



The Chief Executive Officer,
Safaricom House, Waiyaki Way, Westlands
Nairobi

20 April 2021

Dear Sir,

Partnership Agreement Between Safaricom and Kenya Ferry Services

MUHURI is a Kenyan non-profit human rights organization, based in Mombasa, Kenya, while Okoa Mombasa is a coalition of workers unions, businesses, professional associations, and civil societies who advocate for local participation over local recourses. We are both writing to seek Safaricom's intervention in addressing the monopolistic, unfair, and discriminatory toll service at the Likoni ferry.

Kenya Ferry Service (KFS) and yourselves entered into a partnership in October 2020, by which ferry services accepts payment only via MPESA Safaricom's mobile money platform. We are concerned about the fact that Safaricom has neither rejected nor protested the unfair arrangement that locks out people without MPESA, or those who don't want to subscribe to MPESA and Safaricom. They have been put into an untenable position: either they don't ride on the ferries or they buy a Safaricom line in order to use MPESA.

As you will no doubt appreciate, this is unacceptable, wrong, uncompetitive, and discriminatory. Surely, Safaricom, a corporation that claims to run responsible and ethical business would not want to be contributing to discrimination simply in order to increase its bottom line. It would appear to go against your stated values of 'ethics, diversity and inclusion and environmental responsibility to promote empowerment initiatives'.¹ Your promise to put the customer first is severely compromised when, by forcing all passengers to use MPESA, the cost of using the ferry increased due to the transactional charges that must now be borne by the passengers.

More broadly, and while recognizing that profits are any company's *raison d'être*, we urge you as a global corporate citizen to reconsider the danger to your company's image given Safaricom's current dominance in Kenya's telephonic and mobile money industry. Safaricom, via MPESA, already controls a massive share of mobile money transactions in the country, with a monopolistic stake of 82.43 per cent of 32.6 million money market transfers.² Out of 52,168,066 mobile telephony subscribers, Safaricom has 33,118,553 users—more than half of the market share going by 2018/2019 figures.¹

These figures may look good on Safaricom's profit/loss balance sheet, but they also bring responsibilities and demands for corporate responsibility and fairness. There are few regulations to

¹ https://www.safaricom.co.ke/images/Downloads/Safaricom_AR2020_bookmarked_ONLINE_29_07_2020.pdf p.48.

² <https://ca.go.ke/wp-content/uploads/2020/12/Annual-Report-for-Financial-Year-2018-2019.pdf>

check corporate power in Kenya, perhaps because of the well-known rampant corruption that exists here. This is more reason for Safaricom to be cautious so that it is not dragged into grossly unfair monopolistic practices.

KFS's toll decision was taken without public participation and lacked transparency—and that is why there has been the rage over MPESA-only payment. The fact that KFS did not involve the public in such a critical decision—and Safaricom, which prides itself to operate openly, agreed to be part of the secret deal—only serves to contradict your stated quest for an ethical, transparent, and accountable commercial sustainability.³ We believe that a public participation process was Constitutionally mandated in this situation, given KFS's status as a parastatal entity.

Safaricom should demand nothing less from KFS management as far as this deal is concerned. Good citizenship and fairness demand that Safaricom should mitigate the discrimination wrought by the KFS decision and ask the parastatal not to make the system monopolistic in its favor.

KFS has ignored MUHURI's protest letter over the deal and has not budged from its position. We, therefore, ask Safaricom to act decisively and swiftly, in solidarity with hundreds of thousands of motorists without MPESA, and withdraw its services at the Likoni crossing channel. Safaricom should only reconsider this position after KFS has involved the public in a structured public participation forum, and in putting up more accessible and accommodative payment options. We ask that Safaricom in any event and without prejudice to the foregoing, ensure that MPESA users do not incur transactional charges for use of the ferry services.

We would appreciate a response by April 30, 2021, in order to reflect your position in our reporting and public statements on this issue.

Thank you for your consideration and we look forward to your responses. We would also welcome the opportunity to discuss these issues with you further.

Sincerely,



Khelef Khalifa

Chairperson of MUHURI Board of Directors

For: E.R.

Uba Suleiman

IFA Field Director

For :Okoa Mombasa

cc.

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³ https://www.safaricom.co.ke/sustainabilityreport_2018/our-material-topics/business-ethics-governance-risk-and-regulation/