



October 2021 | Ethiopia: Competition Introduced to Ethiopia's Telecoms Sector for the First Time

In a first for Ethiopia, Prime Minister Abiy Ahmed Ali has signed an agreement allowing a foreign entity to provide telecoms in the country.

The agreement, with the international consortium Global Partnership for Ethiopia, awards the licence to Kenya's leading telecoms provider, Safaricom, and introduces competition to Ethiopia's telecoms sector. This is considered a significant step in the Economic Reform Agenda, introduced in 2019 and backed by the International Finance Corporation.

This award, as part of that agenda, will play a significant part in helping the country's economic progress, by paving the way for jobs and inclusive prosperity in the telecoms sector.

Inclusive prosperity measures how all sectors contribute to the success of a country's economy, both financially and socially. It is hoped that this award, as well as Safaricom's pledge to invest USD 8 billion in Ethiopia over the next 10 years, will help propel the country's digital transformation, and positively enhance the lives of its 112 million citizens.

On Twitter, Dr Abiy Ahmed wrote: "In 2018, my administration announced our commitment to liberalise the telecommunications sector and open it up to both domestic and foreign investment – a major policy shift in Ethiopia! Today, we signed a historic agreement with the Global Partnership for Ethiopia."

The Global Partnership for Ethiopia, led by Safaricom, a member of the Vodafone Group, also includes: Vodacom Group; Sumitomo Corporation – one of the largest worldwide Sogo shosha general trading companies, and the UK's CDC Group – a development finance institution and impact investor. During a consortium meeting in September, CEO Peter Ndegwa reiterated that Safaricom's commercial services are to start in Ethiopia in 2022. It is now confirmed that its offering will also include the popular M-Pesa, Africa's most successful mobile money platform. Via this service, users can send and receive money, complete top-ups, arrange bill payments, receive their salary and secure short-term loans.

The consortium bid USD 850 million to operate in Ethiopia, USD 250 million more than MTN of Mauritius, who lost out on the Award, which was presented at a ceremony in Addis Ababa attended by the President of Kenya Uhuru Kenyatta, Safaricom CEO Peter Ndegwa and Vodacom CEO Shameel Joosub.

Since the initial announcement in May, Safaricom has started work with Ethio Telecom, who are expected to provide the infrastructure for the new telecom operator. Annual investment of over USD 300

million has also been announced, for the next ten years – and an ambitious hiring plan. Anwar Soussa, Managing Director, has stated that “by June next year, we aim to build a team of 1000 employees driven by innovation and digital solutions. We will also offer all employees comprehensive digital training packages.” September saw the European Commission clear the joint venture between Safaricom and its parent company, Vodafone – and the deal is currently under review by COMESA.