



Radar Screen

How the CBK can rebuild confidence in Kenyan banks

Page 3

Corporate News

Insurance sector mergers seen rising on new law

Page 7

Life

Get rid of 'dead space' to accomplish more, faster

Page 27



BUSINESS DAILY

A NATION MEDIA GROUP PUBLICATION NO. 2327

TUESDAY, APRIL 12, 2016

WWW.BDAFRICA.COM KSH60 | TZ SH 1,700 | UGSH2,700 | RFR900

BRIEFING

NBK punished for breach of rules

The Capital Markets Authority (CMA) has fined National Bank an undisclosed amount of money for failure to publicly issue a profit warning ahead of announcing a surprise loss.

Page 5»



Matiang'i orders bio registration of students

Education secretary Fred Matiang'i yesterday directed the Commission for University Education (CUE), the sector regulator, to ensure that universities capture biological details of students

Page 6»

Investor eyes profit in organic fertiliser

Marion Moon was restless during a tour of many countries, an adventure she paid for using her savings. For a month she was away in South East Asia, Thailand, Vietnam and Philippines to do some soul-searching.

Page 15»

NEWS INDEPTH

Booming malls entice retailers despite glut fear

12 - 13»



Suspended NBK CEO and Managing Director Munir/Ahmed



Chris Kisire, suspended Chief Finance Officer



George Jaba, suspended Chief Risk Officer

Detectives to question Deloitte on bank fraud

BY ANGIRA ZADOCK

Audit firm Deloitte was yesterday drawn into the ongoing hunt down of individuals and entities suspected to be responsible for the turmoil at Chase Bank and National Bank.

Ndegwa Muhoro, the Directorate of Criminal Investigations boss, said

Deloitte — which is the external auditor of the troubled banks — had been included on the list of those under investigation and will be required to record a statement.

Mr Muhoro said Deloitte and Central Bank of Kenya's (CBK) inspection department officials, have been included **BANK CRISIS, Page 4»**

Rotich now eases transfer of bank loans with digital securities register

Treasury says register to be modelled on one used to transfer shares at the stock market

BY CHARLES MWANIKI AND SANDRA CHAO-BLASTO

The cost of transferring loans and mortgages from one bank to another is set to come down under a proposed new law establishing a central depository for loan securities.

Treasury secretary Henry Rotich said the new depository for collateral will be modelled on the Central Depository and Settlement Corporation (CDSC) that is used to secure and transfer shares in public listed companies.

"When you want to move (a loan or mortgage) to another bank you have to go to the Ministry of Lands to remove the charge and move it to the next bank. We want to get a central depository system for these titles so that borrowers don't have to remove the charge only to perfect it again with the other bank," said Mr Rotich.

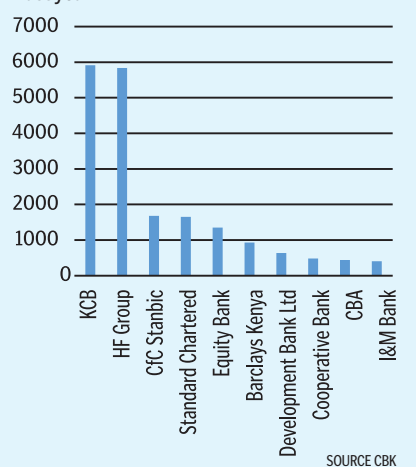
"We are polishing the law to facilitate this new system and our target is to introduce it in the next Finance Bill."

Centralising the loans securities custody away from individual banks will spare borrowers the agony of charging a security afresh for a loan or mortgage whenever they seek to move a loan to a new lender.

The decision should also help resolve a

Top 10 lenders by number of mortgage accounts as at January 1, 2015.

KCB and HF are the dominant mortgage lenders in Kenya, but the number of borrowers remained low at 22,000 at the beginning of last year.



long-standing complaint that the difficulties consumers face in transferring securities have reduced competition for borrowers among **LOANS, Page 4»**

CONVENIENT WAY TO GET YOUR FAVORITE NEWS

T: 0719 038 033/34

E: epaper@ke.nationmedia.com



SUBSCRIBE OR DOWNLOAD

DIAL *367#

TO DOWNLOAD THE PAPER

REGISTER

EPAPER.NATIONMEDIA.COM



TOP NEWS

Equity denies role in Munga’s Sh150m share deal dispute

▶ROW Businessman has sued the bank and its chairman over sale of TransCentury shares

BY BRIAN WASUNA

Equity Bank has denied any role in a deal between its chairman, Peter Munga, and a businessman who has sued the lender and its co-founder for allegedly swindling him TransCentury shares worth Sh150 million.

The lender says in court filings that its interest in the shares owned by Joseph Muturi Kamau ended after Mr Mun-ga settled an outstanding Sh33 million loan balance the suing businessman had at Equity. Mr Kamau used the stocks to secure a loan but later in-formed the bank he had opted to sell the three million shares to Mr Munga at the 2011 valuation of Sh50 each or Sh150 million to help clear the debt. The deal was to see Mr Munga, whom he describes as a long-time friend, settle Mr Kamau’s debt to Equity and then remit the balance to the business-man directly.

He has faulted Equity for transferring the shares to its chairman before receiving the Sh150 million payment in full, and says Mr Munga has now refused to pay him for the stocks.

“It was not possible for Equity Bank and Equity Nominees Limited to know or ascertain whether Mr Munga paid Mr Kamau the full amount agreed between themselves before the transfer due to the separate agreement which excluded them (Equity Bank and Equity Nominees),” the bank says.

“They (Equity Bank and Equity Nominees) cannot be held responsible for payment of a debt arising from the sale of shares under a separate private agreement,” the bank says.

Equity has asked the court to strike it out of the suit, arguing that the dispute is between Mr Munga and Mr Kamau because the two were the only parties to the share sale agreement.

The bank last year lost a bid to be struck off the case when Justice Fred Ochieng ruled that there was no way to prove whether or not the lender was involved in the alleged fraudulent sale of Mr Kamau’s shares.

Justice Ochieng will mention the matter on June 6 and give further directions on when witnesses, including Mr Munga and Mr Kamau, will be cross examined in court.

The shares are currently valued at Sh16.5 million at the Nairobi Securities Exchange (NSE) following a price erosion that has seen the counter become the worst performing at the bourse.

Mr Kamau has sued alongside his company Bethany Vineyards, which he says was to receive the share sale balance of about Sh116

million from Mr Munga. Mr Munga says he paid Mr Kamau Sh2.4 million after settling the debt owed to Equity Bank. There was no time limit as to when he should have paid the remaining amount, he said.

Mr Munga in his response said that Mr Kamau arm-twisted him into paying the Sh33.5 million to Equity Bank. He further denied the existence of a tripartite agreement between him, Mr Kamau and Equity.

“The payment was indeed made under duress to avoid the embarrassment set up by Mr Kamau when he pleaded that Mr Munga had in his private dealings compromised his fiduciary duty as a director of Equity Bank,” he adds.

bwasuna@ke.nationmedia.com

“The payment was indeed made under duress to avoid the embarrassment set up by Mr Kamau...”

PETER MUNGA, EQUITY BANK CHAIRMAN

Health matters



Nairobi Arthur Lyambilla (right), a radiographer at Grand Forest Japan Hospital Ltd, explains the functions of an X-ray machine to Ministry of Health chief radiologist Charles Okello, Japanese Ambassador to Kenya Tatsushi Terada (centre), JICA chief representative Keiko Sano (second left) and other officials during the opening of the first clinic run by the Japanese firm in Kenya at Fortis Suites on Hospital Road yesterday. - SALATON NJAU

Kenya sparks China-Taiwan row over deportation

Taiwan has protested to China after eight Taiwanese cleared of charges by a Kenyan court were “illegally” flown to the mainland, officials said yesterday.

Kenyan authorities in November 2014 arrested 28 Taiwanese and 49 other ethnic Chinese on charges of illegally entering the African state and involvement in a telecoms scam, the foreign ministry said in a statement.

It said 37 of the suspects including 23 Taiwanese were found not guilty by a Kenyan court on Tuesday last week.

But Kenyan authorities last Friday deported eight of the Taiwanese to China rather than to Taiwan in response to pressure from Beijing, the ministry said. The mainland used “technical methods” to delay news of the verdict reaching the relevant Taiwanese diplomat based in South Africa, it said. “By the time our of-

ficial rushed to the airport, the eight Tai-wan citizens had been forcefully taken to a passenger plane of China Southern Airlines and sent to the mainland.”

It denounced the move as “illegal” and “uncivilised”, saying that the fun-damental human rights of the eight had been infringed.

Protest filed to Beijing

“The foreign ministry demands that the mainland immediately send the eight people back to Taiwan,” it said, also calling on Kenyan authorities to free the other 15 Taiwanese cleared of the charges.

In reply to questions in Parliament, Shih Hui-fen, deputy minister of Tai-wan’s Mainland Affairs Council said the protest was filed to Beijing at midnight last Friday. “This has not only harmed

the fundamental human rights (of the eight), but has hurt Taiwan people’s feel-ings and has severe negative impacts on ties between the two sides,” Shih said.

Concern has been growing about China’s overseas activities since five Hong Kong-based booksellers went missing last year and ended up on the mainland.

Three went missing on the mainland, one in Thailand and one in Hong Kong itself — prompting accusations that Chinese law enforcement agents were operating illegally in the semi-autonom-ous city. Taiwan and China, which split in 1949 after a civil war, signed a joint crime-fighting and judicial assistance agreement in 2009 amid improving ties. But Beijing still sees the island as part of its territory awaiting reunification, by force if necessary. - REUTERS

www.businessdailyafrica.com

Follow your favourite stories online, plus more on markets, industry, policy and agribusiness

FIND US ON FACEBOOK & TWITTER

businessdailyafrica

BD_Africa

Todays Weather Forecast

DAY

High **26°**

Cloudy

NIGHT

Low **15°**

Cloudy with chance of rainfall

Index to companies

This index of businesses mentioned in today’s issue of the Business Daily is intended to include all significant references to companies.

Equity	2	Jamii Bora	8	UAP	12
TransCentury.....	2	Mitsumi	8	APA.....	13
NBK	5	Louvure.....	8	Cytonn	19
IRA.....	7	CBK.....	10	NCE.....	19
Pabari.....	7	Chase Bank.....	11	JP Morgan.....	21
Kiscol	7	Jubilee.....	12	Citi group	21
Omnican	7	Heritage.....	12	Goldman	21

TOP NEWS

RADAR SCREEN ■ JAMES NTHUKU

How the CBK can rebuild confidence in Kenyan banks

FINANCE Regulator's first duty is to retain trust in the banking system, especially at a time of illiquidity. Punishment should come later

The Central Bank of Kenya's decision to place three banks in receivership in a span of nine months has resulted in a loss of confidence in smaller banks as manifested in a liquidity squeeze arising from panic withdrawals.

This has ultimately resulted in the largest seven banks controlling 80 per cent of the liquidity in the banking system, according to the latest Central Bank of Kenya data. That was however before last week's heightened withdrawal in the wake of the sudden closure of Chase Bank and its going into receivership.

A worsening of the situation might be the reason the CBK moved on Sunday evening to set up a special facility aimed at assisting smaller banks with liquidity.

Since late last year, the CBK has primarily used one of its monetary policy instruments i.e. reverse repos, to inject liquidity in the financial market. The CBK's reports indicate that reverse repos were since December 2013 used for the first time in October 2015 when Imperial Bank went into receivership.

In the 2013 instance, the reverse repos were completely paid off in about two weeks. Since October 2015 to date, the CBK has had to keep rolling over these instruments after their seven day maturity so as to keep supporting the liquidity needs of banks.

Thus far, the extent of liquidity pumped in through reverse repos peaked at about Sh28 billion in November 2015 and there were no new issues by the end of the third week of March 2016.

Rumours of the impending collapse of Chase Bank, however, forced the CBK to pump about Sh18 billion into the market in the last week of March 2016. Through these activities, the CBK is clearly playing its lender-of-last-sort role and some key themes stand out.

First, the CBK has been successful in its banking system oversight mandate given the significant drop in reverse repo liquidity support from November 2015 to recent weeks in the wake of panic withdrawals associated with Chase Bank.

Second, the amount of support has been reasonable given the extent of the panic and the size of the market. Third, some banks were cut off by their peers from accessing the interbank liquidity market. Otherwise why borrow at higher reverse repo rates relative to the lower interbank rates. And lastly, in about



Dr Patrick Njoroge, the CBK governor. FILE

two to three instances, the borrowing bank(s) have been unable to pay back their maturing repos. The amounts involved are small but it does raise the question, especially post Chase Bank's receivership, of whether the eligible collateral for the reverse repos should be broadened along with lengthening of the tenor.

And this last point raises a bigger question. Where are we headed with the new regulatory regime and what are the implications to Kenya's banking system and overall economy? Let's look to global experience for some answers.

Time of illiquidity

Northern Rock was Britain's first bank to experience a run on deposits since 1866. It was facing a liquidity squeeze following the drying up of its funding at the outset of the global financial crisis of in 2007.

The depositor panic was prompted by a leak of the impending support from the Bank of England (BoE) and worsened by the follow-on announcements to reassure depositors.

To stop the run, BoE had to ultimately issue a taxpayer-backed guarantee for all deposits at the bank. The key lessons from this debacle were that; the BoE had failed to act quickly and that it was too focused on punishing the bank for overly risky behaviour.

BoE had taken two weeks to respond to the liquidity crisis at Northern Rock compared

to prompt action in Europe and America. On the latter, the key lesson was that the Central Bank's first duty is to retain confidence in the banking system especially at a time of illiquidity. Punishment is to come later.

Until Milton Friedman and Anna Schwartz argued different in their 1963 book, *A Monetary History of the United States, 1867-1960*, several economists considered that the Great Depression (1929-1939) was as a result of excessive investment and speculation as well as deeply flawed corporate governance that culminated in the stock market crash of 1929.

However, Friedman and Schwartz argued that the Depression was in fact precipitated by the Federal Reserve who raised interest rates in 1928 to prick the speculative bubble in the stock market that caused a recession that triggered the 1929 stock market crash.

The Federal Reserve then let thousands of banks collapse which sharply reduced money supply while at the same time maintaining high interest rates to partly uphold the exchange rate. Ben Bernanke, the immediate former chairman of the Federal Reserve concluded much later that it was the lack of credit due to the contraction of banks and elevated borrower risk levels that deepened and lengthened what turned out to be the worst economic recession in the Western world.

Of course Kenya is not facing a recession. However, we are facing a unique confluence of circumstances in our banking sector i.e. the dramatic rise in non-performing loans and accompanying provisions, the increase and frequency of banks being placed under receivership, and the structural liquidity problem in the banking system.

Similar to the Depression, borrower risk may be elevated by asset disposals to recover bad loans and realise liquidity. This could lead to a fall in asset prices due to an oversupply of certain asset classes. Once asset prices start falling, borrowers will be required to top-up lower value collateral.

And even if borrowers are able to provide this collateral top-up, the collateral value would keep falling which would make borrowing risky for lending. Banks will be reluctant to lend to risky borrowers and instead put their money in government securities thereby starving the economy of credit and contracting it.

Hence a broader liquidity support programme is worth considering in order to prevent disorderly asset sales. And while the CBK has done a commendable job by responding quickly with liquidity support to the banking system, there are limitations in the collateral that CBK can accept from illiquid banks as well as the tenor of the liquidity support instruments. It is time for CBK to consider a holistic approach so as to regain the confidence in the banking sector.

The writer is the Director of Structured Finance at Standard and Mutual, a corporate finance advisory firm in Nairobi.



NOW OPEN



AT A GLANCE

A luxury hideaway in the heart of 20 acres of tranquil forest in Nyahururu, a short 2½ hours drive from Nairobi and an hour's drive from Mount Kenya, off the popular Mount Kenya - Samburu safari circuit on the Nyeri - Nyahururu road.

Accommodation

Conferences

Wedding Grounds

Wine & Dine

Spa & Health Club

Events & Team Building Activities

THE PANARI RESORT NYAHURURU

P.O. BOX 549 - 20300, Nyahururu, Kenya | +254 709 070 000
reservations@panariresort.com | www.panariresort.com
@thePanariResort | The Panari Resort Nyahururu

TOP NEWS

Rotich plans digital securities register to ease loans transfer

»From Page 1 banks. Lenders ordinarily charge a property a fresh when processing a loan for which the property is the collateral, irrespective of whether another bank had executed the same charge — with the borrower bearing the related transaction costs.

Mr Rotich said the centralisation of the securities register should offer borrowers a chance to shop for cheaper loans, and to easily migrate to another bank when they find a better deal.

Difficulties with the transfer of collateral have been seen to work in favour of banks because the ultimate impact is to lock in customers from moving to competitors once a loan is agreed.

Banks ordinarily factor in the cost of managing collateral when pricing the loans, meaning that a central depository could also lead to lower interest rates in the long run. Some of the costs incurred when taking up mortgage include stamp duty, charged at 4.2 per cent, transaction, valuation and legal fees, which can add up to 10 per cent of the total loan amount and must be paid upfront.

This means that transferring a mortgage or securitised loan of Sh10 million

could see the borrower incur for a second time incidental costs of up to Sh1 million. It also means that there would be no incentive to seek a transfer to a cheaper option because the opportunity cost of the move would be lost.

“What you have at the moment, especially at the Lands registry, is a cumbersome process whose cost is ultimately borne by the customer,” said Kenya Bankers Association chief executive officer Habil Olaka.

A similar model at the CDSC, which has been in place for listed shares since 2004, has made it easy for investors to change their stockbroker in search of better services, besides lowering the risk of customers losing their securities in the event of an intermediary’s collapse.

Without a centralised system, borrowers usually get their collateral locked in a collapsed bank until such a time when the receivers finish cleaning up the books. If passed by Parliament, the new law will be a culmination of years of lobbying by borrowers and the industry regulator, the Central Bank of Kenya (CBK).

What you have at the moment... is a cumbersome process whose cost is ultimately borne by the customer

HABIL OLAKA
KBA CHIEF EXECUTIVE



Treasury secretary Henry Rotich. FILE

In 2012, the CBK called for the enactment of legislation to enhance the transferability of collateral, flagging it as the biggest problem in the development of the mortgage market.

High cost of houses, high interest rates on mortgages, high incidental cost of mortgages, low levels of income and difficulties with property registration and titling were highlighted as the major factors inhibiting the growth of the Kenyan mortgage market.

Kenya has about 22,000 mortgage accounts, a disproportionately low number in a country of 44 million people. The CBK data shows that at the end of 2014, the average mortgage in Kenya stood at Sh7.5 million, with most on a variable

interest rate. The value of outstanding mortgage loan assets stood at Sh164 billion, a lucrative source of interest income for mortgage lenders whose rates ranged between 8.0 per cent and 21.3 per cent.

Sixty-eight per cent of lending to the mortgage market was held by four banks — Housing Finance, KCB, Standard Chartered and CFC Stanbic — according to the CBK data. There are currently no specific laws in place to govern the transfer of a charge between banks.

A past study done by the Financial Sector Deepening trust (FSD) on the Kenyan collateral system blamed the inefficiencies on the multiplicity of registries that do not share information and do not have standardised information requirements.

The CBK has, however, put in place stringent credit risk management guidelines that require banks to conduct thorough due diligence on the securities.

The guidelines require that where securities are obtained, they should be properly charged and registered, adequately insured and valued by a registered valuer.

Establishing a system that allows the transfer of collateral without fresh charge under the current regulatory environment would therefore require banks to have built trust and gained sufficient knowledge of each other’s systems — a tough call in the highly competitive industry.

“Even if an offer to transfer stands at the moment, banks would most likely still need to have past experience in dealing with each other on such transfers,” said Standard Investment Bank head of research Francis Mwangi.

cmwaniki@ke.nationmedia.com
schao@ke.nationmedia.com

Land officials face lifestyle audit in fresh graft fight

BY JAMES KARIUKI

Land ministry officials will be subjected to a lifestyle audit in the fight against graft, with those found conducting private business or living beyond their means at risk of losing their jobs.

Land secretary Jacob Kaimenyi said yesterday that no employee will also be allowed to remain in one station for over three years, as part of efforts to stop cartels that were used to fleecing wananchi.

“Why would one be running a private land valuation or lands agency office next to their government office?” Prof Kaimenyi asked. “How does one explain owning a fleet of vehicles three months after joining the ministry or say someone living in Huruma suddenly relocates to Runda?”

He said the move was aimed at enhancing services and shedding the tag ‘the most corrupt’ ministry tag which placed the land ministry at position three.

The minister also welcomed whistleblowers, saying their cooperation could bring to an end various activities that created lush grounds for graft to thrive.

The Ethics and Anti-Corruption Commission reckons that Kenyans are offering bribes to conduct land searches as well as in fast tracking the preparation and issuance of title deeds.

The planned purge at Ardhi House mirrors that at the Kenya Revenue Authority (KRA) where employees also face lifestyle audits as part of fresh efforts to stop rampant corruption that costs the State billions of shillings in revenue leakages.

Detectives to question Deloitte, CBK officials on bank fraud

»From Page 1 in the list of those under investigation for aiding or abetting the massive fraud and theft that is alleged to have taken place in banks.

“The team will also grill the firms that audited the banks in question and officers from the Central Bank of Kenya’s supervisory department,” Mr Muhoro said, meaning the CBK itself has not been spared the scrutiny.

Deloitte, however, said it was confident of executing its professional responsibilities and in compliance with existing rules and standards that define its mandate.

“Deloitte remains committed to the highest standards of audit quality. We stand by the quality of our work and will continue to meet our obligations as auditors. We are also confident in the sufficiency and completeness of audit procedures and quality reviews, and the effect those procedures and the resulting outcome may have had on our audit opinions,” Sammy Onyango, the CEO, Deloitte East Africa,

said. Mr Muhoro made the revelation of Deloitte’s inclusion in the investigations shortly after DCI detectives questioned and recorded statements from three suspended National Bank officials, including chief executive Munir Ahmed, Chris Kisire (chief finance officer) and George Jaba (chief credit officer). Police said the three suspended officials, who were questioned alongside the acting chief finance officer, Wyclife Kivunira, recorded statements on the sudden upsurge in bad loans at the bank.

The officials were questioned two days after former Chase Bank chairman Zafrullah Khan and ousted group CEO Dancan Kabui recorded statements over last Thursday’s collapse of the bank with nearly Sh100 billion depositor funds.

The bank’s 1,400 employees were also affected by the CBK’s decision to place Chase Bank in receivership in the wake of panic withdrawals arising from suspected fraudulent dealings involving the bank’s directors and senior managers.



Mr Ndegwa Muhoro, the Directorate of Criminal Investigations boss. FILE

Chase Bank is the third bank — after Dubai Bank and Imperial Bank — to fall in nine months, mainly because of the failure of corporate governance and rampant fraud executed with the help of auditors and central bank staff.

The CBK on Thursday placed Chase Bank in receivership for 12 months fol-

lowing a Wednesday stampede by depositors responding to social media information that the bank was standing on shaky ground. Chase Bank, ranked 11th among Kenya’s 42 lenders, failed to meet its market obligations, including executing client instructions for payments, prompting the regulator to place it in receivership.

Chase Bank went down after the public withdrew Sh8 billion in one day following leaked reports that auditors had discovered problems with its accounting.

The bank restated its financial results on the same day its chairman and chief executive left in a huff, adding to the public impression that something had gone terribly wrong.

The restated results showed auditors had expressed concern over a whopping Sh16.6 billion mountain of insider loans said to have been disbursed to directors, employees and companies associated with them.

The developments at Chase Bank particularly caught the eye of both regulators

and depositors because Imperial Bank, another mid-tier bank, is still in receivership after the CBK took over its management last October, just two months after Dubai Bank suffered sudden death.

CBK governor Patrick Njoroge on Sunday moved to calm nerves in the banking sector and announced that the regulator was establishing a special fund to support any bank or microfinance institution that is facing liquidity problems through no fault of its own.

“We will avail this facility for as long as is necessary,” Dr Njoroge said at a news conference of the bailout plan that was to be rolled out beginning yesterday.

The governor, who has introduced more stringent reporting requirements for banks since he assumed the powerful office in June, last week said there were no “systemic problems” in the sector to warrant a panic — a cautionary statement that depositors appeared not have believed.

zangira@ke.nationmedia.com

ECONOMY & POLITICS

PRICES | RESULTS | DATA

CMA punishes NBK for breach of profit alert rules

✚PENALTY Regulator fines lender undisclosed amount for risking shareholder investments by failing to issue timely profit warning

BY DAVID HERBLING

The Capital Markets Authority (CMA) has fined National Bank an undisclosed amount of money for failure to publicly issue a profit warning ahead of announcing a surprise loss.

National Bank reported an unprecedented Sh1.15 billion loss for the period ended December 2015 without notifying investors as stipulated by capital markets rule.

The CMA made a U-turn to punish troubled lender after the regulator had earlier said the lender was in compliance, after the *Business Daily* highlighted that the bank had flouted listing rules and risked shareholder investments.

"Following further discussions with the board and management of National

Bank to assess the circumstances that led to the failure to publish a profit warning in a timely manner, the authority proceeded to impose an appropriate financial penalty for the lapse," the CMA said in a statement.

"We will continue to work closely with National Bank to ensure that there is timely disclosure of information to inform investor decision making."

The regulator had earlier said it "was duly notified" by National Bank of the earnings drop.

CMA rules demand that all announcements such as profit alerts and change in management be made public within 24 hours of the happening of the event.

National Bank on the morning of March 30, 2016 notified the CMA of a profit warning and later at midnight the same day released full-year results without first publishing in the dailies the profit alert.

The CMA requires firms to publicly issue a profit alert if they project earnings will fall by more than 25 per cent, to warn investors of the risks of capital losses and reduced dividend due to the profit fall.

The annual financial results, which were released two days after National Bank sent its managing director, Munir Sheikh Ahmed, and five top managers on compulsory leave to facilitate an internal audit, only deepened

“We will continue to work closely with National Bank to ensure that there is timely disclosure of information

CAPITAL MARKETS AUTHORITY



A National Bank branch in Nyeri. FILE

the mystery surrounding the authenticity of the lender's financial health.

It made an after-tax profit of Sh871 million in 2014.

Mr Ahmed along the five suspended executives were yesterday questioned by the Directorate of Criminal Investigations on alleged employee theft at the lender.

National Bank's record loss was blamed on a mounting volume of sour loans which grew by nearly two-thirds to Sh11.7 billion in the period under review,

reflecting deteriorating asset quality.

The earnings were hit by a sevenfold increase in loan impairment costs, which saw provisions to cover for bad loans hit Sh3.7 billion compared to Sh525 million as at December 2014. National Bank posted a net profit of Sh2.25 billion in the nine months ended September 2015, in what the now suspended MD dubbed as "the best annual performances by the bank in its 48 years history".

National Bank now joins a list of other players penalised by the CMA very failure to adhere to market regulations.

EBI Investment Corporation Kenya Ltd, the investment banking arm of Ecobank, was last year cautioned by the CMA for failing to publish full-year results in at least two daily newspapers of national circulation. The markets regulator in June 2012 hit Centum with a Sh50,000 fine for failing to issue a profit warning when it announced net earnings had tanked 48.4 per cent.

hdavid@ke.nationmedia.com

North Rift diesel shortage hits planting as price rises

BY GERALD ANDAE

Diesel shortage in Western Kenya has interrupted planting in the country's bread basket of North Rift, pushing the price of a litre of the commodity up by 20 per cent.

Kenya Pipeline Company (KPC) says the shortage is due to slow evacuation of kerosene from their station in Eldoret, blocking the release of diesel into the market.

Diesel is used to power tractors used for tilling and planting with the shortage exposing farmers to lower yields.

"There is no shortage of diesel in the country, only that we are unable to pump out diesel because the kerosene that is on the line has blocked us from releasing the product," said KPC executive Samuel Odoyo.

Besides agriculture, Kenya relies heavily on diesel for power generation and transport, which have been hit hard by the shortage.

A litre of diesel is now selling at Sh80 in Kitale up from Sh68, which is the recommended price



by the Energy Regulatory Commission (ERC).

Kenya has set a limit on prices of petrol, diesel and kerosene since 2010 and lists maximum prices for each area of the country at mid-month and they remain valid for a month. Those in breach face a fine of Sh1 million or withdrawal of operation licence.

Mr Odoyo said the problem is expected to be solved today following indications that kerosene would be pumped out.

Western Kenya Independent Petroleum Dealers chairman Hezekiah Kosgei said the region has not been getting constant supplies in the last few days, leading to a serious shortage that

has inconvenienced farmers during planting.

"We have had problems with supplies. Last week there was a shortage of super and now we are experiencing difficulties in getting diesel," said Mr Kosgei.

He also claimed that the shortage could as well be due to the unpredictability of the fuel prices, where oil marketers fear stocking large quantities of the commodity.

The ERC told the *Business Daily* that a power problem had hit KPC system, arguing that normal fuel supply in western Kenya will take days to resume.

"It is high season in western Kenya as farmers are currently planting, the disruption on the pipeline has caused delays and it might take a while before the normal situation is restored as the stocks are currently being depleted very fast due to high demand," said an ERC official.

The high cost of fuel will be passed on to farmers who hire tractor for ploughing and planting as the charges are pegged on the expenses involved in carrying out the task.



Join us for a presentation on the 19th of April at the Capital Club, Nairobi.

EUROPEAN RESIDENCY | PORTUGAL

Lisbon. Home to cafe culture. Home to the seven hills. Home to a way of life. Pam Golding Properties Kenya in collaboration with Pam Golding Properties International and Stone Capital believe it's also a place you can call home. Through our Golden Visa programme and on purchase of a Stone Capital property you'll secure more than an investment, you'll secure a new life as an EU resident.

To book your place, please contact Theresa Fernandez:
+27 21 762 2617 / theresa.fernandez@pamgolding.co.za



An International Associate of Savills



ECONOMY & POLITICS

Maize flour prices to continue going up until August

■ COST OF LIVING Millers warn grain shortage to persist until the next harvesting season

BY GERALD ANDAE

Millers have warned that the price of maize flour may increase in coming weeks following a grain shortage, putting pressure on households that depend on the cereal as a major source of food.

The price of a two-kilogramme packet of maize flour has increased by an average of Sh5 over the past two months on high maize costs. Flour prices have been falling since last September.

The maize shortage has raised the cost of a 90kg bag to Sh2,500, up from Sh2,000 in January and millers say that the situation will worsen until the onset of harvesting in August.

“The supplies of maize have been tight in the market and millers are unable to get enough stocks, this situation would see the price of flour go up in the coming weeks,” said an official of the Cereal Millers Association.

Maize prices have a big effect on inflation in Kenya’s economy where it is the staple food and accounts for a significant share of poor households’ budget.

Inflation stood at 5.45 per cent last month, down from 6.78 per cent in February; it has been falling since the start of the year.

Millers have mopped up stocks in the market and it is not clear whether farmers are hoarding in anticipation of higher prices in the future as it has been the norm in the past.

A food security report released by the government early this year indicated that Kenya would have 16 million bags



A shopper picking up a packet of flour in a supermarket. FILE

of maize by the end of December and was anticipated to last beyond March.

The report indicated that as at the end of December the country had 14,383,548 bags with farmers holding about 7,850,200 bags, traders 2,774,948 bags, millers 6,590,200 bags and National Cereals and Produce Board 3,795,000 bags.

Kenya has a deficit of 20 million bags of maize annually and relies on imports from Tanzania and Uganda to bridge the gap.

Food takes up the largest share (36 per cent) of the basket of goods that is used to calculate inflation, followed by utilities.

Kenyans are likely to get a reprieve in the coming months as Tanzania prepares to harvest its maize crop.

The Competition Authority of Kenya (CAK) is investigating allegations of price fixing by maize traders and millers.

gandae@ke.nationmedia.com

MP sues Nkaiserry for withdrawing bodyguard

BY MAUREEN KAKAH

A lawmaker who refused to stand up in Parliament in honour of Kenya Defence Forces (KDF) soldiers felled in Somalia yesterday moved to court to challenge the withdrawal of his security detail.

Kitutu Masaba MP Timothy Bosire sued Interior secretary Joseph Nkaiserry, Inspector-General of Police Joseph Boinet and the Attorney-General for allegedly acting with impunity by exposing his life to risk.

Through lawyer Stephen Ligunya, Mr Bosire accused the sued parties of acting in a clandestine manner contrary to the law

since there was no communication to him over the withdrawal of his bodyguard.

While defending his decision not to stand up during President Uhuru Kenyatta’s state of the nation address on March 31, Mr Bosire claimed that he did not want to appease the public and “sweep under the carpet” the plight of Kenyan soldiers in Somalia.

He also claimed that since the security detail assigned to him and other parliamentarians are drawn from Administration Police officers, the withdrawal is uncalled for. “The withdrawal of Mr Bosire’s security detail is arbitrary, discriminatory and is calculated to expose him to threats

unjustly. Unless this court intervenes immediately, the sued parties will by their actions send a chilling message as well as violate his freedom of expression and consciousness,” Mr Ligunya said.

According to the MP, he was reluctant to stand and observe a minute of silence for fallen soldiers in protest of the manner in which the government was handling security issues.

Even though he later acknowledged that the protests in Parliament may not have been done appropriately he insisted that all underlying issues with regards of KDF soldiers in Somalia should be disclosed.

Matiang’i orders bio registration of varsity students in security upgrade

BY NEVILLE OTUKI

Universities have been ordered to conduct biometric registration of students to tighten security in the institutions of higher learning.

Education secretary Fred Matiang’i yesterday directed the Commission for University Education (CUE), the sector regulator, to ensure that universities capture biological details of students and keep them in electronic records categorised by learners’ course and year of study. The institutions have 120 days to conduct the registration.

The move is aimed at preventing intrusion by terrorists who could impersonate students to stage attacks.

There have also been claims of university premises being used as hideouts by gangs. Police Saturday recovered 25kg of bhang, blood-stained knives, pangas and money-making machines at the University of Nairobi following a raid.

“My attention is drawn to the need to create further security bulwarks in all universities and constituent colleges to augment existing security measures, in response to the growing need,” Dr Matiang’i said in a letter to CUE chief executive David Some.



Dr Fred Matiang’i. ROBERT NGUGI

Kenya has recently come under attack from Somalia-based Al Shabaab militants who last year stormed Garissa University College, killing 147 people.

The attack has seen increased security measures, including installation of metal detectors at entry points and verification of student ID cards. Biometrics involve digital capture of biological information — mostly fingerprints or faces. The captured profiles are matched to physiological attributes during verification.

Dr Matiang’i has directed that universities capture passport size photographs of students accommodated on campus.

“I will require the commission to, on a monthly basis, report progress on the implementation of this system by all the respective universities and colleges, without fail,” Dr Mating’i says.

The first such report is expected on May 9, 2016, he said.

Birth certificates

Biometric technology has recently been rolled out in government offices in efforts to weed out ghost workers and discourage manipulation of payroll.

More than 12,500 civil servants were in November 2014 struck off the payroll after they failed to list afresh during a biometric registration.

President Uhuru Kenyatta launched the drive in September 2014, where workers were required to provide original identity cards, letters of first appointment, letters of appointment to the current grade, original academic and professional certificates, biometric data forms, pay slips, and birth certificates.

The headcount covered ministry staff, county workers and parastatal employees. This came after President Kenyatta revealed that taxpayers could be losing up to Sh1.8 billion every year in salary payments to non-existent workers.

Oxfam accuses World Bank of funding potential tax cheats in Africa

BY EDWIN OKOTH

The World Bank has been accused of funding potential tax cheats in Africa through its private lending arm, the International Finance Corporation.

A British non-profit, Oxfam claims the global lender funded 75 per cent of companies with presence in tax havens in 2015, calling on World Bank to ensure proof of tax compliance before funding.

“Oxfam analysis reveals that 51 of the 68 companies that were lent money by the

World Bank’s private lending arm in 2015 to finance investments in sub-Saharan Africa use tax havens,” says the report.

“Together these companies, whose use of tax havens has no apparent link to their core business, received 84 per cent of the International Finance Corporation’s investments in the region last year.”

The report comes in the wake of the Panama Papers scandal, which reveals how powerful individuals and companies are using tax havens to hide wealth and dodge taxes

Sh10trn

■ Revenue that poor countries lose to tax evasion.

Oxfam’s analysis focused on IFC’s investments in sub-Saharan Africa revealing that the unit has more than doubled its investments in companies that use tax havens in just five years — from \$1.20 billion (Sh121 billion) in 2010 to \$2.87 billion

(Sh290.7 billion) in 2015.

Mauritius was once again singled out as the most popular haven for IFC’s corporate clients with 40 per cent of firms lent cash by the World Bank sub-Saharan Africa having links there.

Mauritius is also known to facilitate “round-tripping”. This is where a company shifts money offshore before returning it disguised as foreign direct investment, which attracts tax breaks and other financial incentives.

The small Island allows companies to

reap the reward of tax benefits only available to foreign investment. The money is subject to tax breaks rather than capital gains and income tax that should rightly be charged on domestic investment.

As an example, 34 per cent of total investment to India from 2000 to 2015 has come from the small island of Mauritius, most of it from the same building in Port Louis, the capital.

According to a recent UN report, tax evasion costs poor countries about \$100 billion (Sh10 trillion) in lost revenues.

CORPORATE NEWS

PRICES | RESULTS | DATA

Mergers seen rising in insurance sector

NEW LAW Acquisitions expected as insurers seek to raise capital to comply with legal requirements

BY BRIAN NGUGI

Regulators are projecting increased mergers and acquisitions in the Kenyan insurance sector, driven by the commencement of higher capital requirements this year.

The amended Insurance Act, which comes into effect in June in a phased implementation programme ending in 2018, has adopted a risk-based capital adequacy system that is expected to raise the capital held by some insurers.

The Insurance Regulatory Authority (IRA) and the Competition Authority of Kenya (CAK) say the looming higher capital requirements will lead to mergers and acquisitions as institutions seek to beef up their capital to comply.

"We believe that with the introduction of the risk based capital in the sec-

tor we will expect a lot of movement in terms of capital," said IRA chief executive Sammy Makove. "This may require companies to acquire others even foreign investors to move in and inject capital or even a consolidation of our existing insurers."

Under the risk-based regime, insurers covering high-risk businesses will be forced to raise their capital levels as they will not be allowed to hold a standard capital level.

The IRA has ruled out delaying the new capital requirements that will be commensurate to the respective size and riskiness of insurers.

"We are not going to postpone or delay. This is the law and there has to be a compliance approach. We expect to start seeing them comply before 2018," said Mr Makove. The underwriters had called for the maintenance of the status



Insurance Regulatory Authority CEO Sammy Makove. SALATON NJAU

quo, arguing that insurance firms needed more time to restructure their balance sheets and use their cash holdings to expand business. The insurers said the new law would force some of them to dispose of their real estate investments to convert assets to capital.

Mr Makove spoke when the IRA signed an MoU with the CAK on cooperation between the two state agencies in anticipation of greater consolidation in the insurance sector. CAK director-

general Wang'ombe Kariuki said the competition agency was laying the groundwork to handle consolidation requests.

"We continue to receive a lot of enquiries from players and there are so many mergers applications we have dealt with," said Mr Wang'ombe.

The CAK said it had set aside Sh5 million for talks between two technical teams drawn from each regulator and which are expected to come up with common positions on industry related issues.

"We want to bring transparency and predictability to the insurance sector so that even investors know what is expected of them," said Mr Wang'ombe.

The new law is meant to bring stability in the sector where previous failure of several firms eroded public confidence, partly contributing to the low insurance penetration at less than five per cent.

bnjoroge@ke.nationmedia.com

Old Mutual to buy further 40pc stake in TRLC

BY ALLAN ODHIAMBO

The Competition Authority of Kenya (CAK) has approved a proposal by UK-based multinational Old Mutual to buy a further 40 per cent stake in the holding company of Centum's Two Rivers Mall project.

The multinational invested Sh6.4 billion in Two Rivers Lifestyle Centre in the form of equity and convertible debt, giving it a 10 per cent stake and an option to turn the loan into an extra 40 per cent stake in the company.

"The transaction will see Old Mutual ultimately hold a 50 per cent stake in TRLC," Centum said in a January statement when it disclosed the investment by Old Mutual.

The Two Rivers complex sits on a 100-acre property along Limuru Road near the affluent neighbourhoods of Runda, Nyari, Gigiri and Muthaiga.

The first phase of the Two Rivers, set on 55 acres, is expected to be complete by 2020.

Mauritian firm freezes plans to add stake in Kwale sugar miller

BY DAVID HERBLING

Mauritian firm Omnicane has frozen plans to double its stake in a Kwale-based sugar factory, opting to set up new sugar mills in Mozambique and Ghana.

Omnicane, which currently holds a 25 per cent stake at Kwale International Sugar Company Ltd (Kiscol), has declined to exercise an option which allowed the Mauritian group to take a further 25 per cent shareholding in the Kenyan firm.

The Port Louis-based sugar miller has also delayed the decision as it explores the viability of exploiting cane by-products such as setting up a distillery and yeast plant.

The \$200 million (Sh20 billion) Kiscol joint venture is 75 per cent held by a family-owned investment company Pabari Investments from whom Omnicane was to buy the extra 25 per cent equity that would have made them equal partners.

"Omnicane and Pabari Group want to invest in a greenfield sugar factory in Mozambique and set



Kiscol factory. LABAN WALLOGA

up a refined sugar factory in Ghana where there is no sugar factory," said Harshil Kotecha, director of projects at Kiscol.

"We are also pursuing other options like distillery, yeast plant and others so depending on the feasibility outcomes, we'd rather assess to move into new projects with different shareholding and not shake the current structure," Mr Kotecha told the *Business Daily* in an interview.

Omnicane, listed on the Stock Exchange of Mauritius, was scheduled to expand its shareholding at the \$200 million Ramisi sugar factory one year after the company began operations. Kiscol began crush-

ing cane in February 2015.

The Kiscol factory has a capacity to mill 3,000 tonnes of cane per day, an 18 megawatt bagasse-fired power plant and an ethanol plant with a capacity to produce 50,000 litres per day.

The sugar miller last October signed a power purchase agreement with Kenya Power to sell 14MW of biomass generated electricity at a tariff of \$10 per kWh.

Mr Kotecha said exports to the grid will formally begin by June, with the sugar firm using 4MW for factory operations.

Mumias Sugar switched on its 38 megawatts co-generation plant in May 2009.

The loss-making miller internally consumes 12MW to run factory operations and sale of 26MW of electricity to the national grid was halted in December 2014 due to disagreements with Kenya Power.

Kiscol is Kenya's 12th sugar miller in an industry dominated by loss-making and debt-laden State-owned sugar firms such as Mumias, Nzoia, Sony, Muhoroni and Chemilil.

**PROMOTING
ACCESS TO
WATER
IN EAST AFRICA**

The EastAfrican will publish a supplement on Promoting Access to Water in East Africa on **April 23rd 2016** to enlighten the public on the need to develop and maintain efficient, sustainable and equitable water systems. The special feature will cover the following topics among others:

- Leading water experts and water-use consultants in East Africa
- Equipment and infrastructure used in the water sector.
- Role of private sector in addressing water challenges in the region
- Sustainable ways of ensuring access to water.

To Advertise Contact Duke on Email: dmonda@ke.nationmedia.com or Mobile: 0722897417

Special Feature **The EastAfrican**

CORPORATE NEWS

INVESTMENT Third-tier lender has created additional shares

Jamii Bora raises Sh1.2bn in PE deal for SME lending

BY CHARLES MWANIKI

Jamii Bora Bank has raised Sh1.2 billion through an equity investment from two PE firms, with the bank looking to expand its SME lending book.

Equator Capital Partners and Progression Capital Africa Ltd have made the investment jointly, giving them a significant stake in the third-tier lender which is ranked Kenya's 30th in market share at 0.47 per cent as per latest CBK data.

Although Jamii Bora did not disclose the size of stake taken up by the new investors, sources said that the bank has created additional shares to accommodate the new investors. None of the existing shareholders have sold their stakes as a result of the new investment.

Equator Capital typically invests be-



Mr Samuel Kimani, the Jamii Bora CEO. FILE

tween \$3 million (Sh300 million) and \$12 million (Sh1.2 billion) for an ownership of between five and 25 per cent of a financial institution.

Progression Capital's investment criteria see it put in between \$2 million

(Sh200 million) and \$8 million (Sh800 million) for what it terms significant minority stakes and full board participation rights. "Their investment will support us as we further expand our reach to underserved SMEs and communities, both rural and urban, all across the country," Jamii Bora's CEO Samuel Kimani said in a statement.

The last significant equity movement at Jamii Bora came last year when PE firm Catalyst Principal Partners raised its stake in the bank to 11 per cent, nearly three times its initial investment.

The increase in Catalyst's stake saw the lender's foreign investor owned portion rise to 37 per cent, meaning that the latest round of equity sale could have pushed it beyond the 40 per cent mark going by the investment criteria of the two new PE investors.

Catalyst had made its initial investment in the bank through a rights issue in December 2014, where it bought a 4.4 per cent stake. Last year, it bought more Jamii Bora shares through the over-the-counter (OTC) market, consequently getting a seat on board.

Other large investors in Jamii Bora include Scandinavia AB and Nordic Microcap.

cmwaniki@ke.nationmedia.com

16 new hotels planned for this year push bed count to 2,956

BY DOREEN WAINAINAH

Sixteen new hotels are set to be put up in Kenya this year raising the country's bed count to 2,956 units, according to a report by W Hospitality Group.

The anticipated new rooms are nearly double those that were in the pipeline last year as global brands continue to set up shop in the region.

Kenya went up two spots on the number of hotels and rooms in the pipeline, overtaking Ethiopia which has in the past two years seen the entry of more hospitality industry investors than Kenya.

The number of planned hotel rooms in Africa has soared to 64,000 in 365 hotels, up almost 30 per cent on the previous year, according to new figures from the annual W Hospitality Group Hotel Chain Development Pipeline Survey.

"The evidence from our survey is clear — investors remain confident about the future of the hospitality industry on the continent," said Said Trevor Ward, W Hospitality Group managing director.

"Even when pummelled daily by low commodity prices, exchange rate problems, political challenges and poor infrastructure, Africa remains resilient." Last

year the report indicated that the eight hotels in the pipeline in Kenya would boost bed space by 1,510 units.

More than 10 firms have in the past one year completed or announced entry into the local hospitality industry, growing the bed space by hundreds of units.

Growing business

This month, electronics distribution firm Mitsumi unveiled its Sh2.5 billion hotel in Westlands, a first for the firm. Louvre Hotels Group will manage the 94-room hotel named Golden Tulip as Mitsumi seeks to cash in on the growing hospitality business in the country.

Mitsumi also announced intentions to open other hotels as well as buy an existing outfit from a brand that is exiting the market.

Last month, JW Marriott Hotel signed an agreement with Chinese firm Avic to run the latter's hotel in the Sh10 billion headquarters in Westlands.

Tune will open its doors at the same time as Park Inn run by Radisson.

Other upcoming hotels in Nairobi include Hilton Garden Inn, Ramada, Mövenpick Hotel, and Four Points by Sheraton.

NAKURU HERE WE COME

Do you run a mid sized company that,

- Has a turnover of kshs 70 Million to 1 Billion
- Has 3 year audited accounts
- Is not a bank
- Is not listed on the NSE

Join us in Nakuru on the **14th April 2016** at **Hotel Cathay** from **5.30 pm** as we launch Kenya's Top 100 mid-sized companies' survey.

Keynote speaker: Julius Wanyaga
Theme: "Digital Disruption"

RSVP:

GLADWELL WAIYAKI

EMAIL: top100@top100.co.ke | TEL: 0709 576066



www.kenyatop100.co.ke



@kenyatop100



Top100SME

KENYA
TOP 100
MID-SIZED COMPANIES
BUSINESS DAILY — KPMG



Founders

DTB

DIAMOND TRUST BANK

NSE nairobi securities exchange
Discover Opportunity

MOSOUND EVENTS
TOTAL EVENT SOLUTIONS

Kuza Bishara
by your time to rest

SBS

Strathmore Business School

BUSINESS DAILY
more possibilities
www.bdaily.com

KPMG

IDEAS & DEBATE

OPINIONS | REVIEWS | ANALYSIS

The Central Bank of Kenya is partly to blame for the woes currently bedevilling a number of lenders.

SALATON NJAU



REGULATION There is need for dialogue on policy to chart the best way forward

How central bank can infuse stability in the financial sector

BY MARUBU MUNYAKA

My article on interest rates published in the *Business Daily* of Monday April 4, 2016 looked at the state of the country's economy as a result of the ongoing monetary intervention by the Central Bank of Kenya (CBK) in an effort to maintain monetary stability.

In it, I argued that the high interest rates will kill business in this country as banks continue to retain huge spreads - the difference between loans and deposit interest rates - as they compete to report high profits.

CBK, as the financial sector regulator, should shoulder part of the blame for the failures in the banking system due to its market intervention in a quest to stabilise the shilling and tame inflation without looking at the negative implication of this policy intervention instrument, particularly when held for a long time.

I repeat that the government should do what retired President Kibaki's regime did - borrow foreign exchange reserves via loans and grants from development partners to enhance liquidity in the market, stabilise the shilling and reduce inflation in the economy. Such a measure does not impose punitive and negative implications to the banking sector.

The Central Bank and the Treasury

have refused to adopt the two-prong approach in dealing with the shilling instability and inflation resulting in the troubles the banking sector is finding itself in today.

High returns by commercial banks and high growth in reported profits occasioned by high interest margins and other costs, are what is killing borrowers resulting in business failures. Their failure impacts negatively on the performance of banks as their bad debts must be provided for in the profit and loss accounts.

Competition to make higher profits in order also to meet the prescribed minimum capital, which has been projected to rise from Sh1 billion to Sh5 billion, is the other cause of the troubled banking sector. If the government had maintained the exchange rate at Sh60 to the dollar, there would not have been any need for the revision of the minimum capital to Sh5 billion.

The cutthroat competition forces banks to take on very high risk loans, which are not properly structured, leading to huge provisions in bad and doubtful debts, which is the reason behind the troubles both the National Bank of Kenya and Chase Bank, among others, are grappling with. The other problem is that most of the regulators and auditors as well as commercial banks in this country either do not understand, appreciate or

both the concept of structured finance as practised in the global market place. As a result, when a regulator or an auditor comes across such a transaction, the natural thing for him is to recommend a full (100 per cent) provision for bad and doubtful debt.

This wrong application of the Basle Accords on Capital Ratios and Provisions for Bad and Doubtful Debts is what is destabilising the banking industry among others.

So, the natural decision model by the regulator is that banks must provide for 100 per cent bad and doubtful debts if no tangible collateral is used to secure loans. This immediate provision is what has caused financial instability at the National Bank of Kenya, the Chase Bank and many others at the moment.

As we all know, when a bank is troubled, it is only the insiders and regulators who are privy to the whole issue. And like it has happened in many countries, including the US, laxity in taking the corrective decision at the right moment is what is killing the banking sector and CBK must take responsibility for this as the regulator.

The current prudential banking regulation and governance practices call for the regulator to be online with commercial banks 24/7. That is also why commercial banks are required by the same prudential governance structures

and guidelines, to have a compliance officer who reports to the regulator throughout.

On the same token, that is why commercial banks and financial institutions must have statutory committees of their boards comprising mainly of outside directors and nominated professionals to sit on the credit panels, asset liability management committees, audit committees, etc, and, which must meet regularly so that they can identify a problem in good time before it becomes cancerous.

This is also the reason why shareholders owning 5 per cent or more equity in a banking institution are prohibited from being executive directors in commercial banks and financial institutions.

Whether this guideline is being followed in the appointment of executives and directors is a story for another day and you can rest assured it is one of the reasons leading to huge insider loans and reckless loans for that matter.

In order to save the banking sector from an imminent collapse due to instantaneous application of the Basle Accords, the regulator should engage commercial banks on policy dialogue on how to apply the Accords on a gradual basis without causing the instability we are witnessing today in the sector and the entire financial market.

CBK should at this point in time look for funds to infuse into these troubled institutions quietly without letting the cat out of the bag in order to avert a looming financial crisis.

Mr Munyaka is an independent financial consultant.

Other Voices



Bernie Sanders

US presidential hopeful



Washington Post, Kathleen Parker

Imagine emerging from a rocky political week only to announce, as Bernie Sanders did, that, oh, by the way, the Vatican called. I suppose. Hillary Clinton thought bubble: He's Jewish for crying out loud. What am I, chopped liver? No, I'm Methodist! But if I can become a New Yorker, I can become a Catholic! Some people have all the kismet. Or, maybe people just happen to agree that communism isn't really so bad. It should surprise no one that the Pontifical Academy of Social Sciences might find cause with Sanders's worldview.



Pope Francis

Head of Catholic Church



Guardian, Editorial

When a pope pronounces, there are two mistakes to make. The first is to suppose that Catholics will feel bound to obey him; the second to decide he is not worth listening to. This is especially true of Pope Francis, who has some really interesting and important things to say. The most neuralgic point was the reception of communion by divorced and remarried couples. This is something which is clearly forbidden by church law, and just as clearly accepted in all those western countries where divorce is common.



Abdel Fattah

Egyptian President



New York Times, Mona Elhathway

Egypt Interior Ministry's evasions and lack of transparency are especially galling at a time when the authorities, ever keen to police public morality, are cracking down on those who report "false news." Last month, a court sentenced a blogger Taymour el-Sobki to three years in jail with hard labour, after he'd said on a TV show that many Egyptian women were ready to cheat on their husbands. A writer Ahmed Naji is serving a two-year term handed down by an appeals court in February for violating "public modesty," after sexually explicit excerpts from his novel were published in a literary magazine.

BUSINESS DAILY

NEWS YOU CAN GROW WITH

Published by the Nation Media Group, Kimathi Street, Nairobi

Joe Muganda Chief Executive Officer | Tom Mshindi: Editor-in-Chief

Ochieng' Rapuro: Managing Editor

P.O.Box 49010 GPO Nairobi ■ Telephone: 254 20 328 8104 ■ Fax: 254 20 214849

Email: bdfeedback@nation.co.ke ■ www.bdafrica.com

Regulator must ensure bailout fund isn't abused

The Central Bank of Kenya's (CBK) decision to set up an emergency bailout fund for financial institutions in distress is no doubt a noble one.

With three small banks put on receivership in such a short period of time, nothing short of drastic action can restore confidence in the banking industry.

The announcement made on Sunday means the CBK shares the general view that managers rather than depositors ought to take the flak whenever banks fail. We fully welcome the initiative.

Commercial banks, whether large or small - have an irreplaceable role in allocating resources to different segments of the economy. Under normal circumstances, such a special role would better be left to efficient banks as weak ones are wound up to cut their drain on economy.

But what has happened in the last nine months can hardly be described as ordinary. Fraud, deceit and outright manipulation of financial records have preceded the collapse of Dubai, Imperial and now Chase Bank. A well thought-out intervention akin to what the CBK has announced was long overdue.

We can only hope that the emergency fund is managed and disbursed transparently to ensure that depositors rather than the unscrupulous management get the reward.

Yet having such an emergency fund in place cannot be seen as a panacea to the current weakness that has undermined confidence in the banking sector.

Tame high expenditure

Freezing pay rise for key public officers like the President is a bold step that fits well with public campaigns to cut spending on non-essential areas.

That is where the step by the Treasury to contain—in the revised budget—the salaries of President Uhuru Kenyatta and his deputy, William Ruto, falls. Ballooning allowances in the public service have been a hot subject in the undying debate of how to reduce or contain recurrent expenditure and boost spending on development.

However, it is sad that the intentions either collapse before implementation or are delayed for ages without releasing a detailed guide on yearly essential programmes and what can be put on the back burner. Again, freezing pay

The sector also needs an uncompromised inspection regime that doesn't shy away from nipping management failures in the bud.

It is unhelpful to expose a litany of financial impropriety committed over several years only after a commercial bank has been put on death row.

The CBK's Supervisory Division usually has the opportunity to pin down top directors every three months. Unfortunately, this has not been happening in Kenya. Instead, it is the distraught customers of seized banks who get bombarded by a string of obvious mistakes that should have caught the eye of regulators several years back.

One can only assume that inspectors either lack the backing of strong regulation to support their bid to instill industry discipline or they collude with rogue bankers. Whatever causes that anomaly, it needs to be fixed fast.

That will ensure that at any particular moment, the CBK is in a position to compel banks to assume full responsibility for their managerial actions – and consequently justify the need to disburse its emergency fund.

Anything less than that can only lead to moral hazards as commercial managers, buoyed by a false sense of protection, take to disproportionately risky bets.

Even more important, running down banks must be regarded as economic crime. That way, suspects can be prosecuted and those found culpable made, among other penalties, to pay back the loot.

rise for top executives, who occupy the razor-thin apex of super-earners, will make insignificant impact while more money is set aside for equally less critical areas like travel. The Deputy President got Sh100 million more for local travel in the latest review, increasing this budget by 163 per cent.

Taming expenditure should be a constant headache for policy wonks instead of testing the shallow waters with tools like the voluntary Transformative Fund Account, which only look good on paper but are hard to implement, partly because its targets lack the wherewithal to act. Among others, these half-hearted plans or start-stop initiatives, will not bear fruit in the much needed step to tame the rising wage bill and seal other gaps through which resources end up in non-priority businesses.

EDITORIAL & OPINION



"You need some sort of glasses... Your poor eyesight prevents you from seeing the consequences of your choices..."

Review CBK, taxman rules on bad debts



JOSEPH THOGO

TAX SOLUTIONS

While my accountant friends and I often engage in banter about tax and whether it leans more towards the accounting or legal professions, I have to admit that taxation to a large extent borrows from accounting, albeit with its own unique set of rules. In arriving at the net income for a typical entity, for accounting purposes, one starts with the revenue after which all costs and expenses are subtracted to ultimately arrive at the accounting operating profit (or loss).

The journey from the revenue to the accounting operating profit and how the different items along the way such as expenditure, discounts, bad debts, general provisions etc. are treated is guided by the International Financial Reporting Standards (IFRS).

Income tax starts where accounting stops, at the accounting profit, and it aims at determining the taxable profit that should be subjected to income tax. The Income Tax Act rules treat and characterise the expenditure, discounts, bad debts, provisions etc. differently from how they had been characterised under the IFRS rules.

There might also be additional guidelines on how these different elements should be treated depending on the particular industry in which the entity operates, for example the banking sector. This means that a licensed bank in Kenya has to comply with IFRS rules, the Central Bank of Kenya (CBK) pruden-

tial guidelines and the Income Tax Act rules. While generally these three sets of rules have co-existed harmoniously, the treatment of bad debts is one area they differ and banks find themselves between a rock and a hard place.

Under IFRS rules, banks are required to assess whether there is any objective evidence that a financial asset is impaired at each balance sheet date and make provisions for impaired loans. The CBK guidelines take this a notch higher and the consideration is a loan's performance.

The CBK requires that a lender must evaluate every other loans granted to a borrower and if any one of the facilities is non-performing, place the others under the same status. With regards to non-performing loans, the banks are required to make a 100 per cent provision of the gross loan amount. Under these two sets of rules, banks are required to be prudent and provide for a debt once there is objective evidence that a debtor is likely to default on a loan.

For income tax purposes, a taxpayer is not allow a deduction of general provisions, he can only deduct a provision that has crystallised. Thus while one cannot deduct a general provision for bad debts, one is allowed to a deduction for bad debts that materialised.

Under the Income Tax Act's Guidelines on Allowability of Bad Debts, a bad debt is deemed to have crystallised (and therefore deductible) where the lender has lost the right to the debt through a court order, no form of security or collateral is realisable whether partially or in full, the security has been realised but the proceeds fail to cover the entire debt, the debtor is adjudged bankrupt, the cost of recovering the debt exceed the debt or where efforts to collect the debt have been abandoned for a reasonable cause.

Therefore the bulk of provisions for non-performing loans arrived at under the IFRS and CBK guidelines will not be deductible for tax purposes. Since all these have a gestation period, it means that banks have to wait until their IFRS and CBK non-performing loans have crystallised before they become deductible.

The impact of this is that banks will be required to pay 30 per cent tax on the provisions which are recognised and required by IFRS and CBK but which do not necessarily meet the Income Tax Act threshold.

Prior to the Income Tax Act rules that were enacted in 2011, the KRA generally accepted a deduction of specific provisions arrived at under either the IFRS rules or CBK prudential guidelines.

The IFRS rules and CBK guidelines were designed to ensure that banks maintain adequate reserves against probable losses and in this way depositors' money and the bank's capital base is protected. However, the current income tax seems to be in conflict with these rules and could be counterproductive to what both these two sets of rules were meant to achieve.

Since the starting point for income tax is the accounting profit (or loss), the income tax rules on bad debts do not recognise the IFRS and CBK treatment of non-performing loans and will impose 30 per cent tax on amounts relating to these which means that such a bank will not be paying tax from its profits but from its capital, thus eroding it.

Given what the banking sector in Kenya is going through currently, perhaps it is time to review these bad debt rules and align them with IFRS rules and the CBK's prudential guidelines.

Mr Thogo works with Deloitte East Africa

Email: jthogo@deloitte.com

VIEWS FROM ABROAD ■ Opinions from around the world

Southern states wrong

Some degree of backlash to the Supreme Court's legalization of same-sex marriage was to be expected. That does not excuse the actions of several Southern states over the past

few weeks. North Carolina's leaders approved a law barring cities and towns from offering

protections to lesbian, gay, bisexual and transgender people based on trumped-up fears about transgender people using bathrooms that conform to their gender identity. Transgender people make up a small and often-misunderstood group that poses no risk to bathroom users.

Act fast to save patients

About three weeks ago, the radiotherapy machine at the national cancer institute broke down. This is bad news for the country given that on a daily basis, the department

receives about 100 cancer patients who need external exposure to radioactive waves

to receive relief against cervical cancer, prostate cancer, breast cancer and others organ cancers. Worse still, the cancer patients receiving radiotherapy treatment at Mulago hospital may now have to wait until next year when the new cobalt 60 radiation machine is expected to be installed.

Abenomics doomed

As the Japanese currency continues to strengthen, Abenomics, Japan's economic agenda based on a weak yen to fight deflation and boost exports, is faltering.

The yen hovered above 120 yen against the US dollar until January after hitting a low of 125

last June. Last week, however, the 110 yen-to-the-dollar barrier was shattered, and the yen might surge below 100. Among other things, the weaker yen resulting from monetary easing has been most crucial. So the yen's strength dooms Abenomics.

To comment...

The editor invites comments on our content and topical issues. Please include your full names, telephone number and address in your letter.

Email: bdfeedback2@ke.nationmedia.com

What Clinton, Trump policies may mean for Africa

ASTRID R.N. HAAS
POLICY

The whole world is looking to one presidential election at the moment: the USA. The policies of one of the most powerful nations, largely driven by the president, will affect us all.

US engagement in Africa has been focused on the security and political fronts, as well as on foreign aid.

The African region probably remains secondary in terms of US interests relative to other regions in the world such as Asia or South America, but it has grown in importance over the past decade.

One of the primary reasons for this is rising security challenges such as piracy along the Horn of Africa, terrorism through organisations like Al-Shabaab and Boko Haram, and conflicts like the civil war in South Sudan.

Another reason for growing US interest has been the emergence and rapid intensification of China-Africa relations.

It is important for policymakers in Africa to begin assessing what the outcome of the US election could mean for Africa. While there are five candidates in the running, each party has a frontrunner: Donald Trump for the Republicans and Hillary Clinton for the Democrats.

From an economic perspective, aid and trade are important US policies for Africa.

Trump has been particularly vague on many policy positions throughout the campaign and, when pressed, has often evaded providing clarification.

This suggests that the US may remain part of the international bodies under a Trump presidency, but would probably increasingly ignore international treaties and decisions, including those agreed under the world trade regime.

Another notable part of Trump's statement on trade is that he is going to adopt a zero-tolerance policy on intellectual prop-

erty theft. Clinton would enter the White House with strong foreign policy credentials, having served as Obama's secretary of state from 2009 to 2013.

Like Trump, she has made brief mentions of trade and China, tied to her efforts to expand the US manufacturing sector. Her principal focus in this area seems to be increasing enforcement, exemplified by the fact that she is looking to hire a chief trade prosecutor under her presidency.

Clinton refers to foreign aid as one of the key pillars of American power.

The writer is country economist for South Sudan and Uganda, International Growth Centre



Letters

The editor welcomes brief letters on topical issues. Opinions expressed here are not necessarily those of the editor or publisher. They may be edited for clarity, space or legal considerations. Send via e-mail to bdfeedback2@ke.nationmedia.com

Failure to enforce regulations behind banking woes

Chase Bank is the fourth bank to go under receivership, leaving in its wake more lost jobs, destitute families and broken dreams. What is worrying is that Kenya's financial system has in place sophisticated governance and risk management structures, well-funded regulators and the banking system is manned by highly educated personnel with access to state-of-art technology but the question is why do these preventative measures fail repeatedly.

It's high time the entire banking fraternity and Central Bank of Kenya (CBK) closely examined the causes of the continued failure of banks despite seemingly adequate controls, reporting systems and supervision.

First and foremost, the banking industry stakeholders must review the effectiveness and independence of internal audit, which is the first line of defence. It's no secret that senior management of banks wield unhealthy control over the budget, recruitment process and audit schedule of internal audit hence weakening its independence.

Most internal audit reports and concerns are rarely given the attention they deserve and are allowed to gather dust only to resurface when there is trouble.

Secondly, CBK, Capital Markets



Chase Bank customers stand outside a city branch after it was placed under receivership last week. FILE

Authority and professional accounting /auditing bodies should closely evaluate the dismal performance of external auditors in the banking sector.

Again it's not a secret that in a bid to cut costs and labour hours—most auditing firms do not carry thorough bank validation checks: external audit reports are mostly copy pasted from internal reports such as compliance and management reports of banks and internal audit.

I have always wondered how a few audit firms are able to practically take all jobs on offer from bank audits, government consultancy and lots of other work all over the country—surely someone must be cutting shortcuts!

It's important that audit firms engaged in bank audits demonstrate competence in bank audits.

Central banks should set standards

that external auditors must adhere to and qualifications of personnel conducting bank audits.

CBK should also have the freedom to have a bank audited by an audit firm of the regulator's choice if the bank in question is struggling to meet its regulations.

Thirdly, the board of directors, major shareholders and senior management have so far proven to be the weakest link in the banking industry governance structures.

CBK must craft new ways of putting this group on a leash either by diluting their powers or creating several layers of management structure and segregation to guard against outright theft, frauds, conflict of interest and violation of insider borrowing limits witnessed recently.

To some Kenyans, being a member of a company board is not seen as an opportunity to serve the public but unfortunately a licence to steal, defraud and run down the same company.

The core problem is integrity of board members—a hard nut to crack given the immense influence they wield! At the risk of increasing its workload, all insider borrowings must hence forth be signed off by CBK or its appointed agent.

Fourthly, bank employees are known to have a much deeper knowledge and insider information, which

CBK should find a way of tapping into without exposing the employees to victimisation or sacking.

Some of the big banks have stayed on track because one way or another, their employees reveal information before things get out of hand. Employees should therefore form the core team of intelligence gathering for the regulators.

The fifth layer of protection that cannot escape scrutiny is the CBK supervision role. This was covered in one of my earlier articles and what needs to be done to strengthen CBK's supervisory role.

The problem is not the size of a bank, the level of capitalisation nor is there a shortage of controls and management structures but rather the above layers work in concert and the speed authorities move when there are signs of banking systems violations.

CBK has not fully created a tough precedence in the way it has dealt with bank owners, directors and senior managers who have had a hand in past bank failures.

Without huge fines or jail terms, the vicious cycle of bank failures will be with us for a long time. Authorities must go a step further to repossess assets acquired using stolen customer deposits.

JOE MUSYOKI, **Kitengela**

Why Kenya must explore opportunities for economic growth

Kenya has got all the opportunities to explore in order to grow its economy. Last year, the country hosted the Global Entrepreneurship Summit that saved its face on the global map.

President Uhuru Kenyatta has also been championing to improve

the country's diplomatic ties to boost international trade. His recent visit to Israel, France and Germany tell it all. He has been pushing to ensure that Kenya stamps her footprint in the global market.

His effort is laudable but what are Brand Kenya, Kenya Investment Au-

thority and Kenya Tourism Board doing to improve the opportunities?

This year, events and conferences lined up include Africa International Export and Import Fair in September and the United Nations Conference on Trade and Development in July.

The relevant bodies tasked with

the responsibility of promoting international trade need to ensure that every opportunity granted by the private sector or public sector is properly utilised. The government must involve the private sector to achieve its global trade mark.

LILIAN SILAPEL, **via email**

Firms should innovate and integrate so as to succeed

NEIL SHOLAY
TECHNOLOGY

This year looks set to be the year that the Internet of Things (IoT) hits the big time.

We've already seen a range of new IoT services come to market. Take Samsung's recently-launched smart fridge. This connected cooler allows people to check in on the contents of their fridge via their smartphones, and even helps them to plan healthier eating regimes for their families. Google is working on driverless cars on the road that will use the IoT to help vehicles navigate and avoid collisions.

In the digital age, IoT is absolutely essential to delivering exceptional customer experiences. This is a critical time for IoT, one where the technology is poised to take a central role in our home and work lives. As such, it's important to keep in mind the key factor in its success: application innovation. IoT isn't just about adding 'intelligence' and sensors to devices; it's about creating innovative applications that make use of this technology to deliver value.

Businesses must therefore be able to experiment with IoT applications in a low-cost, low risk environment. After all, you can have all the embedded sensors in the world, but they're useless without value-add applications that integrate IoT data with all relevant enterprise systems.

Applications

There's only one way of addressing this need and that's through Cloud Platforms. A Cloud Platform enables application developers to rapidly build and test IoT applications in the cloud. This approach greatly lowers the cost and time associated with developing such applications, as developers can use the pre-configured development tools delivered through the platform.

Costs are further lowered, as developers need only use the database, storage and compute resources sufficient to their requirements; whereas in the past, developers would need to build a unique development environment for each and every application – a time consuming and costly process.

The result of all this, is that developers are free to experiment; they can try out IoT applications within the cloud to see if they generate real value – whether that is through improving business efficiency or creating a new service for customers. If the applications prove successful, then the Cloud Platform allows them to immediately scale it up by increasing the resources dedicated to the application, or, if more appropriate, by moving the application to the businesses' on-premises systems.

Cloud Platforms therefore enable businesses to be more agile with their application development, and this will prove crucial in helping them develop truly innovative IoT applications that deliver a competitive edge. As we move into the new IoT-enabled world it is clear that businesses need to innovate and integrate to succeed.

The writer is the head of Oracle Digital for EMEA

NEWS INDEPTH

Booming malls entice retailers despite glut fears

OUTLOOK Low-end market seen as next frontier for growth especially if investors set up market stalls

BY OTIATO GUGUYU

With over 400,000 square meters of space to come under shopping malls in Nairobi within the year, anxiety is building over whether demand can match up.

According to Knight Frank's 2016 sub-Saharan Shopping Centre Development Trends, Nairobi already boasts of 391,000 sq meters of existing mall space with an additional 470,000 sq meters in the pipeline.

Market analysts are edgy as to whether real estate, Nairobi's most lucrative growth sector that has prompted construction of huge shopping malls may be headed for a glut. Realtors are worried that floor space is not selling as fast as anticipated with some malls running empty stalls while some owners opting to occupy huge spaces with their own businesses.

Last week, during the East Africa Property Investment Summit, Britam Asset Managers said that to consolidate profits, it was time construction of shopping malls in the city is brought to a halt. "Beyond the Two Rivers Mall expected to open by the end of this year, no further retail space will be required in Nairobi, as there will be oversupply," Britam Asset Managers CEO Kenneth Kaniu said.

However, James Hoddell, the chief executive of Managers and Mentor Management Limited (MML) said yesterday the current anxiety is not necessarily due to oversupply, but tough market conditions for businesses.

"It has been a tough market for retailers last year so I do not think it is too much space. Some areas like the Runda may not have more space, but there are other areas that are underserved," he said.

Mr Hoddell said that the low-end market may be the next frontier for growth of retail space especially setting up market stalls.

Knight Frank said some areas of the city remain underserved and the swelling middle class with rising incomes presents an opportunity for growth. "Despite the high levels of recent construction activity, there are still opportunities for the development of well-located, well-positioned malls across Nairobi. Several neighbourhoods remain undersupplied for shopping centre space and retail demand will continue to be driven by the growth of Nairobi's consumer classes," the report reads.

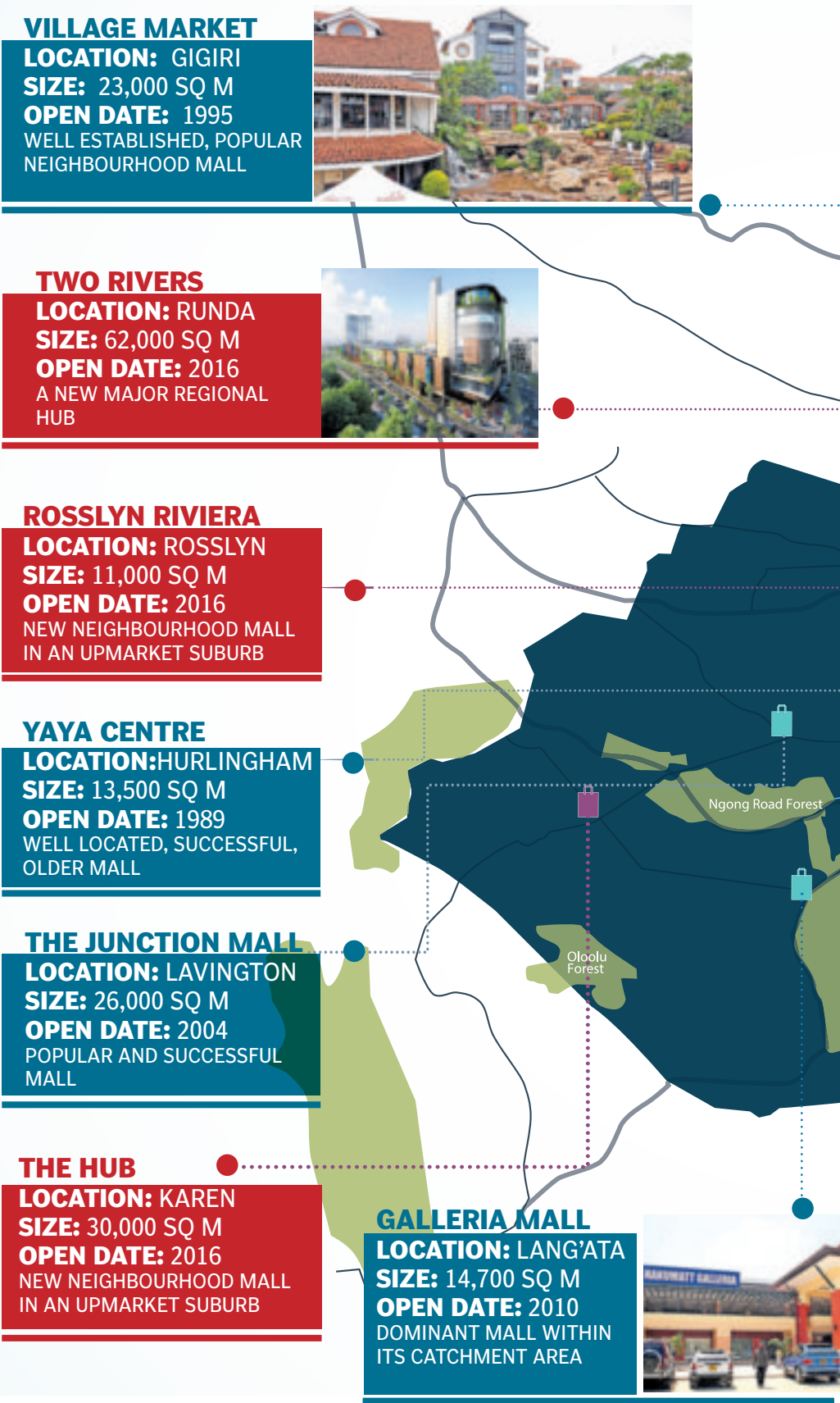
Knight Frank's research has identified Nairobi, Luanda, Lagos, Dar es Salaam and Maputo as the cities with the five largest shopping centre development pipelines in sub-Saharan Africa, excluding South Africa. All of these cities are currently targeted by investors in Africa.

Head of Africa for Finland-based Taaleri Private Equity firm, Antti-Jussi said that with diminishing returns abroad, Kenya is likely to see more investor interests from the USA, European Union, Turkey and Asia looking for prospective projects.

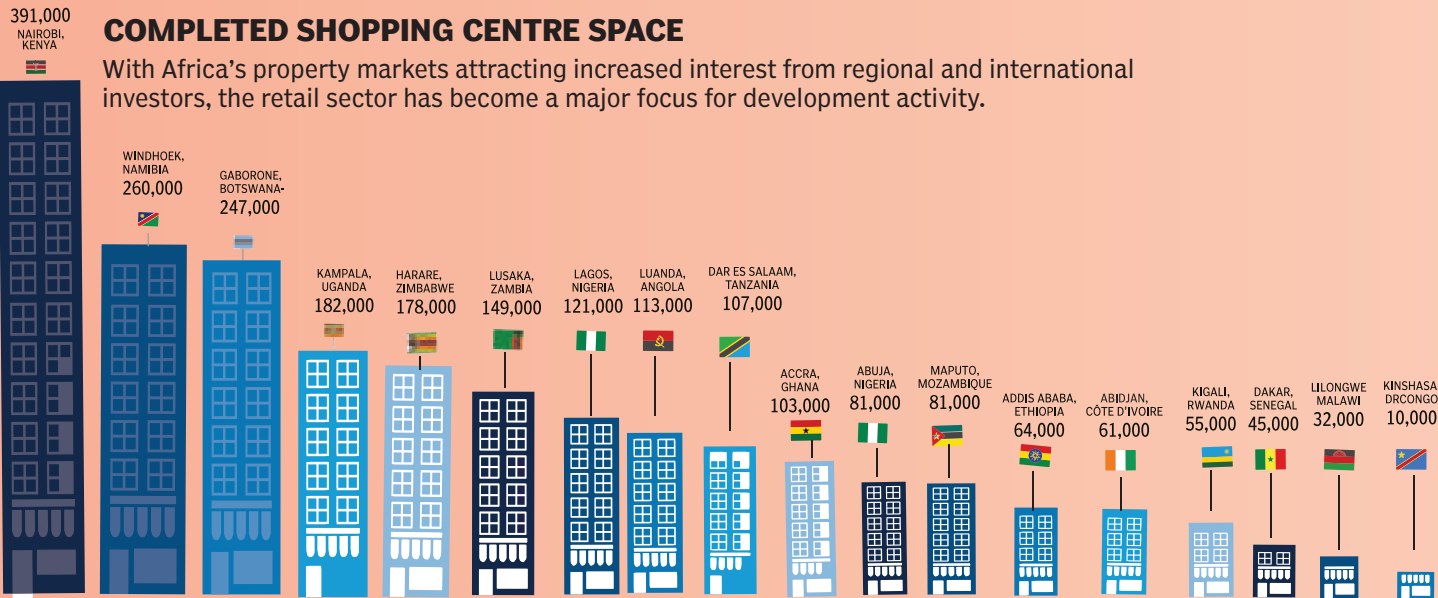
He said that investors are not worried about oversupply in the real estate sector given that in the Kenyan case, it is not supported by risky debt. "When you talk about glut or a bubble it is usually a problem when the sector is financed with banks credit but in our case Kenya's real estate segment is getting a significant amount of private equity financing which supports it," he said.

Nairobi is ranked as the hottest retail property market outside South Africa by Knight Frank.

dotiato@ke.nationmedia.com



AFRICA: THE RETAIL OPPORTUNITY



SHOPPING CENTRE DEVELOPMENT HOTSPOTS

Floor space estimates include formal shopping centres with multiple retail units and a minimum gross leasable area (GLA) of 5,000 sq m.

Country/city	Existing mall space
Nairobi	391,000 sq m
Uganda	182,000 sq m
Tanzania	107,000 sq m
Maputo	81,000 sq m
Lagos	121,000 sq m
Accra	103,000 sq m

WESTGATE MALL

LOCATION: WESTLANDS
SIZE: 29,000 SQ M
OPEN DATE: 2007
EXCELLENT LOCATION;
REOPENED IN 2015 FOLLOWING
2013 TERROR ATTACK



GARDEN CITY

LOCATION: KASARANI
SIZE: 33,000 SQ M (PHASE ONE)
OPEN DATE: 2015
MAJOR NEW REGIONAL DESTINATION
MALL ON THIKA SUPER HIGHWAY



THIKA ROAD MALL

LOCATION: ROYSAMBU
SIZE: 28,000 SQ M
OPEN DATE: 2013
RECENTLY OPENED MALL WITH
HIGH FOOT FALL



SARIT CENTRE

LOCATION: WESTLANDS
SIZE: 30,000 SQ M
OPEN DATE: 1983
NAIROBI'S FIRST FORMAL MALL;
STILL VERY POPULAR



GREENSPAN SHOPPING MALL

LOCATION: DONHOLM
SIZE: 18,000 SQ M
OPEN DATE: 2011
PRIMARY SHOPPING CENTRE WITHIN ITS
CATCHMENT AREA



NEXTGEN MALL

LOCATION: NAIROBI SOUTH C
SIZE: 65,000 SQ M
OPEN DATE: 2016
LARGE MIXED-USE PROJECT; MALL
ANCHORED BY NAKUMATT

SAFARICOM MALL(CRYSTAL RIVERS)

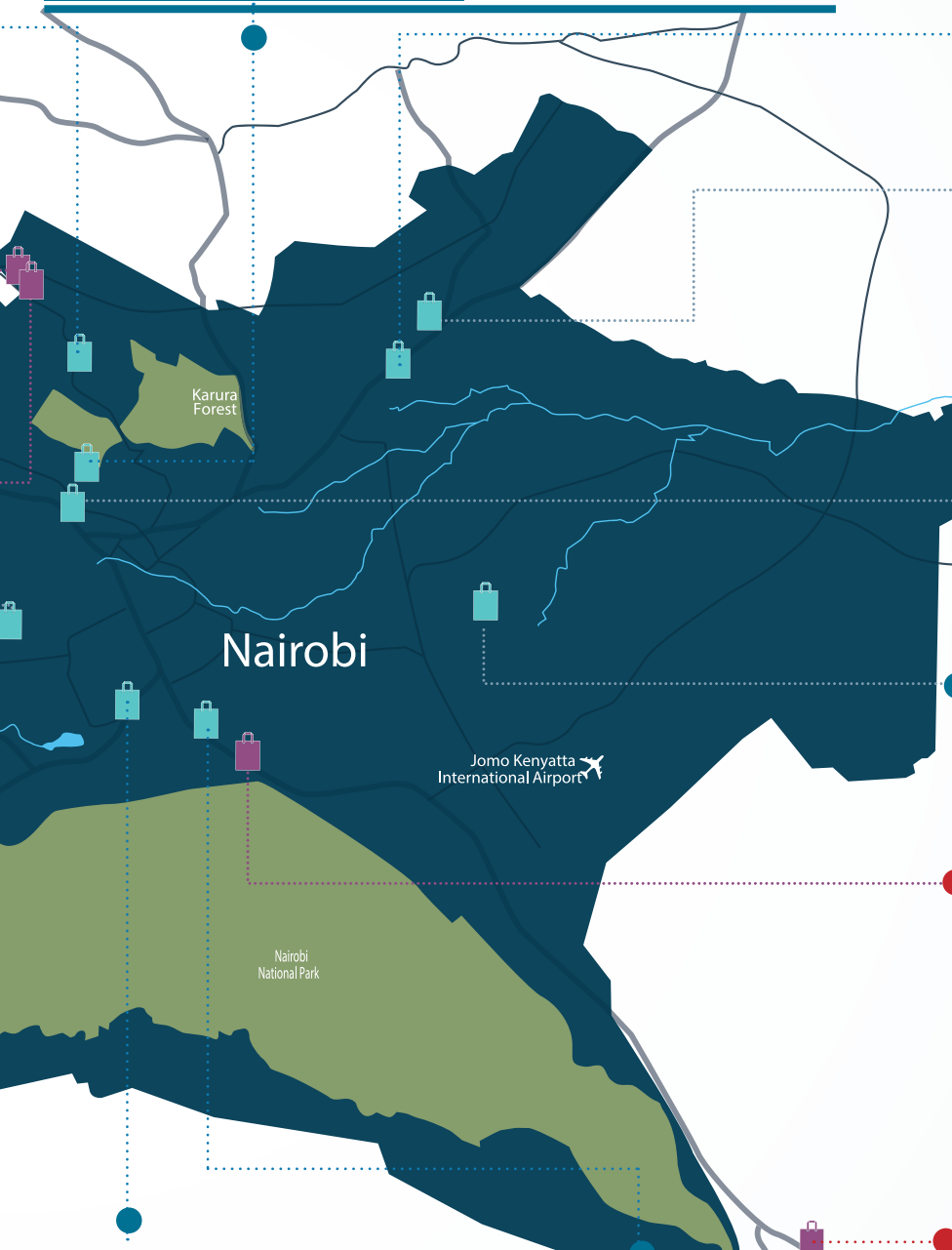
LOCATION: ATHI RIVER
SIZE: 20,000 SQ M
OPEN DATE: 2017
NEW MALL WITHIN AN AREA OF MAJOR
RESIDENTIAL DEVELOPMENT

T-MALL

LOCATION: NAIROBI WEST
SIZE: 16,000 SQ M
OPEN DATE: 2009
MALL ANCHORED BY TUSKYS
SUPERMARKET

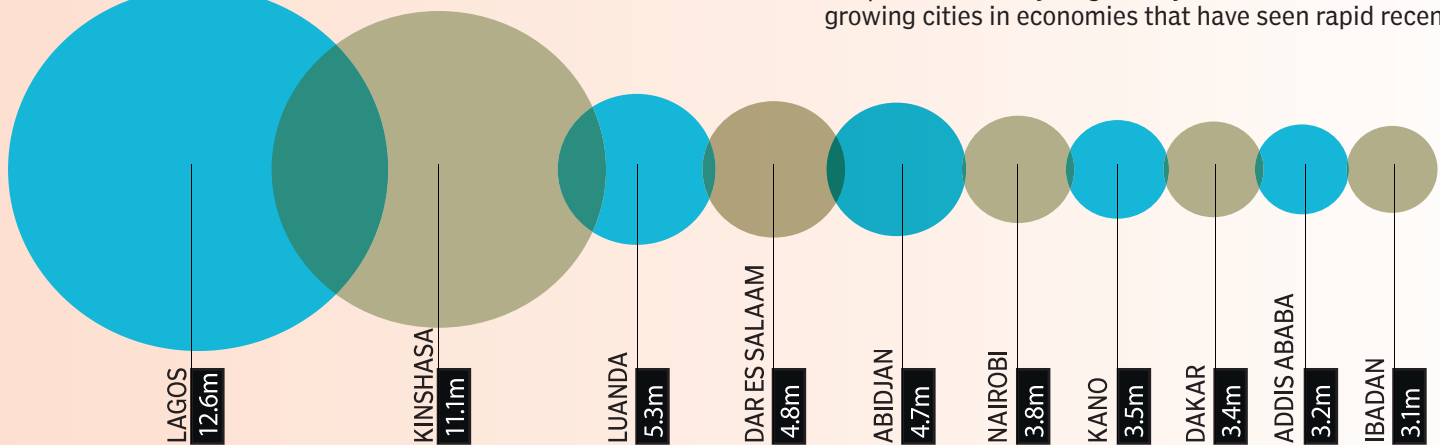
CAPITAL CENTRE

LOCATION: NAIROBI SOUTH B
SIZE: 14,000 SQ M
OPEN DATE: 2003
MALL WITH EXCELLENT VISIBILITY ON
MOMBASA ROAD



SOURCE: KNIGHT FRANK RESEARCH. SHOP AFRICA 2016

SHOPPING CENTRE MARKET GROWTH
Ten largest cities in Sub-Saharan Africa*
Population (millions)



Nairobi, Luanda, Lagos, Dar es Salaam and Maputo are the cities with the five largest shopping centre development pipelines in Sub-Saharan Africa, excluding South Africa. All of these cities fit the profile currently targeted by investors in Africa, as large, fast growing cities in economies that have seen rapid recent expansion.

Pipeline space
470,000 sq m
128,000 sq m
235,000 sq m
193,000 sq m
240,000 sq m
138,000 sq m

REGIONAL NEWS

Uganda police raise the alarm over bank fraud by employees

CRIME
20 cases of USh7bn latest as focus shifts to system loopholes

BY ANDREW BAGALA
BD CORRESPONDENT IN KAMPALA

The Criminal Investigations Directorate (CID) is investigating more than 20 cases in which seven banks lost about Sh7billion in what has been termed as fraud engineered by bank employees.

The cases were registered between January 2015 and January 2016.

Police spokesman Fred Enanga said investigations detected connivances between bank employees and clients in most of the cases where banks have lost money.

“Bank fraud cases are still high and involve huge amounts of money. Financial institutions should do more to fix loopholes that their staff are exploiting to defraud the banks and the clients,” Mr Enanga said.

Police statistics show the banking sector loses at least USh20 billion in crime annually. Nearly half of the losses are linked to collusion with the bank staff.

The most prominent case was of Equity Bank where Sh4bn was lost in money laundering cases in 2015.

Mr Enanga said 10 suspects, including the bank’s operations manager, David Serwamba Musoke, Abubakar Kalungi, alias Manirakiza, Shafik Mubarak, Mathew Keeya, Isaac Serwamba, Joseph Mugisha, Kenneth Matovu and Bernard Lubega, were involved in the scam.

The case is pending in court.

Another case under police investigations is reported by KCB Bank involving document forgery leading to a fraud and the bank was



Uganda currency notes: The police are saying cases of fraud have been increasing, forcing some banks to create crime prevention desks. FILE

defrauded of \$470,000.

Mr Enanga said the case has been sanctioned by the Director of Public Prosecutions and the suspects will be taken to court.

Suspect withdrawals

The third case registered by the police was theft of USh300m and replacement of the same amount of counterfeits allegedly by fraud suspects in NC Bank.

Mr Enanga said the NC Bank case was submitted to the Director of Public Prosecutions for sanctioning.

Police are also investigating the suspect withdrawals of USh152m and USh207m from Centenary Bank and DTB Bank respectively.

According to the police report, CID was investigating nine cases against employees of Stanbic Bank between 2015 and 2016.

Of the nine cases, five were a result of causing financial loss while the rest were related to embezzlement.

However, Mr Patrick Mweheire, the chief executive officer of Stanbic Bank, recently said they had registered 43 fraud cases at the police.

Some of these cases could have emerged before 2015.

Special desk

Deputy Director of CID, Mr William Kototyo, recently said they had to establish a special desk at CID headquarters to deal with criminal cases at Stanbic Bank alone.

Mr Kototyo said several banks are now seeking attachment of police detectives to their offices to deal with the ever increasing cases of fraud within the financial institutions.

Major drug shortage hits South Sudan

South Sudan is facing a critical shortage of drugs and life-saving medicines, according to Médecins Sans Frontières and a government official.

It comes at a time when humanitarian organisations have been placed in a near-impossible situation — increasingly relied upon to provide most of the funding in the medical and educational sectors but subject to new legislation that could burden their operations.



A displaced woman: The conflict has lasted two years. AFP

“The conflict in South Sudan has now continued for over two years, heavily impacting its population and putting as always the most vulnerable at risk,” Doctor Joanne Liu, MSF international president, said. “On top of this already dire humanitarian situation, an additional and preventable medical emergency is unfolding.”

The end of a medical procurement programme, funded by foreign governments, “has now led to unacceptable and devastating outages of drugs throughout the country,” Liu wrote.

Shortages at the Juba Teaching Hospital in South Sudan’s capital began in November.

“We are supposed to give the medication for free; this is the system of the government – but we can’t do that,” Eric Mawen, a doctor at the hospital, said.

Due to the funding shortfall, patients there are now required to purchase their own drugs before treatment. If they can’t pay, they don’t receive treatment.

Mawen said the doctors are sometimes beaten and threat-

ened by those who want treatment but can’t pay.

“One night, soldiers came and said ‘Give me anti-malaria’. I said I didn’t have any anti-malaria (medication) and they didn’t believe me. I said, ‘Let’s go to the pharmacy’. There was nothing there, and I was saying ‘Don’t shoot [me]’.”

The drug shortage is in part due to the failure of the South Sudanese government to follow through on purchasing drugs, according to interviews with health officials from foreign governments and humanitarian organisations in the country.

“Because of the financial situation in South Sudan, a lot of people can’t afford to buy essential drugs any more,” explained Gloria Puertas, a specialist working for the European Commission’s Humanitarian Aid and Civil Protection department (ECHO).

-IPS

BRIEFING

LAGOS

Nigeria mulls diverting joint projects cash to make up for budget shortfall

Nigeria might use money set aside for funding joint venture projects with foreign and local oil firms to make up any shortfall in the 2016 budget if government revenue projections are not met, Finance Minister Kemi Adeosun said .

The West African nation has been trying to boost tax revenues and the non-oil income to fund a record \$30 billion 2016 budget aimed at reviving Africa’s biggest economy hit by the slump in oil prices. “The Plan B is around the cash calls,” Adeosun told Reuters and the Financial Times in an interview in Lagos when asked how the budget would be funded if revenue projections fell short.

JUBA

UN pushes for punishment of people responsible for crimes

The United Nations has commended South Sudanese rival factions for pushing the peace process forward. The UN deputy Special Representative of the secretary-general in South Sudan, Moustapha Soumare, however sent a strong warning to President Salva Kiir and opposition leader Riek Machar to bring to book all those responsible for the crimes against humanity during the two years of conflict. He said the past two years had seen thousands of people killed, millions of others displaced and hundreds of thousands affected by the conflict.

LUANDA

WHO wants yellow fever vaccination for Angolans to control outbreak

The World Health Organisation (WHO) wants all Angolans vaccinated against yellow fever. WHO boss Margaret Chan said the measure was necessary to contain the outbreak of the disease in the southern Africa state.

The Luanda authorities say 5.8 million people have already been vaccinated against yellow fever. Angola has a population of 26 million. WHO says Angola now urgently needs to vaccinate some 19.3 people in 12 provinces. Official data indicates that yellow fever has already killed 218 people in Angola and infected another 1,500 others.

RABAT

Renault, parts suppliers to invest \$1 billion in building new plants

French carmaker Renault and component suppliers will invest 10 billion dirhams (\$1.04 billion) in Morocco to build an “industry ecosystem”, the country’s industry minister said. Renault’s ecosystem and its new plants will raise Renault’s local sourcing of components to 65 per cent from 32 per cent and are projected to generate 20 billion dirhams in revenues, Moulay Hafid Elalamy said. Renault already has two car plants in the kingdom. It has a modern plant in Tangier producing cars and body pressings. “Renault ecosystem means that around Renault plants in Tangier and Casablanca, many other companies are coming to make the parts,” the minister said.

Enterprise



p. 16-17

FOOTPRINT:

Fashion model extends horizon to Africa wear

p. 18

MEGA PROJECTS:

Lamu Port and Turkana wind farm open up regions

► **WAY UP** Marion Moon of Wanda Organic says integrity convinced friends and relatives to fund her start-up

Investor targets juicy profits, harvests in organic fertiliser

BY LYNET IGADWAH

Marion Moon was restless during a tour of many countries, an adventure she paid for using her savings. For a month she was away in South East Asia, Thailand, Vietnam and Philippines to do some soul-searching.

While out of Kenya, she started wondering how the farmers in these countries she visited were producing surpluses.

“The culture shock got me so curious and that’s when I started questioning what it is that Kenyan farmers are not doing right to get such bounty harvests,” she said.

On returning home, Ms Moon, 32, of Wanda Organic, a company that imports organic fertiliser, researched on food production and found out that while Kenyan farmers were “depleting their soils” with chemical fertilisers, Vietnam, Philippines and Thailand were relying on organic farm inputs.

During the research, she stumbled upon the workings of Eliseo Cruz, the formulator of plantmate organic fertiliser. She contacted Dr Cruz for samples whose tests at a friend’s farm “were amazing; so I decided this was what I am going to invest in.”

Fertiliser and seeds are a big business in Kenya going by the scramble for the inputs during planting seasons. While limited access persists, Ms Moon Kenyan farmers were getting a raw deal in the use of inorganic fertiliser, something she says has confined farmers to the tiny corner of complaints about poor yields every year.

In 2012, she established Wanda Organic to import organic fertiliser known as plantmate bio-organic from Philippines.

The fertiliser that is recognised by the Government of Philippines as one of the best in that country has 22 micro-organisms that unlock soil nutrients to improve yields.

I started questioning what it is that Kenyan farmers are not doing right to get such bounty harvests

It contains nitrogen, phosphorous, potassium, calcium, micronutrients, probiotics, enzymes, and amino acids.

Marion Moon: The surplus produce in foreign countries got me interested.

LYNET IGADWAH



“The product works on the soils physical, biological and chemical properties,” Ms Moon, the Wanda Organic CEO, said.

It has been tested in Machakos and Makueni counties where farmers reported up to 30 per cent yield increases. Athman Kamangara, a farmer in Yatta, who grows French beans, maize, bananas, oranges and mangoes on a 2.4 hectare farm, says he started using the product in March 2014 and has seen better yields.

Plantmate maintains soil moisture during dry spell and repels some pests such as aphids and white flies, he said.

He buys a 50kg bag of Plantmate fertiliser at Sh3,150, which price Ms Moon says should drop to between Sh2,000 and Sh2,500 when local production starts by next year.

Government-sponsored DAP sells for Sh1,800 per 50kg bag, but Sh3,500 in the market. Under the government subsidy, CAN is Sh1,500 while the market rate is Sh3,000 a bag.

Trials have been carried out in Nyeri, Kirinyaga, Nakuru and Laikipia counties with support from the Kenya Climate Innovation Centre (KCIC), she said.

Last week, Wanda Organic inked a deal with two Philippines-based companies to set up an organic fertiliser manufacturing plant in Nakuru and Laikipia by end of the year.

Under the tripartite agreement ELR Family Trading Inc and Richfund International Company Ltd will provide technical support for manufacturing of Plantmate.

Ms Moon said the pact is a milestone and that each factory will be built at between Sh90.9 million (\$900,000) to Sh121 million (\$1,200,000). This is so far the biggest deal signed by Wanda Organic, which has 16 employees trained in agriculture and procurement.

The Business Management graduate of Macquarie University in Sydney Australia is optimistic that the company will start commercial supplies next year.

The journey so far has been an uphill task, she offers and lists some of the challenges. Getting government approval was the hardest. The com-

pany had to prove that microbes in the fertiliser were safe for local environment and would benefit farmers.

These require multiple assessments, including lab, greenhouse and field tests on different crops, a process that lasted two and a half years.

Prior to getting government approval, most development agencies turned down her request for funding, insisting she must have a licence.

“Most advised that I contact them when I have a minimum of 2,000 farmers within my loop,” recalls Ms Moon who quit her job as executive assistant at AON Uganda to start the company.

Technical assistance

But remained committed, always dreaming about the plight of farmers and their thin harvests.

In 2014, a pitch to the USAID finally went through, giving Wanda Organics a grant of Sh7.7 million as well as offering technical assistance.

Within 16 months, read the grant conditions, the product should be government-approved, registered positive feedback from farmers and made business sense.

She focused the funds on Makueni and Machakos and only included Kiambu, Kirinyaga and Nyeri counties after getting an additional Sh3.8 from the KCIC.

An additional Sh14 million was pooled from family and friends to test Plantmate fertiliser in Nakuru and Laikipia counties. “By the end of 2015, it was clear that the product was having great impact on smallholder farmers,” she said.

Having participated in the Global Entrepreneurship Summit (GES) in 2015, the forum taught her the dividends of integrity, which “dictates the future of enterprise. If I did not have high levels of integrity my friends and family would not have dared to contribute to my business kitty.”

When quitting her job in Uganda, she had no idea what business she would start, but “wanted to start something that would have great impact in Kenya and give return on investments.

ligadwah@ke.nationmedia.com



People walk past a Chase Bank branch along Mama Ngina Street in Nairobi. Resilience is the greatest asset in life — not millions saved in the bank or some other perishable resources. FILE

Why resilience is the hallmark of successful entrepreneurs



BY MURORI KIUNGA

Last week, something that most people never imagined could happen, happened. Chase Bank, apparently one of the best among the small banks in Kenya, was put under receivership.

The impact of the collapse of the bank was felt mostly by the poor and middle class across the country as it mostly targeted the youth, women, investment groups and small and medium enterprises.

As of now, the fate of close to Sh100 billion of depositors' money and 1,400 jobs are uncertain.

The pain of the possibility of losing one's life savings, business working capital hence cripple your business or job which has several dependants cannot be understated.

It is real. It is so painful that one depositor allegedly threatened to commit suicide should she lose all her money.

One of the first things to happen when such incidents occur is to regret and feel bitter for having opened an account in such a bank.

If another person influenced your decision — a family member, a business partner or a friend — the blame game shifts to them.

That does not help. We all know the folly of crying over spilt milk. Such dark moments are not uncommon in life.

The weak often faint but the strong emerge stronger and more determined to face another day. They know that adversities do not mark the end of life. When successful people face such huge losses, though they feel pain like anybody else, they do not take the loss personal. They deal with it and

find a way of getting on with life. And they always find one. Resilience, the ability to bounce back after an insurmountable setback or losses, is the greatest asset in life — not millions saved in the bank or some other perishable resources.

We have such people around and about us to get inspiration from. Those are the people who believe that nothing can break their resolution to succeed and that losses are normal in life.

To succeed in business and in life, we need to be able to endure tragedy and setbacks regardless of their magnitude. Consider the case of the legendary inventor Thomas Edison.

On the evening on December 10, 1914, a massive explosion erupted in Thomas Edison's factory and razed it to the ground.

According to an article by Edison's son Charles in a 1961 edition of *Reader's Digest*, Edison calmly walked over to him as he watched the fire destroy his factory. In a childlike voice, Edison told his 24-year-old son, "Go get your mother and all her friends. They will never see a fire like this again."

When Charles objected, Edison said, "It's all right. We've just got rid of a lot of rubbish."

To add salt to a wound, the factory was underinsured.

Thomas, who was 67 years old, could have wept, blamed this or that, yelled in anger or locked himself in his house in a state of depression.

But instead he put on a bold face, a smile and could even afford a joke with his son about the spectacle.

The following day he started rebuilding his factory with loans from friends. Within three weeks, he was back in business.

Tragedies and setbacks are part and parcel of life. It doesn't matter whether one loses money in a collapsed bank, through robbery, sickness or business blunders or errors of judgment. Though it is more painful when there is someone to blame, the most important thing is to take control of your emotions and guard against the erosion of hope for a better tomorrow.

Mr Kiunga is a business trainer and the author of *'The Art of Entrepreneurship: Strategies to Succeed in a Competitive Market'*. murorikiunga@yahoo.com

The most important thing is to take control of your emotions and guard against the erosion of hope for a better tomorrow

Fashion model turns to making

INNOVATION Emo Rugene's footwear draws the attention of regional and global buyers and stockists

BY MARGARETTAWAGACHERU

Emo Rugene may be best known around Nairobi as either an actor (playing Kenzo in *Veve*, a co-production of One Fine Day Films and Ginger Ink) or an award-winning model during the 2012 Swahili Fashion Week.

But that same year, Rugene got his start as a shoe designer after modelling on a slew of catwalks and runways since 2009, and seeing there was a gap in the local fashion market: "No Kenyan at the time was making chic and trendy shoes," said the former footballer turned fashionista and entrepreneur.

He had already been working as a stylist part-time for an African fashion house, (Blackbird Jeans) even as he'd just completed a Bachelor's degree in International Relations from USIU.

So it felt like a natural progression for him to transform his passion for fashion into what he hoped would become a lucrative enterprise by designing his own fashion line of Afro-centric shoes.

Starting small with seed capital of around Sh50,000, which he raised partly from his personal savings and partly from family members and friends, Rugene began working closely with several Nairobi cobblers on DuBois and River Roads who helped him hand-craft his colourful kitenge-covered shoes.

It didn't take long before his shoes started selling like hot cakes, especially after he mobilised his fellow fashion models and designers to wear them on several high profile runways, like the FAFA Fashion Shows held at the Villa Nova Kempinski



Shoes designed by Emo Rugene. ALL PHOTO BY MARGARETTAWAGACHERU



Emo Rugene: An actor, fashion model, shoe designer and entrepreneur.

Hotel. But his business took off after he opened social media pages and put Afro-shoes on Facebook, Twitter and Instagram where he'd regularly post images of new designs.

He soon drew the attention of global buyers and stockists. Currently, Rugene's

shoes sell not only in Kenya, Africa and beyond. "We sell our shoes are selling in Kenya, Uganda as well as the UK," he said, adding,

"We sell between 30 to 50 pairs of shoes a month which are valued at Sh90,000 and 150,000."

Overseas clients

Rugene said he has to apologise to overseas clients who buy the shoes but don't give out their contact details since our international clients don't give them outright and set them up.

Having just completed a master's degree in peace studies from the University of Innsbruck in Austria, Rugene is ready to expand the business to a new shoe line and shift to Ethiopia.

"I got the idea for the shoes while I was still in Europe, researching around East Africa. I considered the best place to start was in Kenya. Rugene who's found the best shoe makers and factories."

Fall of Chase Bank hits small-scale

BY BD REPORTER

The fall of Chase Bank has hit small and medium enterprises (SMEs) hard given that the bank had endeared itself to emerging entrepreneurs.

Chase Bank was dubbed Kenya's SME bank and had specialised products targeting the sector such as local purchase order financing, supply chain financing and unsecured loans.

This means closure of the bank last week has sent shock waves across the SME industry, which is one of the largest employers and wealth creators in Kenya. "Chase Bank was the pioneer bank in providing partnership to

SMEs when the industry had not harnessed this sector's potential," the lender said in its information memorandum for a bond offer last year.

The bank had Sh94.27 billion in customer deposits and a loan book of Sh103.3 billion as at December 2015, mostly lent to small businesses.

Successful SMEs

"Today, we are proud to see that many of the successful SMEs and household names in our country started off after a conversation in our humble offices at Prudential Assurance Building," the lender stated.

SMEs in Kenya form a core pillar of eco-

nomic activity contributing to 15 per cent of the Gross Domestic Product and provide employment to 10 million Kenyans.

"The multiplier effect of SMEs is huge for the economy. SMEs are good vehicles for utilising human resources for wealth generation and job creation. Industrialisation PS Juja, for example, at the SME FEST 2016 Event at the KICC in Nairobi.

From formal to informal, SMEs are the go-to for agripreneurs. Chase Bank was the go-to bank.

For example, the bank

ng Afro-centric shoes



Shoes designed by Emo Rugene.

PHOTO BY MARGARETTA WA GACHERU

only in Kenya but also in East
yond. “We have outlets where
selling in Tanzania, Rwanda
as well as in the US and the
adding,
between 30 and 50 pairs of Afro-
h which amounts to between
d 150,000.”

ents

he has to approximate since his
nts buy the shoes in bulk. “We
t our shoes on consignment
ernational clients like to buy
t and set their own prices.”
st completed his master’s de-
studies from the University
k in Austria, Rugene is now
nd the business by starting a
and shifting its production

idea for this new collection
ill in Europe, but I was also
ound East Africa and discov-
lace to start production,” said
found there are highly skilled
nd factories in Addis Ababa.

“There’s also plenty of well-priced sheep’s leather in Ethiopia, which is what my Nyala Sneaker Collection will be made from,” he added. Noting that Nyala is an Amharic word meaning gazelle, he said he intends his new line of unisex shoes to be casual yet elegant, sporty yet beautiful and chic, and as flexible as a gazelle is agile.

Calling his leather sneakers an “intercity shoe”, Rugene said his Nyala line will be more than just a Kenyan brand.

My Nairobi influence

“The idea of the Nyala design was inspired during my time in Berlin (his second home), so the shoe will reflect my Nairobi influence plus that of Addis Ababa,” where he already has a factory and shoe makers lined up.

All he needs now is the capital to get the new line rolling and that’s largely why he went back to Berlin last weekend. “I’ll be crowd-sourcing online through Kickstarter,” said Rugene.

Kickstarter, he explained, is not operational in Africa as yet but it works when you open a crowd-funding appeal in Europe.

“My goal is to raise between 30,000 and 40,000 Euros or approximately \$40,000 to \$50,000,” he said noting that the concept of crowd-sourcing has successfully taken off, especially in Europe and the US.

“It’s a model that many young entrepreneurs are using to raise funds from the public for start-up enterprises like mine,” he said.

His Kickstarter appeal went online starting April 11 and will be on the Internet for 45 days. If he doesn’t reach his goal he won’t get any of the funds offered by the public.

Those interested in contributing to the account can easily do so, so long as they have a valid credit card. But they need to do so before the 45 days are up.

And if the fundraising succeeds Rugene’s move could pave the way for other Kenyans to try crowd-sourcing as a means of making their own business start-ups a success.

margaretta.gacheru@gmail.com

cale enterprises hard

y contributing close to 25 per
Gross Domestic Product and
ployment to more than 11 mil-
.
multiplier effect created is good
omy. SMEs are therefore very
s for utilising local materials
uman resources which spur
ation and job creation,” said
tion PS Julius Korir last week
EST 2016 Expo and Conference
Nairobi.
nal to informal, techpreneurs
ers Chase Bank had marketed
o to bank.
le, the bank had a partnership

with AMIRAN to provide agri-SMEs with access to cheaper finance. Chase Bank had Sh100 million for onward lending to emerging businessmen from the Youth Enterprise Development Fund.

The lender also had Sh4.01 million from the Women Enterprise Fund to loan to female entrepreneurs.

The National Treasury had also advanced the bank Sh103.3 million at a concessional rate of five per cent per annum repayable over a 10-year period to January 2020.

Mr Korir acknowledged that lack of access to finance was a severe constraint to SMEs due to the high cost of establishing their credit worthiness by banks.

QUOTES

**“The only disability
in life is a bad
attitude.”**

SCOTT HAMILTON
RETIRED AMERICAN FIGURE
SKATER



**Success is a lousy
teacher. It seduces
smart people into
thinking they can’t
lose.”**

BILL GATES
AMERICAN BUSINESS
MAGNATE

**“Success is ...
knowing your
purpose in life,
growing to reach
your maximum
potential, and
sowing seeds that
benefit others.”**

JOHN C. MAXWELL
LEADERSHIP EXPERT



**“Yesterday is not
ours to recover, but
tomorrow is ours
to win or lose.”**

LYNDON JOHNSON
36TH PRESIDENT OF THE
UNITED STATES

Knowledge is having right answer, when in doubt ask



SRI BHARATAM

**Your assumptions are your windows on
the world. Scrub them off every once in a
while, or the light won’t come in.**

In life, we often do not have answers to most questions; be it concerning ourselves, others or situations. We read situations, make assumptions and arrive at decisions many times.

We all scramble to arrive at solutions, whereas most times what is more important is not the solution but the right path to the solution. So how do you get to the right path? Simply put, when in doubt, ask. Truth be told, knowledge is having the right answer, whereas intelligence is asking the right question.

The art and science of asking the right questions is the source of all knowledge. The biggest mysteries or challenges of life have been solved not by doing the right things or making the right moves, but rather by asking the right questions.

Let us take the example of one of the most revolutionary inventions made by man — the wheel. The earliest wheels are believed to have been used for pottery making. Imagine if human beings back then did not question how this simple tool could be put to better use.

They probably could have never dreamt of the radical change that simple questions could ever trigger. We would still be riding on camels or horses or even worse walking between the ends of the earth.

Despite the fact that someone back then dared to ask the defining question, it took almost 300 years to use the wheels for transportation. Although the wheel revolutionised the way early human beings travelled and transported goods, it was not a perfect invention. Asking questions about it triggered an unprecedented shift in human and technological evolution.

It is often said that judge a man by his questions rather than his answers. Yet many of us lay more focus on getting answers than asking questions.

Or even worse, some bury questions under the carpet. Here are some interesting facts about the art of asking the right questions. The only true wisdom is in knowing that you know very little, if not nothing; many people think they either know too much or too little.

The ego of knowing too much makes them feel belittled to ask questions. On the other hand, knowing too little sets in the complex of feeling stupid. Either way, people desist

from asking questions. But remember; He who asks a question is a fool for a minute; he who does not remains a fool for ever. If you are afraid of asking questions then you are ashamed of learning. So whether you know too much or too little, don’t hesitate to put up your hand and ask a question.

There is no stupid question, stupid people do not ask questions. They fear looking silly, fear about how others will react or fear about the impression they will create of themselves. The result, they desist from asking questions even when in doubt. Remember, Don’t be afraid of the answers. Be afraid of not asking the right questions. You don’t learn anything by talking, you learn things only when you ask questions.

Ask the right questions if you want to find the right answers: Asking the right questions takes as much skill as getting the right answers. The important thing is not to stop questioning. Take risk, ask more questions, and more importantly, ask the right question.

Making mistakes

Don’t ever be scared of asking the wrong questions, you are not reaching far enough if you are not making your share of mistakes or if you are not asking the right questions. Successful people ask better questions and as a result get better answers.

Take the attitude of a student, never too big to ask questions, never know too much to learn something new. You are never big enough to know everything, or to have solutions to all problems.

You learn more when you ask questions rather than talking about it. If you are a sales person, the purpose of asking questions is to find out the pain that either you have or that others have. When you understand the pain, you are better equipped to offer solutions.

So while most people find asking questions either difficult or fearful, here are a few tips on how you can cultivate the art of asking questions:

One, research about the subject. Knowing about the subject in question can trigger your thoughts or steer them in the right direction. And when you are in the right direction, you ask the right questions that take you closer to the right answers.

Two, remind yourself that asking questions does not make you a stupid, instead it is the other way round. You will remain stupid if you don’t ask the right questions to the right people at the right time. And remember, no time is the right time other than now. So go ahead and ask.

Three, complicated questions may have simple answers, so don’t think that your complicated questions will complicate your situation. Every complex questions have relatively simple answer.

Bharatam is the founder and Chief Mentor of Kuza Biashara Limited, a capacity building organisation coaching youth and SME owners across Africa. Sri chairs Entrepreneurs’ Organisation for Africa. He can be reached @Sbharatam or sri@kuzabiashara.co.ke.

LOGISTICS Engineering firm's subsidiary offers contractors five-star services in the wilderness

Mega projects open up remote areas for start-ups to thrive

BY ANNIE NJANJA

Kenya's remote areas have been opening up in the recent past in the wake of devolved governments and implementation of mega projects.

Key projects like Lamu Port-South Sudan-Ethiopia Transport (LAPPSET) corridor, wind power project and oil drilling in Turkana are happening in remote areas with poor road networks and minimal infrastructure development.

For instance, the LAPPSET project is envisaged to pass through isolated zones, less developed and marginalised towns such as Garissa, Isiolo, Moyale and Lodwar.

Projects such as the Turkana Wind Power have people working on them throughout. The project is at the heart of Marsabit, one of the poorest counties in Kenya. One would be too optimistic to expect five star hotel accommodation let alone decent food to eat.

And that is where Summit Seco camps and catering comes in to offer the much needed services to employees of companies working on these mega projects.

Summit camps and catering is a sub-

siary of Southern Engineering Company (Seco). Over the past six years Summit has offered catering and accommodation services to the mother company as well as other local and international firms.

The engineering firm formally launched the catering and accommodation service at the beginning of the year.

"Southern Engineering Company, a Kenyan based engineering company has provided these services to the resource industry for over six years.

"Earlier this year it launched these services as a new arm of the business under the company name Summit — Seco camps and catering," says marketing communications officer Sabeeha Charania.

The growing demand for catering and accommodation by workers deployed in remote locations led to the establishment of the subsidiary, she says.

The firm offers these services mainly to companies involved in exploration, development and construction projects in remote areas. The company employs 650 people mainly chefs, bakers, housekeepers and food service professionals.

Ms Charania says Summit's main objective is to provide quality services

This is a demanding job that needs to be successful every day without fail and this requires a lot of attention

SABEEHA CHARANIA,
MARKETING
COMMUNICATIONS OFFICER,
SOUTHERN ENGINEERING CO.



Summit camp and catering facilities. The subsidiary of Southern Engineering Company has been offering catering and accommodation services to contractors in remote areas. COURTESY

to its clients mainly found in the remote areas.

"Our work is to manage a five star hotel with five star services including housekeeping, full board dining, sports facilities and recreation in one of the most remote locations in Kenya," she said.

"We have invested heavily in training teams, getting the right support logistically, training chefs, housekeeping teams.

"This is a demanding job that needs to be successful every day without fail and this requires a lot of attention."

Seco has a partnership with Alpha Group (Seco's mother company) that supplies farm produce — including all types of meat — enabling the catering and accommodation arm of the company to provide international cuisines on demand to its customers besides offering all logistics solutions.

"Linked with Alpha Group, Summit is able to provide a highly valued 'home away from home' experience for your staff, managers and guests by nourishing them with international cuisines and

offering a diversity of accommodation options ranging from simple to palatial," she said.

The company is able to provide and deliver catering and accommodation services regardless of the place through the help of Alpha Logistics.

The type of accommodation services provided depends on the period of stay or a client's demand.

Clients can choose to have tents erected, container rooms, permanent or prefabricated houses built.

The package can also include office, a fully functional gym or a recreational area and additional services like medical, Internet, security, cable TV, fuel management, laundry and ironing services.

Amongst clients they have secured since 2014 include United Nations Support Office for African Union Mission to Somalia where they are catering to 200 for a period of four years, Siemens and Turkana Wind Power two year contracts where they are providing for 50 and 150 people respectively.

anjanja@ke.nationmedia.com

JamboPay plans diversification in five-year strategy

BY DAVID HERBLING

JamboPay, the firm which bagged the tender to automate revenue collection for Nairobi County, has unveiled plans to diversify and grow revenue by developing new tech solutions.

The start-up founded in 2009 by Danson Muchemi last week Thursday launched a five-year strategic plan which details the firm's plans to develop new products for other industries.

"The objective is to realise diverse representation across products, industries and demographic areas and to create strong rapport with partners and encourage investors while ensuring diversification of partnerships to avoid over reliance," said JamboPay.

JamboPay, an innovative electronic payments services provider based in Kenya with operations in Uganda and Tanzania, is also looking to set up shop at the upcoming Konza technopolis.

The fintech firm processes payments for more than 2,500 merchants including State agencies, hospitals, insurers, pay-TV companies and retailers.

JamboPay allows for mobile payments such as M-Pesa, Airtel Money, and YU-CASH and major credit cards.

City Hall plans to automate all payments in July as Nairobi County moves to seal revenue losses associated cash handling by employees.

About a third of all payments to City Hall are now made through JamboPay's electronic system. The majority of seasonal parking payers (85 per cent) have migrated to the e-portal, 70 per cent of those paying parking penalties do so electronically, while all business permits are renewed on the portal.

Homa Bay carpenter cashes in on boat building and repairs

BY BARACK ODUOR

Odira Ochola plies a rare business in Sindio trading centre of Sindio on the shores of Lake Victoria in Homa Bay County.

The father of four who was once a carpenter today earns his living building and repairing boats.

When the *Enterprise* visited his workshop in Rang'wa Beach in Sindio, the 45-year-old said he dumped furniture making for the new trade, which he says is lucrative.

"When I realised that making and repairing boats was profitable compared to furniture, I opened a boat making workshop where I assist fishermen by repairing their broken boats and building them new ones," he says.

Mr Ochola began his boat building

venture in 2010 when he saw the agony of most fishermen who had to wait for the services of the few boat makers available in the lakeside town.

"Boat making needs a special attention because mistakes committed during its repair or construction might cost passengers their lives," he says.

Mr Ochola adds that he began his boat building and repairing business after he realised that most fishermen along the lake were not keen on living permanently on the beaches where few of them ordered for furniture.

"Most fishermen are like pastoralists, they move from one beach to another after sometime because of the changing fishing grounds, therefore, making it difficult for them to acquire house furniture," he says.

The entrepreneur specialises in build-



About the business

■ Boat builder Odira Ochola (above) says it takes a month to make a passenger vessel that can carry 35 people. The vessel goes for Sh300,000. ■ Fishing boat, which costs Sh60,000, takes about two weeks to build.

ing passenger and fishing boats. Of the two, he says, it is building of passenger boat that earns him more money than

making fishing vessels.

Mr Ochola says a new large passenger boat capable of carrying up to 35 people costs Sh300,000 and usually takes him around one month to build. "Making a passenger boat is profitable compared to fishing boat which goes for Sh60,000 and takes two weeks to build," he says.

In a month, Mr Ochola explains, he can realise up to Sh40,000 from his business in profit.

He says to repair and build boats, assorted woods, nails of different sizes, iron sheet and bladder are the main materials needed.

"The cost of materials needed to make one big passenger boat is Sh40,000. This includes the shredded iron sheets which is used to seal openings that might allow water into the boat," says Mr Ochola.

The boat builders say he depends

on repairing damaged vessels for his daily upkeep.

"Repairing boats for fishermen also brings income because repairing a passenger boat costs Sh4,000 while I charge at least Sh3,000 for a fishing boat. This varies according to the degree of the damage on the vessel," explains Odira.

Just like his fishermen customers who ply their trade from one beach to another, Mr Ochola is also ever on the move because the clients are spread along the beaches of the lake.

"I keep on moving with my tools from one beach to another because my customers are fishermen located at various fishing beaches of Lake Victoria,"

Mr Ochola says he works on beaches like Wakula in Mfang'ano Island, Sindio in Suba, Takawiri Island and Mainuga beach in Karachuonyo.

MONEY & MARKETS

PRICES | RESULTS | DATA

Kenya's first-half coffee earnings fall 9pc on lower volumes, prices

The value of coffee sold through Kenya's auction fell nine per cent to \$85 million (8.6 billion) in the half-year to March due to lower volumes and prices, a senior official said yesterday.

Kenya sold coffee worth \$93.2 million (Sh9.4 billion) in the first-half of the 2014/15 crop season that runs from October to September.

"The volume of crop was lower was

in the first-half and this coupled with the price trend in New York reflected on the overall earnings," Daniel Mbithi, chief executive of the Nairobi Coffee Exchange told Reuters.

Kenya's coffee prices track those of arabica in New York.

Kenya, whose high-quality beans are sought by roasters to blend with beans from other producers, exports

about 90 per cent of its coffee through the exchange, and the remainder is sold to foreign buyers directly. Officials said 324,585 bags of 60-kg each were sold in the six months to March compared with 328,401 the previous year.

The average price dipped to \$214.51 (Sh21,734) per 50-kg bag from \$232.4 (Sh23,547) in the previous year. East African coffee is normally packed in

60-kg bags but the prices are quoted for quantities of 50 kg.

"We shall be keeping an eye on New York because it will be a key determinant as the season progresses" Mbithi said.

Coffee exports were at one time Kenya's leading foreign exchange earner but have slipped to under 50,000 tonnes a year in recent years from a record level of 130,000 tonnes in 1987/88. -REUTERS

Botswana firm buys 51pc stake in Mara company

BY GERALD ANDAE

Wilderness Holdings Ltd, a Botswana-based firm, has acquired a 51 per cent stake in Maasai Mara camps firm, Governor's Camp Group of Companies, as it seeks to expand its business in East Africa.

Wilderness said it has concluded agreements with Monitor International Ltd (the vendor) to acquire 51 per cent of the shares and shareholder loans of Governor's local subsidiaries in Kenya and Rwanda. "The above acquisitions constitute the transaction that the above-named companies own and operate the Governors' Camp Collection of camps and lodges in East Africa," says the statement.

Wilderness said the remaining 49 per cent of the equity would continue to be held by the Monitor that represent the interests of the founders as well as previous and present management.

The acquisition involves stakes in Musiara Ltd, Governors' Aviation Limited, Goodison Ninety One Limited, Goodison Forty Two Limited, all registered and operating in Kenya, as well as Governors' Camps Rwanda Ltd and Governors' Safaris Rwanda Ltd.

The Governors' Camp Collection, founded in 1976, owns and operates a selection of Safari camps and lodges in East Africa's parks. In Kenya, it is located in the Maasai Mara National Reserve.

The brand expanded into Rwanda in 2007 through the addition of Sabyinyo Silverback Lodge, a mountain gorilla trekking site in Virunga National Park. Wilderness Group's current operations are concentrated in southern Africa, and the management says the acquisition of a controlling stake in the Governors' business represents a compelling opportunity for expansion into East Africa.

CRISIS Bankers say facility will restore confidence in sector following adverse rumours on social media

Banks back CBK bailout fund for cash-starved peers

BY BRIAN NGUGI

The Kenyan banking industry has welcomed the Central Bank of Kenya's (CBK) move to provide cash to any needy commercial or microfinance bank. This came as bankers yesterday reported a calmer day after last week's huge demand for cash as Chase Bank trouble emerged.

Kenya Bankers Association chief executive Habil Olaka said the facility would go a long way in restoring confidence in the sector.

"This has come at the right time because we needed to give confidence to the market that the government and Central Bank will not allow an institution that otherwise has got a sound base to be pulled down because of rumours, for example, circulating in the social media when its actually not their fault," Mr

Olaka said in interview.

He disclosed that in the last few days a section of lenders had experienced capital flight due to perceived size and quality following panic.

"Given the information that was circulating around, especially on social media some banks were being profiled, therefore, causing a lot of panic among customers. Customers had begun withdrawing money and putting it into banks perceived as strong...even a strong bank if subjected to a run it will come down," said Mr Olaka.

Experts said the cushion was long overdue and is in line with the best practice in advanced financial jurisdictions like Europe and America. "No central bank should allow a bank under any circumstances to collapse due to the huge adverse implications to the economy



From left: Treasury secretary Henry Rotich, Central Bank of Kenya governor Patrick Njoroge and Kenya Bankers Association chief executive Habil Olaka. DIANA NGILA

and therefore, this special fund was long overdue," said financial analyst and veteran banker Maarubu Munyaka.

Mr Munyaka called on the CBK to enhance its monitoring systems to early flag trouble among lenders.

Governor Patrick Njoroge said the facility would ensure the solvency of financial institutions and restore confidence in the banking system.

"We will avail this facility for as long as is necessary to return stability and confidence to the Kenyan financial sector. We have confidence in the rigour and strength of our banking sector and will continue to monitor and oversee

full compliance to our laws and regulations," he said.

The governor, however, maintained that banks would still be expected to comply fully with prudential guidelines and that rogue bankers would be punished. "As has also been indicated, firm action will be taken against those who have abused their fiduciary positions of management of our financial institutions," said Dr Njoroge.

CBK placed Chase Bank under receivership on Thursday last week after the small sized bank was unable to honour its obligations following a run.

bnjoroge@ke.nationmedia.com

Cytonn starts Sh2.5bn Ruaka housing project for middle class

BY OTIATO GUGUYU

Real estate and investment firm Cytonn has begun construction of a Sh2.5 billion 400-unit gated community in Ruaka.

The project called The Alma is scheduled for completion within three years and targets the middle to lower-middle income homeowners with "discerning tastes" for modern day apartments.

Cytonn is offering the 1, 2 and 3 bedroom apartment options set on the 4.18-acre parcel of land in what it terms "life-

style community".

"Our deal pipeline serves the various segments of the market ranging from the high end, such as the Amara Ridge whose construction is ongoing in Karen, to the middle to lower-middle income like The Alma, which will offer a comprehensive lifestyle and a secure community to the future families," said chief investment officer Elizabeth Nkukuu.

The mixed use complex with 408 modern apartments, a commercial facility, a lifestyle clubhouse and an elevated

playground for children is strategically located at heart of the fast-growing Ruaka neighbourhood.

The development is located on the main Limuru Road, 100 metres from the junction of the northern bypass, and a five-minute commute from retail and commercial facilities such as Two Rivers mall, Village Market, and the Rosslyn mall development.

The development targets a capital appreciation of 23 per cent per annum during development period of 130 weeks.

Head of Africa for Finland-based Taaleri Private Equity firm, Antti-Jussi who are financing the project through Cytonn, said the investors were not worried over the oversupply in the real estate sector.

"When you talk about glut or a bubble it's usually a problem when the sector is financed with bank credit but in our case Kenya's real estate segment is getting a significant amount of private equity financing which supports it," he said.

Mr Jussi said with diminishing re-

turns at home, Kenya is likely to see even more investor interest from the United States, European Union, Turkey and Asia looking for prospective projects in the region.

Taaleritehdas, which has cumulatively given Cytonn Sh2.5 billion, plans to invest up to Sh3 billion in Kenya's real estate market with its \$60 million (Sh6.4 billion) Africa-focused fund.

Cytonn Real Estate, is currently running more than Sh57 billion in real estate projects.



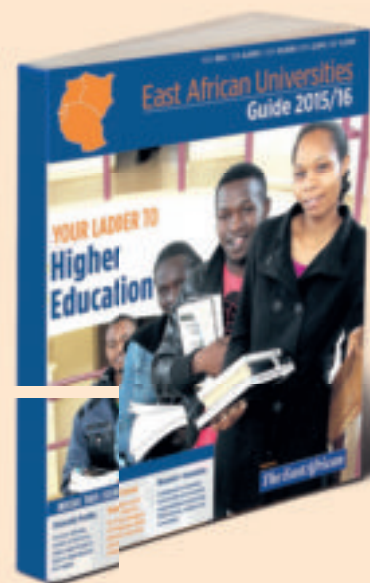
NOW YOU HAVE THE POWER TO CHOOSE YOUR FUTURE.

- Profiles of East African Universities
- Career Advice
- Student life on campus ... and much more

East African Universities Guide 2015/16

Is now available at Nation distributors' offices, all Nakumatt and Naivas supermarkets countrywide and selected bookshops.

For More information contact Queenter on
Tel 0719 038555 qanyango@ke.natiomedia.com



Brought to you by

The EastAfrican

UNDERSTANDING THE REGION

f TheEastAfrican | t The_EastAfrican
www.theestafrican.co.ke

MONEY & MARKETS GLOBAL

American shale oil firms feel credit squeeze as banks grow cautious

Nearly two years into an epic oil rout, US shale drillers that have upended global energy markets are finally feeling a credit squeeze as banks make their biggest cuts yet to their loans.

Every six months, oil and gas producers and their banks negotiate how much credit they should be given based on the value of their reserves in the ground.

In previous reviews, banks were willing to offer borrowers some leeway, encouraged by producers' hedges against falling prices and their ability to keep cutting costs in step with crude's slide that began in mid-2014.

This time, with many companies' hedges

largely gone and crude prices used in the reviews as much as 20 percent lower than six months earlier, banks are getting tough.

Just a few weeks into the current round of talks more than a dozen companies have had their loans cut by a total of \$3.5 billion, equivalent to a fifth of available credit, according to data compiled by Reuters.

At that rate, \$10 billion more of bank credit will disappear as a remaining \$50 billion or so of credit lines come under scrutiny in talks that stretch into May.

Companies and bankers contacted by Reuters declined to comment beyond their public statements due to the sensitive nature

of the talks. The squeeze puts further pressure on the shale industry to sell assets, cut jobs and drilling and shrink capital spending. It also raises the risk that more companies will tip into bankruptcy. Banks are also under more pressure now from regulators to limit their energy-related risks as the downturn drags on.

The next credit review in the autumn could take an additional toll if oil prices, now below \$40 a barrel, do not rebound.

"Any company that does not have a widely profitable base at this current price is going to find it very, very hard," said Christian Ledoux, senior portfolio manager at South Texas Mon-

ey Management. About 36 per cent of some 150 energy companies with speculative grade debt will probably default on their obligations by the end of next year if oil holds around \$35 a barrel, said Tarek Hamid, senior U.S. credit analyst at JPMorgan Chase & Co.

More than 50 North American oil and gas producers have entered bankruptcy since early 2015, according to a Reuters review of regulatory filings and other data. Oil and gas producers rely on revolving credit to finance day-to-day operations and cuts force them to look for cash elsewhere.

Clayton Williams Energy Inc., for example, which had its credit line slashed to \$100

million from \$450 million, borrowed the difference from Ares Management LP, an alternative asset investor that charged triple the rate of the banks. Fearing that falling crude prices and reserve values could push many companies into default, companies and bankers have been also renegotiating financial performance tests and claims on assets while resetting the borrowing limits.

Some companies, including Eclipse Resources Corp and California Resources Corp, have disclosed that banks have agreed to loosen, or even suspend, minimum financial requirements to give them more flexibility.

-REUTERS

US banks' dismal first quarter may spell trouble for 2016

OUTLOOK Analysts expect poor results when reporting begins this week

It is only April, but some on Wall Street are already predicting a rotten 2016 for US banks.

Analysts say it has been the worst start to the year since the financial crisis in 2007-2008 and expect poor first-quarter results when reporting begins this week.

Concerns about economic growth in China, the impact of persistently low oil prices on the energy sector, and near-zero interest rates are weighing on capital markets activity as well as loan growth.

Analysts forecast a 20 per cent decline on average in earnings from the six biggest US banks, according to Thomson Reuters data. Some banks, including Goldman Sachs Group Inc, are expected to report the worst results in over ten years.

This spells trouble for the financial sector more broadly, since banks typically generate at least a third of their annual revenue during the first three months of the year.

"What's concerning people is they're saying, 'Is this going to spill over into other quarters?'" Goldman's lead banking analyst Richard Ramsden said in an interview.

"If you do have a significant decline in revenues, there is a limit to how much you can cut costs to keep things in equilibrium."

Investors will get some insight tomorrow, when earnings season kicks off with JPMorgan Chase & Co, the country's largest bank.

That will be followed by Bank of America Corp and Wells Fargo & Co on Thursday, Citigroup Inc on Friday, and Morgan Stanley and Goldman Sachs Group Inc on Monday and Tuesday, respectively, in the following week.

Banks have been struggling to gen-



A trader works in the J.P. Morgan stall on the floor of the New York Stock Exchange.

erate more revenue for years, while adapting to a panoply of new regulations that have raised the cost of doing business substantially.

The biggest challenge has been fixed-income trading, where heavy capital requirements, new derivatives rules, and restrictions on proprietary trading have made it less profitable, leading most banks to simply shrink the business.

Bank executives have already warned investors to expect major declines across other areas as well.

Citigroup Inc CFO John Gerspach said to expect trading revenue more broadly to drop 15 per cent versus the first quarter of last year. JPMorgan Chase & Co's Daniel Pinto said to expect a 25 per cent decline in investment banking. Several bank executives have warned about declining quality of energy sector loans.

Global investment banking fees for completed merger and acquisitions, and stock and bond underwriting, to-

taled \$15.6 billion in the first quarter, a 28 percent decline for the year-ago period, according to Thomson Reuters data.

Volatility in stock prices and plunging commodities prices caused trading volume to dry up during most of the quarter.

Trading activity picked up slightly in March but was not strong enough to offset declines during the first two months of the year.

Analysts have been lowering first-quarter estimates over the last month in light of business pressures.

They now expect JPMorgan to report adjusted earnings of \$1.30 per share, Bank of America to report 24 cents per share, Wells Fargo to report 99 cents per share, Citigroup to report \$1.11 per share, and Morgan Stanley to report 63 cents per share.

Goldman is expected to report \$3.00 per share, the lowest first-quarter earnings since before the financial crisis.

Matt Burnell, a Wells Fargo banking analyst, said in a research note Friday that capital markets weakness may extend at least into the second quarter.

Analysts said there may be some loan growth outside of the energy sector, and a small uptick in net interest margins, a measure of loan profitability, but overall, the tone was less-than-optimistic.

"The first quarter is going to be ugly and we don't think that necessarily gets recovered in the back half of the year," said Jerry Braakman, chief investment officer of First American Trust, which owns shares of Citigroup, JPMorgan, Wells Fargo and Goldman. "There are a lot of challenges ahead."

-REUTERS



British Prime Minister David Cameron. FILE

Hit by Panama row, Cameron announces new tax evasion law

British Prime Minister David Cameron was yesterday scheduled to announce that new legislation making companies criminally liable if employees aid tax evasion would be introduced this year, as he seeks to repair the damage from a week of questions about his personal finances.

Cameron published tax records on Sunday to try and defuse criticism over his handling of the fallout from the Panama Papers, in which his late father was mentioned for setting up an offshore fund.

After four carefully worded statements in four days, Cameron bowed to pressure and admitted that he had benefited from selling his share in his father's fund in 2010. He recognized on Saturday that he had mishandled the disclosure.

Cameron is leading efforts to persuade British voters to stay in the European Union in a June 23 referendum that the polls suggest will be tight, and the tax row has raised concerns among the "in" camp that their cause may have been damaged.

The prime minister was to attempt to regain the upper hand when he appeared in the House of Commons later yesterday. "This government has done more than any other to take action against corruption in all its forms, but we will go further," Cameron said, according to advance excerpts of his statement circulated by his Downing Street office.

"That is why we will legislate this year

to hold companies who fail to stop their employees facilitating tax evasion criminally liable," he said.

The plan had already been announced by finance minister George Osborne in March 2015, but previously the commitment was to introduce the legislation by 2020, Downing Street said.

The decision to speed up that particular measure is unlikely to satisfy Cameron's many critics in opposition parties and in some campaign groups that say Britain already has the tools it needs to crack down on tax evasion but lacks the will.

The government rejects that, saying it has brought in more than 2 billion pounds (\$2.8 billion) from offshore tax evaders since 2010 and has established a registry of company beneficial ownership information due to become public in June this year.

The furor over his own finances has come at a particularly bad time for Cameron, who is due to host a global anti-corruption summit in London on May 12.

He has also been struggling with deep divisions in his Conservative Party over EU membership, and the government has been embarrassed by a senior minister's resignation, a u-turn on welfare cuts and a crisis in the British steel industry it has failed to resolve.

-REUTERS

MARKET DATA

Agro Commodities Market

Early Morning wholesale commodity prices Date 11.04.2016												
COMMODITY	Unit	Kg	Nairobi	Mombasa	Kisumu	Nakuru	Eldoret	Kitui	Ementi	Machakos	Kisii	Isiolo
CEREAL												
Dry Maize	Bag	90	2700	2300	3200	2300	2500	1800	1800	2000	2600	2250
Green Maize	Ext Bag	115	2000	5600	2500	1800	1800	2500	1600	2000		3500
Finger Millet	Bag	90	6200	6300	7200	4950	6750	7200	8100		6000	9000
Sorghum	Bag	90	3400	3000	3200	2700	5850	3600	3100			4500
Wheat	Bag	90	4000				3400				3600	
LEGUMES												
Beans Canadian	Bag	90	6000		8000	5500		8100		6000		
Beans Rosecoco	Bag	90	6000	5800	8000	5500	8550		4800	5600	5500	7200
Beans Mwitemania	Bag	90	5800	4800		4800	8550	5400	4900	5000		
Mwezi Moja	Bag	90	5600			4500		6300	5100			
Dolichos (Njahi)	Bag	90	13200	13950		12600	8100	13500	11700		10800	13500
Green Gram	Bag	90	9200	7650	11000	7900	9900	7200	10800	10000		
Cowpeas	Bag	90	7300	2700	7200	9000	4500	4500	3600	4300		
Fresh Peas	Bag	51	2100	2000	3000	3000	1785	2295	2550	3200	3000	
Groundnuts	Bag	110	13000	13200	10000	10800	11250	15400			12800	
ROOTS & TUBERS												
Red Irish Potatoes	Bag	50	2800	2100	2800		2200	4000	2300		4000	3500
White Irish Potatoes	Bag	50	2600	2600	2800	5600	1800	4000	2200	4000		
Cassava Fresh	Bag	99	2100	2000	2100			1000		2000		
Sweet Potatoes	Bag	98	3300	2900	2500	3500	2200	4500	2300	6000	2200	
VEGETABLES												
Cabbages	Ext Bag	126	1500	2800	1050		1300	2200	1800	900	900	1000
Cooking Bananas	Med Bunch	22	520	600	300	350	800		300	750	300	500
Ripe Bananas	Med Bunch	14	630	400	300	750	560	600	500	850		800
Carrots	Ext Bag	138	1800	3300	3500	1600	1800	2700		2500	3000	3200
Tomatoes	Lg Box	64	5600	7700	5000	3500	5400	4000	3800		6000	7500
Onions Dry	net	13	900	850	1040	850	700	845	780	3200	600	910
Spring Onions	Bag	142	2700	4000	2500	750	800		2130		2600	
Chillies	Bag	38	2280	3200	1500	2500		1900				
Kales	Bag	50	1250	1200	1300	1200	800	1200	600	1000	500	1500
Cucumber	Bag	50	2250	2500							3000	
Capsicums	Bag	50	2500	3250	2800	2500	2000			2000		
Brinjals	Bag	44	1980	1100	1500	1500			2800			
Cauliflower	crate	39	2200	2700		1000						
Lettuce	Bag	51	2040	2500								
FRUITS												
Passion Fruits	Bag	57	5000	5500	3000	5000	3420	2500	2800		5500	7800
Oranges	Bag	93	4500	3400		4400	3400	1800	3500	3000	3000	5500
Lemons	Bag	95	2700	2500	1700	2700		900	1800		900	
Mangoes Local	Bag	126	3200	2200	2500	3600	2000					2000
Mangoes Ngowe	Sm Basket	25	1150	1000	2100	500	500	350				
Limes	net	13	1170	750								
Pineapples	Dozen	13	1040	960	650	480	1300	910	550	800	550	1200
Pawpaw	Lg Box	54	1600	700	1300	2700	1890	700	600	2500	750	900
Avocado	Bag	90	2600	3000	1800	2000	1600	2500		1800	700	2300
OTHERS												
Eggs	Tray	280	280	330	290	300	360	310	330		300	330
SOURCE: STATE DEPARTMENT OF AGRICULTURE. EMAIL MARKETINFO@KILIMO.GO.KE												

SOURCE: STATE DEPARTMENT OF AGRICULTURE. EMAIL MARKETINFO@KILIMO.GO.KE

Unit Trusts

Effective date: : 8th April 2016

MONEY MARKET FUND	CURRENCY	DAILY YIELD	EFFECTIVE ANNUAL RATE
OLD MUTUAL	SH	8.35%	8.68%
BRITISH AMERICAN	SH	11.07%	11.65%
UAP	SH	5.06%	5.19%
GENCAP HELA	SH	-	-
PAN AFRICA PESA+	SH	14.35%	15.43%
MADISSON	SH	13.00%	13.80%
CBA	SH	9.97%	10.40%
AMANA	SH	14.13%	15.08%
STANLIB	SH	10.40%	10.91%
EQUITY MONEY MARKET FUND	SH	8.45%	8.78%
ZIMELE	SH	10.34%	10.75%
ICEA	SH	-	-
CIC	SH	11.91%	12.48%
APOLLO	SH	-	-
FIXED INCOME FUND	CURRENCY	BUY	SELL
GENCAP HAZINA	SH	-	-
CIC	SH	9.82	10.01
NABO AFRICA	USD	-	-
BALANCED FUND			
OLD MUTUAL	SH	148.85	158.5
BRITISH AMERICAN	SH	177.09	182.27
GENCAP ENEZA	SH		
MADISSON	SH	57.01	60.15
PAN AFRICA CHAMA+	SH	11.22	11.57
AMANA	SH	127.04	127.04
STANLIB	SH	126.71	126.71
EQUITY BALANCED FUND FUND	SH	102.60	100.59
ZIMELE	SH	6.43	6.24
ICEA	SH	-	-
CIC	SH	12.28	12.86
NABO AFRICA	USD	-	-
APOLLO	SH	-	-
EQUITIES FUND			
OLD MUTUAL	SH	357.56	383.11
OLD MUTUAL EA FUND	SH	143.67	152.05
BRITISH AMERICAN	SH	183.13	188.95
CBA	SH	148.17	148.17
GENCAP HISA	SH	-	-
MADISSON	SH	43.63	46.32
AMANA	SH	126.89	126.89
STANLIB	SH	163.44	163.44
ICEA	SH	-	-
CIC	SH	12.65	13.31
NABO AFRICA	USD	-	-
BOND FUND			
OLD MUTUAL	SH	97.71	100.03
BRITISH AMERICAN	SH	133.53	136.26
UAP	SH	11.82	11.82
PAN AFRICA PATA+	SH	9.65	9.95
STANLIB FUND B1	SH	99.94	99.94
STANLIB FUND A	SH	99.57	99.57
ICEA	SH	-	-
SHARIAH COMPLIANT			
GENCAP IMAN	SH	-	-

Commodities

Tourist attraction



China

A photo of terraced rice fields next to Tiantou village in Longsheng county, south China’s Guangxi Zhuang Autonomous Region. The Longji Rice Paddies are a tourist favourite, attracting visitors from China and abroad, and feeds the surrounding villages. AFP

African Index weekly Review 11/04/2016

COMPANY	TICKER	SECTOR	COUNTRY	PRICE	PRICE	MKT CAP	P/E	SHARES
			US(\$)	CHANGE	US\$ MIN		ISSUE MIN	
SAB MILLER	SAB SJ	BEVERAGES	SOUTH AFRICA	58.36	-2.8%	93,705.36	38.8	1,605.7
ANGLO AMERICAN	AGL SJ	MINING	SOUTH AFRICA	7.55	0.6%	9,699.35	-5.4	1,284.5
SASOL	SOL SJ	OIL & GAS	SOUTH AFRICA	27.70	-5.7%	18,034.24	10.0	651.1
MTN GROUP	MTN SJ	TELECOMMUNICATIONS	SOUTH AFRICA	8.56	-2.9%	15,598.64	17.4	1,822.5
STANDARD BANK	SBK SJ	BANKING & FINANCE	SOUTH AFRICA	8.11	-6.8%	12,991.24	8.8	1,601.4
ANGLO PLATINUM	AMS SJ	MINING	SOUTH AFRICA	24.04	-0.3%	6,442.92	152.3	268.0
ANGLOGOLD ASHANTI LTD	ANG SJ	MINING	SOUTH AFRICA	14.15	5.1%	5,735.59	-141.0	405.3
TULLOW OIL PLC	TLW GN	OIL & GAS	GHANA	7.33	0.4%	6,682.86	381.7	911.4
MAROC TELECOM	IAM MC	TELECOMMUNICATIONS	MOROCCO	12.97	3.8%	11,400.80	18.2	879.1
DANGOTE CEMENT PLC	DANG NL	BUILDING MATERIALS	NIGERIA	0.86	-1.5%	14,631.28	15.6	17,040.5
ORASCOM CONSTRUCTION	OCIC EY	CONSTRUCTION	EGYPT	24.55	0.0%	5,080.32	74.0	206.9
ATTIJARIWafa BANK	ATW MC	BANKING & FINANCE	MOROCCO	35.11	0.5%	7,146.80	14.3	203.5
NIGERIAN BREWERIES	NB NL	BREWERIES	NIGERIA	0.98	3.0%	7,385.83	28.4	7,562.6
BANQUE MAROCAINE DU COMMERCE	BCE MC	BANKING & FINANCE	MOROCCO	21.24	-1.7%	3,812.67	15.6	179.5
TELECOM EGYPT	ETEL EY	TELECOMMUNICATIONS	EGYPT	0.94	1.5%	1,609.28	6.4	1,707.1
VODAFONE EGYPT	VODE EY	TELECOMMUNICATIONS	EGYPT	4.01	0.0%	963.26	3.5	240.0
BANQUE CENTRALE POPULAIRE	BCP MC	BANKS	MOROCCO	22.60	-0.6%	4,006.41	15.4	182.3
LAFARGE	LAC MC	BUILDING MATERIALS	MOROCCO	184.38	3.2%	3,220.88	21.4	17.5
DOUJA PROM ADDOHA	ADH MC	REAL ESTATE	MOROCCO	3.96	10.5%	1,276.79	11.1	322.6
SONATEL SN	SNTS BC	TELECOMMUNICATIONS	BRVM	43.41	1.7%	4,341.15	12.9	100.0
GUARANTY TRUST BANK	GUARANTY NL	BANKING & FINANCE	NIGERIA	0.07	-0.2%	2,138.24	4.2	29,431.2
ZENITH BANK	ZENITH NL	BANKING & FINANCE	NIGERIA	0.06	-0.5%	1,748.26	3.6	31,396.5
CGI	CGI MC	REAL ESTATE	MOROCCO	44.05	0.3%	810.82	101.4	18.4
GUINNESS NIGERIA PLC	GUINNES NL	BEVERAGES	NIGERIA	0.51	-0.3%	765.08	218.8	1,505.9
COMMERCIAL INTERNATIONAL BANK	CIB EY	BANKS	EGYPT	4.48	3.4%	5,139.96	9.6	1,147.1
FIRST BANK	FIRSTBAN NL	BANKS	NIGERIA	0.02	0.9%	609.11	1.5	35,895.2
ABU KIR FERTILIZERS	ABUK EY	CHEMICALS	EGYPT	12.98	-1.2%	1,092.23	9.6	84.1
EAST AFRICAN BREWERIES	EABL KN	BREWERIES	KENYA	2.81	-0.4%	2,222.40	22.4	790.8
SAFARICOM LTD	SAFCOM KN	TELECOMMUNICATIONS	KENYA	0.17	-0.7%	6,735.92	19.0	40,065.4
MAURITIUS COMM. BANK	MCB MP	BANKING & FINANCE	MAURITIUS	6.37	0.8%	1,514.75	11.7	238.0
MOBINIL	EMOB EY	TELECOMMUNICATIONS	EGYPT	13.67	-4.7%	1,366.76	1126.9	100.0
T M G HOLDING	TMGH EY	REAL ESTATE	EGYPT	0.71	-0.6%	1,472.41	17.1	2,063.6
POULINA GROUP HOLDING	PGH TU	HOLDING COMPANIES-DIVERS	TUNISIA	2.55	2.2%	458.10	12.4	180.0
ECOBANK TRANSNATIONAL INC	ETIT BC	BANKS	BRVM	0.07	-2.2%	1,051.81	4.2	15,952.7
STANBIC IBTC BANK PLC	IBTCCB NL	BANKS	NIGERIA	0.07	-7.7%	670.13	7.3	10,000.0
STATE BANK MAURITIUS	SBM MP	BANKING & FINANCE	MAURITIUS	0.03	0.8%	972.90	11.2	31,000.0
BARCLAYS BANK KENYA	BCBL KN	BANKING & FINANCE	KENYA	0.11	-0.5%	586.06	6.8	5,431.5
BANQUE DE TUNISIE	BT TU	BANKING & FINANCE	TUNISIA	5.09	-0.9%	762.76	17.3	150.0
EQUITY BANK LIMITED	EQBNK KN	BANKING & FINANCE	KENYA	0.40	-0.1%	1,524.55	8.6	3,773.7
KENYA COMM. BANK LTD	KNCB KN	BANKING & FINANCE	KENYA	0.42	0.5%	1,275.32	6.4	3,025.2

Global Commodity Prices

Effective date: 11thApril 2016

SOFTS				METALS & MINING				OIL& GAS			
COMMODITY	CURRENCY	LAST	NET CHNG	SYMBOL	CURRENCY	LAST	NET CHG	SYMBOL	CURRENCY	LAST	NET CHG
LIGHT CRUDE	USD	39.50	-0.22	100 OZ GOLD	USD	1,249.40	6.90	SUGAR NO5	USD	417.60	-11.10
NO 2 HT OIL	USD	1.19	-0.01	SILVER	JPY	4,343.00	11.00	COFFEE	USD	136.50	1.00
BRENT CRUDE	USD	41.82	-0.12	HG COPPER	USC	2.10	0.01	COCOA	USD	2,901.00	29.00
GAS OIL	USD	352.00	-2.75	PLATINUM	JPY	3,411.00	25.00	RUBBER	JPY	182.00	1.00
NATURAL GAS	USD	1.93	-0.06	ALUMINIUM	CNY	11,775.00	120.00	FROZEN OJ CON1	USC	139.20	-4.45
KEROSENE	JPY	33,990.00	580.00	PALLADIUM	JPY	1,881.00	-3.00	COTTON NO2	USC	60.70	0.63
SOURCE: THOMSON REUTERS											

MARKET DATA

Asia stock markets fall as yen gains against dollar

Japan's Nikkei led most Asian stock markets lower yesterday as the yen resumed its march against the dollar and investors nervous about the stuttering global economy tentatively await the start of corporate earnings season.

However, Shanghai surged after data showed Chinese inflation held above two per cent for a second-straight month in March, indicating some stability in the economic powerhouse.

The broad regional losses follow last week's sell-off as traders become increasingly fearful central banks are running out of ideas to ramp up global growth, with the International Monetary Fund expected to lower its forecasts this week.

In Tokyo the benchmark Nikkei ended 0.4 per cent lower as exporters took another hit from the yen's strength. The unit, which is considered a safe bet in times of uncertainty, has climbed about five per cent against the greenback this month alone.

In afternoon trade the dollar was at 107.84 yen, around levels not seen since the Bank of Japan jacked up its stimulus programme at the end of October 2014. Among big-name exporters to take a hit were carmakers Toyota and Nissan.

Currency

On Friday top Japanese Government spokesman Yoshihide Suga tried to talk down the yen, saying its rise was "one-sided", while Finance minister Taro Aso similarly said rapid moves in the currency were undesirable.

His warning had an initial impact as the yen temporarily weakened but it later resumed its rally.

On Monday Suga added that the government was "closely watching with vigilance, and is ready to take necessary measures depending on situations".

Marito Ueda, senior dealer at FX Prime, told AFP the market trend had changed to buying back the yen.

"Players are turning pessimistic as the stock market is weak, and the yen's strengthening will likely continue for a while," he said.

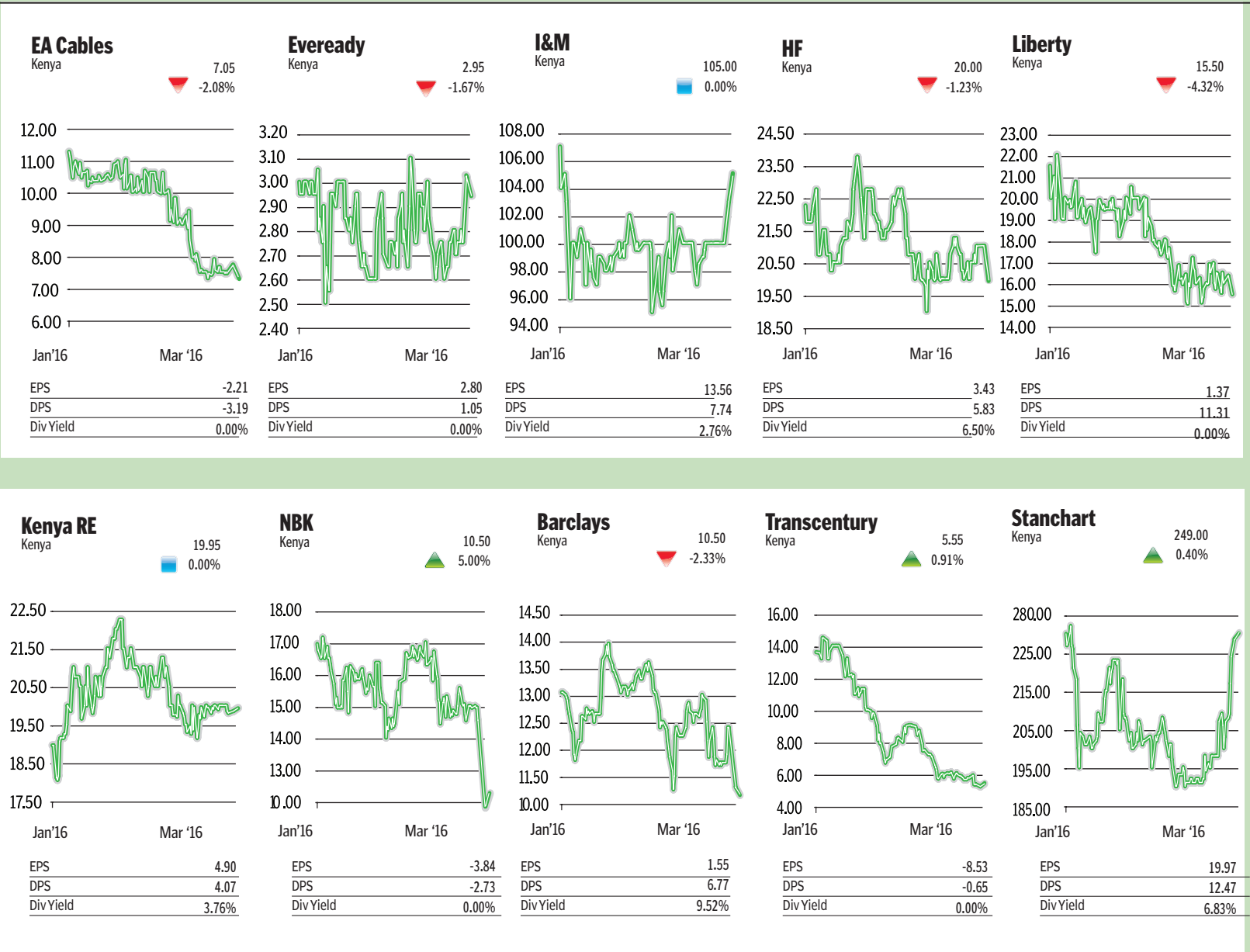
The generally gloomy mood was evident across Asian markets, with Sydney and Seoul each 0.1 per cent lower, while Wellington, Jakarta and Singapore were also down.

In early European exchanges London and Frankfurt each dropped 0.3 per cent and Paris shed 0.2 per cent.

But Shanghai closed up 1.6 per cent — and helping Hong Kong to a 0.4 per cent rise — as dealers welcomed figures showing inflation held steady last month.

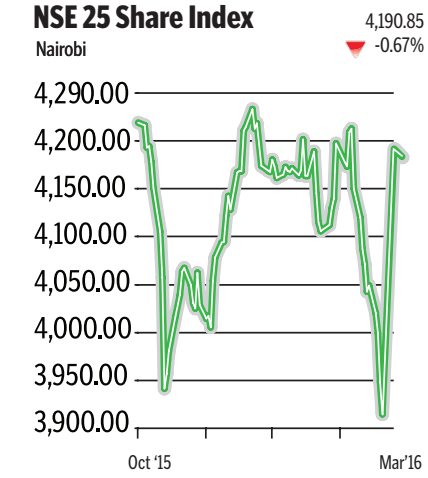
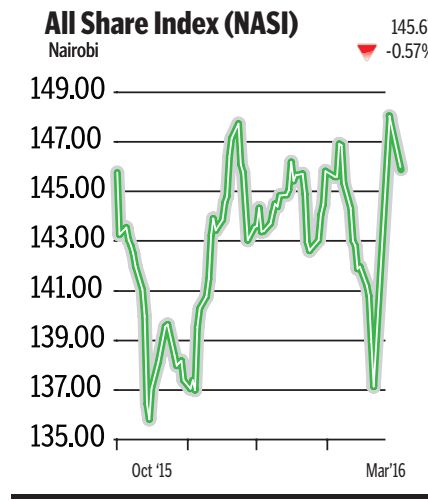
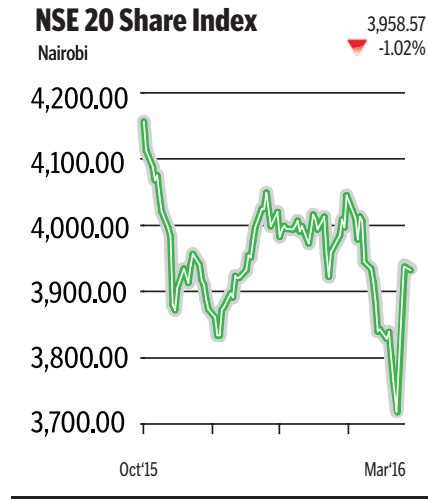
-AFP

MOVERS & LOSERS YTD



MARKET DATA

Nairobi Stocks



Active Counters

	Last	Prev	%	Shares
Counter	Price	Price	Change	Traded
KCB	42.00	42.00	0.00%	3,488,600
Safaricom	16.70	16.75	-0.30%	1,693,900
Equity	40.25	40.25	0.00%	1,096,800
Co-Op Bank	20.50	20.50	0.00%	873,000
Mumias	1.40	1.45	-3.45%	415,400

Gainers

Counter	Last Price	Prev Price	net Change	% Change
Pan Africa	40.00	37.25	2.75	7.38%
NBK	10.50	10.00	0.50	5.00%
Eaagads AIMS	24.00	23.00	1.00	4.35%
Longhorn Publishers	5.10	5.00	0.10	2.00%
Nation Media	177.00	174.00	3.00	1.72%

Losers

Counter	Last Price	Prev Price	net Change	% Change
Marshalls	9.15	10.15	-1.00	-9.85%
Carbacid	15.00	16.00	-1.00	-6.25%
NIC Bank	37.25	39.50	-2.25	-5.70%
Unga	35.75	37.50	-1.75	-4.67%
Liberty Kenya	15.50	16.20	-0.70	-4.32%

MARKET UPDATES

African Indices

NAME	LOCATION	LAST		NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
NSE 20 - SHR IDX	KENYA	3,958.57	▼	-40.76	-1.02%	3,958.57	3,958.57	3,958.57	3,999.33
NSE 25	KENYA	4,190.85	▼	-28.19	-0.67%	4,190.85	4,190.85	4,190.85	4,219.04
ALL SHARE INDEX	ZAMBIA	5,207.70	▼	-95.42	-1.80%	5,303.60	5,303.60	5,207.70	5,303.12
ALL SHARE INDE/D	SOUTHAFRICA	51,433.27	▲	8.79	0.02%	51,412.73	51,639.25	51,091.44	51,424.48
ALSIUG	UGANDA	1,790.29	▼	-17.45	-0.97%	1,790.29	1,790.29	1,790.29	1,807.74
ZSE INDUSTRIAL	ZIMBABWE	98.40	▲	0.48	0.49%	98.40	98.40	98.40	9792
CFG INDEX	MOROCCO	20,032.21	▼	-265.33	-1.31%	20,008.71	20,058.98	19,924.46	20,297.54
MALAWI ALL SHR	MALAWI	12,906.29	▼	-501.01	-3.74%	12,906.29	12,906.29	12,906.29	13,407.30
NSE ALL SHARE/D	NIGERIA	24,700.51	▼	-627.55	-2.48%	25,328.06	25,337.21	24,692.89	25,328.06
DSE ALL SHR IDX	TANZANIA	2,451.87	▲	8.70	0.36%	2,451.87	2,451.87	2,451.87	2,443.17
EGX 30 IDX/D	EGYPT	7,342.46	▼	-61.31	-0.83%	7,401.89	7,401.89	7,342.46	7,403.77
TUN MAIN INDEX	TUNISIA	5,407.74	▲	3.94	0.07%	5,401.41	5,420.23	5,397.46	5,403.80
RSE ALLSHARE IND	RWANDA	130.47	▼	-0.03	-0.02%	130.47	130.47	130.47	130.50

Daily Share Report

					DAILY	DAILY	SHARES	EPS			DPS	TOTAL		
	52 WK	52 WK	YTD	PRICE (KSH)	PRICE (KSH)	PRICE	TRADED	ISSUED	MKT CAP.	LATEST	P / E	P/B	LATEST	DIVIDEND
	HIGH	LOW	%	APR-11-2016	APR-08-2016	CHANGE	SHARES		KSHS MN	12MNTH	TRAILING	TRAILING	12MNTH	YIELD
AGRICULTURAL														
EAAGADS AIMS	38.50	18.10	-10.28%	24.00	23.00	4.35%	700	32,157,000	771.77	0.25	96.00	1.92	0.00	0.00%
KAKUZI	383.00	255.00	-0.63%	315.00	329.00	-4.26%	96,600	19,599,999	6,174.00	26.92	11.70	2.13	5.00	1.59%
KAPCHORUA TEA AIMS	242.00	86.00	-55.00%	90.00	90.00	0.00%	500	7,824,000	704.16	-5.82	-15.46	0.26	5.00	5.56%
LIMURU TEA AIMS	1,248.00	681.00	-26.36%	799.00	799.00	0.00%	-	1,800,000	1,438.20	1.22	-	3.89	1.00	0.13%
SASINI	23.25	14.00	-3.58%	18.85	19.35	-2.58%	3,200	228,055,500	4,298.85	2.21	8.53	0.32	1.25	6.63%
WILLIAMSON TEA AIMS	435.00	162.00	-51.30%	187.00	186.00	0.54%	300	17,512,640	3,274.86	23.77	7.87	0.26	40.00	21.39%
AUTOMOBILES & ACCESSORIES														
CAR & GEN	50.00	34.00	-13.92%	34.00	34.00	0.00%	-	40,103,308	1,363.51	0.76	44.74	0.65	0.00	0.00%
MARSHALLS	13.50	9.15	-30.68%	9.15	10.15	-9.85%	100	14,393,106	131.70	-11.90	-0.77	0.34	0.00	0.00%
SAMEER	6.00	3.30	-10.67%	3.35	3.35	0.00%	26,900	278,342,393	932.45	-0.06	-55.83	0.40	0.00	0.00%
BANKING														
BARCLAYS	16.80	10.30	-22.79%	10.50	10.75	-2.33%	318,500	5,431,536,000	57,031.13	1.55	6.77	1.76	1.00	9.52%
CFC STANBIC	129.00	71.00	9.09%	90.00	93.50	-3.74%	95,000	395,321,638	35,578.95	12.41	7.25	1.54	6.15	6.83%
DTBK	244.00	176.00	11.76%	209.00	210.00	-0.48%	79,900	220,100,096	46,000.92	19.80	10.56	1.74	2.50	1.20%
EQUITY	51.00	36.50	0.63%	40.25	40.25	0.00%	1,096,800	3,773,674,802	151,890.41	4.59	8.77	2.20	2.00	4.97%
HF	38.00	18.80	-10.11%	20.00	20.25	-1.23%	59,000	352,416,667	7,048.33	3.43	5.83	0.77	1.30	6.50%
I&M HOLDINGS	139.00	95.00	5.00%	105.00	105.00	0.00%	-	392,362,039	41,198.01	13.56	7.74	1.88	2.90	2.76%
KCB	65.50	37.00	-4.00%	42.00	42.00	0.00%	3,488,600	3,025,219,832	127,059.23	6.49	6.47	1.64	2.00	4.76%
NBK	24.50	8.00	-33.33%	10.50	10.00	5.00%	98,200	308,000,000	3,234.00	-3.84	-2.73	0.24	0.00	0.00%
NIC BANK	61.00	35.00	-13.87%	37.25	39.50	-5.70%	29,000	639,945,603	23,837.97	6.86	5.43	1.05	1.25	3.36%
STAN. CHART.	355.00	183.00	27.69%	249.00	248.00	0.40%	5,200	309,159,514	76,980.72	19.97	12.47	1.83	17.00	6.83%
CO-OP BANK	23.00	15.85	13.89%	20.50	20.50	0.00%	873,000	4,889,316,295	100,230.98	2.14	9.58	2.29	0.80	3.90%
COMMERCIAL														
ATLAS DEV. GEMS	12.10	1.35	-23.81%	1.60	1.60	0.00%	8,800	1,497,370,885	2,395.79	-2.53	-0.63		0.00	0.00%
EXPRESS (K) AIMS	6.00	3.80	-12.22%	3.95	3.90	1.28%	1,200	35,403,790	139.84	-2.18	-1.81	0.70	0.00	0.00%
HUTCHINGS BIEMER	20.25	20.25	0.00%	20.25	20.25	0.00%	-	360,000	7.29	-18.34	-1.10	-	0.00	0.00%
KQ	795	4.05	-9.18%	4.45	4.40	1.14%	39,000	1,496,469,035	6,659.29	-13.35	-0.33	1.24	0.00	0.00%
LONGHORN PUBLISHERS AIMS	8.70	3.70	13.33%	5.10	5.00	2.00%	31,100	243,750,000	1,243.13	7.00	0.73	0.69	0.15	2.94%
NATION MEDIA	245.00	130.00	-7.33%	177.00	174.00	1.72%	300	188,542,286	33,371.98	11.80	15.00	3.77	10.00	5.65%
STANDARD GRP	40.50	24.50	2.68%	28.75	29.00	-0.86%	300	81,731,808	2,349.79	2.95	9.75	1.13	0.00	0.00%
TPS EA	38.50	22.50	-5.00%	23.75	24.50	-3.06%	200	182,174,108	4,326.64	1.35	17.59	0.40	1.35	5.68%
UCHUMI	11.50	4.80	-52.97%	5.15	5.20	-0.96%	12,500	364,959,616	1,879.54	-10.85	-0.47	0.47	0.00	0.00%
WPP SCANGROUP	50.00	22.50	-6.67%	28.00	29.25	-4.27%	600	378,865,102	10,608.22	1.50	18.67	1.17	0.00	0.00%
CONSTRUCTION & ALLIED														
ARM CEMENT LTD	83.00	28.00	-32.93%	28.00	29.00	-3.45%	1,800	495,275,000	13,867.70	3.01	9.30	1.25	0.60	2.14%
BAMBURI	200.00	135.00	8.57%	190.00	190.00	0.00%	2,600	362,959,275	68,962.26	14.49	13.11	2.29	13.00	6.84%
CROWN BERGER	187.00	52.50	-8.20%	56.00	56.00	0.00%	-	71,181,000	3,986.14	9.01	6.22	0.98	1.75	3.13%
EA CABLES	17.00	5.90	-33.49%	7.05	7.20	-2.08%	12,100	253,125,000	1,784.53	-2.21	-3.19	0.74	0.00	0.00%
EAPC	65.00	38.25	-3.74%	45.00	45.00	0.00%	-	90,000,000	4,050.00	79.52	0.57	0.84	0.00	0.00%
ENERGY & PETROLEUM														
KENGEN	11.65	5.40	12.68%	8.00	7.95	0.63%	251,700	2,198,361,456	17,586.89	5.24	1.53	0.20	0.65	8.13%
KENOLKOBIL	11.60	7.55	12.50%	10.80	10.90	-0.92%	115,900	1,471,761,200	15,895.02	1.37	7.88	2.25	0.35	3.24%
KENYA POWER	18.50	10.70	-18.56%	10.75	10.75	0.00%	139,500	1,951,467,045	20,978.27	3.81	2.82	0.41	0.30	2.79%
TOTAL	26.25	16.20	3.84%	18.95	19.20	-1.30%	45,600	175,028,706	3,316.79	2.57	7.37	0.21	0.77	4.06%
UMEME	24.00	16.00	-19.10%	18.00	18.00	0.00%	-	1,623,878,005	29,229.80	1.34	13.43	2.10	0.90	5.00%
INSURANCE														
BRITISH AMERICAN	27.00	10.00	-2.69%	12.65	13.10	-3.44%	185,000	1,938,415,838	24,520.96	1.31	9.66	1.19	0.30	2.37%
CIC INSURANCE	10.10	5.25	-8.06%	5.70	5.75	-0.87%	382,100	2,615,538,528	14,908.57	0.43	13.26	2.04	0.10	1.75%
JUBILEE	600.00	384.00	-4.96%	460.00	463.00	-0.65%	9,900	59,895,000	27,551.70	42.70	10.77	1.72	8.50	1.85%
KENYA RE	22.75	15.45	-5.00%	19.95	19.95	0.00%	54,400	699,949,068	13,963.98	4.90	4.07	0.65	0.75	3.76%
LIBERTY KENYA	28.00	15.00	-20.51%	15.50	16.20	-4.32%	200	535,707,499	8,303.47	1.37	11.31	1.42	0.00	0.00%
PAN AFRICA	128.00	36.00	-33.33%	40.00	37.25	7.38%	1,400	144,000,000	5,760.00	-0.43	-93.02	1.15	0.00	0.00%
INVESTMENT														
CENTUM INVEST.	68.00	40.00	-2.15%	45.50	45.25	0.55%	69,800	665,441,775	30,277.60	10.44	4.36	0.93	0.00	0.00%
HOME AFRICA GEMS	3.65	1.20	-32.69%	1.75	1.75	0.00%	83,800	405,255,320	709.20	-0.04	-43.75	-	0.00	0.00%
KURWITU VENTURES LTD GEMS	1,500.00	1,500.00	0.00%	1,500.00	1,500.00	0.00%	-	102,272	153.41	-62.40	-24.04		0.00	0.00%
OLYMPIA	6.00	3.90	-16.67%	4.00	4.00	0.00%	5,000	40,000,000	160.00	-1.04	-3.85	0.20	0.00	0.00%
TRANSCENTURY AIMS	18.80	5.00	-32.73%	5.55	5.50	0.91%	118,800	280,284,476	1,555.58	-8.53	-0.65	0.43	0.00	0.00%
INVESTMENT SERVICES														
NAIROBI SECURITIES EXCHG	30.25	18.00	8.08%	26.75	26.50	0.94%	39,200	194,625,000	5,206.22	1.57	17.04	3.35	0.49	1.83%
MANUFACTURING & ALLIED														
A. BAUMANN AIMS	11.10	11.10	0.00%	11.10	11.10	0.00%	-	3,840,066	42.62	-2.02	-5.50	-	0.00	0.00%
BOC GASES	148.00	90.00	1.96%	104.00	104.00	0.00%	100	19,525,446	2,030.65	7.61	13.67	1.16	5.20	5.00%
BAT KENYA	860.00	670.00	-1.27%	775.00	800.00	-3.13%	100	100,000,000	77,500.00	49.76	15.57	10.16	49.50	6.39%
CARBACID	24.00	12.80	-7.98%	15.00	16.00	-6.25%	34,200	254,851,988	3,822.78	1.55	9.68	2.31	0.70	4.67%
EABL	340.00	245.00	2.20%	279.00	280.00	-0.36%	9,300	790,774,356	220,626.05	11.31	24.67	6.87	6.00	2.15%
EVEREADY EA	4.95	2.35	9.26%	2.95	3.00	-1.67%	2,400	210,000,000	619.50	2.80	1.05	1.92	0.00	0.00%
FLAME TREE GEMS	10.20	5.70	7.14%	7.50	7.55	-0.66%	6,300	161,866,804	1,214.00	0.99	7.58	3.02	0.00	0.00%
K. ORCHARDS AIMS	115.00	97.00	-1.02%	97.00	97.00	0.00%	-	12,868,124	1,248.21	0.33	293.94	-54.80	0.00	0.00%
MUMIAS	3.20	1.35	-12.50%	1.40	1.45	-3.45%	415,400	1,530,000,000	2,142.00	-3.04	-0.46	0.16	0.00	0.00%
UNGA	50.00	30.50	5.93%	35.75	37.50	-4.67%	1,100	75,708,873	2,706.59	5.27	6.78	0.58	1.00	2.80%
TELECOMMUNICATION & TECHNOLOGY														
SAFARICOM	17.90	12.60	2.45%	16.70	16.75	-0.30%	1,693,900	40,065,428,000	669,092.65	0.80	20.88	6.35	0.64	3.83%
REAL ESTATE INVESTMENT TRUST														
STANLIB FAHARI I-REIT	23.75	19.00		20.25	20.00	1.25%	27,600	180,972,300	3,664.69	0.00			0.00	0.00%
GEMS														
AIMS														

MARKET DATA

Equities & Bonds

Share Price Performance Scorecard

SCORECARD AS AT 11TH APRIL 2016								
NAME	PREVIOUS	CLOSE	% 1D	% 5D	% 1M	% 3M	% 6M	% 1Y
A BAUMANN	11.10	11.10	0.00	0.00	0.00	0.00	0.00	0.00
ATLAS DEVPNT & SPVRT SERV	1.60	1.60	0.00	14.29	0.00	-27.27	-48.39	-85.96
ATHI RIVER MINING	29.00	28.00	-3.45	-6.67	-3.45	-24.83	-29.11	-64.10
BAMBURI	190.00	190.00	0.00	-1.04	-2.06	5.56	21.02	22.58
BARCLAYS KEN	10.75	10.50	-2.33	-3.23	-11.02	-17.32	-17.00	-34.38
BAT KENYA	800.00	775.00	-3.13	-8.72	-4.08	-3.13	1.44	7.64
BOC KENYA	104.00	104.00	0.00	9.47	9.47	9.47	-11.11	-22.96
BRITISH AMERICAN	13.10	12.65	-3.44	6.75	7.66	-0.39	-20.19	-50.39
CAR & GENERAL	34.00	34.00	0.00	0.00	-10.53	-13.92	-15.00	-31.66
CARBACID INV	16.00	15.00	-6.25	1.69	5.26	-3.23	4.53	-27.71
CENTUM INV	45.25	45.50	0.55	0.55	-0.55	-3.70	-8.54	-22.22
CFC STANBIC BANK	93.50	90.00	-3.74	-5.76	3.45	10.43	0.00	-28.00
CIC INSURANCE	5.75	5.70	-0.87	-3.39	-5.00	-2.56	-17.99	-39.36
CO-OP BANK	20.50	20.50	0.00	0.00	2.50	20.23	17.82	-3.53
CROWN BERGER	56.00	56.00	0.00	-1.75	-5.08	-2.61	-6.67	-52.14
DIAMOND KEN	210.00	209.00	-0.48	-1.88	-5.00	10.00	4.50	-9.52
EA CABLES	7.20	7.05	-2.08	11.02	-6.62	-29.15	-34.72	-55.24
EA PORT CEM	45.00	45.00	0.00	0.00	7.14	-10.00	-7.69	-24.37
EAAGADS	23.00	24.00	4.35	-5.88	18.52	-4.00	-13.51	-30.94
EA AFR BREW	280.00	279.00	-0.36	-0.71	-1.06	0.00	7.31	-14.15
EQUITY BANK	40.25	40.25	0.00	0.00	-3.59	3.21	-10.56	-16.58
EVEREADY EA	3.00	2.95	-1.67	5.36	7.27	9.26	-1.67	-24.36
EXPRESS KEN	3.90	3.95	1.28	-8.14	-16.84	-12.22	-13.19	-30.70
FLAME TREE HLDNGS	7.55	7.50	-0.66	0.67	0.00	7.14	7.14	-13.79
G WILLIAMSON	186.00	187.00	0.54	3.31	-2.09	-41.19	-52.78	-33.21
HUTCHINGS BIEMER	20.25	20.25	0.00	0.00	0.00	0.00	0.00	0.00
HOME AFRICA LIMITED	1.75	1.75	0.00	-5.41	-5.41	6.06	0.00	-46.97
HOUSING FIN	20.25	20.00	-1.23	-2.44	0.00	-9.09	-10.11	-43.26
I&M HOLDING	105.00	105.00	0.00	1.94	5.00	9.95	3.96	-18.03
JUBILEE HLDS	463.00	460.00	-0.65	-0.22	-2.75	-0.43	-7.26	-11.54
KAKUZI	329.00	315.00	-4.26	5.00	4.65	-1.87	-1.56	12.50
KAPCHORUA	90.00	90.00	0.00	-4.26	-0.55	-59.82	-50.55	-30.77
KEN ORCHARDS	97.00	97.00	0.00	0.00	0.00	-1.02	-3.00	-13.39
KENGEN	7.95	8.00	0.63	1.91	2.56	15.94	-2.44	-20.40
KENYA AIRWAYS	4.40	4.45	1.14	0.00	-1.11	-7.29	-18.35	-41.06
KENYA COM BK	42.00	42.00	0.00	0.60	3.70	1.20	-4.55	-33.33
KENOLKOBIL	10.90	10.80	-0.92	0.00	1.41	20.67	20.00	22.73
KENYA POWER	10.75	10.75	0.00	-0.92	-8.90	-16.67	-27.85	-36.95
KENYA RE	19.95	19.95	0.00	0.00	-0.25	-2.68	4.18	7.84
KURWITU	1500.00	1500.00	0.00	0.00	0.00	0.00	0.00	0.00
LIBERTY HOLDINGS	16.20	15.50	-4.32	-6.06	-6.06	-17.11	-27.91	-37.37
LIMURU TEA	799.00	799.00	0.00	0.00	-4.88	-26.36	-26.36	-16.07
LONGHORN	5.00	5.10	2.00	-5.56	-3.77	-7.27	-19.05	-38.55
MARSHALL	101.5	91.5	-9.85	-9.85	-26.80	-30.68	-26.80	-23.11
MUMIAS SUGAR	1.45	1.40	-3.45	0.00	-6.67	-12.50	-24.32	-39.13
NAIROBI SECURITIES	26.50	26.75	0.94	-0.93	16.30	12.63	28.92	36.48
NATION MEDIA	174.00	177.00	1.72	1.14	-0.56	0.57	22.92	-25.32
NATL BANK KEN	10.00	10.50	5.00	-13.58	-27.84	-36.56	-36.36	-55.32
NIC BANK	39.50	37.25	-5.70	-8.59	-6.29	-13.37	-9.70	-34.65
OLYMPIA CAPITAL	4.00	4.00	0.00	0.00	-6.98	-5.88	-11.11	-29.82
PAN AFR INS	37.25	40.00	7.38	0.00	-27.27	-33.33	-36.00	-67.74
SAFARICOM	16.75	16.70	-0.30	-0.60	2.45	2.77	12.84	5.03
SAMEER AFRICA	3.35	3.35	0.00	-1.47	-11.84	-11.84	-12.99	-39.09
SASINI	19.35	18.85	-2.58	-1.57	-5.75	9.59	17.08	10.56
STANLIB FAHARI I-REIT	20.00	20.25	1.25	-3.57	1.25	-3.57	-	-
WPP SCANGROUP	29.25	28.00	-4.27	-6.67	1.82	-6.67	3.70	-37.08
STANDARD GRP	29.00	28.75	-0.86	-8.00	-1.71	-7.26	-10.16	-19.58
STD CHART KEN	248.00	249.00	0.40	1.22	20.29	19.71	12.67	-27.19
TOTAL KENYA	19.20	18.95	-1.30	0.53	8.91	4.99	-3.81	-20.21
TPS (EA)	24.50	23.75	-3.06	-5.94	-6.86	-7.77	-16.67	-30.15
TRANSCENTURY	5.50	5.55	0.91	1.83	-1.77	-38.67	-61.72	-67.35
UCHUMI SUPER	5.20	5.15	-0.96	0.98	-6.36	-46.07	-48.50	-50.95
UNGA GROUP	37.50	35.75	-4.67	2.14	-5.92	2.88	-14.88	-15.88

Corporate Bonds

BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE						
ISSUE NO.	ISSUE DATE	MATURITY DATE	ISSUED VALUE IN MILLIONS	COUPON (%)	PREVIOUS PRICE (%)	TOTAL VALUE TRADED(KSH)
CORPORATE BONDS						
CENTUM BOND SENIOR UNSECURED FIXED RATE AND EQUITY LINKED NOTES						
CTNB.BD.18.09.17/13.50	26-SEP-12	18-SEP-17	2,917.10	13.5	105.255	
CTNB.BD.18.09.17/12.75	26-SEP-12	18-SEP-17	1,250.80	12.75	100.3038	
CTNB.BD.08.06.2 /13	15-JUN-15	8-JUN-20	3,899.22	13		
CTNB.BD.08.06.20/12.5	15-JUN-15	8-JUN-20	2,100.77	12.5000	99.9539	
CTNB.BD.08.06.20/12.5V	15-JUN-15	8-JUN-20	2,100.77		99.9526	
CONSOLIDATED BANK OF KENYA LTD MEDIUM TERM NOTE PROGRAMME						
CON.BD-FXD(SN)/2012/7YR	30-JUL-12	24-JUL-19	1,480.60	13.25	99.1677	
CON.BD-FXD(SBN)/2012/7YR	30-JUL-12	22-JUL-19	196.50	13.6	100	
CON.BD-FR(SN)/2012/7YR	30-JUL-12	22-JUL-19	1			
SHELTER AFRIQUE MEDIUM TERM NOTES						
FXD 1/13/05YR	30-SEP-13	24-SEP-18	4,239.70	12.75	104.0416	
FR 1/13/05YR	30-SEP-13	24-SEP-18	760.30			
MRM						
FR (MRM) 2008/8YR	27-OCT-08	17-OCT-16	6,215.0		100	
FXD (MRM) 2008/8YR	27-OCT-08	17-OCT-16	1,378.50	13	100	
CFC STANBIC BANK SENIOR & SUBORDINATED BOND ISSUE						
FR (CFC STANBIC) 2009/7YR	7-JUL-09	7-JUL-16	97.91		100	
FXD (CFC STANBIC) 2009/7YR	7-JUL-09	7-JUL-16	2,402.09	12.5	99.7665	
KENGEN PUBLIC INFRASTRUCTURE BOND OFFER 2019						
FXIB 1/2009/10YR	2-NOV-09	31-OCT-19	14,062.00	12.5	100.3471	
HOUSING FINANCE MEDIUM TERM NOTE						
FXD (HFCK) 02/2012/7YR 2ND TRANCHE	22-OCT-12	14-OCT-19	2,969.10	13	91.5465	
FR (HFCK) 2010/7YR	26-OCT-10	2-OCT-17	1,166.50			
FXD (HFCK) 2010/7YR	26-OCT-10	2-OCT-17	5,864.40	8.5	99.9862	
I&M MEDIUM TERM NOTE						
FXD I&M-01/13/5.25	13-DEC-13	8-MAR-19	3,429.00	12.8	102.0606	
FRN I&M-01/13/5.25	13-DEC-13	8-MAR-19	2,260.00			
BRITAM MEDIUM TERM NOTE						
BRTB.BD.22/07/19-0037-13	22-JUL-14	15-JUL-19	6,000.00	13	97.2185	
UAP HOLDINGS MEDIUM TERM NOTE						
UAP.BD.22.07.2019	28-JUL-14	22-JUL-19	2,000.00	13	92.2773	
NIC MEDIUM TERM NOTE						
NIC.BD.09/09/19-0039-12.5	8-SEP-14	9-SEP-19	5,514.50	12.5	94.2139	
CIC INSURANCE GROUP LTDMEDIUM TERM NOTE						
CIC.BD.22.07.2019	8-OCT-14	2-OCT-19	5,000.00	13	97.2692	
CFC STANBIC MULTICURRENCY MEDIUM TERM NOTE						
CFCB.BD.08/12/21-0042-12.95	15-DEC-14	8-DEC-21	5,080.00	12.95	102.018	
CBA FIXED MEDIUM TERM NOTE						
CBAB.BD.14/12/20-0041-12.75	22-DEC-14	14-DEC-20	7,000.00	12.75	99.9515	
EABL FIXED MEDIUM TERM NOTE						
EABB.BD.19/03/18-0043-12.25	23-MAR-15	19-MAR-18	5,000.00	12.25	100.2003	
CHASE BANK FIXED MEDIUM TERM NOTE						
CHBD.BD.02/06/22-0044-13.5	10-JUN-15	2-JUN-22	4,822.40	13.25	92.8143	
REAL PEOPLE MEDIUM TERM NOTE						
RPBD.BD.06/08/18-0046-13.65	10-AUG-15	6-AUG-18	2,703.0	13.65	95.0966	

Kenya Treasury and Infrastructure Bonds

BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE						APRIL 11, 2016	
	ISSUE	MATURITY	ISSUED	COUPON	TRADED	PREVIOUS	TOTAL VALUE
	DATE	DATE	VALUE IN MNS	(%)	YIELD (%)	PRICE(%)	TRADED(KSH)
GOVERNMENT OF KENYA FIXED RATE TREASURY BONDS ABOVE KES.50 MILLION							
ONE YEAR BONDS							
FXD 1/2015/1YR	29-SEP-15	26-SEP-16	24,260.65	19.062		104.0116	
FXD 2/2015/1YR	26-OCT-15	24-OCT-16	20,482.75	22.954		103.8777	
TWO YEAR BONDS							
FXD 2/2014/2YR	26-MAY-14	23-MAY-16	20,130.15	10.793	9.2686	99.9909	2 20,000,000
FXD 3/2014/2YR	25-MAY-15	19-DEC-16	29,375.70	10.89	11.1	99.8914	5 00,000,000
FXD 1/2015/2YR	23-JAN-15	20-FEB-17	23,592.15	11.47		99.5238	
FXD 2/2015/2YR	29-JUN-15	26-JUN-17	18,746.80	12.629		97.5789	
FXD 1/2016/2YR	25-JAN-16	22-JAN-18	20,153.75	15.76	12.35	105.2177	1 00,000,000
FXD 1/2016/2YR	25-JAN-16	22-JAN-18	20,153.75	15.76	12.4	105.2177	2 00,000,000
FIVE YEAR BONDS							
FXD 1/2012/5YR	28-MAY-12	22-MAY-17	31,079.55	11.855		99.9671	
FXD 1/2013/5YR	29-APR-13	23-APR-18	20,240.75	12.892		100.3106	
FXD 2/2013/5YR	1-JUL-13	25-JUN-18	26,340.05	11.305		99.1527	
FXD 3/2013/5YR	25-NOV-13	19-NOV-18	14,937.80	11.952		100.4719	
FXD 1/2014/ 5YR	28-APR-14	22-A R-19	25,733.70	10.87		96.9751	
FXD 2/2014/ 5YR	23-JUN-14	17-JUN-19	16,418.25	11.934		100.1528	
FXD 1/2015/ 5YR	29-JUN-15	22-JUN-20	30,956.05	13.193		98.6665	
FXD 2/2015/ 5YR	30-NOV-15	23-NOV-20	30,673.85	13.92	14	99.8501	2 00,000,000
TEN YEAR BONDS							
FXD 2/2006/10YR	29-MAY-06	16-MAY-16	5,028.10	14		102.8875	
FXD 1/2007/10YR	29-OCT-07	16-OCT-17	9,308.80	10.75		95.6815	
FXD 1/2008/10YR	29-OCT-07	12-FEB-18	2,992.75	10.75		99.3434	
FXD 2/2008/10YR	28-JUL-08	16-JUL-18	13,504.70	10.75		99.321	
FXD 3/2008/10YR	29-SEP-08	28-SEP-18	4,151.60	10.75		99.2873	
FXD 1/2009/10YR	27-SEP-09	15-APR-19	4,966.85	10.75		96.5948	
FXD 1/2010/10YR	26-APR-10	13-APR-20	19,394.15	8.79		85.3786	
FXD 2/2010/10YR	1-NOV-10	19-OCT-20	18,849.90	9.307		90.0522	
FXD 1/2012/10YR	25-JUN-12	13-JUN-22	35,273.70	12.705		94.8756	
FXD 1/2013/10YR	1-JUL-13	19-JUN-23	29,289.80	12.371	14.3	92.6179	6 00,000,000
FXD 1/2013/10YR	1-JUL-13	19-JUN-23	29,289.80	12.371	14.27	92.6179	2 00,000,000
FXD 1/2014/10YR	25-MAY-15	15-JAN-24	35,852.15	12.18	14.4248	89.3205	1 00,000,000
FXD 1/2014/10YR	25-MAY-15	15-JAN-24	35,852.15	12.18	14.4	89.3205	1 00,000,000
ELEVEN YEAR BONDS							
FXD1/2006/11YR	25-SEP-06	11-SEP-17	4,031.40	13.75		105.0256	
TWELVE YEAR BONDS							
FXD1/2006/12YR	28-AUG-06	13-AUG-18	3,900.95	14		105.2139	
FXD1/2007/12YR	28-MAY-07	13-MAY-19	4,864.60	13		105.6743	
FIFTEEN YEAR BONDS							
FXD1/2007/15YR	26-MAR-07	7-MAR-22	3,654.60	14.5		109.0397	
FXD2/2007/15YR	25-JUN-07	6-JUN-22	7,236.95	13.5		94.8207	
FXD3/2007/15YR	26-NOV-07	7-NOV-22	18,030.20	12.5		90.2944	
FXD1/2008/15YR	31-MAR-08	13-MAR-23	7,830.90	12.5		100.607	
FXD1/2009/15YR	26-OCT-09	7-OCT-24	9,420.45	12.5		98.3299	
FXD1/2010/15YR	29-MAR-10	10-MAR-25	22,336.25	10.25		85.3325	
FXD2/2010/15YR	25-APR-11	8-DEC-25	13,513.10	9		79.3778	
FXD1/2012/15YR	24-SEP-12	6-SEP-27	21,089.45	11		85.2957	
FXD1/2013/15YR	25-FEB-13	7-FEB-28	42,138.45	11.25		90.0657	
FXD2/2013/15YR	29-APR-13	10-APR-28	17,385.85	12	14.8	84.4153	1 00,000,000
FXD2/2013/15YR	29-APR-13	10-APR-28	17,385.85	12	14.7	84.4153	5 00,000,000
TWENTY YEAR BOND							
FXD1/2008/20YR	30-JUN-08	5-JUN-28	20,360.95	13.75		100.8286	
FXD1/2011/20YR	30-MAY-11	5-MAY-31	9,365.80	10		79.8372	
FXD1/2012/20YR	26-NOV-12	1-NOV-32	44,581.65	12		88.3006	
TWENTY FIVE YEAR BOND							
FXD1/2010/25YR	28-JUN-10	28-MAY-35	20,192.50	11.25		82.2305	
THIRTY YEAR BOND							
SDB 1/2011/30YR	28-FEB-11	21-JAN-41	28,144.70	12		86.1235	
INFRASTRUCTURE BONDS							
IFB 1/2009/12YR	23-FEB-09	8-FEB-21	19,726.85	12.5		105.1593	
IFB 2/2009/12YR	7-DEC-09	22-NOV-21	18,897.65	12		102.4081	
IFB 1/2010/8YR	1-MAR-10	19-FEB-18	15,908.05	9.75		98.5524	
IFB 2/2010/9YR	31-AUG-10	19-SEP-19	32,871.55	6		90.1459	
IFB 1/2011/12YR	3-OCT-11	18-SEP-23	43,447.35	12		98.3118	
IFB 1/2013/12YR	30-SEP-13	15-SEP-25	38,363.70	11		94.9429	
IFB 1/2014/12YR	27-OCT-14	12-OCT-26	35,480.90	11		92.0318	
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	51,192.20	11	13	93.0201	2 00,000,000
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	51,192.20	11	12.6	93.0201	3 00,000,000
IFB 1/2015/9YR	14-DEC-15	2-DEC-24	25,119.55	11	13	93.8334	2 00,000,000

MARKET DATA

Currencies			
Kenya Shilling			
CURRENCY	BUY	SELL	MEAN
US DOLLAR	101.03	101.23	101.13
STG POUND	142.55	142.88	142.72
EURO	115.21	115.46	115.34
SA RAND	6.76	6.77	6.77
KES / USHS	33.01	33.18	33.10
KES / TSHS	21.55	21.70	21.63
KES / RWF	7.32	7.44	7.38
KES / BIF	15.28	15.51	15.40
AE DIRHAM	27.50	27.56	27.53
CAN \$	77.88	78.07	77.98
S FRANC	105.95	106.19	106.07
JPY (100)	93.26	93.47	93.37
SW KRONER	12.42	12.45	12.43
NOR KRONER	12.31	12.34	12.32
DAN KRONER	15.49	15.53	15.51
IND RUPEE	1.52	1.52	1.52
HONGKONG DOLLAR	13.02	13.05	13.04
SINGAPORE DOLLAR	74.99	75.15	75.07
SAUDI RIYAL	26.93	27.00	26.97
CHINESE YUAN	15.62	15.66	15.64
AUSTRALIAN \$	76.48	76.68	76.58
SOURCE: CBK			
US Dollar			
BACKGROUND	BID	ASK	
EURO	1.14	1.14	
JAPANESE YEN	108.21	108.24	
BRITISH POUND	1.42	1.42	
SWISS FRANC	0.96	0.96	
AUSTRALIAN DOLLAR	0.76	0.76	
SWEDISH KRONA	8.15	8.15	
CANADIAN DOLLAR	1.30	1.30	
CHINESE YUAN	6.47	6.47	
NORWEGIAN KRONE	8.24	8.25	
BOSNIAN MARK	1.72	1.73	
DANISH KRONE	6.53	6.53	
RUSSIA ROUBLE	66.64	66.65	
TURKISH LIRA	2.82	2.82	
ICELAND KRONA	123.35	123.65	
INDIAN RUPEE	66.43	66.44	
POLISH ZLOTY	3.75	3.75	
CZECH KORUNA	23.72	23.72	
HUNGARIAN FORINT	273.69	274.09	
UKRAINE HRYVNIA	25.58	25.63	
ISRAEL SHEKEL	3.78	3.79	
ALBANIAN LEK	121.65	122.20	
BULGARIAN LEV	1.72	1.72	
SERBIAN DINAR	59.99	60.19	
CYPRUS POUND	0.40	0.40	
ESTONIAN KROON	11.70	11.71	
GEORGIAN LARI	2.25	2.29	
THAI BAHT	35.05	35.07	
GIBRALTAR POUND	1.41	1.41	
CROATIAN KUNA	6.57	6.57	
KAZAKHSTAN TENGE	336.25	338.25	
LITHUANIA LITAS	2.85	2.85	
LATVIAN LATS	0.51	0.51	
MOLDOVAN LEU	19.58	19.72	
MACEDONIA DENAR	53.77	54.33	
MALTESE LIRA	3.41	3.42	
ROMANIAN LEU	3.92	3.92	
SLOVAK KORUNA	21.55	21.60	
SERBIAN DINAR	107.75	107.95	
ARMENIAN DRAM	482.00	486.00	
UAE DIRHAM	3.67	3.67	
ANGOLAN KWANZA	162.08	163.43	
BURUNDI FRANC	1,545.00	1,595.00	
BOTSWANA PULA	0.09	0.09	
CONGO FRANC	913.00	943.00	
CAPE VERDE ESCUDO	95.81	96.91	
DJIBOUTI FRANC	176.50	178.60	
ALGERIAN DINAR	107.71	108.43	
EGYPT POUND	8.88	8.88	
ETHIOPIAN BIRR	21.20	21.60	
GHANAIAN CEDI	3.82	3.86	
GAMBIAN DALASI	42.10	43.60	
ERITREA NAFKA	16.04	16.54	
GUINEA FRANC	7,495.00	7,695.00	
KENYA SHILLING	101.00	101.20	
COMORO FRANC	433.55	434.55	
LIBERIAN DOLLAR	91.00	92.00	
LESOTHO LOTI	14.72	14.75	
LIBYAN DINAR	1.36	1.37	
MOROCCAN DIRHAM	9.61	9.62	
MALAGASY ARIARY	3,156.00	3,187.00	
MAURITANIAOUGUIYA	339.00	347.00	
MALAWI KWACHA	675.69	693.63	
MOZAMBIQUEMETICAL	49.70	50.69	
NIGERIAN NAIRA	198.00	198.10	
RWANDA FRANC	741.00	752.00	
SC RUPEE	13.39	13.42	
ST HELENA POUND	1.43	1.43	
SIERRALEONLEON	3,927.00	4,027.00	
SAO TOME DOBRA	20,857.00	22,153.00	
SOMALI SHILLING	607.00	614.00	
SWAZILAND LILAGENI	14.72	14.76	
TUNISIAN DINAR	2.00	2.00	
TANZANIA SHILLING	2,183.00	2,193.00	
UGANDA SHILLING	3,345.00	3,355.00	
CFA FRANC	575.70	590.70	
CFA FRANC	575.86	580.86	
MAURITIUS RUPEE	34.91	35.11	
SOUTH AFRICA RAND	14.74	14.74	
ZIMBABWE DOLLAR	378.00	381.00	

Global Indexes									
	DAILY			YTD	52 WEEK			3-YR	
INDEX (REGION/COUNTRY)	CLOSE	CHG	% CHG	% CHG	HIGH	LOW	% CHG	% CHG	
GLOBAL									
THE GLOBAL DOW (WORLD)	2,287.60	20.4	0.9	-2.1	2,639.52	2,047.44	-11.5	3	
THE GLOBAL DOW EURO (WORLD)	1,888.23	12.65	0.67	-6.8	2,305.98	1,699.54	-17.6	7.7	
DJ GLOBAL INDEX (WORLD)	303.97	2.08	0.69	-1.3	341.62	272.15	-9.6	3.5	
DJ GLOBAL EX U.S. (WORLD)	204.87	2.22	1.09	-2.5	246.68	184.52	-14.8	-1.5	
ASIA PACIFIC									
DJ ASIA-PACIFIC TSM (ASIA-PACIFIC)	1,336.40	5.09	0.38	-3.8	1,619.39	1,190.45	-15.1	-0.8	
ALL ORDINARIES (AUSTRALIA)	5,018.00	-24.3	-0.48	-6.1	5,954.80	4,816.60	-15.5	0.7	
S & P/ASX 200 (AUSTRALIA)	4,937.60	-26.5	-0.53	-6.8	5,982.70	4,765.30	-17.3	0.2	
DOW JONES CHINA 88 (CHINA)	250.51	-1.77	-0.7	-12.6	408.69	224.92	-27.9	6.4	
SHANGHAI COMPOSITE (CHINA)	2,984.96	-23.46	-0.78	-15.7	5,166.35	2,655.66	-26	10.5	
HANG SENG (HONG KONG)	20,370.40	104.35	0.51	-7	28,442.75	18,319.58	-25.3	-2.1	
S & P BSE SENSEX (INDIA)	24,673.84	-11.58	-0.05	-5.5	29,044.44	22,951.83	-14.6	10.2	
JAKARTA COMPOSITE (INDONESIA)	4,846.70	-20.58	-0.42	5.5	5,491.34	4,120.50	-11.7	-0.3	
NIKKEI 300 (JAPAN)	259.19	3.11	1.21	-16.7	343.20	242.81	-19.8	5	
NIKKEI STOCK AVG (JAPAN)	15,821.52	71.68	0.46	-16.9	20,868.03	14,952.61	-20.5	6.2	
TOPIX INDEX (JAPAN)	1,287.69	15.05	1.18	-16.8	1,691.29	1,196.28	-19	5.3	
KUALA LUMPUR COMPOSITE (MALAYSIA)	1,718.40	-5.89	-0.34	1.5	1,862.80	1,532.14	-6.8	0.6	
S & P/NZX 50 (NEW ZEALAND)	6,730.28	-24.95	-0.37	6.4	6,755.23	5,546.88	15.1	15.2	
KSE 100 (PAKISTAN)	33,967.54	71.51	0.21	3.5	36,228.88	30,564.50	5	22.1	
PSEI (PHILIPPINES)	7,247.20	14.23	0.2	4.2	8,127.48	6,084.28	-10.8	2.5	
STRAITS TIMES (SINGAPORE)	2,808.32	-5.27	-0.19	-2.6	3,539.95	2,532.70	-19.1	-5.1	
KOSPI (SOUTH KOREA)	1,972.05	-1.84	-0.09	0.5	2,173.41	1,829.81	-5.5	0.9	
COLOMBO STOCK EXCHANGE (SRI LANKA)	6,275.62	45.43	0.73	-9	7,498.78	5,862.35	-9.1	2.8	
WEIGHTED (TAIWAN)	8,541.50	51.25	0.6	2.4	9,973.12	7,410.34	-11.2	3.3	
SET (THAILAND)	1,369.64	12.95	0.95	6.3	1,570.00	1,224.83	-11.5	-2.8	
EUROPE									
STOXX EUROPE 600 (EUROPE)	331.86	3.76	1.15	-9.3	414.06	303.58	-19.6	4.9	
STOXX EUROPE 50 (EUROPE)	2,751.89	27.53	1.01	-11.2	3,591.47	2,566.26	-23.1	1.3	
EURO STOXX 50 (EURO ZONE)	2,911.98	40.41	1.41	-10.9	3,828.78	2,680.35	-23.7	4	
EURO STOXX (EURO ZONE)	313.23	4.37	1.41	-9.3	392.35	284.92	-20	6.2	
ATX (AUSTRIA)	2,241.17	30.99	1.4	-6.5	2,681.44	1,957.05	-14.5	-1.4	
BEL-20 (BELGIUM)	3,354.06	34.07	1.03	-9.4	3,905.71	3,130.76	-14.1	9.6	
PX 50 (CZECH REPUBLIC)	899.30	15.03	1.7	-6	1,058.40	845.90			

LIFE

MANAGEMENT

PERSONAL FINANCE



» **MANAGEMENT**
Stories of sheer grit
and tenacity that paid
handsome dividend
Page 28

» **FAMILY BUSINESS**
Leaders must keep eye
on the ball to avoid
turbulence
Page 29



Get rid of 'dead space' to accomplish more, faster

If you want to accomplish more in your life at a rate faster than you've ever imagined, you can. You have to kill the Dead Space. Here's how.

Dead Space: the silent killer.

Most tasks in life are significantly easier than we'd like to believe. In fact, nearly every goal you have is really just made up of a series of small decisions followed by short actions. However, it's the in-between that consumes the most time. That's the Dead Space.

For example:

When it takes you three months to read a novel - did it really take three months? Or did it take three hours spread out over a three-month period?

Or for those looking to write a book — does it really take two years from conception to publishing or just a few hundred hours spread out over a two-year timeframe?

Or for those looking to raise money for their startup — does it really take six months or a dozen meetings over that six month period?

When you break apart a large task, how many actual physical hours of work are needed to accomplish this task? Probably not a lot. So why do tasks take so much time?

Because of Dead Space. It's all the waiting that lives between moments of action or decision.

Dead Space could manifest itself in numerous ways, such as fear, uncertainty, lack of focus, distractions, limiting beliefs, waiting on other people, or even physical restraints. It doesn't matter what form this Dead Space takes, nor does it matter who caused it. The cause could be 100 per cent your fault or 0 per cent your fault -- but if you want to accomplish significantly more in far less time, the solution is 100 per cent on your shoulders.

Supercharging productivity.

Dead Space is the real reason you aren't accomplishing your goals. It's the real reason that the latest John Grisham novel is still sitting on your nightstand, why your half-written book manuscript is still sitting on your desk, why your startup is six months from running out of money.

So the simple truth to accomplishing more, faster is this: when you reduce the Dead Space, you reduce the time needed to accomplish your goal.

Dead Space is the reason why Parkinson's law exists. Parkinson's Law, if you are unfamiliar with it, is the adage that "work expands to the time allotted for its completion." When you have less time to complete a task, you subconsciously decrease the Dead Space and knock it out quickly. When you have more time -- you fill almost every moment.

Think of it: the last time you had a looming deadline, did you stop to check your Facebook every five minutes? Did you take a break to read the newspaper? Did you wait a week for a phone call back from your company's legal department? Of course not! You got it done, no matter what it took.

So how do we reduce this Dead Space? It's easier than you think.

Three steps to reducing Dead Space

If reducing Dead Space is the one thing that will help you get significantly more done, what's the best way to do that? I've identified three painfully simple steps for reducing your Dead Space. Follow these three tips, and you'll immediately reap the rewards.

TASKS Most tasks in life are significantly easier than we'd like to believe, it's the in-between procrastination that consumes the most time



1. Identify the next task.

Moving your goals ahead requires that you first identify the next step on your journey. What's blocking you from finishing your goal? Get specific! David Allen, author of the *Getting Things Done*, calls it the "Next Actionable Step." Gary Keller and Jay Papasan call it "The One Thing" in their incredible book by the same title. I like to call it my "MINS" -- my "Most Important Next Step." Regardless of the name, this is the very next item you need to accomplish to move forward toward your goal. And surprisingly -- it's usually something quite quick and easy to do. It could be as simple as "pick up the phone and call mom" or "send an e-mail and ask for a status update" to something more complex like "sit down and write chapter two."

2. Do that task now.

If you can do that incredibly important next step right now - do it. Not tomorrow, not tonight - now! If you cannot do it now, time-block it into your calendar and hold yourself to it like you would a meeting with the president.

3. Repeat steps 1 and 2 until success is achieved.

Repeat these steps over and over and over until the goal has been met. The faster you can identify your next step and the faster you can schedule time to accomplish your task, the sooner you can get to your next step, followed by the next, followed

by the next. Before you know it, the project is complete, the book written, the new employee hired, the money raised, or whatever else your goal is -- you've reached it. Dead Space is required in nearly every large project, but when you seek to minimise its potency, you will increase your own productivity. Projects that seemed overwhelming suddenly become bite-sized and manageable because the fluff

has been removed. Get into the habit of always asking what the next step is, and know that the clarity you find will lead you toward getting more things done in far less time. If only someone had told my restoration contractor this concept six months ago, I might not have lost six months of rental income.

-ENTREPRENEUR

Life: Management

Stories of sheer grit and tenacity that paid handsome dividend

❏ **SUCCESS** Why persistence is key to achieving one's goals in life and in business



STAYING AHEAD

CANUTE WASWA

Mr Samuel Ing'olan Lodio is 30 years old. He had tried his hand at police recruitment for nine straight years. He had been turned away each time. And that was not all, every year he took part in all other recruitment exercises for security agencies such as Kenya Defence Forces and Kenya Prisons and always went back home dejected.

Ing'olan, who holds a diploma in forensic science from the Kenya Institute of Studies in Criminal Justice said this year would have been his last chance because of his age. At his final attempt, he was finally recruited into the Kenya Police.

That is what we call tenacity of pursuit.

And guess what—success in business takes tenacity too. Whether it is getting your foot in the door in pursuit of your dream job, or getting a promotion, successfully operating your own business, or leading a high performing team. The key to it all is tenacity.

Tenacity is the spirit of a ferocious nose tackle when you have your skin in the game. It is a child struggling with its first step. It is an elderly person continuing to meet his daily challenges. In short, it is the key to success.

Truly tenacious people grab hold of an idea or a cause and refuse to let go until they've succeeded, or, until someone finds them passed out in a pool of their own sweat. Of course, what the external observer probably doesn't know is the tenacious individual has not given up. He or she is just bowing to nature's demands and refueling and rethinking while floating in said pool of sweat.

Picture this. After unsuccessfully trying to get his dream job, Ing'olan started selling second hand clothes in Nairobi in 2009. He now says that he will defer his studies until he is done with the police training. Then he will do distance learning.

I have found that many people start on their dreams but most never finish. Then those who stop resent those who make it. The truth is that most people who become successful have simply mastered the art of keeping on keeping on. I can remember early on in my consultancy when I would get discouraged and I literally said to myself, "one more week. Just give it one more week." Quite frankly, this is what got me through a couple of years of my work early on. I hung on as others let go.

It is easy to get disheartened. Go to the most successful person you know and ask them if they ever thought about quitting. Ask them how they kept on going. You will be amazed at what you hear.

Today, more than 12 million people eat at



People sit outside a KFC restaurant in Hanoi. More than 12 million people eat at KFC each day in 109 countries, thanks to the persistence of founder Harland Sanders. AFP

KFC each day in 109 countries.

But did you know that Harland Sanders, the founder, dropped out of school in the sixth grade because he had to take care of his younger brothers. By age 40, he was running a service station and decided to make a little extra cash by serving full meals to busy people — the place was so small that they had to eat in the same room where he lived.

But eventually, people started coming in purely because of his food, getting to the point where he could no longer cram them inside his bedroom. Eventually Sanders moved to a bigger place across the street. His

restaurant was a hit, and everything was perfectly fine from then on!

That is, until a new highway was built, directing all of the traffic miles away from

his restaurant. Business dried up, and the now-elderly Harlan Sanders was in serious trouble.

So, at age 65, the restaurant was bankrupt and things weren't looking so bright for Sanders. Now retired from his job, he cashed his first ever Social Security check.

But Sanders was so confident in his ability to fry chicken that he used the last money he had in the world and invested it in his restaurant. Less than 10 years later, Sanders had more than 600 Kentucky Fried Chicken franchises in the US and Canada. In 1964, he sold his interest in the company for \$2 million to a group of investors. He was in his mid-70s.

What Ing'olan and Sanders expressed is called tenacity of pursuit.

Mr Waswa is a management and HR specialist and managing director of Outdoors Africa. E-mail: waswa@outdoorsafrica.co.ke



Be actively engaged to beat that groggy and tired feeling. FOTOSEARCH

Aside from poor pay, boredom is the top morale killer at work

It's striking how teachers and schools spend so much time figuring out how to engage students, while businesses do nothing similar for their employees. That's why more attention should be paid to curing workplace boredom. It's an insidious, pervasive problem in offices around the world.

Aside from a lower-than-desired salary, boredom at work is the number one reason most people say they dislike their jobs. It's why most full-time workers are not enjoying When you're older and look back on your life, do you really want to say that you were simply bored at work all the time? Here are five ways you can avoid that regret and beat workplace boredom:

1. Liven up your commute.

While most people zone out, listen to music or sleep, read your Kindle. If you are not a morning person, so this low-intensity stimulation helps set the tone for the rest of your workday. By the time you show up at the office, you're not tired and groggy — you are awake and engaged.

If you don't like to read novels or nonfiction, that's fine. Listen to a podcast, learn a language from an app or even play a mobile game. Do something active, not passive.

2. Negotiate your meeting times and agendas.

An advantage to running your own business is that you aren't forced to enter the revolving door of the meeting room. Calls for your business can last 30 minutes in length. It really makes you wonder why meetings ever last up to an hour in the first place.

If you can't afford to dictate when your meetings happen and how long they last, learn to nego-

tiate. Talk to your manager about how long your daily or weekly meetings should be, and agree on the agenda beforehand so no time is wasted.

3. Give yourself 20 per cent time.

Speaking of negotiating, Google's (in)famous "20 per cent time" policy does have its merits. This term refers to a 2004 statement by Google's founders Larry Page and Sergey Brin that said, "We encourage our employees, in addition to their regular projects, to spend 20 per cent of their time working on what they think will most benefit Google."

So, take that advice yourself. If you often find yourself browsing through YouTube or Facebook, ask your manager for some time each day, even just one hour, to work on a cool project. You can focus on learning a new skill, launching a new company initiative or just figuring out how to make your current job (the other 80 per cent of your work week) more engaging.

4. Take more (bathroom) breaks.

To keep that feeling alive at work, try to take a 30-minute break every two hours to do something fun before putting my nose back to the grindstone.

5. Quit while you're ahead.

If all else fails, quit your job. Whether or not you should depends on your priorities in life. Do you value stability and predictability? Or do you love achieving your goals? If you can't stomach the thought of sitting in on another pointless meeting, or wish you were anywhere but at your desk each day, the decision shouldn't be difficult.

-ENTREPRENEUR

Family business head must keep eye on the ball to avoid turbulence



FAMILY BUSINESS

PETER MUTUA

He who is loose and slack in his work is brother to him who is a destroyer and he who does not use his endeavors to heal himself is brother to him who commits suicide.

Proverbs 18:9

MANAGEMENT

Leaders and heirs should invest time, effort and resources to monitor the progress of their ventures and investments to avoid unpleasant surprises

In 1997, Robert Kiyosaki burst on to the financial scene with his book *Rich Dad Poor Dad*, a narrative about a rich accomplished businessman and the other a learned but poor scholar (supposedly his father). The book became a staple within the investing public who previously did not have clear guides on investing professionally.

His advice made sense; start as an employee earning a salary the move to being self-employed- business ownership, creating a multiple streams of passive income (where money works for you) and finally become an investor – where money works very hard for you as you play golf and enjoy life.

This counsel worked well for a large number of individuals, family businesses and “chamas” that took it seriously. They applied themselves individually and collectively to save and acquire attractive assets capable of generating steady streams of cash.

It then became the ambition of every young Kenya to “retire at 40”. What Kiyosaki’s book did not address are the questions; “retire and do what?” and “can investments generate cash indefinitely like the mythical perpetual motion machine?” This failure to answer the important question of what investors are to do with their time has led to many a financial crisis.

One of the best examples of what investors are to do with their time comes from Warren Buffet, founder of Berkshire Hathaway.

According to an article by Thomas Opong (www.alltopstartups.com) Buffet



Family business can only grow if leaders keep a close eye on the venture and ensure senior managers are people of integrity. FOTORESEARCH

Strategy

- Income without significant effort is a myth.
- Investments, no matter how passive they appear, require diligent follow up.
- Family business investors must keep a close eye on all investments.

spends 80 per cent of his time reading. Real stuff not Facebook updates or following Twitter trends; those do not count. Asked how he keeps getting smarter Buffet held up a stack of papers and said, “read 500 pages like these every day. That’s how knowledge builds up, like compound interest”.

The second thing Buffet does is think. Not daydreaming; focusing his thoughts on areas of investment interest. The third and possibly the most important; Buffet doesn’t just invest in companies operating in industries he understands well; he hires people with integrity, intelligence and energy. According to Buffet “if you don’t have the first, the other two will kill you”.

Kenya’s business sector is in a confidence crisis. Established businesses are

collapsing, some with depositors and or investors funds. Most have among their top shareholders leaders or heirs of family businesses who should have seen the signs and taken remedial action. While they may not entirely be to blame, they must take a portion of the responsibility for falling asleep at the wheel.

Leaders of Family Business and their heirs must recognise that they must remain diligent in their affairs, careful in their dealings and attentive to their investments. No family business, no matter how well endowed, can afford to allow their ventures to freewheel their way to prosperity as they leisurely while their time away as dividends flow into their accounts. Family members must invest time, effort and resources to monitor the progress of their ventures and investments to avoid unpleasant surprises and assure long term returns.

A large number of family businesses, especially those in their second or third generations have bought into the myth that one can maintain a fully hands off approach to business and still hope to succeed by entrusting it to capable employees and stepping away from its affairs.

While this approach may work in the short term, it generally has negative long-

term consequences for ventures that move away from strong family values.

All successful investors diligently follow up on their businesses performance even though they may do this from afar. They educate themselves to stay abreast of their industries, constantly research about new developments and meticulously institute warning systems to ensure that they are aware of risks that threaten business operations. None treats their managers’ reports as gospel truth; they trust but verify all information.

Every family business that allows their venture to run unattended, give senior managers of questionable character or values a free hand and ignore warning signs from regulators or market players come to ruin. It is both comforting and sobering for managers in family businesses to know that their principles have an excellent understanding of what happens in the venture; that nothing major escapes their attention.

Peter Mutua is a Humphrey Fellow, leadership development consultant and author of the book “The African Prince” available on Amazon Kindle. His email address is p.m.mutua@googlemail.com

Ties that bind: What it takes to have successful sibling partnerships

Family may know you better than anyone, but should you be in business together? Sibling partnerships have a long history of huge successes, such as the Wright brothers, and huge failures, like the Kellogg brothers. There are even far more dramatic examples of sibling rivalry that snowballed out of control into full-blown warfare.

So what makes some sibling partnerships a great success, while others create a chasm so great it rips familial ties apart? While the truth is that there are many reasons for unsuccessful sibling partnerships, here are the top five things that are sure to help improve your sibling partnership success story.

1. Choose to play to your strengths. Before you get into business with a

sibling, you need to decide who is good at what and make sure that’s how your partnership is divided. Get a clear understanding of who was good at what, and each was allowed to play to their individual strengths.

Takeaways:

Don’t let ego get in the way of your partnership. Decide what is best for the business and be willing to forgo what’s always best for you.

Play to your strengths and allow your sibling to play to theirs.

2. Set expectations ahead of time and in writing. It’s easy to want to “play nice” when it comes to family and think that all the nitty gritty details of your partnership can be left to verbal agree-

ments and assumptions, but that’s a huge mistake.

3. Communicate frequently and disclose fully. Like any great relationship, communication is the real key to success. Communicating expectations up front is important and likewise so is the ongoing commitment to communication. Working long, hard hours together day in and day out can be a challenge. You combine that with the time you’ll likely spend together outside of the business at a familial level and things can escalate quickly if you don’t effectively practice great communication. If you want your partnership to work, it’s important to let go of these assumptions and communicate clearly and openly, just as you would with a non-family business

partner. Don’t take your sibling partner for granted, or assume that just because they’re family, they can read your mind. Effective, frequent communication and good listening skills will take you far in your partnership with a sibling.

Takeaways:

Don’t assume your sibling partner(s) know what you’re thinking. Express feelings, opinions and ideas effectively.

4. Make decisions as partners. In a sibling partnership, it’s important that regardless of your clearly-defined roles, you consult each other on the decisions that shape and effect the company. Partners should have a say in what’s happening in not just the day-to-day, but also in the scope and long-term planning of

your partnership.

5. Get the resources you need. When you first get started, it may very well just be you and your siblings. But as your company grows and the revenue starts to support bringing on employees, make sure you get the resources and support you need to relieve the pressure and stress of running your business.

It’s important to discuss which staff members will impact the overall business most, and not get too stuck on which sibling’s silo of expertise that goes to support. Be willing to utilise that good communication to effectively decide what’s best for everyone and step away from your ego.

-ENTREPRENEUR

Life: Brand Management

Four ideas to maximise Facebook for client engagement, advertising

Facebook has changed the game for small businesses ever since its launch 12 years ago. More than 40 million companies now utilise the social network to

create pages, invite communities to events, advertise and engage with customers. Are you a new entrepreneur wanting to make the most of your Facebook presence this year? If

so, here are four ideas that can help increase your visibility in no time.

-ENTREPRENEUR

1. Get creative with responses.
A customer -- or potential customer -- is a captive audience during the short time he or she decides to comment on your page. So, seize the attention of that person by responding quickly — within a few minutes — to any content customers post. Too busy to monitor your Facebook page all day? Dedicate an employee to maintain your social media, or consider assigning a staffer to monitor it for a three-hour block, to be followed by someone else for the next three hours and so on -- whereby you spread the responsibility. Also, instead of responding with text, prop up your smartphone and upload a video message aimed at the person making a comment. Thank this individual for engaging with you and answer his or her questions, including this person's name. We started doing this a few years ago and have seen our customer engagement soar through the roof.



2. Utilise remarketing.
As a consumer, have you ever noticed that after going to a website to purchase something and deciding not to buy, you open your Facebook page only to see an ad for that exact company? Does that experience ever make you think twice and return to make the purchase you previously considered? Advertisers -- many of them small businesses -- bank on that outcome. The concept of capturing recent website visitors with strategically placed ads is called remarketing, or retargeting. It is incredibly effective (we've used it for years), and Facebook sells the option as part of its advertising choices.

3. Don't sell.
This is an oldie but a goodie that everyone knows but is still a solid reminder for entrepreneurs using Facebook. The site isn't meant for hard selling, but for engagement and authentic conversation. The minute you try to hawk your product or start posting every day about how great you are, is the minute you will turn off potential customers. Using Facebook for business can be compared with creating an in-person relationship with a future client. That relationship needs to be fostered slowly, and trust must be built before a purchase can be considered. So, what can you do? Post interesting articles about your industry and include your commentary, or blogs that offer helpful tips for your customers. Get silly and post a video of your employees during a team-building session, or showcase one new employee per week with a short Q&A about that person and his or her interests outside of work.

4. Showcase your philanthropic efforts and ask followers to participate.
For the month of February, one company decided to partner with a children's hospital to raise funds for the construction of its new pediatric trauma center, and posted the effort on Facebook. For every "share," one would donate \$1 to the cause.



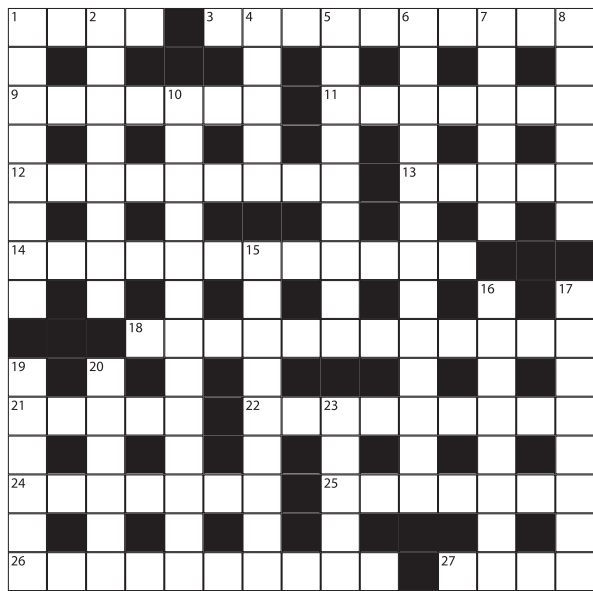
Peruvian prisoners launch fashion label behind bars

Santos Arce Ramos is doing 18 years for aggravated robbery, but today he is carefully cutting organic cotton cloth in a workshop at San Pedro, a notorious prison in Peru's capital Lima. With the help of a French designer who cut his teeth at Chanel, inmates at two Peruvian prisons have launched their own clothing label, seeking to bring their urban style to the world — and find redemption in fashion. "It's like putting together a puzzle," said Arce, 46, as he manoeuvred pieces of cloth into place on a beat-up

work bench. Arce is one of 30 inmates at San Pedro and a women's prison across town, Santa Monica, who make the clothes sold by Pieta, a label that describes itself as socially conscious and was set up by 29-year-old French fashionista Thomas Jacob. The label specialises in a gritty urban look: T-shirts, hoodies and jackets in black, white and army green, stamped with stark black designs. Jacob, a graduate of French business school INSEEC, got the idea for Pieta in 2012, when a friend who taught French les-

sons to inmates at San Pedro invited him to tag along with her. Galvanized by the visit, he plunged head-first into an ambitious new project. He asked prison officials for permission to set up a tailoring workshop for inmates, and then quit his job at revered fashion house Chanel to dedicate himself to his new label. "Prison inspires me — the dark side of humankind," he said. Within a year the inmates were making "high-quality, competitive" products, he said. -AFP

» TIMES CROSSWORD 25,100



- Across**

1 Risk missing time to get bene t (4)

3 Spoil cotton clothing while making liqueur (10)

9 Monk in retirement admitting past errors, ultimately very bad (7)

11 Collection of works from American following mantra with point (7)

12 Ro ll around, sick as sin in bunk (9)

13 Wild o er on radium (5)

14 Porous qualit y illuminated in crumbling pier, maybe (12)

18 Fruit shortage beginning for country in di cult y re ected by angry speech (12)

21 Ho urs consumed by rent projection (5)

22 Ill fortune concerning sport (9)

24 Understanding rebuke, left (7)

25 Ha ve permission to start to lm broadcast in London district (7)

26 Stubborn man trails mob? Not hard (10)

27 Cause of disappointment and depression unknown (4)
- Down**

1 View of the main cover r eceived by small facilit y (8)

2 Part of organ from reptile on road to south o s land (8)

4 Completely love a Scottish town (5)

5 Fools old father upset, hugging one of followers (9)

6 Discuss involving traitor and idiot with yen to form association (13)

7 Swallow that is covering miles heads for barn in Br itain (6)

8 Nations ideally partly in agreement (6)

10 Ill omens cause broadcast to be varied (13)

15 Spiteful speaker from stern tribe in trouble (9)

16 Beef over island being occupied by force (8)

17 Gr ain scattered in enclosure for sh (8)

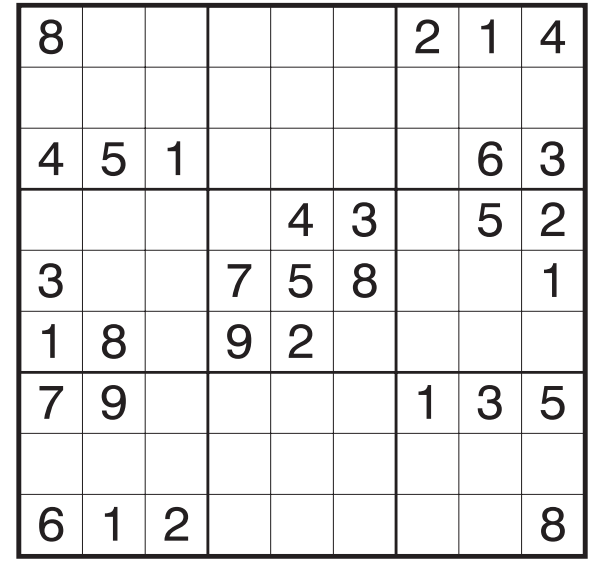
19 Formalit y in stone vault (6)

20 Go away, ignoring leader and climbing mountain, creating fuss (6)

23 Re treat holding second ace (5)

» SUDOKU PUZZLE 184

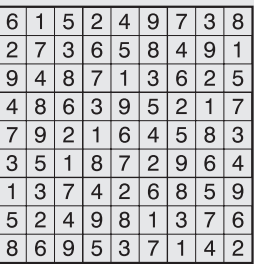
How to play
Fill the grid so that every row, every column and every 3x3 box contains 1-9. You solve the puzzle with reasoning and logic and not mathematical ability



TIMES 25,099



SUDOKU 183



THE Business OF Sports

► **CHAMPS LEAGUE** Spanish club oozes confidence as their history is littered with great comebacks

Real set for 'war' with Wolfsburg as they seek to overturn deficit

Real Madrid are determined to create an intimidating atmosphere for visitors VfL Wolfsburg as they try to overturn a two-goal deficit in Tuesday's Champions League quarter-final second leg at the Santiago Bernabeu stadium.

"Tuesday will be like a war, with 80,000 spectators; we are going to try and walk all over Wolfsburg," said defender Dani Carvajal.

"We're going to play to the death and with 80,000 souls behind us we will do it," added winger Lucas Vazquez.

Forward Cristiano Ronaldo told the club website: "We need to have cold hearts and play with patience and know how to suffer. Getting through is our big objective, it's the only thing that will let the players and fans leave the stadium happy."

Madrid are third in La Liga and enjoyed a 4-0 win over Eibar on Saturday to close the gap with leaders Barcelona to four points, lifting their confidence after the shock 2-0 defeat at Wolfsburg last Wednesday.

The German side are eighth in the Bundesliga and were held 1-1 by Mainz on Saturday. Coach Dieter Hecking made four changes from the team that beat Madrid and was without Julian Draxler, the outstanding player last week, through suspension.

Real, 10-times European champions, have a history littered with great comebacks at the Bernabeu, beginning with a 5-1 win over Derby County in the 1975 European Cup after they had lost 4-1 in England.

Madrid beat Inter Milan 3-0 to reach the final of the 1985 UEFA Cup after losing the semi-final first leg 2-0, when midfielder Juanito famously warned Inter: "Ninety minutes in the Bernabeu is a very long time".

Madrid also staged successful second-leg comebacks against Celtic, Anderlecht, Red Star



Real Madrid players train at Valdebebas Sport City in Madrid yesterday on the eve of their Champions League second leg football match against Wolfsburg. AFP

Belgrade and Borussia Moenchengladbach but their reputation as miracle workers is waning and they last overturned a deficit in 2002 when they beat Bayern Munich 2-0 at the Bernabeu in a quarter-final second leg on their way to winning the trophy. Since then, Madrid have lost eight first-leg games in the Champions League knockout stages and failed to progress every time, exiting last season's tournament to Juventus 3-2 on aggregate and managing only a 2-0 win over Borussia Dortmund in the 2013 semi-finals after losing the first leg 4-1. Yet Madrid's self belief remains strong.

"We're going to turn it around because everyone who comes to the stadium and follows us deserves it, our badge deserves it and we work all year for

those big nights," said defender Nacho.

"Real Madrid's history was written on nights like these and I hope we can do it again on Tuesday," added director and former striker Emilio Butragueno, who played in the famous comebacks against Inter, Anderlecht and Gladbach.

Wolfsburg, though, are equally determined. "On Tuesday we'll be at 100 million per cent, we're going to run as if our lives depended on it," forward Andre Schurrle told German news agency DPA.

"Since we beat Real Madrid the entire city has been talking about that game and the second leg. It won't be easy."

-REUTERS

SPORTS BRIEFING

Willett breaks into world top 10

Englishman Danny Willett has broken into the top 10 of the world rankings for the first time after his dramatic victory in the Masters at Augusta.

Willett was ranked outside the top 100 as recently as November 2014 but on Sunday he became the first Briton since Nick Faldo in 1996, and the first European since Jose Maria Olazabal in 1999, to win the green jacket.

As a result, the 28-year-old has jumped up three places from 12th to ninth in the latest rankings released on Monday.

American Jordan Spieth surrendered his title in stunning fashion as he became the latest man to be swallowed up by Amen Corner.

He stays second behind Australian Jason Day after a quadruple bogey at the 12th at Augusta that will live long in the memory, with Rory McIlroy third.



Jordan Spieth of the US presents Danny Willett with the green jacket in Augusta at the weekend. AFP

Marseille fans mock own players

The crisis at Marseille gets deeper and deeper with the French giants' interminable struggles on the field leading to mockery from their own fans, who have turned on the team as well as the club's owner.

Marseille's 0-0 draw at home to Bordeaux in Ligue 1 on Sunday was played out to fan protests at the team's struggles that featured banners depicting goats and the Benny Hill theme tune being played from the stands.

But, along with the humour, the supporters also continued their theme of fury at the perceived apathy of owner Margarita Louis-Dreyfus, who inherited the club after the death of her husband Robert in 2009.

"Margarita rich incompetent heiress get lost!" read one banner unfurled behind the goal at the north end of the Stade Velodrome, while another read: "Margarita go back to your real job, housewife."

The game itself ended in more bad blood with around 200 supporters having to be dispersed by riot police firing tear gas.

Marseille are on a club record run of 14 home top-flight games without a win since they beat Bastia 4-1 in September.

Home or away, they have not won in nine and as a result they are not safe yet from the threat of relegation, with just six points separating them from the drop zone and five matches still to play.



Marseille's supporters display placards showing goats to mock players for poor performance. AFP

Messi remains world's highest paid footballer

Argentina and Barcelona star Lionel Messi remains the world's highest paid footballer with an annual income of 74 million euros (\$84.3 million, £59.3 million), according to a report set to appear in Tuesday's edition of *France Football* magazine.

Messi's earnings in 2015 rose by nine million euros compared to the previous figures, keeping the five-time Ballon d'Or winner ahead of Cristiano Ronaldo (67.4m euros) and Neymar (43.5m euros) as the top three stayed unchanged for the third year running.



Argentina and Barcelona star Lionel Messi. AFP

France Football's estimates were based on players' pre-tax salaries, sponsorship revenues and various

bonuses, it added.

Angel Di Maria was the top-earning player in France with 24 million

euros following his off-season move from Manchester United, with the Argentine narrowly ahead of Paris Saint-Germain team-mates Thiago Silva and Zlatan Ibrahimovic.

However, figures in France only accounted for player wages and contract bonuses, according to the report.

Despite his sacking from Chelsea in December, Jose Mourinho was the highest earning coach on 24 million euros, with Pep Guardiola and Fabio Capello rounding out the top three.

-AFP

60 Seconds

Your minute of the day



Bernie Sanders, US presidential hopeful, **Page 9**



James Mwangi, CEO, Equity Bank, **Page 19**

TOMORROW:

We need to continue focusing on critical “missing links” in road infrastructure development

By George Wachira

IDEAS & DEBATE

FIND US ON FACEBOOK & TWITTER



businessdailyafrica



BD_Africa



www.businessdailyafrica.com

GLOBAL MARKET WATCH

DJ INDU. 17,576.96 35.00

FTSE 100 2,572.62 19.14

XETRA 9,719.50 97.24

CAC 40 4,324.58 21.46

FTSE 17,766.07 261.45

SMI 7,796.26 -21.29

HANG SENG 20,440.81 70.41

NIKKEI 225 15,751.13 -70.39

ALL ORD. 5,013.19 -4.81

STRAITS 3,668.35 1.21

S&P SENSEX 25,022.16 348.32

CURRENCY RATES

\$: 101.13

€: 115.34

£: 142.72

TSh 21.63

US\$ 33.10

SAR 6.77

Africa



New PM for Madagascar

Madagascar's President Hery Rajaonarimampianina (above) has appointed the interior minister as the new prime minister days after a confused announcement over the resignation of the previous premier. On Friday, the president's office had said PM Jean Ravelonarivo and his cabinet had resigned — only for Ravelonarivo to deny. In a statement on Sunday, Roger Ralala, secretary general of the presidency, said Solonandrasana

Olivier Mahafaly had been appointed prime minister and head of government.

Luanda protesters blocked

Angolan police briefly detained dozens of protesters in the capital Luanda after they tried to march in support of a group of activists jailed for planning a rebellion, witnesses have said. Armed police rounded up the protesters as they gathered at Independence Garden for the abortive march in support of 17 activists sentenced last month for plotting against President Jose Eduardo dos Santos's government. Police kicked some people gathering for the demonstration, leaving one bleeding and unconscious, before taking them away, a witness said.



ANC losing support — official

South Africa's ruling African National Congress has lost some supporters' confidence and could totally lose them if it does not deal with discontent with President Jacob Zuma, an ANC official has said. "It is not the Constitutional Court judgment that is the issue. The issue is the trust deficit that has developed, with people beginning to trust us less and less and less and less," ANC

secretary-general Gwede Mantashe (left) has said.

Congo expels US researcher

Authorities in the Democratic Republic of Congo have expelled a prominent American researcher weeks after he published a report linking soldiers to the massacres of civilians, the government has said. Jason Stearns, the director of the Congo Research Group at New York University, was expelled from the country — to which he makes regular research visits, for making false declarations to immigration services, government spokesman Lambert Mende said. "(The authorities) wanted to present him to a judge but finally decided to expel him," Mende said.

Market Activity

	LAST WEEK	PREVIOUS WEEK
MARKET CAP IN SH BN	2,053.29	2,065.02
TOTAL SHARES TRADED	10,047,100	16,270,900
EQUITY TURNOVER IN SH	328,119,833	432,948,856
BONDS TURNOVER	4,027,600,000	964,900,000
TOTAL DEALS (BONDS)	25	21
TOTAL DEALS (EQUITY)	1,107	1,202
NSE 20 SHARE INDEX	3,958.57	3,999.33
NSE ALL SHARE INDEX	145.67	146.50
NSE 25 SHARE INDEX	4,190.85	4,219.04
FTSE NSE KENYA 15 INDEX	184.01	186.41
FTSE NSE KENYA 25 INDEX	183.86	186.14
FTSE NSE KENYA BOND INDEX	88.69	89.08
FTSE ASEA PAN AFRICAN INDEX	997.19	996.83



HE SAID

"There is nothing noble in being superior to your fellow men. True nobility lies in being superior to your former self."

-Ernest Miller Hemingway
American novelist
(1899-1961)

World

Ukraine volatile after PM quits

Ukraine has become "very volatile" since Prime Minister Arseniy Yatseniuk resigned, the head of the Council of Europe said yesterday, calling for the swift formation of a new government and speedier progress on reforms. Yatseniuk tendered his resignation on Sunday, opening the way to seeking a more stable government for Ukraine which is struggling with an economic crisis and a conflict with Russia-backed rebels in its eastern regions. "The situation in Ukraine is now very volatile," Thorbjørn Jagland told reporters in Brussels. Reforms of Ukraine's judiciary and penal system were key to rebuilding public trust, he said.



Five held over deadly blaze

Indian police have detained five people after a fireworks display at a Hindu temple set off explosions and fire killing 108 people, an officer said yesterday, in one of the worst accidents at a religious festival. Thousands of people were gathered at the temple at Kollam in the southern state of Kerala on Sunday for the pyrotechnic show to mark the start of the Hindu year when sparks ignited a cache of fireworks stored inside the

temple grounds. Police officer Anantha Krishnan said the five taken into custody were employees of a fireworks manufacturer.

Russia police post bombed

Three men attacked a rural police station in southern Russia yesterday including at least one suicide bomber, the Interior Ministry said, saying police in the affected area had been put on a high state of alert. The attack took place in a village in Russia's Stavropol region, close to the volatile majority-Muslim North Caucasus area, where Islamist extremists want to carve out a breakaway caliphate and have targeted policemen in a series of car bombings and shootings.



Peru poll goes to run-off

Keiko Fujimori, the daughter of a jailed former president, led Peru's election yesterday but she likely faces a tight run-off against centrist economist Pedro Pablo Kuczynski in a vote that would protect the country's free-market economic model. Fujimori, whose father Alberto was Peru's authoritarian leader in the 1990s, fell short of the 50 per cent needed to win in the first round of voting.



Health NEWS

Platelets breakthrough

Scientists have made a significant leap towards mass producing platelets — the part of the blood that forms clots. The NHS and University of Cambridge team have discovered how to grow the body's platelet factories in the laboratory. It could provide a new source of platelets to stop heavy bleeding, for example after a car crash. But the researchers need to make the process more efficient before starting trials.

Medicine plant secrets probed

Scientists have unravelled one of the secrets of a plant used in traditional Chinese medicine. The Chinese skullcap, known as Huang-Qin, is traditionally used for fever, liver and lung problems. Scientists have discovered that the plant uses a special pathway to make chemicals with potential cancer-fighting properties. They say it is a step towards being able to scale up production to make new drugs.

Radiotherapy machine breaks

Uganda's only radiotherapy machine used for treating cancer is broken beyond repair, the country's main cancer unit says. This leaves thousands unable to get potentially life-saving treatment. The cancer unit at Mulago Hospital in the capital, Kampala, is now looking for \$1.8m (Sh180 million) to buy a new machine. It gets 44,000 new referrals a year from Uganda and neighbouring countries.

WEATHER

High 18°C (64°F) Low 11°C (53°F)
Nairobi: 3-day forecast

		High	Low
Thu	Mostly Sunny	17°C	11°C
Fri	Mostly Sunny	18°C	11°C
Sat	Mostly Sunny	16°C	12°C

6161105100188

