring-fenced into a professionally managed fund that grew significantly over time while supporting national fiscal sustainability and long-term investment needs. The Australian case demonstrates how privatization, when properly structured and governed, can convert one-off asset sales into enduring national wealth.

### **4. UAE**

Similarly, the United Arab Emirates, through institutions such as Mubadala, has used state investment vehicles to channel capital into infrastructure, energy, technology, and industrial development, positioning the state as a strategic investor rather than a passive owner. These funds operate with clear mandates, commercial logic, and global benchmarks, reinforcing confidence among domestic and international investors.

## **KENYA'S APPROACH**

Kenya's approach, as articulated through the proposed National Infrastructure Fund, draws from these global best practices while adapting them to local realities. Central to this adaptation are two recent legislative instruments that anchor governance and accountability. A recent Kenyan legislative instruments are particularly important in anchoring best practice:

### **a) The Government-Owned Enterprises Act**

This Act introduces a clear separation between ownership, policy-making, and regulation of State enterprises. By vesting the shareholder role in the National Treasury and insulating enterprises from political interference, the Act promotes commercial discipline, professional management, transparency, and performance accountability. These principles mirror global best practice and are essential for restoring public confidence in State-led investment vehicles.

## **COTU (K) STRATEGIC PROPOSALS**

In light of the foregoing, COTU (K) makes the following strategic proposals in support of the Sessional Paper and the National Infrastructure Fund:

### **1. Development-Oriented and Inclusive Deployment of Divestiture Proceeds**

COTU (K) proposes that all proceeds arising from the partial divestiture of Safaricom PLC be strictly ring-fenced and deployed through the National Infrastructure Fund for clearly defined development priorities, with a strong focus on infrastructure investments that generate high employment multipliers. These investments should support productivity, enterprise growth, industrialization, and large-scale job creation while avoiding additional taxation or unsustainable borrowing. To maximize public value, the Fund should prioritize projects that are labour-intensive, locally anchored, and linked to domestic supply chains, ensuring that the capital raised translates into tangible economic and social benefits for Kenyan workers.

### **2. Protection of Public Interest, Workers, and Inclusive Ownership**

COTU (K) calls for the retention of strategic public interest safeguards in Safaricom PLC through continued Government minority ownership, robust public oversight, and explicit labour-protection conditions. These safeguards must include protection of jobs and labour standards, mandatory unionization and collective bargaining coverage for workers, and measures to prevent concentration of ownership that excludes ordinary Kenyans. Priority should be given to participation by pension funds, SACCOs, cooperative societies, and other worker-linked investment vehicles to deepen domestic capital markets and strengthen retirement security. Strong governance and transparency mechanisms must accompany these measures to ensure accountability in both the divestiture process and the use of proceeds.

### **3. Transparency and Governance**

The Fund to be created must be governed with the highest standards of transparency, including regular public disclosure, independent audits, parliamentary oversight, and clear investment mandates.

#### **4. Worker Representation in Governance**

Given that workers are the largest contributors to national development and were instrumental in building Safaricom into a profitable enterprise, COTU (K) must be represented in the governance structures of the Fund to articulate and safeguard workers' interests.

#### **5. Unionization and Labour Standards**

All workers involved in Safaricom, the Fund's operations, and infrastructure delivery, particularly in construction and related sectors, must be fully unionised and covered by collective bargaining agreements to ensure decent work, fair wages, and safe working conditions.

#### **6. Protection of Safaricom Workers**

COTU (K) notes Safaricom's historical challenges with unionization. The divestiture process should be used as an opportunity to strengthen worker protection through union representation and social dialogue.

## **CONCLUSION**

COTU (K) reiterates its support for the proposed partial sale of the Government's shares in Safaricom PLC, specifically on the basis that the proceeds are ring-fenced as seed capital for the establishment of the National Infrastructure Fund. Our support is grounded in the conviction that this policy choice is intended to address Kenya's infrastructure deficit, accelerate job creation, lower the cost of doing business, support industrialization, and promote long-term, inclusive economic growth.

We therefore call upon all key players, including our national leaders, to shift the national conversation away from an excessive fixation on the mechanics of the sale and towards the intended objective of the capital raised. The sale is not an end in itself; it is a means to unlock productive investment that benefits the economy and working Kenyans. Prolonged debate that centres only on the transaction risks delaying development and undermining the very outcomes the country urgently needs.

COTU (K) further notes that the Government has put in place adequate legal, institutional, and regulatory frameworks to govern the divestiture process, including strengthened public finance, privatization, and state-enterprise governance laws. Workers believe that by the time the Government of Kenya reached the decision to proceed with the partial divestiture, it did so after due consideration and in the best interest of the country.

In this regard, COTU (K) chooses to stand on the side of progress and implementation as we support the sale because we support development, jobs, and a future in which infrastructure serves as a foundation for decent work and shared prosperity. What matters most is not the sale itself, but how the capital raised is deployed to transform the lives of Kenyan workers and the nation as a whole.

Dr. Francis Atwoli, NOM (DZA), CBS, EBS, MBS  
**Secretary General**

# Consumers Federation of Kenya

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## **COFEK PRESENTATION TO THE NATIONAL ASSEMBLY FINANCE AND PLANNING COMMITTEE GOK SHARES TRANSFER IN SAFARICOM PLC ON TUESDAY, JANUARY 20, 2026**

Subject: Concerns on the Government of Kenya's Offloading of its 15% Shareholding in Safaricom PLC

### **1. Introduction and Mandate**

The Consumer Federation of Kenya (COFEK) appears before this Committee pursuant to its statutory mandate to protect consumer rights, promote fair markets, and safeguard public interest in strategic national assets.

Safaricom PLC is not an ordinary company. It is Kenya's most dominant telecommunications firm, a systemic financial infrastructure provider (via M-Pesa), a major taxpayer, and a symbol of Kenyan enterprise built overwhelmingly by Kenyan consumers.

The Government's proposed offloading of its 15% shareholding therefore raises constitutional, legal, economic, and public confidence concerns that warrant close parliamentary scrutiny.

### **2. Preliminary Constitutional Observations**

#### **Articles 94 and 95 of the Constitution**

Article 94 vests legislative authority in Parliament on behalf of the people.

Article 95 mandates the National Assembly to: Represent the will of the people; Exercise oversight over national revenue and public expenditure; and Protect the interests of the public in matters of national importance.

COFEK submits that any disposal of strategic public assets, particularly in a monopolistic or dominant market structure, cannot be treated as a routine fiscal transaction. Parliament has a constitutional duty to interrogate not only legality, but timing, process, beneficiaries, and long-term national impact.

### **3. Public Trust Deficit and the Legacy of the Public Finance Bill 2024**

Kenya is emerging from a severe crisis of public trust, occasioned by the ill-fated Public Finance Bill 2024, where:

3.2 Decisions touching on public finance triggered nationwide resistance and social instability.

3.3 Against this backdrop, the Safaricom share sale is viewed by the public through a lens of suspicion, not indifference. Accordingly, COFEK emphasizes that:

- Public participation is not noise (as the CS for National Treasury was ranting in political rallies); it is a constitutional requirement under Article 10.
- Failure to conduct credible, inclusive, and transparent participation risks deepening alienation and eroding confidence in public institutions.

#### **4. Demand-Side (Public) Concerns on the Share Offloading**

##### **4.1 Opacity and the “Shadowy” Transfer to Vodacom**

Kenyans are raising fundamental yet unanswered questions:

4.1.1 Why does the transaction appear structured to favour Vodacom, a long-standing strategic partner?

4.1.2 Why were retail Kenyan investors not clearly prioritised, despite Safaricom being listed on the NSE?

4.1.3 Why is the process perceived as predetermined, with public participation reduced to a formality?

The appearance of impropriety, even where legality is asserted, is itself corrosive to market confidence.

##### **4.2 Legitimate Expectation of Kenyan Priority Ownership**

Safaricom’s growth has been driven by: Kenyan consumers; Kenyan workers; Kenyan pension funds and retail investors; and Kenyan regulatory protection over decades. COFEK submits that Kenyans therefore hold a legitimate expectation, grounded in equity and public interest, that:

4.2.1 Any divestment of public shares should first prioritize Kenyan citizens, cooperatives, pension funds, and retail investors;

4.2.2 Foreign strategic interests should not automatically supersede domestic ownership when alternatives exist.

This expectation is not populist—it is consistent with global best practice in the management of strategic national assets. Safaricom is Kenyan success. Let us not export our few successes for a song when we can easily retain them



## **5. Valuation Risks: Safaricom Ethiopia and Timing Concerns**

Safaricom's expansion into Ethiopia, while visionary, is currently: Capital-intensive; Facing regulatory, currency, and infrastructure challenges; and it is yet to achieve profitability at scale.

COFEK raises the following concerns:

5.1 Has the Government adequately disclosed how Ethiopia's performance affects current valuation?

5.2 Is Kenya potentially selling at a discount, crystallizing short-term fiscal relief at the expense of long-term value?

5.3 Are Kenyans being asked to exit ownership before upside materializes, while risks remain socialized? This leads to the core question:

5.4 Is this the right time to sell?

## **6. Are There Better Alternatives to an Immediate Sale?**

COFEK urges the Committee to consider whether:

6.1 Staggered divestment over time would yield better value;

6.2 Priority allocation to Kenyan pension funds and retail investors would deepen capital markets;

6.3 Retaining the shares while improving fiscal discipline could avoid unnecessary dilution of public wealth.

6.4 More fundamentally, COFEK questions why: Government resorts to asset stripping, sales and borrowing. This should be juxtaposed against the reality of massive corruption, waste, and cost overruns on mega-projects remain inadequately addressed.

6.5 Selling productive assets such as Safaricom and Kenya Pipeline to finance inefficiency and living large for the privileged in government is neither sustainable nor justifiable.

## **7. Public Finance, Corruption, and Fiscal Responsibility**

It is not in dispute that the Safaricom stake generates: Dividends; Market confidence; and Strategic leverage. COFEK submits that:

7.1 The fight against corruption offers a far more sustainable fiscal dividend than one-off asset sales;



7.2 Borrowing for mega-projects without demonstrable economic returns undermines intergenerational equity;

7.3 Parliament must ensure asset disposals are a last resort, not a convenience as demonstrated in the Kenya Pipeline and Safaricom cases

## 8. Key Questions for Parliamentary Determination

8.1 Was public participation substantive, inclusive, and influential, or merely procedural?

8.2 Were Kenyans given priority consideration in ownership?

8.3 Does the timing reflect value maximization or short-term fiscal pressure?

8.4 Have all conflict-of-interest risks been disclosed and mitigated?

8.5 Are there better fiscal alternatives than selling a strategic, income-generating asset?

Your guess is the same as ours on the answers to these questions. Which begs for an answer to this crucial question - is the National Assembly abdicating its' oversight responsibility to pose as the conveyor belt of the machinations and wishes of a dominant Executive. Indeed more dominant than Safaricom is in the sector

## 9. Conclusion and Prayer

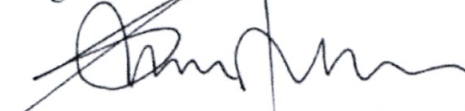
COFEK respectfully urges the Committee to:

9.1 Pause and subject the transaction to enhanced parliamentary scrutiny;

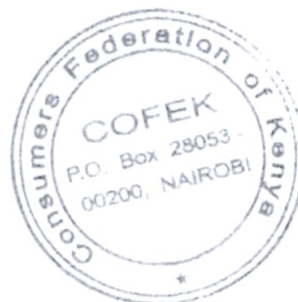
9.2 Demand full disclosure on valuation, beneficiaries, and alternatives;

9.3 Restore public confidence by reaffirming that strategic national assets belong, first and foremost, to the people of Kenya. After all, Safaricom was built and its' continued success is determined by Kenyans. Kenyans deserve more than an afterthought when ownership is on the table.

Signed for and on behalf of COFEK



**Stephen Mutoro**, Secretary General



**COMMUNICATION WORKERS UNION OF KENYA**  
**AFFILIATED TO: CENTRAL ORGANIZATION OF TRADE UNIONS (KENYA)**  
**UNION NETWORK INTERNATIONAL GENEVA**

*All correspondence should be addressed to the General Secretary*

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Our Ref:

**COWU-CNA-01-003-2026**

Date:

**15<sup>th</sup> January, 2026**

**Attn: MR. JEREMIAH NDOMBI, MBS**

The National Assembly  
Office of the Clerk  
P.O.BOX 41842- 00100  
Main Parliament Buildings  
**NAIROBI**

Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

**Attn:**

1. The Departmental Committee on Finance and National Planning
2. The Public Debt and Privatization Committee

Dear Sir,

**RE: STAKEHOLDER ENGAGEMENT ON SESSIONAL PAPER NO. 3 OF  
2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE  
GOVERNMENT OF KENYA**

---

We acknowledge receipt of your letter dated 9<sup>th</sup> January 2026 Ref: NA/DDC/F&NP/2026/018 inviting us to submit written memorandum on sessional paper No. 3 of 2025 and also to attend and participate in the public hearing on Tuesday, 20<sup>th</sup> January, 2026.

As Communication Workers Union of Kenya, we do not take the invite for granted and thank you very much for granting us this forum.

This is therefore to confirm that we shall attend the meeting as scheduled on Tuesday, 20<sup>th</sup> January 2026.

Attached, kindly find **Detailed Memorandum on the Sessional Paper No. 3 of 2025 and the Vodacom Group 2025 Human Rights Public Policy Statement.**

Yours faithfully

  
Benson Okwaro, MBS.  
**GENERAL SECRETARY**

IMS/zsb



**MEMORANDUM ON SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL  
DIVESTITURE IN SAFARICOM PLC BY GOVERNMENT OF KENYA**

**SUBMITTED BY:**

**Communication Workers Union of Kenya (COWU-K)  
Hermes House 1<sup>st</sup> Floor  
Tom Mboya Street  
P.O Box 48155, Nairobi, Kenya  
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**SUBMITTED TO:**

**The Departmental Committee on Finance and National Planning and the Public Debt and  
Privatization Committee  
Clerk of the National Assembly  
P.O Box 41842-00100, Nairobi**

**Hand-delivery:  
Office of the Clerk  
Main Parliament Buildings  
Nairobi  
Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)**

## 1. Introduction and Interest of COWU-K

The Communication Workers Union of Kenya (COWU-K) was founded in 1949 and officially registered in 1957. It is the primary trade union in Kenya mandated to organize, represent, and advocate for the rights of workers in the communications and logistics sector in Kenya. Safaricom PLC being a strategic national asset and the largest employer in the telecommunications industry, COWU-K's interest in the partial divestiture of the company is rooted in ensuring that the proposed change in ownership does not undermine the constitutional and statutory labour rights of the thousands of Kenyans who power and create value in Safaricom PLC.

## 2. Employee Data and Representation Needs

Safaricom PLC is a strategic national asset and a leading employer in the communications sector in Kenya. The Government of Kenya has historically held a significant shareholding in the company, which has contributed to stability, public accountability and protection of national interest.

Safaricom PLC's financial results for the period ending **March 31, 2025** indicated that the company had an estimated **6,462 permanent staff**. This figure excludes thousands of additional workers engaged through outsourced contracts and subcontracted agencies. Approximately **1,421 of the permanent staff** are in the management cadre, including senior management, middle-level management, and technical leads. An estimated **5,041 permanent staff members** are **unionisable**, occupying roles primarily in customer experience, retail, and field operations. These **5,041 workers** are eligible to join **COWU-K** in accordance with Article 41 of the Constitution of Kenya; Sections 4, 54 and 57 of the Labour Relations Act; and Conventions 87 and 98 of the International Labour Organization (ILO). This is critical for advancement of the fundamental principles and rights at work of the workers. **However, this right has overtime been denied by Safaricom PLC.**

Despite numerous attempts by COWU-K to organize the workers, the management of Safaricom PLC has **historically resisted formal union recognition**. The proposed acquisition by **Vodacom Group Limited** (via Vodafone Kenya Limited) provides a critical window for the National Assembly to ensure that the "Safaricom of the future" is one that **respects the rights of workers to freedom of association and protects the workers' right to organize**. The "Safaricom of the future" should also **protect the rights of workers to organize and bargain collectively, ensuring workers are safe from anti-union discrimination and promoting voluntary negotiations between the company and COWU-K.**

## 3. Legal Framework for Workers' Rights

The rights of Safaricom employees to organize **are not privileges to be granted at the discretion of the employer**, but are **entrenched in Kenyan and International Law**:

1. **Constitution of Kenya (2010), Article 41:** Every worker has the right to fair labour practices, to form, join, or participate in the activities and programmes of a trade union, and to go on strike.

2. **Labour Relations Act: Section 4** guarantees every employee the right to freedom of association, including the right to join a trade union and participate in its lawful activities. **Section 54** mandates an employer to recognize a trade union for purposes of collective bargaining once the threshold of representation is met. It also obliges the employer to conclude a written recognition agreement with the union while **Section 57** compels the employer to conclude a collective bargaining agreement with the recognized trade union.
3. **ILO Conventions Nos. 87 and 98:** Kenya remains a key constituent of the ILO since joining in 1965. Being a member state compels the country to commit to tripartism, core international labour standards and the promotion of social justice. Kenya's Constitution and Labour Laws are aligned to the Conventions 87 and 98. Convention No. 87, adopted in 1948, is on *Freedom of Association and Protection of the Right to Organize*. It is a fundamental treaty that ensures workers and employers can form and join trade unions without interference, with rights to create rules, elect representatives, and operate freely. Convention No. 98, adopted in 1949, on *The Right to Organize and Collective Bargaining*, focuses on protecting the rights of workers to organize and bargain collectively. It aims at ensuring that workers are safe from anti-union discrimination and promoting voluntary negotiations between the unions and employers. It is a fundamental Convention that is crucial for advancement of workers' rights, and addresses issues like worker protection against interference and promoting machinery for collective bargaining.

#### 4. Vodacom Group's International Commitments

The Vodacom Group, in its **2025 Human Rights Public Policy Statement**, explicitly commits to:

*"Upholding fundamental rights including employee voice, freedom of association and collective bargaining... We also recognize the rights of employees to join trade unions and engage in collective bargaining under local law."*

The Vodacom Group already operates in several jurisdictions where it respects these rights and engages with organized labour.

- i. **South Africa:** Vodacom South Africa has a historically significant relationship with the **Communication Workers Union (CWU)**. Despite occasional disputes, the company and the union operate a collective bargaining agreement, which was first signed in 1999 and updated periodically. This agreement covers a minimum threshold for organizational rights (historically set at **30% membership**), negotiated wage increments and benefit packages, and the right to strike as a protected activity.
- ii. **Tanzania:** In Tanzania, Vodacom operates within a legal framework where the **Trade Union of Industrial and Commercial Workers (TUICO)** is recognized. The company complies with the **Employment and Labour Relations Act**, and **Convention Nos. 87 and 98**, engages in sector-wide collective bargaining, participates in tripartite dialogues, and maintains internal mechanisms for collective workers' voice.

- iii. **Democratic Republic of Congo (DRC):** Vodacom DRC has an emerging freedom of association and collective bargaining framework where representation is via employee forums. While formal collective bargaining agreement status varies by regions, Vodacom DRC engages with elected worker representatives.
- iv. **Lesotho and Mozambique:** Operations where Vodacom maintains “Africa-wide employee forums” and recognizes local representative worker bodies.
- v. **The “Spirit of Vodacom” Policy (2025):** Vodacom’s own **Human Rights Public Policy Statement (2025, page 5)** explicitly states:

*“We recognize the rights of employees to join trade unions and engage in collective bargaining under local law. We enable this through Africa-wide employee forum where elected representatives communicate their colleagues’ views.”*

- vi. **The Kenya Gap (Safaricom PLC):** Despite Vodacom being the majority shareholder of Vodafone Kenya (the entity controlling Safaricom), there is a stark disparity:
  - a. **Worker Anxiety:** Reports from both **COWU-K** and the **Central Organization of Trade Unions (COTU-K)** as recently as 2025 highlight significant anxiety among Safaricom’s **6,462 employees** regarding job security and lack of union representation.
  - b. **Legal Conflict:** While Kenya’s Constitution (Article 41) and Labour Relations Act (Sections 4, 54 and 57) guarantees the right to freedom of association, organize and collective bargaining, Safaricom PLC has with impunity utilized its “organizational culture” and internal staff councils to bypass formal trade union recognition for years.

## 5. **Justification for Guarantees in Sessional Paper No. 3 of 2025**

As the Government of Kenya reduces its stake in Safaricom PLC to 20%, it loses direct control over the telco’s internal labour policies. We demand **inclusion of labour guarantees on freedom of association, the right to organize and collective bargaining** in the Sessional Paper No. 3 of 2025 as a condition of the Partial Divestiture. We maintain that **Unionization of Safaricom is justified not as a new “concession,” but as an equalization of rights within the Vodacom Group**, and as elaborated below:

- i. **Sustainable Governance:** Trade union recognition and collective bargaining agreements provide a predictable mechanism for resolving trade disputes, and preventing industrial action that could devalue the company.
- ii. **Harmonization of Standards:** Since Vodacom will now hold an **effective 55% control**, its global “Human Rights at Work” standards must be domesticated in Kenya immediately. If Vodacom can respect workers’ rights in South Africa, Tanzania and other countries

within the African continent, there is no justifiable reason to deny the same to Kenyan workers.

- iii. **Mitigation of Risk:** Court rulings (e.g., the July 2025 ruling awarding KSh. 55 million to 17 former Safaricom staff for unlawful dismissal) prove that without a trade union to mediate, labour disputes end in costly, reputation-damaging litigation.
- iv. **Protection Against Potential Restructuring:** A change in control often leads to “synergy-seeking” layoffs. A recognized trade union and collective bargaining framework ensures that any such process is handled fairly under the law.
- v. **Human Rights Alignment:** To comply with its own 2025 Global Policy, Vodacom must facilitate-not block-unionization at Safaricom following this acquisition.
- vi. **Furtherance of the Spirit of the Sessional Paper No. 3 of 2025:** The National Assembly in its call for Memoranda contained in Daily Nation of December 8, 2025 indicated that the proposed Partial Divestiture aims, *inter alia*, to: “*Retain Vodacom Group’s commitments, including that no redundancies shall arise from the acquisition within 3 years of the transaction...*” The demand by COWU-K for **inclusion of labour guarantees on freedom of association, the right to organize and collective bargaining** in the Sessional Paper is aligned to the Spirit of the Sessional Paper and the objectives of the Partial Divestiture.

#### 6. Prayer to the National Assembly

The Communication Workers Union (COWU-K) prays that the **Departmental Committee on Finance and National Planning and the Public Debt and Privatization Committee** recommend the following conditions to be attached to the approval of the Sessional Paper No. 3 of 2025:

1. **Mandatory Recognition Agreement:** That Vodacom Group, as a condition of the 15% share acquisition, commits to signing a Recognition Agreement with COWU-K within three (3) months of the transaction’s close, and conclusion of collective bargaining agreement within six (6) months of the transaction’s close.
2. **No Victimization Clause:** A guarantee that no employee shall be victimized or terminated for participating in unionization and collective bargaining efforts during or after this ownership transition.
3. **Ratification of Labour Standards:** That Safaricom PLC formally adopts the **Vodacom Group Human Rights Policy** as part of its internal human resource manuals.

Signed,

**Benson Okwaro, MBS**  
**General Secretary**  
**Communication Workers Union of Kenya (COWU-K)**

# Vodacom Group Human Rights Public Policy Statement







Committed to respecting  
the human rights of all



Further together



# Contents

	<b>Vodacom Group human rights public policy statement</b>	
	Scope	02
	Our commitment	02
	Policy alignment	02
	<b>Our operations, products and services</b>	
	Right to privacy and freedom of expression	03
	Human rights by design	03
	Children's rights	04
	Artificial intelligence	04
	<b>Our employees</b>	
	Diversity and inclusion	05
	Health and safety	05
	Employee voice, freedom of association and collective bargaining	05
	Modern slavery and human trafficking	05
	<b>Our suppliers</b>	
	Ethical purchasing	06
	Health and safety	06
	Responsible sourcing of minerals	06
	<b>Our communities</b>	
	Digital inclusion	07
	Anti-bribery and corruption	07
	Stakeholder engagement	07
	Community consultation and land rights	07
	<b>Governance and controls</b>	
	Human rights due diligence	08
	Ensuring access to remedy	08
	Roles and responsibility	08



Vodacom's internal human rights policy explains how our employees should uphold and enable respect for human rights.

# Vodacom Group human rights public policy statement

## Our commitment

We are committed to honouring internationally recognised human rights standards even when faced with conflicting requirements. We strive towards not being involved, directly or indirectly, in any human rights violations.



Vodacom is more than just a telecommunications provider – we are a purpose-led organisation that seeks to connect for a better future. We are committed to using our technology and resources to create positive change in the communities we serve. Our commitment to respect and promote human rights is a moral imperative and a foundation for how we do business.

The Vodacom Code of Conduct sets out our expectations for all Vodacom employees at all our operations. The Code includes our commitment to respecting human rights.

Vodacom's internal human rights policy explains how our employees and contractors should uphold and enable respect for human rights. The policy includes guidance on human rights within associated policies such as those covering artificial intelligence; responsible minerals; health, safety and well-being; human resources; data privacy; marketing; business resilience; and law enforcement assistance. Our human rights policy framework includes requirements that provide further guidance on respecting children's rights; assessing risks in business operations and third parties; operating in high-risk contexts; and handling law enforcement assistance requests.

### Scope

The Group human rights policy sets out the minimum requirements for everyone that works for and with Vodacom.

#### This policy applies to:

- All Vodacom companies in which Vodacom Group holds an interest of 50.1% or more.
  - All companies over which Vodacom has management control.
  - All Vodacom services including mobile, fixed, Internet of Things (IoT) and financial solutions across our consumer and enterprise segments, and
  - Our employees and contractors.
- We expect our suppliers and business partners to uphold the same standards as enshrined in our Code of Ethical Purchasing.

## Policy alignment

The following international and regional standards inform our Group human rights policy:

- ✓ Universal Declaration of Human Rights
- ✓ United Nations (UN) Convention on the Rights of the Child
- ✓ UNICEF's Children's Rights and Business Principles
- ✓ African Charter on Human and Peoples' Rights
- ✓ African Charter on the Rights and Welfare of the Child
- ✓ International Covenant on Civil and Political Rights
- ✓ International Covenant on Economic, Social and Cultural Rights
- ✓ International Labour Organization Declaration on Fundamental Principles and Rights at Work
- ✓ UN Guiding Principles on Business and Human Rights
- ✓ UN Global Compact
- ✓ Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct
- ✓ Global Network Initiative Principles on Freedom of Expression and Privacy

# Our operations, products and services



## Right to privacy and freedom of expression

Vodacom is committed to handling personal data honestly, responsibly, ethically and with integrity while abiding by national laws and staying true to our values. We strive to be open and transparent about how we use personal data. Vodacom offers fair choices in how we use this data, and our services to our customers and employees are secure.

We respect and seek to protect our customers' rights to hold and express opinions and share information and ideas without interference.

Law enforcement authorities sometimes require licensed operators such as Vodacom to provide personal data or limit certain network services. These requests are usually made to protect the public, investigate crime, safeguard the economy or protect important national infrastructure.

We work to respect our customers' right to privacy and freedom of expression while ensuring we comply with the laws in all countries where we operate. We assist authorities under strictly defined situations. We may challenge demands that appear overly broad, insufficiently targeted or inappropriate. We process all assistance requests using a governance framework defined in our Group Law Enforcement Detailed Requirements.

- If we receive requests to restrict services or block content, we do not block access unless:**
- We receive a lawful demand from a competent agency or authority;
  - In collaboration with the Internet Watch Foundation or similar schemes that intend to prevent access to online child abuse material;
  - A customer directly requests us to do so through parental controls software;
  - A customer directly implements user-defined filters, which use simple methods to opt in or opt out; or
  - To protect the integrity of our customers' data, manage traffic or maintain the quality of the network, which require measures such as blocking spam or malware and attempting to prevent hacker attacks.



## Human rights by design

Vodacom prioritises ethical and human rights principles in the development and adoption of our products and services with a strong focus on protecting our customers' privacy and security. We are committed to ethical market conduct and the principles of treating customers fairly as essential components of our commitment to human rights. We conduct a human rights impact assessment when we create or use products and services, including new technologies such as artificial intelligence and IoT, to minimise the risk of any associated adverse impacts.

We engage with industry peers and relevant experts such as academics and civil society when developing emerging technologies to ensure users can fully exercise their rights and freedoms.

“ We are committed to upholding children’s rights throughout our business operations. Vodacom seeks to support children and their parents in becoming responsible digital citizens.

### Children’s rights



We understand that acting in children’s best interests is paramount and we recognise that children are a particularly vulnerable group.

We are committed to upholding children’s rights throughout our business operations. Vodacom seeks to support children and their parents in becoming responsible digital citizens. We will continue to provide knowledge, tools, controls and resources to help our customers keep pace with the rapid advances in technology, devices and apps, including how these are used. We have a zero-tolerance approach to child abuse and exploitation.



### Artificial intelligence



We recognise the transformative potential of artificial intelligence and its capacity to positively or adversely impact human rights. Our commitment to respecting human rights guides our approach to developing and using artificial intelligence.

#### Our approach includes:

- Upholding fundamental rights including privacy, freedom of expression and non-discrimination;
- Encouraging transparency and accountability; and
- Conducting regular human rights impact assessments to identify and mitigate potential risks.





# Our employees<sup>1</sup>

## Diversity and inclusion

Equal access to opportunities builds a strong corporate culture and helps us understand our customers' needs. We have a zero-tolerance approach to any form of discrimination related to age, gender, disability, sexual orientation, nationality, cultural background or belief, among others. We build relationships with employees based on respect for their human rights. We encourage our employees to speak up when they see any form of discrimination and raise concerns without fear of retaliation.

Our diversity initiatives demonstrate our commitment to a diverse and inclusive culture. These initiatives enable us to support our employees regardless of their background and location, and focus on addressing barriers around gender, sexuality, race and ethnicity, cultural heritage and disability.

### They include:

- Accessibility Forum
- Women's Network Forum
- Men's Forum
- LGBTQIA+ and Friends Network
- Youth Council
- Maternity and parental leave policies
- Domestic violence policy

<sup>1</sup> Including contractors.

“ Our diversity initiatives demonstrate our commitment to a diverse and inclusive culture.



## Health and safety

Our employees' health, safety and well-being are fundamental responsibilities. People who work for or on behalf of Vodacom must always behave safely and responsibly.

## Employee voice, freedom of association and collective bargaining

It is also vital for employees to have a channel for raising important matters to management. Vodacom enables this through the Africa-wide employee forum where elected representatives from each operation communicate their colleagues' views and concerns. We also recognise the rights of employees to join trade unions and engage in collective bargaining under local law.



## Slavery and human trafficking

We do not tolerate forced, bonded or compulsory labour, human trafficking, child labour or other kinds of slavery and servitude either within our operations or within our supply chain. We are committed to taking appropriate steps to ensure that everyone who works for Vodacom – in any capacity, anywhere in the world – benefits from a working environment where their fundamental rights and freedoms are respected.



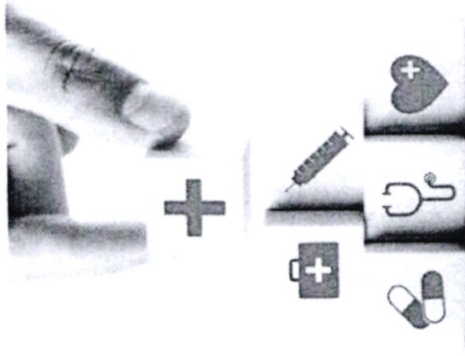
# Our suppliers

## Ethical purchasing

We require our suppliers to respect human rights. Our businesses rely on international supply chains that span multiple tiers. We work with our suppliers, partners and peers to drive responsible and ethical behaviour and high standards across our supply chain. We do our utmost to keep everyone in our operations safe from harm.

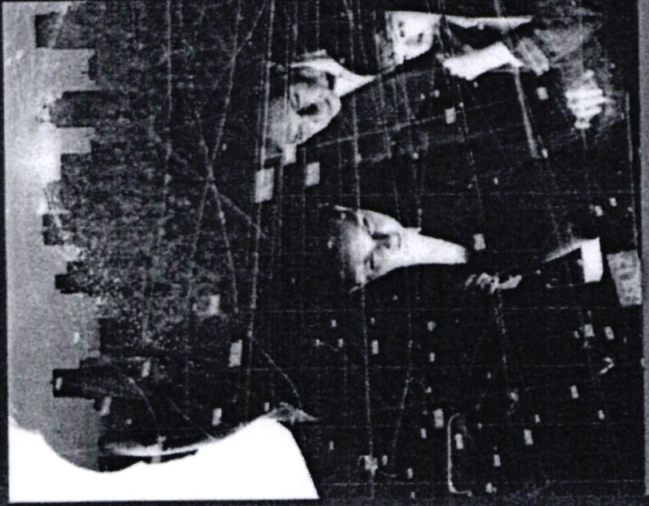
Our values guide our robust systems and standards, which we expect our suppliers to uphold. These standards outline our minimum expectations of suppliers as expressed in our Code of Ethical Purchasing.

We engage with our direct suppliers directly to improve performance in our supply chains. Vodafone Group is a member of the Joint Alliance for Corporate Social Responsibility (JAC) and Vodafone benefits from JAC audits, which cover human rights. From monitoring non-compliance to conducting assessments and employee surveys, we work to help suppliers strengthen their compliance and processes. We encourage our suppliers to share our requirements with their suppliers and subcontractors.



## Health and safety

Our commitment to safety does not differentiate between employees and contractors of Vodafone and our suppliers. We expect our suppliers to be accountable for managing health and safety risks in their operations and meeting our standards in the Code of Ethical Purchasing. Everyone working for or with Vodafone should return home safely every day.



## Responsible sourcing of minerals

We recognise the risks associated with conflict minerals used in the electronics industry. These include tin, tantalum, tungsten and gold (the 3TG metals), and cobalt.

While we have limited influence on the manufacture of materials, parts or components of electronic equipment in our supply chain, we expect our suppliers to take steps to ensure that conflict minerals are not used in any of our equipment.

We source products through third parties, following the Code of Ethical Purchasing, which aligns with the OECD Due Diligence Guidance for Responsible Business Conduct. This is to ensure that the minerals used in manufactured products come from smelters that follow responsible sourcing practices.

Our Responsible Minerals Statement addresses the responsible sourcing of minerals in many of the products we sell and where we significantly influence design or manufacture.



# Our communities

## Digital inclusion

We believe that everyone should have access to the opportunities of a digital future. Our goal is to democratise digitalisation by making technology accessible to everyone – leaving no one behind. We work towards closing the digital divide through programmes across our operating companies. Through our technology, we contribute to the work to bridge the divides that exist and help people to enjoy and exercise their fundamental rights while contributing equally and fully to society. Beyond our efforts to close the digital divide, we seek to drive financial inclusion through our various financial platforms and services.



**Stakeholder engagement plays a crucial role in our organisation and we value constructive conversations with our stakeholders.**



## Stakeholder engagement

Stakeholder engagement plays a crucial role in our organisation and we value constructive conversations with our stakeholders. We engage with stakeholders such as civil society, non-governmental organisations and regional bodies. We promote respect for human rights by having meaningful, fair interactions with all stakeholders.

## Community consultation and land rights

Communications networks are infrastructure-intensive and, where relevant, we remain committed to transparent consultation and active engagement with landowners, community leaders and municipal authorities.

## Anti-bribery and corruption

Corruption and bribery can negatively impact human rights. We act with honesty, integrity and fairness in our internal and external dealings. We maintain a zero-tolerance policy towards all forms of bribery and corruption including improper offers of payments or gifts to or from employees, contractors and business partners. We avoid contracts that may lead to, or imply, a conflict of interest between personal activities and business operations. We do not give or accept hospitality intended to influence a decision in favour of the offering organisation (or could create that perception). We closely monitor the implementation of our anti-bribery and corruption policy and thoroughly investigate any issues that may arise.



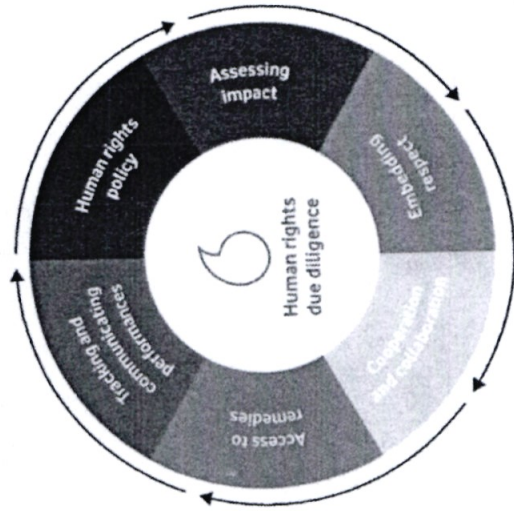
# Governance and controls



## Human rights due diligence

Our human rights due diligence approach aligns with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. Our due diligence approach enables us to identify, prevent, mitigate and remediate human rights impacts linked to our business practices. Our approach includes policy controls, impact assessments, risk mitigation and monitoring, tracking our performance, employee training and stakeholder communication.

We assess the actual and the potential positive and adverse human rights impacts in a range of situations, including:



## Ensuring access to remedy

We encourage everyone to report grievances as soon as possible. Our confidential third-party hotline, Speak Up, is available to stakeholders in their local languages online or through telephone. Anyone who uses Speak Up in good faith is treated fairly and protected from retribution or reprisal.

We believe that transparency is key to reaching a mutual solution. We continue to disclose information on our efforts to respect human rights, how we address human rights issues and engage with stakeholders in our annual company reports.

## Roles and responsibility

Our human rights approach is developed and anchored in robust governance and control frameworks. The Group human rights policy is owned by the Group Chief Officer, Regulatory and External Affairs who is a member of the Group Executive Committee. We have an established human rights team that works closely with relevant stakeholders across the Group, across our local markets and with the Vodafone human rights team.

Board-level oversight is ensured through reporting to the Group Social and Ethics Committee.

This policy statement is adopted by the Group CEO and Executive Committee and approved by the Vodafone Group Social and Ethics Committee.

13 March 2025



Further together  
**vodacom**

PBU  
DACS  
5 minutes to consider  
Emergency  
4/2/26

DAAGPC  
to note

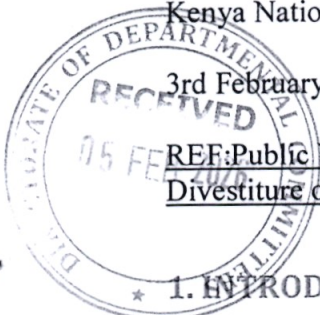


TO:  
The Departmental Committee on Finance and National Planning  
AND  
The Select Committee on Public Debt and Privatization  
National Assembly of Kenya

Benjamin Magut, Hon  
For the attention of the Depk.  
Comm. on Finance & Ital on  
Public Debt. & Privatization  
DM 5/2/26

FROM:  
Samuel Mburu  
Secretary General (S.G)  
Kenya National Micro, Small and Medium Enterprises Umbrella (KENAMISMASPU)

3rd February 2026



REF: Public Views by MSMEs and Youth on Sessional Paper No. 3 of 2025 on the Partial Divestiture of Safaricom PLC by the Government of Kenya

**1. INTRODUCTION**

This Memorandum is submitted pursuant to Article 118 of the Constitution of Kenya and Standing Order 127(3) of the National Assembly, which provide for public participation in legislative and policy-making processes.

KENAMISMASPU is a national umbrella body representing Micro, Small and Medium Enterprises (MSMEs), youth-led enterprises, and informal sector actors across Kenya. This submission captures the collective views of MSMEs and youth on the proposed partial divestiture of Safaricom PLC by the Government of Kenya.

**2. IMPORTANCE OF SAFARICOM TO MSMEs AND YOUTH**

Safaricom PLC is a foundational pillar of Kenya's MSME and youth economy. Its platforms support daily business operations through mobile payments (M-Pesa), access to credit, digital savings, customer engagement, and e-commerce integration.

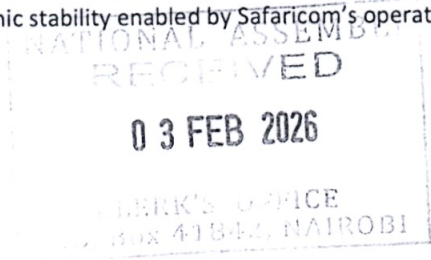
For millions of youth and informal traders, Safaricom is not optional infrastructure—it is the primary channel through which livelihoods are sustained.

**3. KEY CONCERNS FROM MSMEs AND YOUTH**

- a) Cost of Doing Business  
MSMEs are concerned that reduced Government ownership may result in increased transaction charges, making it more expensive to operate small businesses.
- b) Financial Inclusion and Innovation  
Youth-led and micro-enterprises fear a shift away from inclusive financial products toward purely profit-driven models.
- c) Economic Stability  
Any disruption to Safaricom services would have immediate negative effects on cash flow, employment, and household income for MSMEs.

**4. PUBLIC REVENUE AND LONG-TERM INTERESTS**

While the proposed divestiture may generate short-term revenue, MSMEs and youth urge Parliament to consider the long-term benefits derived from dividends, taxation, and economic stability enabled by Safaricom's operations.



Selling strategic shares without clear reinvestment plans risks undermining sustainable economic growth.

## 5. TRANSPARENCY AND USE OF PROCEEDS

MSMEs and youth strongly recommend full disclosure on:

- The percentage of shares to be sold
- Valuation criteria
- Target investors
- Clear, ring-fenced use of proceeds, preferably toward debt reduction or MSME support programs

## 6. DATA PROTECTION AND YOUTH ECONOMIC SECURITY

Safaricom holds sensitive financial and personal data for millions of MSMEs and youth. Any divestiture must preserve strong Government oversight to safeguard data sovereignty, consumer protection, and national economic security.

## 7. RECOMMENDATIONS

KENAMISMASPU recommends that Parliament:

1. Conduct a comprehensive MSME and youth impact assessment before approving divestiture.
2. Retain sufficient Government shareholding to protect public and MSME interests.
3. Ring-fence proceeds for debt reduction or MSME and youth economic empowerment initiatives.
4. Strengthen regulatory oversight on pricing, data protection, and digital inclusion.
5. Ensure continued consultation with MSMEs, youth groups, and informal sector representatives.

## 8. CONCLUSION

For MSMEs and youth, Safaricom PLC is not merely a company—it is economic infrastructure. KENAMISMASPU urges Parliament to approach the proposed divestiture with caution, transparency, and a long-term vision that protects livelihoods and promotes inclusive growth.

SUBMITTED BY:



Samuel Mburu

Secretary General (S.G)

Kenya National Micro, Small and Medium Enterprises Umbrella (KENAMISMASPU)

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**TO: THE NATIONAL ASSEMBLY**

**FROM: THE FEDERATION OF KENYA EMPLOYERS (FKE)**

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**FKE MEMORANDUM ON THE FINACE BILL, 2025**

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**1. BACKGROUND**

The Federation of Kenya Employers (FKE) is the most representative employers' organization in Kenya. The Federation's members employ 70% of formal private sector wage employees in Kenya. The role of the Federation is to build the capacity of employers and to influence the business environment through advocacy, effective representation, social dialogue, and provision of value-add services. In addition to representing employers at local level, the Federation also represents members at regional and international level including at East Africa Employers Organization, Confederation of IGAD Employers, BUSINESS Africa-Employers Confederation, the International Organization of Employers (IOE), and the International Labour Organization (ILO), and other global forums.

In taking a policy position, FKE is guided by the need to ensure a balanced and sustainable policy environment that promotes:

- Kenya's socio-economic development
- Accelerated job creation
- Enterprise development
- Fair labour practices
- Resilient and competitive businesses
- Harmonious industrial relations
- Social Justice
- Feasibility and affordability of the costs associated with implementation of the policy.

The above mandate guided FKE position on the proposed Finance Bill, 2025.

## 2. THE FINANCE BILL, 2025

This is a proposed Bill for an Act of Parliament to amend the law relating to various taxes and duties, and for matters incidental thereto. As a Federation, we understand that the Bill proposes taxation measures that the government will undertake to raise revenue for financing its operations. We hereby submit our views/proposals on the Bill for your consideration and incorporation.

### FKE Comments on the Proposed Finance Bill, 2025

No.	Finance Bill Section/Clause	What is in the Finance Bill 2025	FKE's Proposal	Justification/Rationale
<b>INCOME TAX ACT, CAP 470</b>				
1.	Section 2 (a) (iii) of the Finance Bill 2025	Section 2 of the Income Tax Act Cap 70 on the definition of royalty.  The Bill proposes to expand the definition of royalty to include transactions relating to distribution of software where regular payments are made for	Delete Section 2 (a) (iii) of the Finance Bill 2025	This proposal is in direct conflict with the Ruling in the High Court decision in Income Tax Appeal no. 8 of 2017 <i>Seven Seas Technologies Limited Vs the Commissioner of Domestic Taxes</i> where the High Court ruled that the purchase of software for resale does not give rise to a royalty to the extent that the software reseller does not acquire the rights to enable them to commercially exploit the software.

		the use of the software through the distributor.		
2.	Section 5 of the Finance Bill 2025	Section 10 of the Income Tax Act cap 70 on the enforceability of Withholding Tax on Scraps and Public supplies.	Delete Section 5 of the Finance Bill 2025	The formalization of scrap sales through withholding tax could discourage informal or unregistered scrap transactions leading to reduced margins or price increases, as sellers may pass the tax burden onto buyers.
3.	Section 8 (a) (ii) and (iii) of the Finance Bill 2025	Section 15 (2) (ii) (iii) of the Income Tax Act Cap 70  The Bill proposes to repeal the provisions that empower the Commissioner to determine the just and reasonable cost attributable to the cost of timber sold during a year of income.	Delete Section 8 (a) (ii) and (iii) of the Finance Bill 2025	This amendment would likely result in higher taxable income for both landowners and purchasers of timber rights, as they would no longer be able to offset income with these timber-related cost deductions. It may also discourage timber-related transactions or increase the effective tax burden on such activities.
4.	Section 8(b) (ii) of the Finance Bill 2025	The Bill proposes to delete Section 15(3)(f) of the Income Tax Act Cap 470 that allows for the carrying forward of losses	Delete Section 8(b) (ii) of the Finance Bill 2025	This proposal is unfair to employers as it contradicts the principle of taxing net gains and penalizes genuine economic losses. This may discourage investment, distort

		incurred in the transfer of property.		taxpayers' financial positions, and create unfairness by taxing profits while ignoring related losses, ultimately harming economic efficiency.
5.		The Bill proposes to introduce a 5-year cap on deductibility of tax losses. Currently, the law permits taxpayers to carry forward losses indefinitely.	Delete Section 8(d) of the Finance Bill 2025 and insert a new paragraph to read as follows: <i>“Notwithstanding subsection (4), the Cabinet Secretary may, on the recommendation of the Commissioner, extend the period of deduction beyond <b>five years</b> where a person applies through the Commissioner for such extension, giving evidence of inability to extinguish the deficit within that period.”</i>	Introducing the aspect of extending the period of deductibility of tax for another five years strikes a fair balance between revenue protection and business recovery. Many sectors require more time to become profitable, and a five-year extension ensures legitimate losses are fairly utilized.

6.	Section 19 of the Finance Bill 2025	The Bill proposes to charge tax to dividends distributed out of untaxed gains or profits	Amend Section 19 of the Finance Bill 2025 to define the phrase “untaxed profits”	Clearly defining the term untaxed profits will eliminate the ambiguity of what constitutes untaxed profits.
7.	Section 26 (a) of the Finance Bill 2025	The Bill proposes to extend the timelines for approval for an Income Tax exemption certificate from sixty to ninety days	Amend Section 26 (a) of the Finance Bill 2025 to delete the word “ninety” and substituting with the word ‘thirty’	The proposal to extend the approval timeline for an Income Tax exemption certificate from 60 to 90 days is a step in the wrong direction. Instead, this period should be reduced to 30 days to enhance efficiency, especially with the government's ongoing investment in digitized tax systems, there is no justification for prolonged delays.
8.	Section 27 of the Finance Bill 2025	The Bill proposes to delete the incentive of claiming one hundred percent on cumulative investments done outside Nairobi and Mombasa or within the special economic zone with respect to hotel buildings, buildings used for manufacture and machinery used for manufacture where;	Delete Section 27 of the Finance Bill 2025	The proposal is likely to discourage major capital investments in regions outside Nairobi and Mombasa, and in Special Economic Zones (SEZs). It may also deter investment in the tourism sector, a vital source of foreign exchange. Consequently, this could lead to slower economic growth in non-urban areas and reduced activity in SEZs.

		<ul style="list-style-type: none"> <li>• The cumulative investment value in three preceding years outside Nairobi and Mombasa counties exceeds one billion shillings;</li> <li>• The investment value outside Nairobi County and Mombasa County exceed two hundred and fifty million shillings in that year of income; or</li> <li>• The person has invested in a special economic zone.</li> </ul>		
9.	Section 28 (b) (ii) of the Finance Bill 2025	The Bill proposes to remove the 15% tax incentive for real estate developers that construct at least one hundred residential units annually.	Delete Section 28 (b) (ii) of the Finance Bill 2025	The proposed amendment is likely to discourage investment in the real estate sector and seems not to align with the Government's affordable housing agenda, potentially undermining the progress achieved in the sector so far.

10.	Section 28 (b) (iii) of the Finance Bill 2025	The Bill proposes to remove the fifteen percent corporate tax incentive on local assemblers of motor vehicles.	Delete Section 28 (b) (iii) of the Finance Bill 2025	The proposed proposal may deter investment in the local automotive industry. Although eliminating the incentive could boost short-term revenue, it risks diminishing long-term economic activity and job creation within the sector.
<b>VALUE ADDED TAX, CAP 476</b>				
11.	Section 31 (b) of the Finance Bill 2025	The Bill seeks to include internet, radio or television broadcasting services as Vatable	Amend Section 31 (b) of the Finance Bill 2025 to define the phrase 'broadcasting services'	The current lack of definition creates legal uncertainty, especially given the evolving nature of content delivery through digital and online platform.
12.	Section 36 (e) of the Finance Bill 2025	The Bill proposes to charge VAT to taxable goods for direct and exclusive use in the construction and equipping of specialized hospitals with a minimum bed capacity of fifty.	Delete Section 36 (e) of the Finance Bill 2025	Imposing VAT on these goods would significantly increase the cost of establishing such critical infrastructure, potentially discouraging investment in specialized healthcare facilities. Exemption helps lower project costs, promotes access to quality medical services, and supports the achievement of universal health coverage, especially in underserved regions.

13.	Section 36 (g) of the Finance Bill 2025	The Bill proposes to charge VAT on specially designed locally assembled motor vehicles for transportation of tourists, purchased before clearance through Customs by tour operators	Delete Section 36 (g) of the Finance Bill 2025	This exemption should be retained to promote investment in the local tourism and automotive sectors. This exemption encourages local assembly, supporting job creation and industrial growth while also aligning with the government's goal of boosting tourism which is a key foreign exchange earner.
<b>TAX PROCEDURES ACT, CAP 469B</b>				
14.		The Bill seeks to increase the timeframe for determination of an overpayment of tax application by KRA from 90 days to 120 days.	Deletion of Section 50 (b) of the Finance Bill 2025	The proposed amendment may lead to delays in resolving taxpayers' overpayment claims, which could negatively impact their cash flow and disrupt financial planning.
15.		The Bill proposes to increase the timeframe to review an application for refund of overpaid taxes subject to an audit by the Commissioner from 120 days to 180 days.	Deletion of Section 50 (c) of the Finance Bill 2025	The proposed amendment may result in prolonged delays in the resolution of overpayment claims, potentially straining taxpayers' cash flow and disrupting their financial planning.

16.	Section 52 of the Finance Bill 2025	The Bill proposes to allow the Commissioner to access trade secrets and personal data information for integration into the electronic tax management system.	Delete Section 52 of the Finance Bill 2025	These restrictions will help balance effective tax enforcement with the protection of businesses' proprietary information and individuals' privacy rights. They also foster trust between taxpayers and the Kenya Revenue Authority encouraging voluntary compliance without fear of data misuse.
17.	Section 54 of the Finance Bill 2025	The Bill proposes to remove weekends and public holidays in the computation of time for lodging objections and appeals	Delete Section 54 of the Finance Bill 2025	The proposal to exclude weekends and public holidays from the computation of time for lodging objections and appeals should not be adopted because it undermines the principle of efficiency and timely resolution of tax disputes.
18.	Section 56 (5A) of the Finance Bill 2025	The Bill proposes to waive penalties and interests on errors generated from the electronic tax system upon recommendation by the Cabinet Secretary	Amend Section 56 (5A) of the Finance Bill 2025 to remove for the CS's approval	Errors caused by the system are beyond the taxpayer's control, and relief from penalties and interest in such cases should be automatic and clearly provided for in law not subject to bureaucratic approval.

<b>MISCELLANEOUS FEES AND LEVIES ACT, CAP 469C</b>			
19.	Section 58 of the Finance Bill 2025	The Bill seeks to narrow the Import Declaration Fee (IDF) and Railway Development Levy (RDL) exemptions to only apply to spare parts under Chapter 88 and aeroplanes and aircraft over 2,000 kg but below 15,000kg as well as those over 15,000 kg.	<p>Deletion of Section 58 of the Finance Bill 2025</p> <p>The airline industry already contributes to various revenues to the government through existing taxes such as:</p> <ul style="list-style-type: none"> <li>• Air navigation and landing fees;</li> <li>• Passenger service charges;</li> <li>• Fuel levies and excise duties;</li> <li>• Corporate income tax; and</li> <li>• Employment-related taxes like PAYE and training levies.</li> </ul> <p>Removal of this exemption could adversely affect certain players in the industry who may be required to pay additional import taxes including the 1.5% RDL and 2.5% IDF if their imported aircraft do not fall under HS Codes 8802.30.00 or 8802.40.00.</p>



### 3. EMPLOYERS ASK AND PROPOSED WAY FORWARD

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The Federation of Kenya Employers humbly requests that employers' views be taken into consideration and the Bill amended to incorporate them.

Signed for and on behalf of the  
**FEDERATION OF KENYA EMPLOYERS**

A handwritten signature in black ink, appearing to read 'J Mugo', is written over a horizontal line.

**Jacqueline Mugo (MRS), EBS, MBS, OGW**  
**EXECUTIVE DIRECTOR & CEO**

*27/05/2025*



# **NDINDI NYORO**

## **OFFICE OF THE MP, KIHARU CONSTITUENCY**

### **Government 15% Safaricom Stake Sale Memorandum.**

As a Member of Parliament, the National Assembly of Kenya, I wish to highlight some concerns and pose some questions, especially to be answered by the relevant government officials through the established joint committee that is handling the matter of the Sale of the GoK stake in Safaricom.

### **Introduction.**

The Proposed sale of 15% stake of the Government of Kenya-owned Safaricom stake is a transaction that should be subjected to thorough public participation and debate, given that it is the largest in both size and quantum that our Country has handled since independence. A robust debate would guarantee the highest value for money. The National Treasury and indeed the entire government must have the demeanor of a seller, get as many views from Kenyans, and adopt them instead of justifying an inferior transaction.

Even beforehand, I would request clarity from the Government on the individuals who were involved in the negotiations. It is apparent that some of the people who participated in the negotiations ostensibly representing the people of Kenya are not public officers or servants and are not officially contracted to act on behalf of the Government.

The Memorandum is in terms of opinions, concerns, and questions.

### **Valuation.**

1. As late as 2021, even before the investment in Ethiopia, the share price of Safaricom PLC in the Nairobi Securities Exchange was Ksh 45, representing a valuation of over 1.8T. The correct valuation should be much more, given that the investment in Ethiopia is almost breaking even operationally. These considerations need to be made. Profitability of the company will be much more enhanced after Ethiopia stops bleeding and starts adding to the bottom line. This was estimated to be this next financial year.

### **Basing Valuation on the Stock market is incorrect and naïve.**

The proponents of the transaction are unfortunately and erroneously stuck in basing this transaction on the market price.

2. Stock markets like the Nairobi Securities Exchange offer liquidity for the shares traded. They give stockholders, investors, and traders a chance to enter and exit different counters. However, markets do not necessarily offer an indication of valuation.

Not just in Kenya but across the world. Given that the NSE has been bearish for a long time, most listed companies are, by all means, trading way below their true value.

- Listed companies are currently undervalued, and the more reason not to rely on the market for valuation. The market has had a momentary bullish trend, but it is still bearish. Just a few examples below;
- Kenya Power is currently valued at approximately Ksh 29Bn as of yesterday, 19<sup>th</sup> January 2026. The company made a Profit after tax of Ksh 24Bn in the recent Financial Year. The company has assets of over Ksh 400Bn. Would it be prudent to sell any stake of the company based on the market price? Can the government sell the company even at a 200% premium? This exposes the vagaries of the markets. The same company was valued at less than Ksh 4Bn less than 18 Months ago, yet no real fundamentals have changed. That also exposes how unusable and erratic markets can be, and therefore cannot be the benchmark for valuation.
- Kengen has a market valuation of Ksh 60 Bn. The company made Ksh 10Bn in net profit in the recent full year period. The valuation of assets is more than Ksh 500Bn. Can any sale or transaction be done on Kengen even at a premium of over 100%? This is how not to rely on the market for valuation. Geregu Power and Transcorp Power, both listed in the Nigerian Stock Market (NGX), each produce less than half of what Kengen produces, yet they are valued at over Ksh 200Bn.
- Kenya Re has a market capitalization of approximately Ksh 17Bn. The company has been consistently making over Ksh 5Bn in net profit annually. The company with no debt has cash and cash equivalents of over Ksh 41Bn and total net assets of over Ksh 50Bn. Would it be prudent to sell the company on the basis of the market price? Unless the sellers would be selling to themselves.

- Most banks are trading below book value; KCB = 0.58, Equity = 0.75, DTB = 0.3 to Book. All local banks = Below 1 to book value. Would the government be willing to sell even at a 50% premium? Yet all bank transactions happening outside of the market are above 1.1 to book value. This shows how the market has not been favorable to valuations.
- Based on the examples above, it would be incompetent for Kenya to enter into such negotiations with the market price as the basis.

### **Block Sale and Block Transactions.**

3. The Stock Market has shown that block transactions offer much more upside compared to market prices. Check the companies that have traded huge volumes in the market.
  - a. In 2013, REA Vipingo was Ksh 27.50 trading in the market. A takeover bid was placed by the dominant shareholders, REA Trading, for Ksh 40 per share. Most of the retail shareholders, myself included, thought the deal that was offering an upside of 45% was good enough. However, after the transaction was opened up to other bidders, the price went up, and the same initial bidder paid a final consideration of Ksh 85 per share representing a premium 209%.
  - b. Amsom Group of Bamburi Cement. Over 175% premium on the price 6 months prior to the transaction. Was below Ksh 25 before Dec 2023, sold at Ksh 65 in July the following year. This was before the news of the takeover was absorbed by the market.
  - c. Even globally, sellers extract a huge premium on the highest trade price. In this transaction, we are selling the asset at a discount on the highest traded price.

### **Process**

4. Process – How did we arrive at the current buyer?. Does that mean we are now giving a blank cheque to the government to sell any asset to anyone without any competitive process? For the right price to be achieved, you cannot close the process to other bidders. How do you arrive at that shareholder in a public company where the right of first refusal doctrine is not exercised? Was there a competitive process? **Competitive bidding would definitely unlock value.**

### **Aftermath.**

5. Kenya would get much more value by selling the stake to a different Telco or investor. This would be useful in board composition and voting. Selling the stake to the existing shareholder, to become a majority shareholder, gives them the undue advantage of voting any way they wish, even when it is not in the best interest of other shareholders or the people of Kenya. Then, GoK would enjoy the advantage of siding with anyone in voting. Companies operate on the “winner take all” doctrine, and shareholders' agreements going against the company's laws would definitely not hold.

#### **Safaricom Share trend and price manipulation.**

6. With the market price as the most important consideration in this transaction, is there a chance of the share price having been artificially suppressed and manipulated? There was a recent immobilization of 16 Billion Safaricom shares by the buyer in June of 2025. Have there been trades of those shares? They were sending a coded message to GoK that they might sell, so that the government would act quickly, which they did. The buyer was aware that there was an imminent transaction. Why have Safaricom shares traded at abnormal volumes in the recent past? These are some of the issues that the Capital Markets Authority should look at. **The immobilization of these shares also sent a signal of oversupply in the market, and this kept the share price suppressed in readiness for this transaction.**

#### **Information asymmetry.**

7. Given that the current buyer is an insider, they hold an undue advantage of access to information that is not necessarily available to other market players. This, therefore, is not a market-driven transaction where all the parties involved, including others who would wish to bid, have near-perfect information. Information asymmetry gives the current buyers an advantage, which they are using to undermine the value of the transaction.

#### **Some options to extract more value.**

8. Some of the options include.
  - The best way would have been for the GoK to cause a demerger by disentangling Safaricom into 3 entities before the sale. Telco, Financial Services, and Towers Business. Why the hurry to sell our most prized assets at

a discount? The total of the 3 entities would be valued much, much higher than the whole.

- The other option is to list Safaricom in a global and mature market like the London Stock Exchange (LSE). This would give the company the required global visibility.
- Afterwards, open an international bidding process and take the best in terms of value.

### **Valuation considerations.**

9. Among the generally acceptable canons of establishing the valuation of a company is looking at the P/E ratio compared to other companies in the sector. Safaricom EPS will be around Ksh 2.1 this year. This gives the company a PE ratio of 16.1. MTN's P/E ratio is 40. Bharti Airtel is 33. Orange is 39. Safaricom is undervalued by half at the current price. Vodafone's PE ratio was highest in 2022 at 40; currently is negative. Safaricom is more diversified and solid. By all measures, **it is grossly undervalued.**

### **Conditions Precedent – Very Important.**

10. What are the conditions precedent? – With Communications Authority (CA). It is unfathomable that the CA irregularly and impulsively extended condition precedents to the buyer, which has resulted in losses of over KSh 80 Billion on the renewal licenses. For example, Network Facilities Provider (NFP), Tier 1. This was done by purporting to give a “discount” and extending the period of the license from 15 years to 25 years. Other 4 licenses are part of this irregular waiver. Where did the management of CA get the authority to commit the country to this kind of loss? When did the board meet? Why did they issue a written commitment even before the board met? Information on other licenses, such as the Radio Spectrum Licence and Applications Services Provider (ASP), must be provided to the public. Also, CA must be clear-minded on waivers on Mobile Termination Rate (MTR). What conditions precedent have they signed off on regarding MTR.
11. Has the CBK extended any conditions precedent?
12. In a nutshell, the country has lost revenue running to over KSh 70Bn in conditions precedent alone. It therefore means, beyond giving out the stake for a grossly

Also, CA must be clear-minded on waivers on Mobile Termination Rate (MTR). What conditions precedent have they signed off on regarding MTR.

11. Has the CBK extended any conditions precedent?

12. In a nutshell, the country has lost revenue running to over KSh 70Bn in conditions precedent alone. It therefore means, beyond giving out the stake for a grossly undervalued figure of Ksh 204 Billion we have gone ahead to give another discount in the pre-transaction commitments, thereby reducing the net amount to below Ksh 135 Billion.

### **Ethiopia and Mpesa Investment.**

13. What is the shareholding structure of the Ethiopia unit? Is it likely to change soon? How much money has been invested in Ethiopia? What is the shareholding structure in M-Pesa? Is it likely to change soon?

### **Shareholder Structure, Board, and Staff.**

14. Is there a shareholders' agreement? What are the main clauses?

15. What is the Board composition of the board after the transaction?

16. How will the management be post the transaction? Are staff guaranteed their security in writing?

### **Debt and Securitization.**

17. Why did GoK have to securitize dividends? What are the terms? Why is the urgency of collecting future revenue of the Government today, especially given the fact that Kenya will still have financial needs going forward?

18. How much does the government intend to borrow by leveraging the proceeds of this sale?

19. Has the budget been revised to update the dividend amount that will not flow to the consolidated fund? At least commencing the process from the National Treasury.

### **Underhand transaction**

20. How and when did the buyer end up acquiring the stake of Mobitelea, an object of crony capitalism that owned a 5% stake in Safaricom during listing?

21. Is there another vehicle of patronage like Mobitelea or any other such arrangement?

22. Does the buyer intend to sell any of the shares either in Safaricom or in their group? This is important to clear the issue of pre-negotiated deals, especially locally. Are there plans for the buyer to sell the stake they are buying or part of it to any Telco, and especially Etisalat?

**Use of the Proceeds.**

23. Can the government be explicit on how we intend to spend the proceeds of the sale? If it is for development, can we get a list of projects to be funded?

**Transaction Cost.**

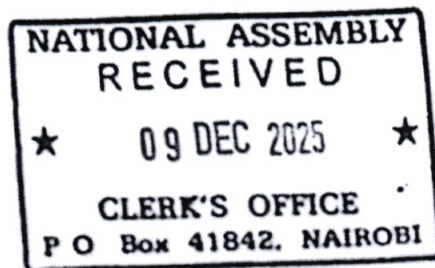
24. Transaction Cost – KCB should inform Kenyans in writing whether there is any agent involved in the sale of Safaricom shares. What role are they playing? How was KCB even identified? Why not spread the transaction across all stock brokers?
25. Can KCB clarify in writing if there is any Stock agent involved in this transaction? If there is, who are they? Which role are they playing?

## Clerk of the National Assembly Kenya

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**From:** Lawrence Mutugi <mutugilawrence58@gmail.com>  
**Sent:** Tuesday, December 9, 2025 10:31 AM  
**To:** Clerk of the National Assembly Kenya  
**Subject:** MEMORANDUM ON SESSIONAL PAPER NO. 3 OF 2025 ON PARTIAL DIVESTITURE IN SAFARICOM PLC."

For my view, I don't see the reason as to why the kenyan government should be in a rush to sell Kenya's most valuable asset, like that of safaricom, instead, it should, I.e the government, first of all consider selling it, or looking for possible bidders here in kenya, or to the Kenyans themselves. And if this is the only way to recover some funds for key implementation sectors. Even while considering the valuation for these shares, in the market, first of all consider the Kenyans, before opting for other foreigners. That would be my take.



Mr. Benjamin Magut

Please THA

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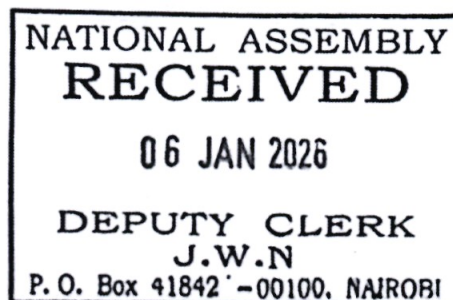
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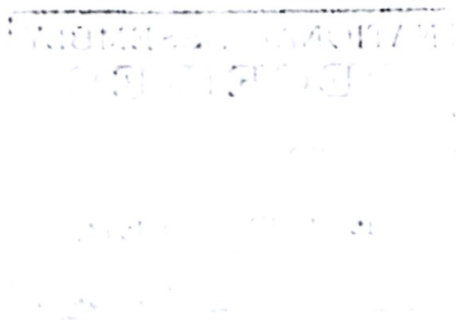
**MEMORANDUM ON SESSIONAL PAPER NO. 3 OF 2025: CRITICAL CONCERNS REGARDING THE  
PARTIAL DIVESTITURE IN SAFARICOM PLC**

NO.	TOPIC / MARGINAL NOTE	SECTION / PRINCIPLE TO BE ADDRESSED	JUSTIFICATION
1.	Strategic National Asset & Public Interest	Constitution of Kenya, Art. 10 (National Values), Art. 201 (Public Finance) & The Public Private Partnerships Act.	<p>Safaricom is not just a commercial entity but a <b>strategic national digital infrastructure asset</b>. Its M-PESA platform is the central nervous system of Kenya's financial inclusion, supporting millions of livelihoods. Ceding a further 15% to a foreign entity (Vodacom) dilutes Kenya's strategic autonomy in a sensitive sector. The move from 35% to 20% state ownership crosses a psychological and practical threshold, diminishing Kenya's leverage and voice in a company critical to national security, economic data, and digital sovereignty. The "policy and regulation" role (Objective 5) is weakened without significant equity backing.</p> <p><b>Implication:</b> Kenya risks becoming a passive regulator to an entity it no longer substantially owns, akin to outsourcing a key public utility. African standards (e.g., SADC protocols on shared resources) emphasize retaining control over strategic national assets.</p>
2.	Questionable Valuation & Premium Justification	Public Finance Management Act, Cap. 412A, S. 37A (fiscal prudence) & Capital Markets Authority (CMA) Guidelines on Takeovers.	<p>The proposed price of Kshs. 34/share, a 17% premium over the 6-month VWAP, is presented as achieving "optimal value." This requires rigorous scrutiny. <b>First</b>, a 6-month VWAP in a volatile market may not reflect intrinsic long-term value. <b>Second</b>, the premium appears modest for a controlling block (15%) in a strategic, high-cash-flow company being sold to an existing strategic partner (Vodacom) in a non-competitive, bilateral deal. A</p>

Page 1 of 7



NO.	TOPIC / MARGINAL NOTE	SECTION / PRINCIPLE TO BE ADDRESSED	JUSTIFICATION
			<p>transparent, competitive bidding process or a book-building process on the NSE might yield a higher price for the public. The "additional upfront payment" of Kshs. 40.2bn in lieu of future dividends is financially opaque and may undervalue the long-term dividend stream potential from a 15% stake (<b>my experience tells me to use at least 3 valuation methods</b>).</p> <p><b>Implication:</b> The Kenyan public may be short-changed, receiving less than the true market value of the asset, effectively subsidizing Vodacom's consolidation.</p>
3.	<p>Deficiencies in Transparency &amp; Process</p>	<p>Constitution, Art. 118(1)(b) (Public Participation), Art. 232 (Values &amp; Principles of Public Service) &amp; Public Finance Management Act, S. 37A.</p>	<p>True public participation requires more than an invitation for memoranda on <i>a fait accompli</i>. Key documents—the full valuation report, the negotiated Sale &amp; Purchase Agreement with Vodacom, and detailed feasibility studies for the proposed infrastructure projects—are not publicly attached to the Sessional Paper. The transaction appears pre-negotiated before parliamentary and public scrutiny. This violates the spirit of Article 118 and principles of transparency.</p> <p><b>Implication:</b> Citizens are being asked to rubber-stamp a complex transaction without access to its foundational documents. This erodes trust and contravenes global best practices (e.g., OECD Guidelines on Corporate Governance of SOEs) which mandate full disclosure prior to major divestitures.</p>
4.	<p>Circumvention of Proper Legal Oversight</p>	<p>Public Finance Management Act, S. 37A &amp; The Privatization Act (if applicable).</p>	<p>S. 37A PFMA requires parliamentary approval for the sale of shares. However, the structure of this deal—a direct sale to Vodacom—seems designed to avoid a broader, more transparent</p>



NO.	TOPIC / MARGINAL NOTE	SECTION / PRINCIPLE TO BE ADDRESSED	JUSTIFICATION
			<p>privatization process that would involve competitive bidding and CMA oversight for a change of control. By labeling it a "partial divestiture" via a Sessional Paper, the process may be sidestepping more rigorous procedural safeguards. Parliament's role is reduced to an ex-post facto approval rather than guiding the process from inception.</p> <p><b>Implication:</b> This creates a dangerous precedent where the Executive can dispose of high-value public assets through tailored processes that minimize scrutiny, weakening parliamentary oversight envisioned by the PFMA.</p>
5.	Vagueness & Risks in Use of Proceeds	Public Finance Management Act, Cap. 412A, Art. 201(d) of Constitution (responsible financial management).	<p>The objective to support "critical infrastructure" is laudable but dangerously vague. Sessional Papers are policy documents, not appropriation Acts. There is <b>no legally binding mechanism</b> in this proposal to ensure the estimated Kshs. 203 billion is ring-fenced for the stated projects (Energy, Roads, etc.). Historically, large one-off revenues have been absorbed into recurrent expenditure or poorly managed projects, with minimal accountability. The promise to "reduce reliance on debt" is hollow if the proceeds are not invested in revenue-generating projects.</p> <p><b>Implication:</b> The sale of a perennial income-generating asset (dividends) for a one-off cash infusion with no spending safeguards is fiscally myopic. It risks sacrificing long-term fiscal sustainability for short-term budgetary relief, violating the inter-generational equity principle in public finance.</p>

NO.	TOPIC / MARGINAL NOTE	SECTION / PRINCIPLE TO BE ADDRESSED	JUSTIFICATION
6.	Reduced Competition & Public Float Concerns	Competition Act No. 12 of 2010 & CMA Guidelines on Free Float.	<p>Increasing Vodacom's stake from ~40% to ~55% grants it <b>undisputed control</b> of Safaricom. The Competition Authority of Kenya (CAK) must rigorously assess this for anti-competitive effects in the telecoms and fintech markets. While commitments are made, a controlling shareholder's incentives can skew market dynamics over time. Furthermore, this transaction does <b>not</b> increase the public float on the NSE; shares are merely transferred from the GoK to another major blockholder. This contradicts Objective 9 about deepening capital markets.</p> <p><b>Implication:</b> Market concentration risk increases, potentially leading to higher prices and less innovation for Kenyan consumers. The opportunity to truly democratize ownership by selling even a portion to local institutions and retail investors via the NSE is missed.</p>
7.	Erosion of Kenyan Corporate Identity & Social Footprint	African Union's Agenda 2063 (African Identity, Self-Determination) & Corporate Governance.	<p>Safaricom is a Kenyan success story. Its brand, foundation, and leadership are deeply intertwined with national identity. Promises to retain Kenyan Chairman and independent directors are weak safeguards. Commercial decisions, strategic direction, and profit repatriation will be dominated by Vodacom's South African interests. The 3-year "no redundancy" clause is a short-term pacifier. The <b>Safaricom Foundation's</b> future reliance on a foreign-controlled entity's CSR budget is less secure.</p> <p><b>Implication:</b> Kenya risks losing not just shares, but a symbol of its innovative capability and a corporate citizen deeply embedded in</p>

NO.	TOPIC / MARGINAL NOTE	SECTION / PRINCIPLE TO BE ADDRESSED	JUSTIFICATION
			its social fabric. This undermines the "homegrown solutions" pillar of African development paradigms.
8.	<b>Alternative Financing Ignored &amp; Precedent Risk</b>	<b>Fiduciary Duty of the State as Trustee of Public Assets.</b>	<p>Before liquidating a crown jewel, all alternatives must be exhausted. Could the required funds be raised through:</p> <p>a) <b>Securitization of future Safaricom dividend flows?</b></p> <p>b) <b>A public offer of a smaller stake (5-7%) on the NSE to raise funds while retaining ~28%?</b></p> <p>c) <b>More aggressive public-private partnerships for the specific infrastructure projects? This fire-sale approach sets a precedent that any future fiscal gap can be filled by selling strategic family silver.</b></p> <p><b>Implication:</b> It signals a lack of long-term asset management strategy and creative public finance, potentially leading to a cycle of divestments that permanently impoverish the state's portfolio of income-generating assets.</p>
9.	<b>Conflict in Regional Integration vs. National Interest</b>	<b>East African Community (EAC) Treaty &amp; Protocols on Cooperation.</b>	<p>While Vodacom is a regional player, its primary allegiance is to its shareholders. Kenya empowering a South African-headquartered entity with control over its primary telecoms operator could have unforeseen geopolitical implications within the EAC, especially regarding data governance, cross-border infrastructure, and competition with other East African operators.</p> <p><b>Implication:</b> National interests in digital policy may become subordinate to the commercial strategy of a foreign entity,</p>

NO.	TOPIC / MARGINAL NOTE	SECTION / PRINCIPLE TO BE ADDRESSED	JUSTIFICATION
			potentially creating tensions between Kenya's regional leadership aspirations and the realities of corporate control.
10.	Inadequate Risk Assessment of Future Dilution	CMA Guidelines & Fiduciary Duty.	<p>Objective 10 claims the deal mitigates dilution risk for the government. This is misleading. The risk of future capital calls (e.g., for network expansion) remains. As a 20% minority shareholder, the GoK's ability to resist a dilutive rights issue is severely weakened compared to its current 35% position. It could be forced to inject more cash or see its stake erode.</p> <p><b>Implication:</b> The government is not mitigating risk; it is locking itself into a more vulnerable position where its remaining 20% stake is more exposed to the decisions of the new controlling shareholder.</p>

**CONCLUSION:** The proposed divestiture, while framed as a prudent fiscal measure, is fraught with legal, financial, and strategic perils. It undervalues a strategic asset, follows an opaque process, jeopardizes national interests, and fails to provide ironclad guarantees for the use of proceeds. It is recommended that the National Assembly **REJECT** Sessional Paper No. 3 of 2025 in its current form and direct the National Treasury to:

- 1) Explore all alternative financing mechanisms,
- 2) If divestiture is absolutely necessary, design a transparent, competitive, and inclusive process that maximizes value and broadens Kenyan public ownership, and
- 3) Present a legally binding framework for the ring-fencing and application of any proceeds.

*Submitted in the interest of accountable governance and the prudent stewardship of Kenya's public wealth.*



**Emlyn J. Ngwiri**

Francis Wanjiku  
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Britam Tower, 24th Floor  
Hospital Road  
Nairobi

8<sup>th</sup> December 2025

Chairpersons,  
National Assembly Committees on Finance and Privatization  
Parliament Building  
**NAIROBI**

Dear Sirs,

**Re: Material concerns on proposed partial divestiture of GoK stake  
Safaricom PLC (Sessional Paper No. 3 of 2025)**

We refer to the Sessional Paper No.3 of 2025 published by the National Assen on 8<sup>th</sup> December 2025 for the purpose of undertaking public participation receiving memoranda from the public.

I am an Advocate of the High Court of the Kenya and a public policy advi From the start, I would like to state that I support the divesture of governn from business and commercial activities including and not limited to Safaric I have previously written to the National Treasury to divest from KCB B Group which letter was completely ignore. Hence, we can agree on prin divesting from commercial activities is good. I have two concerns tha like to highlight in my memorandum, however I would like to summarize transaction for the purpose of the public.

**A. Executive summary**

1. The Government of Kenya proposes sale of 15 percentage point of its : Safaricom stake to Vodacom for total consideration = KES 244.5 bil (KES 204.3bn from share sale + KES 40.2bn upfront for future divid rights), retaining 20% post-transaction.
2. Two principal financial risks identified:
  - a. Absence of disclosed independent valuation or fairness opini supporting the KES 34/share pricing (23.6% premium vs 6-m VWAP of KES 27.50);

Page 1 of 3

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## Clerk of the National Assembly Kenya

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**From:** Justus A. <jatuti01@gmail.com>  
**Sent:** Tuesday, December 9, 2025 2:32 AM  
**To:** clerk@parliament.go.ke; Clerk of the National Assembly Kenya; info@nyamira.go.ke  
**Subject:** MEMORANDA OF OBJECTION ON THE SALE OF 15% SAFARICOM SHARES

# MEMORANDA OF OBJECTION

**TO:** The Clerk of the National Assembly of Kenya  
The Joint Committee on Finance and National Planning and Public Debt and Privatization

**FROM:** Justus Atuti, On behalf of the People of Nyamira County

**DATE:** December 9, 2025

**RE:** OBJECTION TO THE PROPOSED SALE OF 15% STAKE IN SAFARICOM PLC TO VODACOM GROUP

## EXECUTIVE SUMMARY

We, the citizens of Nyamira County, hereby lodge a formal and emphatic objection to the government's proposed sale of a 15% stake in Safaricom PLC to Vodacom Group, as outlined in Sessional Paper No. 3 of 2025. This transaction represents a catastrophic mismanagement of public assets at a time of unprecedented corporate performance and escalating share valuations. The timing, terms, and intended beneficiaries of this sale demand urgent parliamentary intervention and public scrutiny.

## 1. UNTIMELY SALE AT PEAK VALUATION

The most glaring indictment of this proposed transaction is its deliberate execution at a moment of exceptional market strength for Safaricom shares.

### 1.1 Explosive Share Price Growth

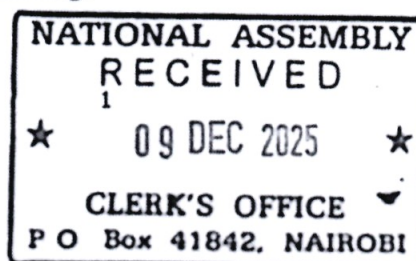
Safaricom shares have demonstrated remarkable growth trajectory in 2025[1]:

- **Year-to-date performance:** 71.9% appreciation (from KES 17.05 to KES 29.30 per share as of September 2025) [1]
- **52-week high:** KES 31.00[1]
- **Current valuation:** KES 29.30 per share, indicating sustained premium pricing [1]

### 1.2 Timing Defies Logic

The government's decision to divest at precisely this moment, when share prices have nearly doubled, suggests:

- **Asset stripping at peak valuations:** Selling high would normally be celebrated; instead, selling a strategic national asset at peak prices while ceding future dividend streams represents unprecedented fiscal irresponsibility
- **Opportunity cost to the nation:** Had the government retained these shares for even 12-24 months, projections suggest significantly higher returns given Safaricom's continued growth trajectory



- **Window closing deliberately:** The sale appears engineered to close quickly before public scrutiny can fully materialize. What's the government hiding from the public?

### 1.3 Comparable International Practice

Sovereign wealth funds and prudent governments typically:

- Hold strategic telecommunications assets long-term
- Divest only in market downturns to minimize losses
- Reinvest dividends rather than surrender future income streams

Kenya is doing the opposite, selling during a bull market surge.

## 2. EXCEPTIONAL CORPORATE PERFORMANCE CONTRADICTS URGENCY

Safaricom's financial fundamentals have never been stronger, raising the question: if not now, when will this company deliver value to the Kenyan people?

### 2.1 Record Profitability

Financial year ending March 2025[2]:

- **Net Income:** KES 69.8 billion (up 10.8% year-over-year)
- **Total Revenue:** KES 388.7 billion (up 11.2%)
- **EBIT Growth:** 29.5% increase to KES 104.1 billion
- **Dividend Payout:** KES 48.08 billion to shareholders
- **Market Cap:** KES 1.16 trillion [1]

### 2.2 Consistent Dividend Streams

- **Current dividend yield:** 4.20% annually [1]
- **Annual dividend per share:** KES 1.20[1]
- **5-year dividend history:** KES 55 billion paid to shareholders over past five years [2]
- **Government's entitlement:** At 35% ownership, the government should have received approximately KES 16.8 billion in dividends in FY2025 alone

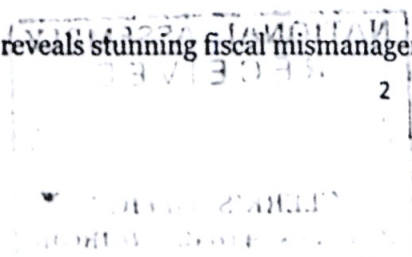
### 2.3 Growth Momentum

- Ethiopia expansion contributing 10% of group revenue with strong commercial momentum [2]
- Expected profitability from Ethiopia operations by FY2027[2]
- Sustained double-digit growth in mobile money and broadband services [2]
- Digital expansion through M-Pesa positioning Safaricom as a continental financial services leader

**Fundamental question:** Why surrender a cash-cow asset generating billions in annual dividends for a one-time payment when future returns are demonstrably accelerating?

## 3. FINANCIAL MISMANAGEMENT: THE ARITHMETIC OF BETRAYAL

The proposed transaction reveals stunning fiscal mismanagement that will cost Kenyan taxpayers untold billions.



## Surrendering Future Dividend Rights

Beyond the 15% stake sale, the government has agreed to:

- Surrender future dividend rights on its remaining 20% shareholding [3]
- Accept an upfront payment of KES 40.2 billion as compensation [3]
- Cede perpetual dividend income from one of the nation's most profitable enterprises

### At current dividend levels:

- Annual government entitlement: ~KES 5-6 billion annually (20% of total dividends)
- Surrendered value over 10 years: KES 50-60 billion
- Surrendered value over 20 years: KES 100-120 billion

The government receives KES 40.2 billion upfront but forgoes KES 100+ billion in future income. **This is not a sale; it is a giveaway.**

### 3.2 Debt Servicing vs. Asset Realization

Government claims the KES 244.5 billion will fund infrastructure projects. However:

- Kenya's public debt continues escalating (over KES 10 trillion)
- Interest payments consume an increasing portion of the budget
- Sale proceeds will likely service debt rather than create productive infrastructure
- Selling productive assets to service consumption-based debt is the definition of unsustainable fiscal policy

**Better alternative:** Retain Safaricom shares, use annual dividend income (KES 5-6 billion) for infrastructure without surrendering the asset itself.

## 4. STRUCTURAL INEQUALITY: WHO REALLY BENEFITS?

This transaction unmasks the systematic looting of public assets to benefit narrow foreign interests while impoverishing ordinary Kenyans.

### 4.1 Vodacom's Windfall

- Vodacom's stake increases from 39.9% to 54.9% (15% increase)
- Cost: \$2.1 billion (KES 244.5 billion) for the government's 15% stake
- Result: Vodacom achieves complete operational control of Safaricom
- Future dividend rights secured with no competition for governance influence

Vodacom, a South African firm, now controls East Africa's leading telecommunications infrastructure. Safaricom's strategic decisions will be subordinate to Johannesburg boardroom interests, not Nairobi.

### 4.2 Minority Shareholders Dispossessed

Public investors (retail shareholders) holding 25% will have:

- No representation on key strategic decisions

- Diluted voting power relative to Vodacom's supermajority
- Limited influence over dividend policies
- Investment value compromised by foreign control

#### 4.3 Kenyan Citizens Lose Twice

The state, representing all Kenyans, loses:

1. **Strategic asset control** over a critical national infrastructure
2. **Ownership benefits** through dividend streams
3. **Governance voice** in telecommunications policy
4. **Long-term wealth creation** as Safaricom appreciates

Meanwhile, ordinary Kenyans see:

- No improvement in service quality (foreign ownership rarely improves consumer welfare)
- Potential rate increases (as Vodacom optimizes for profit, not public service)
- Dividend payments flowing to South Africa, not Kenya

## 5. THE CORRUPTION QUESTION: WHO AUTHORIZED THIS?

This transaction bears all hallmarks of corruption and conflicts of interest.

#### 5.1 Questionable Process Transparency

- Why was the deadline for parliamentary review set at January 8, 2026, only 31 days from the announcement?
- Why was Sessional Paper No. 3 not subjected to extended public consultation?
- Why were affected communities, particularly those in telecom-dependent regions, not directly consulted?
- Why was this transaction pre-announced internationally before parliament could scrutinize?

#### 5.2 Conflict of Interest Indicators

- **Treasury officials with foreign connections:** Questions about whether Finance Ministry officials have financial interests in Vodacom or related entities
- **Consultancy fees:** Who are the "advisors" profiting from structuring this deal?
- **Future employment:** Will government officials transition to lucrative Vodacom positions post-sale?
- **Political contributions:** Are Vodacom or related entities funding political actors supporting this sale?
- **2027 General Election:** Is the sale focusing on the 2027 general election for purposes of rigging to benefit someone, via digital control?

**Critical demand:** Parliament must commission a full conflict-of-interest audit before proceeding.

#### 5.3 Precedent for Asset Stripping

Kenya's history of privatizations offers cautionary lessons:

- **Telkom Kenya (2008):** Mismanaged privatization resulted in network deterioration

- **Kenya Power (2015):** Strategic asset ceded without proper valuation; now facing operational crises
- **Port Authority divestiture discussions:** Pattern of undervaluation and loss of public control

This Safaricom transaction follows the same failed script.

## 6. CONSTITUTIONAL AND LEGAL CONCERNS

This transaction potentially violates constitutional provisions protecting public property.

### 6.1 Article 227 (Public Trust)

The Constitution mandates that state property be held in trust for the people. Divesting Safaricom, without demonstrating overwhelming public benefit, violates this fiduciary duty.

### 6.2 Inadequate Parliamentary Scrutiny

A 31-day review period for a KES 244.5 billion transaction affecting national infrastructure is constitutionally insufficient. Parliament must demand extended deliberation.

### 6.3 Missing Regulatory Impact Assessment

No credible evidence of:

- Competition authority blessing this concentration
- Consumer protection impact analysis
- Telecommunications sector development implications
- Rural connectivity preservation guarantees

## 7. SAFARICOM'S UNIQUE POSITION DEMANDS PUBLIC STEWARDSHIP

Safaricom is not an ordinary commercial asset. It is Kenya's strategic national champion.

### 7.1 M-Pesa and Financial Inclusion

- M-Pesa processes trillions of shillings annually
- Financial services extend to 45+ million Kenyans
- Government policy dependent on M-Pesa cooperation for tax collection, public services
- Foreign ownership creates potential leverage over fiscal policy

### 7.2 Telecommunications Infrastructure

- Safaricom provides critical connectivity to 64% of Kenyans [1]
- Network infrastructure requires long-term national planning
- Foreign control subordinates Kenyan connectivity priorities to Vodacom's continental strategy
- Rural connectivity, unprofitable but nationally essential, may be deprioritized

### 7.3 Employment and Skills Retention

- Safaricom employs thousands directly; supports tens of thousands indirectly
- Headquarters relocation risks brain drain

- Technology development and innovation capability may migrate to South Africa

## 8. PEOPLE OF NYAMIRA COUNTY: SPECIFIC IMPACT

As representatives of Nyamira County, we note particular concerns:

### 8.1 Rural Connectivity Risks

- Nyamira is underserved by telecommunications infrastructure
- Private ownership typically deprioritizes rural expansion (insufficient returns)
- Safaricom's public mission has driven network expansion; Vodacom's profit focus will reverse this
- Digital economy participation dependent on continued service investment

### 8.2 Local Employment Impact

- Safaricom service centers in Nyamira provide direct employment
- Vodacom's efficiency drive will likely result in headcount reduction
- Diaspora remittances dependent on affordable, reliable M-Pesa access

### 8.3 Local Content and Development

- Government dividend income supports county development programs
- Surrendering dividend streams reduces resources for health, education, and infrastructure in underserved counties
- Foreign ownership means strategic decisions made in Johannesburg, not Nairobi, let alone Nyamira

## 9. INTERNATIONAL BEST PRACTICES: KENYA IS ALONE

Global telecommunications regulators and governments demonstrate persistent public ownership precisely because private monopolies fail populations.

### 9.1 Comparable Markets

- **Singapore:** The Singapore our leaders want to emulate maintains strategic stakes in telecommunications; has refused full privatization
- **South Korea:** Government retains regulatory control and ownership stakes in strategic carriers
- **UAE:** Maintains state ownership of Emirates Telecom
- **Rwanda:** Government maintains controlling interest in telecom operator

### 9.2 Why Nations Resist Full Privatization

- **Service equity:** Public ownership ensures unprofitable regions still receive service
- **National security:** Telecommunications infrastructure requires domestic control
- **Fiscal resilience:** Dividend income provides countercyclical government revenue

- **Consumer protection:** Public ownership supports universal service obligations Kenya should learn from global precedent, not ignore it.

## 10. ALTERNATIVE RECOMMENDATIONS

Rather than this catastrophic sale, we propose:

### 10.1 Retain Full Strategic Control

Maintain the government's 35% stake. Continue deriving KES 5-6 billion in annual dividends.

### 10.2 Capital Markets Solution

If infrastructure financing is the objective:

- Issue government bonds backed by Safaricom dividend streams (not asset sale)
- Capital markets will value these at KES 100+ billion without surrendering ownership
- Retain asset appreciation upside

### 10.3 Partnership, Not Surrender

Negotiate strategic partnership with Vodacom if regional integration is desired:

- Joint venture in Ethiopia operations
- Technology transfer agreements
- Revenue-sharing arrangements
- Retain Safaricom independence and Kenyan control

### 10.4 Enhanced Dividend Optimization

Engage board management to optimize dividend payouts while maintaining growth investment. Current 4.2% yield can likely improve to 5-6% with disciplined capital allocation.

## 11. FORMAL RESOLUTION

We, the people of Nyamira County, hereby resolve:

1. **Reject categorically** the proposed sale of 15% Safaricom stake to Vodacom Group
2. **Demand cancellation** of Vodacom dividend rights arrangements on government's remaining shares
3. **Call for immediate inquiry** into conflict of interest, valuation methodology, and advisor compensation
4. **Require extended parliamentary debate** (minimum 90 days) with public consultations in every county
5. **Mandate impact assessment** on rural connectivity, employment, and consumer protection before proceeding
6. **Insist on independent valuation** by international experts with publication of full terms
7. **Support alternative financing mechanisms** that preserve public ownership

# CONCLUSION

This proposed transaction is not merely questionable fiscal policy, it is a betrayal of the public trust at a moment when Safaricom's value has never been higher, when its financial performance has never been stronger, and when the nation's need for strategic asset control has never been more urgent.

The people of Nyamira County, and indeed all Kenyans, cannot accept the surrender of a generational wealth-creating asset to foreign control in exchange for one-time cash payments that will disappear into debt servicing while dividend streams enrich Johannesburg.

We demand that Parliament honor its constitutional obligations to steward public resources on behalf of all citizens. We demand that this transaction be rejected decisively and unconditionally.

The future of Kenya's digital economy, financial services, rural connectivity, and national sovereignty depends on this single parliamentary decision.

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- [2] Safaricom Group Financial Results FY2025 - Biznakenya Report, May 8, 2025. "Dividend bonanza: Safaricom declares Sh 48b dividend payout after record profit." <https://biznakenya.com/safaricom-to-pay-sh-48-billion-in-dividends/>
- [3] Reuters Africa. (December 3, 2025). "Debt-strained Kenya to sell Safaricom stake to Vodacom in major asset sale." <https://www.reuters.com/world/africa/kenyas-safaricom-vodafone-kenya-aims-buy-extra-15-stake-government-2025-12-03/>
- [4] Vodacom Group Statement. (December 4, 2025). "Vodacom agrees to raise ownership of Safaricom in Kenya to 55%." <https://www.ajbell.co.uk/news/articles/vodacom-agrees-raise-ownership-safaricom-kenya-55>
- [5] The Star Kenya. (May 9, 2025). "Safaricom to pay Sh48bn in dividends to shareholders." <https://www.the-star.co.ke/news/2025-05-09-safaricom-to-pay-sh48bn-in-dividends>

**Submitted by:**

**Justus Atuti**

*On behalf of the People of Nyamira County*

**December 8, 2025**

**For submission to:**

Clerk of the National Assembly  
Parliament of Kenya  
P.O. Box 41842-00100  
Nairobi, Kenya

**Deadline: January 8, 2026**

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*"A nation that sells its future for present convenience deserves neither."*

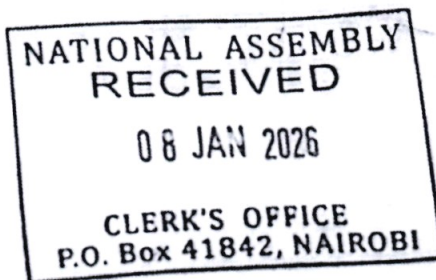
Clerk of the National Assembly Kenya

① ODC  
8/1/26

From: sharon raynx <sraynx@gmail.com>  
Sent: Tuesday, January 6, 2026 7:36 PM  
To: Clerk of the National Assembly Kenya  
Subject: Sale of assets

Do not sell any kire of our assets be it our safaricom shares or even KPC. If you must sell then sell it to Kenyans we have the money allow us be tge investors, KPC belongs to us we built it. Why should a visitor swoop in and take majority share. If the government like Ug so much give them kand let them build their own pipeline then collect land rates. So again I oppose the sale of assets. If you want to be useful tabke a bill that truly crominaois corruption. If you lost 300B whose to say this wont be stolen too. Remember the billionaire in parliament, even with your businesses it is impossible for you to make the billions you purport to have. Your corruption is what is killing the middle class. DO NOT SELL our remaining assets.

② Benjamin Magut, Hss  
For the attention of the Dept.  
Committee on finance.  
DM 09/01/26



*Mr. Maqut  
Please deal  
LW  
8/1/2026*

*DD  
8  
7*

**Clerk of the National Assembly Kenya**

**From:** Collins Odhiambo <collinsodhiambo395@gmail.com>  
**Sent:** Tuesday, January 6, 2026 11:08 PM  
**To:** Clerk of the National Assembly Kenya  
**Subject:** Public Comments on Proposed Partial divestiture of the Government's 15% Safaricom PLC.

Dear Sir/Madam,

I write to submit my public comments on the proposed partial divestiture of the Government in Safaricom PLC as outlined in Sessional Paper No. 3 of 2025.

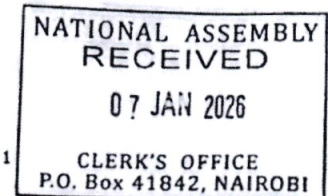
I acknowledge that the proposed divestiture may help the Government raise much-needed revenue for critical infrastructure development and reduce reliance on public debt. In this regard, I support the proposal in principle.

However, I am concerned about the potential long-term impact on the affordability of Safaricom products and services, particularly M-Pesa, which is widely used by ordinary Kenyans for daily transactions. While prices may not increase immediately, reduced government shareholding in the future may weaken public influence over pricing and consumer protection.

I therefore urge Parliament to ensure strong regulatory oversight, especially on pricing of essential services, and to put in place clear safeguards to protect consumers and maintain financial stability.

Thank you for providing citizens with an opportunity to participate in this important national discussion.

Yours faithful  
Collins Odhiambo



**MEMORANDUM OF OBJECTION TO SESSIONAL PAPER NO. 3 OF 2025 ON  
PARTIAL DIVESTITURE IN SAFARICOM PLC**

**From:** Ann W. Kamau

**Date:** 5th January 2026

*Mr. Benjamin Magut*  
*Please TRK*  
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*7/01/2025*

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*6/1/26*

**PREAMBLE: OUR COLLECTIVE FIDUCIARY DUTY**

As a practitioner and financial analyst who has walked these corridors for over two decades, I have witnessed firsthand how shortsighted financial decisions made in moments of fiscal pressure have condemned our children to pay for our conveniences. This partial divestiture is not merely a transaction—it is a dismantling of Kenya's digital sovereignty. The government holds these shares in trust for 54 million Kenyans, including the mama mboga whose M-Pesa float depends on Safaricom's stability, the graduate whose first job was at a Safaricom call center, and the farmer in Tana River who accesses subsidies through the platform. We betray them not just legally, but morally.

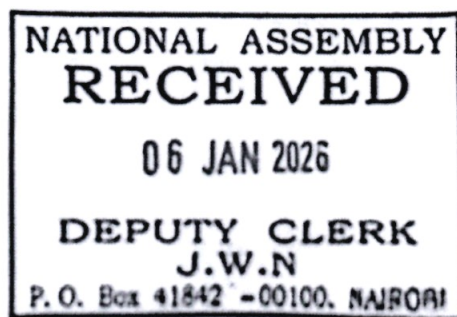
Below are twelve constitutionally-grounded concerns that demand your rejection of this transaction.

**CONCERN 1: GROSSLY INADEQUATE VALUATION AMOUNTING TO FIDUCIARY BREACH**

**Legal Foundation:** Section 87A of the Public Finance Management Act (PFMA) mandating "optimal value" and Article 201(b) of the Constitution demanding "prudent, economical, and efficient use of public money."

**Analysis:** The Kshs 34/share price represents a mere 17% premium on a depressed 6-month average that coincided with global tech stock selloffs and domestic security concerns affecting Safaricom's Ethiopia expansion. This is not fair value for a strategic asset that:

- Controls 98.8% of Kenya's mobile money market (critical infrastructure under the Critical Infrastructure Protection Act)
- Has delivered compound annual dividend growth of 14% over the last decade
- Holds proprietary data on 95% of Kenyan adults, a national security asset



**African Standard:** Ethiopia refused to privatize Ethio Telecom at any price, recognizing that strategic value transcends market metrics. Nigeria's sale of NITEL in 2006 fetched \$750 million—less than 0.3x annual revenue—a catastrophic undervaluation that impoverished citizens.

**Global Benchmark:** Norway's Government Pension Fund Global only divests strategic assets at minimum 40% premiums to 12-month highs, reflecting long-term value.

#### **Detailed Implications:**

- **Immediate Loss:** Kshs 204 billion proceeds represent only **2.3x** Safaricom's 2024 net profit. At historical P/E ratios, we're sacrificing perpetual income for less than 3 years' earnings.
- **Intergenerational Theft:** The retained 20% stake will generate diminished influence. At 35%, Kenya could block special resolutions; at 20%, we're passive spectators. This violates the constitutional principle of intergenerational equity (Article 10).
- **Opportunity Cost:** Had we retained the 15% stake, assuming conservative 8% annual dividend growth, it would generate **Kshs 421 billion** in cumulative dividends over 15 years—more than double the sale price.
- **Human Impact:** The Kshs 40.2 billion "dividend substitute" is a poisoned chalice. It's structured as an upfront payment **in lieu of** future dividends, meaning we forfeit not just the 15% stake's dividends, but potentially see reduced dividends on the remaining 20% as Vodacom optimizes group-level profit repatriation.

#### **CONCERN 2: IRRECONCILABLE CONFLICT OF INTEREST & RELATED PARTY ABUSE**

**Legal Foundation:** Section 127 of the Companies Act 2015 on related party transactions requiring arm's-length terms; Section 25 of the Competition Act prohibiting abuse of dominance.

**Analysis:** Vodacom Group already exercises de facto control through its 40% stake, board representation, and technical agreements. This transaction is essentially a **related party sale of national assets to itself** under a different hat. The PFMA's Section 87A requires Cabinet and parliamentary approval for sales to **independent** third parties, not entities that already sit in our boardroom.

**African Standard:** South Africa's Competition Commission blocked Vodacom's acquisition of Neotel in 2015 precisely because of vertical integration concerns in strategic sectors. Tanzania's Fair Competition Commission has fined Vodacom subsidiary Serengeti Safari for market abuse three times since 2020.

### Detailed Implications:

- **Regulatory Capture:** With 55% combined influence (40% + 15%), Vodacom can:
  - Dictate data localization policies, potentially migrating servers to South Africa (violating Data Protection Act, Section 48 on data sovereignty)
  - Structure intercompany loans to shift profits offshore, eroding Kenya's tax base
  - Influence universal service obligations to favor urban, profitable areas while abandoning rural Kenya
- **Minority Oppression:** Our remaining 20% becomes a "silent minority" under Section 238 of the Companies Act, with no veto power over:
  - Related-party transactions between Vodacom Kenya and Safaricom
  - Intellectual property licensing favoring Vodacom's other subsidiaries
  - Dividend policies that starve Kenya while enriching South African shareholders
- **Human Impact:** The 3-year "no redundancy" commitment is illusory. Vodacom can simply not renew 5,000+ contract workers (60% of Safaricom's workforce), outsource call centers to South Africa, or automate M-Pesa agents out of existence—none of which triggers redundancy clauses. We are gambling with 15,000 direct jobs and 500,000 agent livelihoods.

### **CONCERN 3: CONSTITUTIONAL VIOLATION OF MEANINGFUL PUBLIC PARTICIPATION**

**Legal Foundation:** Article 118(1)(b) of the Constitution, reinforced by the Supreme Court in *Kiambu County Government v Robert N. Gakuru* (2014) requiring "reasonable opportunity to express views" and "consideration of those views."

**Analysis:** The invitation for memoranda by 8th January 2026—just 31 days over Christmas when Parliament is recessed—is procedurally oppressive. This is **box-ticking**, not participation. The people most affected (rural M-Pesa agents, low-income subscribers, employees) lack:

- Access to the 45-page Sessional Paper (no physical copies in counties)
- Technical capacity to analyze complex financial structures
- Time during the festive season when families struggle with school fees

**African Standard:** Ghana's Supreme Court invalidated the sale of Merchant Bank in 2015 because the 21-day consultation period was deemed "manifestly inadequate" for strategic asset disposal. Rwanda's privatization law requires 90 days and mandatory town halls in all provinces.

**Global Benchmark:** The OECD Guidelines on Corporate Governance of State-Owned Enterprises require **minimum 60 working days** for consultation on material disposals.

**Detailed Implications:**

- **Illegality:** Any parliamentary resolution passed without genuine public participation is void ab initio under Article 2(4) of the Constitution. Courts will enjoin this transaction, wasting millions in legal fees and sovereign reputation.
- **Social License Forfeiture:** Safaricom's brand equity—worth billions—rests on its "Kenyan-ness." Forcing through the sale creates public resentment, subscriber churn, and potential boycotts, destroying value for all shareholders.
- **Human Impact:** My client, a 62-year-old M-Pesa agent in Migori, asked me: "If they sell our shares while we are sleeping, who will listen when Vodacom raises our tariffs because we are 'unprofitable'?" She represents 234,000 agents who never had a voice. Their silent protest will be switching to Airtel Money, crashing Safaricom's valuation by 30% overnight. We are not just selling shares; we are selling trust.

**CONCERN 4: CRITICAL INFRASTRUCTURE & NATIONAL SECURITY COMPROMISE**

**Legal Foundation:** The Critical Infrastructure Protection Act, 2021; Article 238 on national security; and Section 83 of the Kenya Information and Communications Act requiring cabinet approval for foreign control of critical ICT infrastructure.

**Analysis:** Safaricom's M-Pesa platform is a **systemically important financial infrastructure** under CBK regulations, processing 66% of Kenya's GDP annually. The platform hosts:

- National security communications (police, KDF procurement)
- Social protection cash transfers (Inua Jamii)
- Tax collection (KRA iTax payments)
- Election-related transaction trails

**African Standard:** Algeria retains 100% state ownership of Djezzy Telecom citing "sovereignty over digital financial rails." Egypt's National Telecom Regulatory Authority blocked Vodafone's attempt to increase stake in Telecom Egypt in 2022, citing "strategic autonomy."

**Detailed Implications:**

- **Hostile Takeover Risk:** While Vodacom is currently friendly, corporate control changes. If MTN or Orange (both with murky histories in Africa) acquires Vodacom, Kenya's financial system becomes hostage to foreign commercial interests. The 2023 coup in Niger saw telecom assets seized overnight—are we naive enough to believe commerce operates in a political vacuum?
- **Data Colonialism:** Vodacom's 55% effective control means Kenyan citizens' data is governed by South Africa's Protection of Personal Information Act (POPIA) through group policies, creating jurisdictional conflicts. Our Data Commissioner becomes powerless to enforce local laws.
- **Human Impact:** During the 2025 drought response, the government used M-Pesa to disburse Kshs 8.7 billion in relief. Imagine Vodacom—answerable to Pretoria, not Nairobi—deciding to "optimize" server capacity during our next crisis, delaying payments to starving families by 72 hours. That delay costs lives. Are Kshs 204 billion worth even one Kenyan life?

**CONCERN 5: INTERGENERATIONAL EQUITY & SOVEREIGN WEALTH DESERTION**

**Legal Foundation:** Article 10 (national values) and Article 69 (sustainable development) of the Constitution, creating a fiduciary duty to future generations.

**Analysis:** This is a **liquidity event**, not an investment strategy. We are converting perpetual equity into consumable cash to fund recurring expenditure disguised as "infrastructure." Historically, Kenya's privatization proceeds (Kshs 300 billion from Telkom Kenya, Kenya Airways, etc.) have vanished into budget deficits with zero traceable infrastructure legacy.

**African Standard:** Botswana's Pula Fund and Angola's Sovereign Wealth Fund are constitutionally mandated to **reinvest** state asset sale proceeds—not spend them. Angola's 2021 Constitutional Amendment requires parliamentary supermajority to withdraw sovereign wealth principal.

**Global Benchmark:** Norway's fiscal rule limits spending of oil revenues to 4% of fund value annually, preserving principal in perpetuity.

**Detailed Implications:**

- **Permanent Loss, Temporary Gain:** The 15% stake generated Kshs 23 billion in dividends last year. Selling it for Kshs 204 billion means we break even in just **8.9 years** of lost dividends—after which we are permanently poorer. Our grandchildren will inherit debt, not wealth.
- **Budget Moral Hazard:** This Kshs 204 billion windfall will be consumed by election-year spending (2027 looms), increasing recurrent expenditure that cannot be sustained post-sale. It's like a farmer selling his only cow to buy Christmas meat—festive today, starving tomorrow.
- **Human Impact:** My daughter, born in 2020, will turn 18 in 2038. By then, this money will be gone, but Safaricom's value—driven by Ethiopia expansion and 5G monetization—will be triple today's. We are stealing from her generation's future to fund our present comfort. That is not development; it is intergenerational theft sanctioned by law.

#### **CONCERN 6: PREDATORY FINANCIAL ENGINEERING OF THE DIVIDEND SUBSTITUTION**

**Legal Foundation:** Section 39 of the PFMA prohibiting "unconventional financial arrangements" without parliamentary scrutiny; Section 125 of the Companies Act on unlawful return of capital.

**Analysis:** The Kshs 40.2 billion "upfront payment in lieu of future dividends" is a **synthetic equity swap** that circumvents shareholder equity principles. This is not a dividend; it's a **loan against future sovereign income**, creating a debtor-creditor relationship where Kenya becomes beholden to Vodacom.

**African Standard:** Tanzania's Controller and Auditor General condemned a similar "dividend advance" arrangement in TTCL's privatization in 2018, calling it "fiscal alchemy that mortgages future national income."

**Global Benchmark:** The IMF's 2023 Fiscal Transparency Code flags such arrangements as "fiscal risks" requiring explicit sovereign guarantee disclosures.

#### **Detailed Implications:**

- **Net Present Value Disaster:** Using an 8% discount rate (Kenya's cost of capital), the NPV of 20 years of dividends on the 20% stake is approximately Kshs 280 billion. Vodacom is "pre-paying" Kshs 40.2 billion—an **86% haircut** on sovereign income. This is not a premium; it's a fire sale.
- **Balance Sheet Fraud:** This Kshs 40.2 billion will be recorded as "other income," artificially inflating one-year budget performance while creating a perpetual liability. Future governments will pay for this through reduced fiscal space.

- **Human Impact:** The Treasury PS will boast of "exceeding revenue targets" in FY2026/27, earning a performance bonus. Meanwhile, the school feeding program that would have been funded by the foregone dividends will be cut in 2028 when reality bites. Public servants profit today; children starve tomorrow.

### **CONCERN 7: ILLUSORY EMPLOYMENT & LOCAL CONTENT SAFEGUARDS**

**Legal Foundation:** The Employment Act (Section 45 on unfair termination); Local Content Act, 2016; Article 43 on economic rights.

**Analysis:** The "no redundancies for 3 years" commitment is a legal **red herring**. Vodacom can achieve workforce reduction through:

- Non-renewal of 5-year fixed-term contracts (covering 60% of staff)
- Outsourcing to its South African call centers
- Automation of 12,000 M-Pesa agent reconciliation roles
- "Voluntary early retirement" schemes targeting Kenyan managers

**African Standard:** When MTN acquired Uganda Telecom assets in 2018, it promised "no redundancies." Within 18 months, 2,300 contractors were terminated, circumventing employment law. Uganda's courts dismissed claims because "contractors are not employees."

**Global Benchmark:** OECD Guidelines require 5-year employment guarantees and **local content** quotas for strategic asset sales.

#### **Detailed Implications:**

- **Silent Retrenchment:** Within 5 years, Safaricom's Kenyan workforce could shrink from 6,000 to 3,500, with all senior roles transferred to Johannesburg. The Local Content Act's 40% local procurement requirement will be circumvented through "group procurement frameworks."
- **Knowledge Transfer Reversal:** Currently, Safaricom's innovation hub (Alpha) develops solutions for East Africa. Under Vodacom control, R&D will centralize in Cape Town, reducing Kenya to a "sales office." This violates the Science, Technology, and Innovation Act's requirement to retain intellectual property locally.

- **Human Impact:** "James", a Safaricom engineer say just bought a home in Syokimau on a 20-year mortgage. His role in network planning is being "regionally centralized." In 2027, he'll be offered "voluntary redundancy" or a move to South Africa. He cannot emigrate; he will lose his home. **We are not preserving jobs; we are destroying careers while ticking legal boxes.**

### **CONCERN 8: CAPITAL MARKETS DECEPTION—THE NSE BETRAYAL**

**Legal Foundation:** Section 9 of the Capital Markets Act requiring "deepening and development of capital markets" as a state objective; Section 87A PFMA's requirement for "transparent processes."

**Analysis:** The claim that this sale "deepens capital markets" is **legally and factually fraudulent**. The transaction is a **private placement** to Vodacom, **not** a public offer through the NSE. No Kenyan retail investor can participate. The NSE will see:

- Zero new listings
- Reduced free float (government shares were the most traded)
- Increased concentration risk (Vodacom becomes a strategic, not portfolio investor)

**African Standard:** When South Africa privatized Telkom, it listed 30% on the JSE, creating 1.2 million new retail shareholders and deepening liquidity. Kenya is doing the opposite.

**Global Benchmark:** IMF's 2024 report on "Capital Market Development in Frontier Economies" explicitly warns against private placements to strategic buyers, recommending **minimum 25% public float** instead.

#### **Detailed Implications:**

- **Liquidity Collapse:** Government shares represent 18% of NSE daily turnover. Removing them from active trading will shrink NSE market cap by 12%, triggering MSCI Frontier Markets index exclusion. Kenyan pension funds (holding 40% of NSE value) will face forced selling, possibly wiping over Kshs 90 billion from retirement savings.
- **Investor Confidence:** Foreign portfolio investors will interpret this as "Kenya prefers backroom deals over market transparency." FDI in other sectors will possibly drop 20-30% due to governance concerns.
- **Human Impact:** My mother's pension fund is 35% invested in Safaricom. The fund manager just called: "If liquidity drops, we may be forced to mark down NAV by 15%." Her monthly pension is Kshs 42,000. A 15% cut means she cannot afford her hypertension medication. **We are sacrificing retirees' health to enrich a foreign conglomerate.**

## **CONCERN 9: GOVERNANCE EMACIATION—FROM STEWARD TO SPECTATOR**

**Legal Foundation:** Article 227 of the Constitution on fair administrative action; Section 73 of the Companies Act on directors' duties; King IV Code on corporate governance (adopted by Kenya as best practice).

**Analysis:** At 35% shareholding, Kenya had **substantive influence:** ability to block special resolutions, appoint independent directors, and influence CEO succession. At 20%, we become a **passive minority**, losing:

- Veto power on related-party transactions (requires 25% under Safaricom's articles)
- Ability to force board matters to shareholder vote
- Moral authority with regulators (CA, CBK)

**African Standard:** Ghana's 25% retained stake in AirtelTigo preserved board veto rights, preventing asset stripping. Kenya's 20% is below the governance threshold.

**Global Benchmark:** OECD's "Ownership and Governance of State-Owned Enterprises" recommends **minimum 25% retention** for strategic companies to preserve "golden share" governance rights.

### **Detailed Implications:**

- **Strategic Neutrality:** Vodacom can now:
  - Appoint a South African chairman (contrary to the "Kenyans-only" promise, which is non-binding)
  - Merge Safaricom's operations with Vodacom Tanzania, diluting Kenyan identity
  - Shift tax residency through transfer pricing, reducing Kenya Revenue Authority's take
- **Regulatory Paralysis:** The government's two board seats become token positions. When Vodacom proposes a dividend cut to fund South African expansion, our directors can protest but cannot block. This violates Article 227's requirement that public participation extends to ongoing governance, not just initial sale.
- **Human Impact:** In 2024, Kenya blocked Safaricom's proposed 300% increase in M-Pesa tariffs because we had board influence. At 20%, Vodacom will argue "commercial autonomy" and CBK will be politically unable to intervene. The 30 million M-Pesa users will face tariff increases, extracting an additional Kshs 18 billion annually from the poorest Kenyans. Our

board seats will be occupied by individuals paid sitting allowances to watch Kenyans being overcharged.

### **CONCERN 10: INFRASTRUCTURE FUNDING FABLE & FISCAL IRRESPONSIBILITY**

**Legal Foundation:** Article 221 of the Constitution on budget process; Section 15 of PFMA on earmarking; Section 39 of the Public Procurement Act on value for money.

**Analysis:** The Kshs 204.3 billion will be deposited into the Consolidated Fund and **spent**, not invested. This is a **consumption decision**, not an investment one. History is instructive:

- Kshs 52 billion from Telkom Kenya sale (2007): Zero traceable infrastructure
- Kshs 23 billion from Kenya Airways privatization: Embezzled through通航 leases
- Kshs 18 billion from National Bank sale: Consumed by recurrent spending

**African Standard:** Uganda's Constitution requires that all proceeds from strategic asset sales be credited to the Consolidated Fund, invested abroad, and only returns spent. Kenya has no such sovereign wealth fund protection.

**Global Benchmark:** IMF's 2024 Fiscal Monitor warns that using asset sales for current spending is "fiscal illusion" that worsens debt sustainability.

#### **Detailed Implications:**

- **Debt Spiral Worsening:** Kshs 204 billion will fund **0.8% of GDP** in spending, while our debt-to-GDP ratio (68.7%) remains unchanged because we sacrifice the asset that **generated** income. It's like a farmer selling his cow to buy milk—he gets one gallon today but starves tomorrow.
- **Procurement Fraud Magnet:** "Infrastructure projects" like "Digital Transformation" are vague procurement categories ripe for single-sourcing to politically connected firms. We will possibly see Kshs 50 billion disappear into "consultancy fees" within 18 months.
- **Human Impact:** The Sessional Paper promises "Energy, Roads, Aerospace" funding. Last year, the Kshs 30 billion roads allocation in North Eastern was diverted to Nairobi's expressway. The people of Wajir, who should benefit, will see zero tarmacked roads. Meanwhile, their Safaricom shares—their only claim to digital infrastructure—are gone. We are lying to the marginalized to fund urban elite projects.

### **CONCERN 11: COMPETITION & REGULATORY CAPTURE—CREATING A BEHEMOTH**

**Legal Foundation:** Section 25 of the Competition Act prohibiting anticompetitive mergers; Section 46A on abuse of buyer power; Communications Authority's mandate under KICA to ensure "fair competition."

**Analysis:** Vodacom's stake increase to 55% effective control creates a **super-dominant entity** with:

- 68% mobile subscriber market share
- 98.8% mobile money market share
- Vertical integration into undersea cables (DARE1), fintech, and insurance

This triggers **Article 25 of the Competition Act** requiring full merger notification and **public interest assessment**—a process deliberately bypassed by presenting this as a "government share sale," not a merger.

**African Standard:** When MTN sought to increase its stake in Uganda's Airtel, the COMESA Competition Commission blocked it in 2021, citing "single point of failure risk" in mobile money infrastructure. Kenya is ignoring this precedent.

**Global Benchmark:** UK's Competition and Markets Authority (CMA) forced Facebook to reverse its Giphy acquisition, demonstrating that even non-controlling stakes can be anti-competitive if they create market power.

**Detailed Implications:**

- **Price Fixation:** Vodacom can unilaterally raise M-Pesa tariffs, data prices, and cross-network charges. The CA will be powerless because the "government representative" on Safaricom's board (now token) cannot influence pricing. This extracts Kshs 35-50 billion annually from consumers—more than the sale proceeds.
- **Innovation Suppression:** Startups like Tanda, Dibserve, and Kopo Kopo rely on Safaricom's API infrastructure. A Vodacom-controlled Safaricom can change API terms, pricing, or access, killing 500+ fintech startups and 12,000 jobs.
- **Human Impact:** Jane, a Chama leader in Kakamega, uses M-Pesa to pool members' contributions. When Vodacom raises transaction fees from 0.5% to 1.5% (as they did in Tanzania), her Chama's annual savings drop by Kshs 48,000—enough to fund one member's child's school fees. We are sacrificing collective African prosperity for corporate efficiency.

**CONCERN 12: PROCEDURAL FRAUDULENCE & ULTRA VIRES EXECUTIVE ACTION**

**Legal Foundation:** Article 118(1)(b) of the Constitution; Section 87A PFMA requiring **both** Cabinet approval **and** parliamentary resolution; Sections 3 and 4 of the Statutory Instruments Act requiring proper laying of papers.

**Analysis:** The Sessional Paper was laid on 8th December 2025, with memoranda due 8th January 2026—a period when:

- Cabinet has not formally approved (meeting minutes unavailable)
- Parliament is in recess
- The Public Debt and Privatization Committee has not been constituted for the 13th Parliament
- No Fiscal Impact Statement has been published as required by Section 44 of PFMA

This is **procedural fraud** designed to railroad approval before the budget cycle, avoiding scrutiny of how proceeds will be used.

**African Standard:** Zambia's High Court nullified the sale of Zamtel in 2019 because the Cabinet resolution was passed in a "special meeting" without required notice, declaring the transaction **ultra vires**.

**Global Benchmark:** The UK's Enterprise Act 2002 requires **90 days** of lay-before Parliament and mandatory hearings before strategic asset sales.

**Detailed Implications:**

- **Nullity of Transaction:** Any resolution passed without strict compliance with Article 118 and Section 87A is void. Courts will issue **certiorari** to quash, exposing Kenya to Kshs 15-25 billion in damages claims from Vodacom for "loss of opportunity."
- **Impeachment Risk:** Cabinet Secretaries who approved this bypass process face impeachment under Article 152 for violating constitutional process. The President's legacy becomes entangled in procedural illegality.
- **Human Impact:** Our democracy is built on process. When a government ignores its own laws to sell assets at Christmas, it tells citizens: "You are subjects, not stakeholders." The next government will use the same precedent to sell KDF barracks, National Parks, or port assets in secret. We are not just losing Safaricom shares; we are losing the rule of law itself.

**CONCLUSION: THE MORAL IMPERATIVE TO REJECT**

Honourable Members, the Constitution you swore to uphold does not permit you to sell our children's inheritance to pay your bills. The PFMA you enacted does not allow a minority stake sale that creates a foreign monopoly. The Competition Act you passed does not exempt strategic assets from merger control.

**Vote this down.** Not because you oppose development, but because you understand that **true development** is building assets, not selling them. Let us instead:

- Float the 15% on NSE as a **Rights Issue** to Kenyan retail investors, raising the same Kshs 204 billion while deepening markets
- Establish a **Sovereign Wealth Fund** to hold state assets in perpetuity
- Amend the PFMA to require **75% parliamentary supermajority** for strategic asset sales

The people of Kenya are not begging you for crumbs from this sale. They are demanding you protect their future. **You have the power to say no. Use it.**

\*\*\*\*\*

**Clerk of the National Assembly Kenya**

*Mr. Magu  
Please see  
L.W.  
9/1/2026*

*DDC  
7/1/26*

**From:** David Tole <dtole254@gmail.com>  
**Sent:** Tuesday, January 6, 2026 10:39 AM  
**To:** Clerk of the National Assembly Kenya  
**Subject:** SUBMISSION OF MEMORANDA ON SESSIONAL PAPER NO. 3 OF 2025 – PROPOSAL FOR PARTIAL DIVESTITURE OF GOVERNMENT SHAREHOLDING IN SAFARICOM PLC

**TO:** The Clerk of the National Assembly, Parliament Buildings, P.O. Box 41842-00100, Nairobi.

**Email:** [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

**DATE:** 6th January 2026

**RE: SUBMISSION OF MEMORANDA ON SESSIONAL PAPER NO. 3 OF 2025 – PROPOSAL FOR PARTIAL DIVESTITURE OF GOVERNMENT SHAREHOLDING IN SAFARICOM PLC**

**Dear Sir/Madam,**

I hereby submit my comments regarding the government's proposal to divest 15% of its shareholding in Safaricom PLC to finance the National Infrastructure Fund and the Sovereign Wealth Fund.

While I support the innovative approach to asset recycling to reduce reliance on debt, the success of this divestiture rests entirely on the prudent management of the proceeds. To ensure this initiative helps Kenya achieve its "Singapore" vision of economic transformation, I propose the following strict conditions for implementation:

**1. Specific Project Prioritization & Ring-fencing** The government must move beyond general descriptions of "infrastructure" and publish a binding schedule of specific projects to be funded over the next 5–10 years. To ensure equitable development and tangible returns for the taxpayer:

- **Education:** Funds should be ring-fenced to modernize infrastructure in all public primary and secondary schools to support the CBC curriculum.
- **Health:** Prioritize the equipping and upgrading of Level 3 and 4 health centers to decongest referral hospitals.
- **Access:** Allocate a significant portion to feeder roads within counties (via conditional grants to County Governments) to unlock agricultural supply chains and ensure even the most remote areas are economically accessible.

**2. Transparency and Quarterly Reporting** To prevent the mismanagement that has plagued previous funds, the governance framework must be robust.

- The Fund managers must publish a **quarterly balance sheet** and performance report.
- A **live, publicly accessible web portal** should be established, tracking every shilling from the sale proceeds to the specific project expenditure. This "open-ledger" approach is the only way to foster public trust.

NATIONAL ASSEMBLY  
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06 JAN 2026 1  
CLERK'S OFFICE  
P.O. Box 41842, NAIROBI

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07 JAN 2026  
DIRECTORATE OF DEPARTMENTAL COMMITTEES

**3. Strategic Asset Allocation (80:20 Rule)** The allocation of proceeds must balance immediate needs with inter-generational equity. I propose a strict statutory split:

- **80% to the Infrastructure Fund:** Targeted at high-impact projects that stimulate immediate economic activity (multiplier effect).
- **20% to the Sovereign Wealth Fund:** This portion must be invested in high-return, diversified financial instruments to build a safety net for future generations, ensuring sustainability beyond the current administration.

**Conclusion** If these safeguards are enshrined in the implementation framework, this divestiture can indeed be the catalyst for Kenya's economic leap. However, without transparency, we risk losing a strategic asset without gaining lasting value.

**Yours Faithfully,**

David Tole  
+254721825086 (WhatsApp) | +254743738656 (Mobile)  
[dtole254@gmail.com](mailto:dtole254@gmail.com)



**VICTOR LEE**  
**LEGAL**

Advocates and Commissioners for Oaths

*Benjamin Kagut, HOD  
Place before the Dep.  
Comm. on Finance &  
consideration.  
Dmy 5/2/26*

**The Clerk of the National Assembly**  
**Parliament Buildings**  
**P.O. Box 41842 – 00100**  
**Nairobi,**  
**Kenya**



2<sup>nd</sup> February 2026

**ATTENTION:**

**Clerk to the Joint Committee on Finance & National Planning and the Select Committee on Public Debt & Privatization.**

**RE: SUBMISSION BY THRYV CAPITAL PARTNERS LLP OF MEMORANDUM ON SESSIONAL PAPER NO. 3 OF 2025 – PROPOSED PARTIAL DIVESTITURE OF THE GOVERNMENT OF KENYA’S SHAREHOLDING IN SAFARICOM PLC.**

We hereby submit the attached Memorandum for your official receipt and inclusion in the records of the National Assembly, further to our earlier electronic submission dated 1<sup>st</sup> February 2026. The contents are;

- 1. Memorandum – 9 pages

The Memorandum sets out stakeholder concerns and observations relating to Sessional Paper No. 3 of 2025 and is respectfully submitted for the consideration of the Joint Committee on Finance & National Planning and the Select Committee on Public Debt & Privatization.

We kindly request that one copy of this cover letter be stamped as “Received” and returned to us for our records.

Please do not hesitate to contact us should any further information or clarification be required.

Yours faithfully,

Grado Victor Mabachi  
C/o Victor Lee Legal Advocates  
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Mobile: 0722718562





**VICTOR LEE**  
**LEGAL**

Advocates and Commissioners for Oaths

**REPUBLIC OF KENYA**  
**MEMORANDUM ON SESSIONAL PAPER NO.3 OF 2025:**  
**PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE**  
**GOVERNMENT OF KENYA**

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**Submitted to:**

**THE CLERK OF THE NATIONAL ASSEMBLY**  
NATIONAL ASSEMBLY OF KENYA

P.O.BOX 41842-00100,

**NAIROBI, KENYA**

Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

**Submitted by:**

**THRYV CAPITAL PARTNERS LLP**

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**SUBMISSION NO. 2**

**C/O VICTOR LEE LEGAL ADVOCATES**

**COLOUR BLOCK FOR IDENTIFICATION PURPOSES ONLY.**



Date: 29<sup>th</sup> January 2026

**A. INTRODUCTION**

1. We, **VICTOR LEE LEGAL ADVOCATES**, duly instructed by **THRYV CAPITAL PARTNERS LLP**, a Limited Liability Partnership registered under the Limited Liability Partnership Act, hereby submit this Memorandum. This submission is in response to the public invitation for Memoranda on Sessional Paper No. 3 of 2025, tabled before the National Assembly on or about 4th December 2025, and referred to the Departmental Committee on Finance and National Planning and the Select Committee on Public Debt and Privatization.
2. Thryv is an investment syndicate dedicated to fostering everyday Kenyans' participation in alternative asset classes, with a primary focus on technology startups, to drive socio-economic and commercial gains. Thryv serves as the principal investor in Popote Inc. (Delaware, USA), which holds 100% ownership of the software development firm Popote Innovations Ltd. (Kenya).
3. The partners of Thryv have identified the need to table information which is pertinent within the scope of the proposed sale of majority shares in Safaricom to Vodacom.
4. This need stems from the fact that Safaricom and Popote jointly own a solution called **M-Pesa Plus**, which has been neither declared nor valued in the sale transaction. Being of significant value, the proper accounting of Safaricom's interest in this asset is essential not only to safeguard shareholder value but also to catalyze the broader technology ecosystem, by using valuation methodologies aligned with global standards, that accurately price domestic innovation.
5. The following presents the history of M-Pesa Plus, the proposed basis of its value, and an actionable way for Safaricom to properly account for it to shareholders.

**B. THE ORIGIN OF M-PESA PLUS**

6. In 2014, the future founder of Popote presented a concept to Safaricom, which then produced a Non-Disclosure Agreement (NDA) covering the "B2C concept", which the parties executed. The core insight of the concept was that then-available M-Pesa solutions did not address the needs of Micro and SME businesses for managing their expenditure, thereby leaving substantial commercial value uncaptured. The solution demonstrated then was in minimum viable product (MVP) stage, but sufficient for Safaricom to understand the opportunity it presented.
7. Popote thereafter further developed the solution and kept Safaricom updated through frequent emails and meetings. In early 2016, Safaricom upgraded its M-Pesa system to what it called "G2", with which application program interfaces became available, enabling the solution to work in a manner that could be commercialized.



8. From then on, the engagement gained momentum, entailing dozens of meetings, flow of documents and expanded to involve three of Safaricom's departments, namely: Financial Services (FS), Enterprise Business Unit (EBU), and Consumer Business Unit (CBU).
9. A significant milestone was reached in mid-2017 when Safaricom engaged a market research agency—Kantar Millward Brown (KMB)—to assess the concept. On 17th August 2017, KMB presented its findings at Safaricom headquarters to both Safaricom and Popote, in a report titled *“Evaluating the Appeal of the New HBA Innovation amongst Members of the Hustler Segment.”* Its results were positive and recommended that the solution be named **“M-Pesa Business”**.
10. Thereafter, Safaricom, in a document titled *“Popote Business Case Justification,”* further reaffirmed the solution's market viability by uncovering from its data that only 7% of M-Pesa flows were being generated from B2C payments. Therefore, a solution addressing the identified gap would gain adoption by 7–10% of M-Pesa's captive-monthly-active customer base, at the time approximately 2–2.5 million customers.
11. In a letter dated 17th August of 2017, Safaricom appointed Popote as a partner and confirmed that their preferred mode of monetizing the concept, was to white label the solution Popote had developed, i.e to have it as an M-Pesa branded solution.
12. Safaricom, went on to produce the partnership agreement or contract. After the usual edits between the parties' lawyers, on 24th April 2018, Safaricom sent a final version to Popote. Popote executed it and sent it back to Safaricom.
13. The contract stage-named the solution **“M-Pesa Plus”**, and gave Safaricom the rights over its final branding for the market. Whether they would pick **M-Pesa Business** - the recommended name, or carry on with **M-Pesa Plus** - the staging name, remained to be decided.
14. Within this contracting period, work continued. In a document entitled *“M-Pesa Business Account – Customer Journey,”* Safaricom instructed Popote on what to customize in the solution. Popote did so and shared it completed on the 8th May 2018. Subsequently, On 9th May 2018, Safaricom shared a plan of activities leading to its launch date in July 2018.
15. Clause 4.2 of the contract required Safaricom to pay development costs, a part of the broader commercials. Following delays in this payment, Popote claimed interest. Safaricom prepared a Settlement Agreement in October 2020 to settle the amount at the negotiated figure. Following both parties' execution of it, the payment was settled.

### C. THE ABORTED LAUNCH

16. For reasons unknown, Safaricom failed to launch **M-PESA PLUS** as it had programmed for July 2018. Despite Popote's unrelenting follow ups, Safaricom executives offered no credible explanation. Popote therefore continued with its responsibilities and maintained the solution, with the expectation that Safaricom would issue a new launch date.





17. In June 2021, Safaricom launched two versions of a new and independently developed app - one for individuals and the other for businesses, named **M-Pesa Super App** and **M-Pesa Business**, respectively. Popote noted that both apps contained some features of the partnership app, and that one utilized the recommended name, **M-Pesa Business**. This scenario raised concerns for Popote, given that Safaricom had continued to be silent.
18. On 26th June 2021, Popote wrote to Safaricom's Chief Executive Officer, Mr. Peter Ndegwa, seeking a meeting and pointing out the launched products' similarities, and further noting that they were few, and did not adequately solve for the concept, as the still unlaunched **M-Pesa Plus** did.
19. On 7th September 2021, Popote's counsel wrote to Safaricom's Chief Executive Officer, Mr. Peter Ndegwa, and copied in the Chief Executive Officers of M-Pesa Africa—Mr. Sitoyo Lopokoiyit, Vodacom South Africa—Mr. Shameel Joosub, and Vodafone UK—Mr. Nick Read, drawing further attention to the confusion and seeking clarity on the way forward.
20. Safaricom responded through counsel, however they did not address the concerns raised, and so Popote became constrained to turn to the dispute resolution mechanism of the contract, which was Arbitration.
21. To illustrate the depth of Safaricom's commitment and the significant resources dedicated to this initiative, it is noted that between 2014 and 2018, Popote had engaged with over 100 Safaricom staff members. These included the then CEO, chiefs of three business units and staff, through a consistent flow of meetings, emails, and formal letters and agreements. Notably, 47 of these individuals were actively involved in the final preparations for the launch.
22. Notably, while there is an extensive trail of documentation commercially and technically defining, validating, and operationalizing **M-Pesa Plus**, there is not a single record justifying its aborted launch. Consequently, Safaricom's motivations for shelving the launch remain undisclosed. Nevertheless, it represents an asset of significant, albeit latent, value.

#### **D. THE MISSED OPPORTUNITY**

23. During the business case phase, Safaricom, through research, defined the new solution's target market as "*the hustler segment*," comprising individuals with side hustles, SOHO (Small Office, Home Office), and SMEs, which constituted 7–10%, or 2–2.5 million, of the then M-Pesa customer base.
24. It was understood that the new solution would enhance usage from this market without cannibalizing existing M-Pesa solution's revenues but rather creating new ones, because:
  - a. Although the majority of the target market was already using existing M-Pesa solutions, they were not doing so for business expenditure-type transactions.



- b. **M-Pesa Plus** charges a monthly subscription fee because of its value to customers. This was a new revenue stream altogether. M-Pesa's then and current solutions do not charge any subscription fees.
- c. **M-Pesa Plus** offers loans that could be safely priced at modest interest rates, made possible by the data it captures on user behaviour, beyond that of M-Pesa's then and current solutions.

25. The projected revenues for Safaricom from **M-Pesa Plus**, based on transaction and subscription fees, amounted to **KES 96.66 billion** cumulatively over the first five years.

	YR 1	YR 2	YR 3	YR 4	YR 5
<b>Annual Revenue</b>	<b>3,485,224,992</b>	<b>10,301,582,928</b>	<b>16,692,562,552</b>	<b>25,975,383,362</b>	<b>40,207,656,810</b>
<b>Cumulative Revenue</b>	<b>96,662,410,644</b>				

26. During the period of uncertainty, while Popote awaited Safaricom to return to launch plans, it piloted the solution. It did so with acquired customers across all sizes of businesses and processed over two million transactions. It generated higher unit economics than Safaricom had projected in its business case. The pilot therefore served as final proof that the solution worked, and Safaricom's projected revenues were not only achievable, but likely conservative.
27. Accordingly, in the five years between 2019 and 2024, Safaricom squandered the opportunity to realize at least **KES 96.66 billion** in new revenue for itself. This would have been transformative and resulted in Safaricom commanding a significantly higher share price today, even by traditional valuation methodologies such as EBITDA multiple.
28. Throughout this period and continuing to the present day, Popote has remained steadfast in fulfilling its contractual obligations; continuous hosting and maintenance of the application on the Google Play Store and Apple App Store, as well as the preservation of **M-Pesa** brand domain names, for web hosting. Thus, ensuring Safaricom can anytime return to its launch.

#### **E. MPESA PLUS'S VALUE TO SHAREHOLDERS**

29. The critical subject matter in this Memorandum, for Safaricom's shareholders to grasp, is that the historical account demonstrates that Safaricom have a solution to an immense opportunity which was birthed by the years of human resource input and capital, and that can be crystallized into revenue at any time. **M-Pesa Plus** is operational as we speak, having been consistently maintained and remains ready for launch to the market.
30. Determining the true contribution of **M-Pesa Plus** to Safaricom's share value requires a deep dive into its development lifecycle and an understanding of contemporary technology valuation. Unlike traditional assets, specialized fintech solutions are valued based on potential and scalability—metrics that far exceed the standard methods used for traditional enterprise products.



31. **M-Pesa Plus** was an innovation significantly ahead of its time. Comparable solutions did not emerge globally until approximately 2015, eventually giving rise to a new fintech category known as 'spend management.' The COVID-19 pandemic catalyzed an explosion in the adoption of these platforms as businesses transitioned to remote operations. The exponential growth in the valuation of comparable solutions in other markets underscores the substantial latent value Safaricom currently holds within **M-Pesa Plus**.

Solution	Headquarters	Launch	Earliest Known Valuation	2026 Valuation	ROI (%)
Revolut	London, UK	2015	\$17.8 Million	<b>\$75.0 Billion</b>	<b>421,248%</b>
Ramp	New York, US	2019	\$80.5 Million	<b>\$32.0 Billion</b>	<b>3,9651%</b>
Pleo	Copenhagen, DK	2015	\$15.0 Million	<b>\$4.7 Billion</b>	<b>31,233%</b>
Spendsk	Paris, FR	2016	\$10.0 Million	<b>\$1.14 Billion</b>	<b>11,300%</b>
Melio	Tel Aviv, IL	2018	\$110 Million	<b>\$4.0 Billion</b>	<b>3,536%</b>

32. M-Pesa has evolved from a supplementary "value-added service" into Safaricom's primary economic engine, however the missed opportunity from aborting **M-Pesa Plus's** launch can be gleaned from its far slower growth in the period, than the sampled companies, offering a similar solution.

Solution	Headquarters	Launch	Value 2015	Value 2026	% ROI
<b>M-Pesa</b>	Nairobi, KE	2007	<b>\$1.4 Billion</b>	<b>\$5.5 Billion</b>	<b>293%</b>

*Source: 2015 Data: Safaricom PLC Annual Report 2015, Page 6 (Sustainability) & Financial Statements. 2026 Data: Safaricom HY26 Investor Presentation (Nov 2025), Page 33; SIB Safaricom FY26 Valuation Update (Jan 2026). M-Pesa Comparative Performance Table (2015 vs. 2026)*

33. In accounting, innovations are classified as intangible assets because they lack physical substance. Unlike land, buildings or machinery, their value is tied to **intellectual property** and **market potential**. In their early stages, these assets are valued using **Discounted Cash Flow (DCF)** or **Net Present Value (NPV)**. These financial methodologies estimate a business or project's current worth by calculating the present-day value of its projected future earnings.
34. The value of the **M-Pesa Plus** asset to Safaricom must be accounted for and factored into the company's share price. Not doing so would constitute a gross injustice to exiting shareholders and would amount to unjust enrichment on the part of Vodacom.

## F. OUR RECOMMENDATION

35. It is our contention, that just as we as a local investment syndicate saw the opportunity to invest in Popote on the basis of its solution's future potential, Vodacom is doing the same - Investing for reasons partially driven by Safaricom's latent opportunities, of which **M-Pesa Plus** is a significant one. Vodacom will be poised to leverage its majority ownership to steer Safaricom into spend management, and achieve results comparable to those



attained by similar solutions in other markets. Equity demands that Safaricom's Shareholders are elucidated as to their interest in the burgeoning category. Anything less would constitute an injustice to shareholders.

36. **M-Pesa Plus** remains fully functional and accessible to invited beta users. It is however inaccessible to the general public because it was Safaricom's responsibility within the contract to confirm the final brand name, and publish it, on the aforesaid platforms. Popote doing so would constitute a breach of the contract's terms.
37. We suggest that a fair position for shareholders be achieved through the following steps:
- a. Safaricom shareholders should be notified of the existence of **M-Pesa Plus** and invited to participate as beta users, allowing them to form their own independent assessments of its value. *(This would be simple to achieve as M-Pesa Plus has and continues to be fully operational and available on web, Google Play Store and Apple App Store. Safaricom can simply send email links to shareholders, which would grant them secure access, away from the public.)*
  - b. Safaricom and Vodacom should jointly appoint an independent expert firm to value **M-Pesa Plus**, including the solution itself and the parties' jointly owned intellectual property. The following is a non-exhaustive list of the pertinent jointly owned IP.
    - i. M-Pesa Business Account- *Evaluating the Appeal of The New HBA Innovation Among Members of The Hustler Segment* – 36 pages
    - ii. Business Case Justification – 42 pages
    - iii. M-Pesa Business Account Customer Journey – 17 Pages
    - iv. High-Level Plan - 1 Page
    - v. High Level Design - 28 pages
    - vi. Business Requirements Document - 68 Pages
    - vii. Web Domains - *Several potential go-to-market names were reserved containing variants to the words; M-Pesa, M-Pesa, Plus and Business.*
  - b. Popote must be involved in presentations, product demos and the provision of documentation – for integrity and completeness of information transfer, especially given Safaricom's demonstrated - inexplicable interest in internally suppressing knowledge of **M-Pesa Plus's** existence and market potential.
  - c. Upon determination of **M-Pesa Plus's** value by the appointed experts, whether through NPV, DCF or any other mutually agreed methodology, the share sale price should be adjusted upwards accordingly.

## G. MITIGATING FORSEEABLE PROBLEMS

38. It should be noted that none of the jointly owned intellectual property may be unilaterally utilized by either party without the consent of the other. However, given Safaricom's



demonstrated behaviour, which has already resulted in ongoing breach of contract litigation with Popote, the risk of further breach of intellectual property rights is both material and foreseeable.

39. To learn from experience, as seen in the *Makate* case, Vodacom themselves utilized a solution ('Please Call Me') without establishing a transparent or contractually sound framework, which resulted in massive liability. While settled in November 2025, it caused significant financial and reputational harm to the company and its shareholders. Accordingly, the risk of Safaricom and Vodacom repeating such treatment of innovations must be expressly mitigated to safeguard shareholders from foreseeable disputes and value erosion.
40. Therefore, it's abundantly clear that resolving the uncertainty over the current state and future of the **M-Pesa Plus** asset is absolutely necessary to protect existing shareholders. Concluding the acquisition transaction without resolving it creates a "valuation gap" that unfairly prejudices current equity holders while exposing the restructured entity to avoidable, future legal and reputational risks.
41. While it is not uncommon for large corporations to suppress innovations for strategic reasons, in this instance, Safaricom has never provided any explanation for shelving **M-Pesa Plus**. Shareholders are entitled to seek an answer and gain a full understanding of the lost and future opportunities relating to it, in order to make an informed decision on their position.
42. Beyond a simple lack of transparency, the continued suppression of a multi-billion-shilling asset raises serious questions regarding **Breach of Fiduciary Duty**.
  - a. **Duty to Act in Good Faith:** Executives are legally mandated to act in a manner they believe, in good faith, to be in the best interest of the company and its shareholders. Intentionally shelving a proven, high-revenue innovation like **M-Pesa Plus** without a commercial justification may be viewed as acting in bad faith.
  - b. **Protection Against Asset Undervaluation:** In the context of a majority share sale, the failure to disclose or value a "latent" asset of this magnitude, could be interpreted as a **fraud on the minority shareholders**. By keeping this value "off the books," the current leadership potentially facilitates a transaction that allows the acquirer to realize a windfall at the expense of the exiting shareholders' equity.
  - c. Under **Article 159** of the Constitution and the **Companies Act**, shareholders have a right to protection against actions that are "unfairly prejudicial." The suppression of **M-Pesa Plus** is not merely a strategic choice; it is a material omission that diminishes the recognized value of the company and, by extension, the wealth of the Kenyan public and private investors.
43. The absence of **M-Pesa Plus** from the market has been materially detrimental because it has resulted in unrealized dividends for shareholders, unrealized taxes for the Government





of Kenya, unrealized commissions to Safaricom dealers and agents that would have been involved in its distribution and, it has forced Kenyan businesses to remain constrained by inferior payment solutions. Ultimately, the Kenyan economy has and continues to miss out on the positive multiplier effects that **M-Pesa Plus** has the potential to generate. The restructured entity will be in a position to course correct and realize the commercial benefits of M-Pesa Plus for Safaricom and its stakeholders.

## H. CONCLUSION

This Memorandum is submitted to ensure that Safaricom's exiting shareholders are included in the value of Safaricom's ownership interest in the M-Pesa Plus asset, which will partially transfer to Vodacom under the ongoing majority share acquisition transaction, and to elucidate for current and future shareholders avenues for greater future returns. We urge the Committee to consider this Memorandum in their deliberations and are available for oral submissions or further clarification.

We appreciate the opportunity accorded to articulate our concerns.

Signed by:

**VICTOR LEE LEGAL ADVOCATES**  
*[Representing Thryv Capital Partners LLP]*

**URGENT**

*DDC*  
*Please deal.*  
*[Signature]*  
*24/02/26*



**OFFICE OF THE PRESIDENT  
MINISTRY OF INTERIOR AND NATIONAL ADMINISTRATION**

Telegraphic Address: "Rais"  
Telephone: Nairobi 2227411  
When replying, please quote

**STATE DEPARTMENT OF INTERNAL SECURITY  
AND NATIONAL ADMINISTRATION**

P.O. Box 30510-00100  
Nairobi

**Our Ref.** MOINA/SEC.1/27/1

**Date:** 23<sup>rd</sup> February, 2026

**The Clerk of the National Assembly**  
Parliament Building  
**NAIROBI**

*Benjamin Magut, HOD*  
*[Signature]*  
*Pls deal*  
*on 24/2/26*

**MEETING WITH DEPARTMENTAL COMMITTEE ON FINANCE AND  
NATIONAL PLANNING REGARDING SESSIONAL PAPER NO. 3 OF 2025  
ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT  
OF KENYA (IN CAMERA SESSION)**

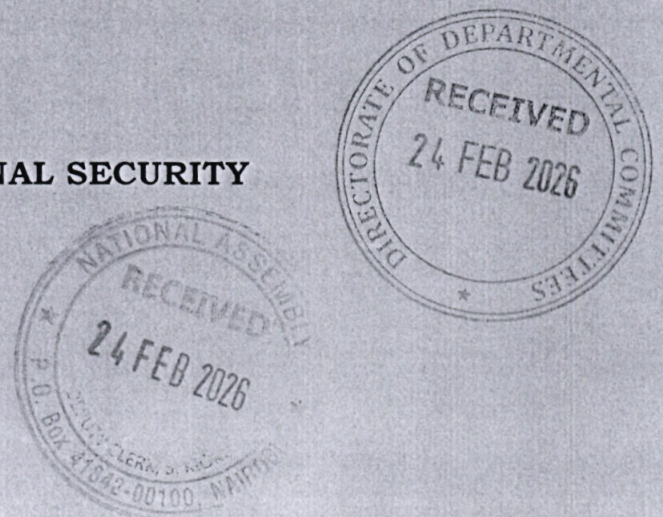
Reference is made to your letter Ref. No. NA/DDC/F&NP/2026/048 dated 17<sup>th</sup> February 2026 on the above subject matter.

The Cabinet Secretary, Ministry of Interior and National Administration is scheduled to be attending to matters of National Security on **Tuesday 24<sup>th</sup> February 2026**. Unfortunately, therefore, he is not in position to honour the invitation to attend the meeting with the Departmental Committee on Finance and National Planning and Select Committee on public debt and privatization on sessional paper No. 3 of 2025 on partial divestiture in Safaricom PLC by the Government of Kenya.

In this regard therefore, herewith please find the submissions on the sessional paper No. 3 of 2025 for your consideration.

*[Signature]*  
**J. N. NARENGO, EBS, MBS**  
**FOR: PRINCIPAL SECRETARY/INTERNAL SECURITY  
AND NATIONAL ADMINISTRATION**

**Encls.**





## Republic of Kenya

### MINISTRY OF INTERIOR AND NATIONAL ADMINISTRATION

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#### STATEMENT REGARDING SUBMISSIONS ON PARTIAL DIVESTITURE IN SAFARICOM PLC BY THE GOVERNMENT OF KENYA

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Honourable Chair and Members of the Departmental Committee on Finance and National Planning and the Honourable Chair and Members of the Select Committee on Public Debt and Privatization, at the outset, we wish to thank you for the invitation to make submissions on this important matter.

#### **Introduction**

**Honourable Chairs**, the Bottom-Up Economic Transformation Agenda (BETA) focuses on five core pillars: agriculture, MSME, housing, healthcare and digital/creative economy. Enormous financial resources are required for the implementation of this Agenda.

Typically, whenever governments require funds for their projects and programmes, recourse is on taxation and borrowing. In certain cases, these revenue raising measures may negatively affect citizens. Over-taxation is burdensome while excessive borrowing may result in difficulty in repaying loans hence lowering a nation's creditworthiness. Innovative ways of raising funds other than taxation and borrowing are therefore imperative.

The government's partial divestiture of its shares in Safaricom to Vodafone is one such innovation. Through this divestiture, the government proposes to divest 6,009,814,200 of its shares to Vodafone. This represents 15% of its shares in Safaricom. It will retain 8,012,758,380 shares which is equivalent to 20% of its shares in Safaricom. The advantages of this intended divestiture are that:

- a) the Government will be able to raise funds for its projects and programmes without recourse to taxation and borrowing;

- b) citizens will be spared the adverse effects of taxation and borrowing;
- c) the transaction will mobilize funds for critical and priority infrastructure investments in sectors like energy, roads, aerospace, water and digital information;
- d) the government will still have a stake in Safaricom and hence will continue to play its rightful role in the company's operations;
- e) there will be no acquisition related redundancies within the next three years after the divestiture;
- f) Safaricom will have a Kenyan Chairman and independent directors hence maintaining Kenyan character; and
- g) the increased stake of Vodafone in Safaricom will enhance the latter's competitive and growth trajectory hence playing an important role our economy.

### **Concerns arising from Stakeholder engagement**

We note that during the stakeholder engagement, concerns arose on the implication of the proposed divestiture on national security, protection of critical information infrastructure and data sovereignty. We respond to the concerns as follows:

- a) Under Article 238 of the Constitution, national security involves protecting our country from internal and external threats. Some stakeholders argued that reducing State ownership in a critical company like Safaricom is risky. According to them, with limited control of the affairs of the company the capability of government agencies to monitor threats to national security will diminish. Further, the company is unlikely to prioritize national security surveillance requirements.

We submit that whereas a company like Safaricom plays an important role in our security ecosystem, its role does not supersede that of the national security organs. These organs, as set out in Article 239 of the Constitution, are Kenya Defence Forces, National Intelligence Service and the National Police Service. Their primary role is to promote and guarantee national security. They do not totally rely on Safaricom for their operations. Mere partial divestiture of Government shares in Safaricom has no relevance to them and by extension national security.

- b) It was the view of some stakeholders that the intended divestiture might negatively affect the protection of critical information infrastructure. We submit that the legal regime for protection of critical information infrastructure is the Computer Misuse and Cybercrimes Act. Section 4 of the Act establishes the National Computer and

Cybercrimes Co-ordination Committee (NC4). The Committee submits to the Security Council recommendations of entities to be gazetted as critical information infrastructures.

Once gazetted, owners or operators of critical information infrastructure are to report to NC4 any imminent threat of an attack on the infrastructure and the measures the owner or operator intends to take to prevent the threat. NC4, in turn reports to the National Security Council which provides the necessary technical assistance to the owner or operator of the infrastructure in order to mitigate the threat.

Safaricom is an owner and operator of critical information infrastructure. It is obligated to report any imminent threats to its infrastructure to NC4. The intended partial divestiture will not lessen this role and has no negative impact on protection of critical information infrastructure.

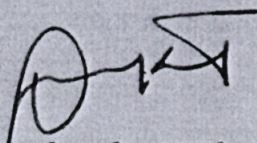
- c) There are concerns that the partial divestiture might affect the principle of data sovereignty. The essence of this principle is that digital data is subject to the laws and governance structures of the nation or region where it is physically collected, stored or processed. The legal regime of the country of origin governs its access, security and privacy.

We submit that the intended partial divestiture will not affect this principle. The applicable laws to digital data generated by Safaricom will still be Kenyan. Specifically, Article 31 (c) and (d) of the Constitution on the right to privacy will apply. The Data Protection Act will also apply. The purpose of this Act is to give effect to Article 31, provide for processing of personal data, provide for the rights of data subjects and obligations of data controllers and processors. All these provisions will continue to apply and therefore the principle of data sovereignty will not be infringed.

## **Conclusion**

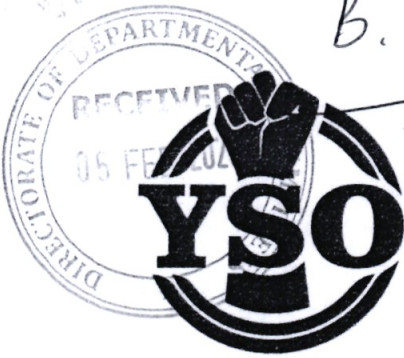
The intended partial divestiture of government shares in Safaricom is an innovative idea of raising funds for Government priority projects and programmes without resort to the traditional method of taxation and borrowing. The Ministry therefore supports Sessional Paper No. 3 of 2025.

Thank you, **Honorable Chairs.**



Hon. Kipchumba Murkomen, EGH  
**CABINET SECRETARY FOR INTERIOR AND  
NATIONAL ADMINISTRATION**

23<sup>rd</sup> February, 2026



B. Magut, HOD

DDGS

To place before the Joint Committee

considering this matter. DM 5/2/26

## **Youth Together Under One Voice**

### **MEMO ON GOVERNMENT OF KENYA PLANNED DIVESTITURE FROM SAFARICOM PLC**

#### BACKGROUND

When President Ruto came into office in 2022, the cornerstone of his hustler or 'Bottom Up' Manifesto depended heavily on the success and collaboration of Safaricom. In September, 2022 he met Safaricom PLC together with NCBA, KCB & CBK heads to discuss on the review of Fuliza overdraft charges

Key government projects like Hustler funds, Digital inclusion, access to government services through E-citizen, transfer of money by government to vulnerable groups and the E-wallet for Government Fertilizer subsidy all have relied on closer collaboration between Government of Kenya and Safaricom PLC.

Kenya also managed to have its first Kenyan CEO to head Safaricom PLC due to the government's strategic stake in Safaricom PLC.

In December, 2025 the cabinet approved the proposed intention of the government to sell its 20% stake in Safaricom plc to Vodafone South Africa pending Parliament approval.

#### Importance of Safaricom To Kenya

Safaricom is more than a telecom company. It's the backbone to Kenya's SMEs, digital transformation and a Kenyan brand that serves as a great example of Kenyans people's innovations, industrious nature and a pride of Kenyans in the international stage. Every international visitor who visits the country is left awe with how Kenyans have figured and trusted Safaricom.

To the common hustlers, Safaricom is a source of employment and also a backbone to their day to day survival through M-pesa and its other associated products. Hence this divestiture is something close to the heart of the common "mwananchi"



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The M-pesa system currently serves roughly 38 million Kenyans , offering everything from access to government services,fee payments to savings and microfinance. Its then our view that Parliament has once again been given an opportunity to critically analyze this proposed sale and weigh if it's in the national interest of the common *mwanachi*, an important task which we believe the committee members are well aware of

### Our Position and Proposals on the proposed divestiture

While Paragraph 1.2 highlights "resource mobilization," it fails to define a "Strategic National Interest Clause." Parliament should demand an amendment to this section to ensure that the mobilization of funds today does not create a permanent strategic deficit for future generations.

Also there's no clear criteria of how much will be allocated to the different infrastructural needs from the money collected from the divestiture.

The Paper States: The sale is a direct transfer to Vodacom Group, lifting their stake to 55%, while the Government of Kenya (GoK) retains a 20% "Strategic Stake."

- Paragraph 2.3 outlines the "Sale of Dividend Rights" for the remaining 20% for KSh 40.2 billion. This paragraph effectively makes the government's remaining stake redundant. Future governments wanting to buy back shares would be acquiring a "non-performing asset" (no dividends), making a buy-back financially unattractive or impossible.
- The loss of annual dividends which should fund our future is a short term fix and aims to resolve the current "fiscal pressures" faced by the current government. This section fails to account for the opportunity cost of losing majority influence for an instrument that handles close to 8% of our GDP.
- The Paper States: Paragraph 4.2 guarantees GoK two seats on the Board of Directors and mandates that the Safaricom Foundation remains Kenyan-led.
- This section is missing a "Right of First Refusal" (ROFR) clause. Section 4 should be expanded to include a provision stating: "In the event that the Majority Shareholder intends to divest any portion of its 55% stake, the



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Government of Kenya shall have the first right to acquire said shares at a fair market value."

- Kenya has also used its shareholder in protecting Kenya's national interest as evidenced by the appointment of the first Kenyan CEO to Safaricom PLC. With reduced stake in the company, the dream for other Kenyans to be CEO for Safaricom PLC may remain to be a pipe dream in the future.
- If this sale proceeds without any amendments by parliament, Kenyans financial and personal data may be subjected to foreign jurisdiction policies, not just Kenyan Data Privacy law.
- The governance section needs to be strengthened or amended to ensure that in future any conversations on sale of M-pesa or split of M-pesa from Safaricom requires government approval

The proposal by Sessional Paper No 3 of 2025 on Government of Kenya divestiture from Safaricom PLC is hinged on the legal battles currently facing its proposal to anchor them into either Kenya's Sovereign Wealth Fund or National Infrastructure Fund to be dropped by Courts of Law. Hence the executive is trying to spend money that is technically or legally not anchored in the laws of the land.

### Conclusion

As the Youth Serving Organisations Consortium, we submit this position speaking as one united voice of Kenya's youth. This proposed divestiture is not just a financial decision; it is a generational issue that will affect young people's jobs, businesses, digital access and future opportunities.

Safaricom is a key enabler of youth livelihoods through M-Pesa, digital services and innovation. Any move that reduces government influence in such a strategic company must be carefully considered. Selling today to fix short-term fiscal pressures may create long-term challenges for *vijana* and future generations.

We urge Parliament to critically review this proposal and ensure that national and youth interests are fully protected. As youth together under one voice, we call on this House to make a decision that safeguards not only today's economy, but the future of young Kenyans.

**Clerk of the National Assembly Kenya**

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8/1/26

**From:** peter Muiruri <kabumuiruri@gmail.com>  
**Sent:** Wednesday, January 7, 2026 11:10 AM  
**To:** Clerk of the National Assembly Kenya  
**Subject:** Public Memorandum on Proposed Partial Divestiture of Safaricom PLC

Dear Sir/Madam,

I write to submit my views on the proposed partial divestiture of the Government of Kenya's shareholding in Safaricom PLC, as outlined in Sessional Paper No. 3 of 2025.

I am not opposed to the Government reducing its stake in Safaricom. However, I am concerned that selling a highly profitable and well-managed national asset to raise short-term funds risks weakening long-term public income and value.

Safaricom has consistently generated dividends and economic benefits for the country. Without clear, binding, and transparent guarantees on how the proceeds from this sale will be used, there is a real risk that the funds may be mismanaged, leaving Kenyans with reduced ownership and no lasting development impact.

If the divestiture proceeds, it should be done gradually, transparently, and strictly tied to specific, audited development projects, with strong parliamentary and public oversight. The Government must retain meaningful control and ensure that Safaricom continues to serve Kenya's strategic and economic interests.

In simple terms, we should be careful not to sell a cow that gives milk just to buy supper.

Thank you for the opportunity to submit my views for consideration.

Yours faithfully,

Kabu (Peter)

*(2) Benjamin Magut, HoD*  
*Pls TWA. Doc*  
*09/01/2026*

