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NHIF takes up higher portion of contributors' treatment fees

Public insurer gazettes new capitation and rebate limits for care in public, private hospitals

NEWLY INTRODUCED BENEFITS

Up to Sh5,000 per month for monthly clinics for chronic diseases

	Sh
Cancer chemotherapy	25,000 (minimum)
Radiology	18,000
CT-Scan	8,000
MRI	15,000

NEVILLE OTUKI

The cost of managing chronic diseases such as diabetes and kidney failure is expected to come down significantly following a decision by the National Hospital Insurance Fund (NHIF) to more than double the amount of money the fund can pay for treatment.

A notice published in the *Kenya Gazette*

also shows that the NHIF has increased medical cover for inpatient services in both public and private hospitals in a move that effectively lowers the cost of accessing medical care for thousands of contributors.

The legal notice shows that the NHIF will pay for kidney dialysis up to a limit of Sh10,000 per session from the current Sh2,500 while **NHIF, Page 4»**



Njuguna Ndung'u, former CBK Governor

Ex-CBK boss Ndung'u faces probe over banking crisis

BY EDWIN MUTAI

Parliament yesterday turned its guns on the past Central Bank of Kenya leadership with a demand that it should be investigated in the wake of massive fraud, poor governance and weak oversight that has seen three banks collapse in nine months.

The demand came after National Assembly Speaker Justin Muturi ordered the Finance, Trade and Planning Committee to investigate the recent closure of banks and report to the House in 30 days.

Mr Muturi was responding to Leader of Majority Aden Duale's request for a parliamentary investigation into the activities of Dubai, Imperial and Chase Bank directors that have caused the lenders to go into receivership or statutory management within a year of regime change at the CBK.

Mr Duale said recent events had demonstrated that the closure of banks had a lot to do with the past Central Bank of Kenya leadership, which should be made to account.

"The committee must investigate the regulatory issues that rendered the CBK incapable of intervening before the banks collapsed. The committee must also come **NDUNG'U, Page 4»**

Chase Bank's Sh4.8bn bond stopped from NSE trading

BY GEOFFREY IRUNGU

Troubled lender Chase Bank's Sh4.8 billion bond was suspended from trading on the Nairobi Securities Exchange (NSE) on April 8, the bourse said yesterday.

The NSE said it suspended the bond from trading following a directive from the Capital Markets Authority (CMA), in the wake of the bank's sudden closure.

"This [suspension] follows the placement of Chase Bank (Kenya) in receivership thereby preventing the payment of any claims by the Bank's creditors," said the NSE.

Chase Bank was closed on April 7 in the wake of a depositor panic caused by a sudden exit of two top officials and publication of financial report showing insider lending had hit Sh16 billion.

See full story on page 19>>

IN DEFENCE



NAIROBI

Suspended Supreme Court Judge Philip Tunoi (left) looks on as his lawyer, Fred Ngatia, cross examines a witness yesterday during a tribunal investigating claims that he received a Sh202 million bribe from Nairobi Governor Evans Kidero to influence an election petition filed by Kabete MP Ferdinand Waititu. See story on page 2. JEFF ANGOTE

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TOP NEWS

Tunoi lawyer pokes holes in Sh200m bribery affidavit

PROBE Advocate takes former journalist to task over claims Kidero bribed judge in election petition

BY SANDRA CHAO-BLASTO

Suspended Supreme Court judge Philip Tunoi’s advocate, Fred Ngatia, has sought to discredit the testimony of a former radio journalist who claims to have facilitated the payment of a Sh200 million bribe to the judge to influence an election petition filed against Nairobi governor Evans Kidero.

The senior counsel yesterday pressed Geoffrey Kiplagat hard to elaborate on the contents of his affidavit, terming his allegations “fiction”.

“Basically from what you have just said, you had no role at the petrol station because no such incident took place. It is just a creation of your mind,” Mr Ngatia told the former Kass FM presenter.

Mr Kiplagat, however, maintained that on the day of the alleged bribery he was picked from Kasuku Centre in Kileleshwa, Nairobi, by lawyer Katwa Kigen who was driving a Mercedes Benz, with the judge seated at the back.

He claims that after a briefcase changed hands at the petrol station in Westlands, he was dropped off on Wayaki Way and given Sh20,000 to attend a funeral. Mr Ngatia questioned Mr Kiplagat’s memory over the actual size of the briefcase and whether or not he was privy to the contents.

The former journalist told the Sharad Rao-led tribunal that he had indeed sworn the affidavit in 2014 even though the bribery allegations against Mr Justice Tunoi only surfaced last year.

In the heat of cross-examination Mr Kiplagat clarified that while there were several meetings held between the parties,



Mr Geoffrey Kiplagat before the Tunoi tribunal in Nairobi yesterday. JEFF ANGOTE

the judge did not show up to some of the meetings held in Nairobi and Eldoret.

The tribunal, which includes retired judge Jonathan Havelock, Justice Rose-line Korir, lawyer Judith Guserwa, Mr James Kaberere Gacoka, Mr Abdirashid Abdullahi Hussein and Mr George Munji Wakukha, began their sittings yesterday at the Anniversary Towers in Nairobi.

The suspended judge through his lawyer asked the tribunal to put off further cross examination of Mr Kiplagat until the people who had been mentioned in his testimony had an opportunity to record their statements and appear before the tribunal for clarifications if need be.

“Every statement he gives leads to another human being, there is already a distinct possibility of him being recalled. It would be prudent to put off his cross examination until the individuals mentioned give their statements,” he said.

Lawyer Paul Nyamodi acting as the tribunal’s assisting counsel, however, objected to the proposal, saying that it would be prudent to finish with one witness before moving on to the next.

“All witnesses flow from this witness and the tribunal would not have a tidy record if we are to bring in a second witness then recall this one,” he said.

The next tribunal sittings were adjourned to April 26. schao@ke.nationmedia.com

Pride of Africa



Zanzibar

Kenya Airways marketing director Chris Diaz (centre) leads the airline’s team in receiving Africa’s Airline of the Year Award at the 2016 World Travel Awards (WTA) ceremony in Zanzibar last Friday. KQ snatched the title of Africa’s best airline from South African Airways. COURTESY

ICPAK defends auditors of collapsed banks

BY BRIAN NGUGI

The accountants’ regulatory body has made a strong defence of its members who audited the collapsed Dubai, Imperial and Chase banks, shifting blame to management and boards of the lenders.

The Institute of Certified Public Accountants of Kenya (ICPAK), which is the body mandated to regulate accountants, absolved the external auditors of the lenders of complicity in their collapse.

“Whilst it is very common to put the spotlight on the role of various regulators and the external auditors, the primary responsibility for fair presentation of the financial results is that of the board of directors...the Kenyan Companies Act is very clear on the duties and responsibilities of the board of directors of any



Mr Fernandes Barasa. FILE

company, whether a bank or otherwise,” said ICPAK chairman Fernandes Barasa in a statement.

He spoke at a time the role of external auditors has come under mounting scrutiny. Auditors have been blamed for either sleeping on the job or colluding with rogue directors in the abuse of corporate governance guidelines which eventually caused the collapse of the three lenders.

But Mr Barasa, in the stinging statement, said the blame lies squarely in the hands of bank directors adding that in the case of the three banks, external auditors were limited in their roles of providing oversight for institutions.

“It is worth to appreciate that external audit is just that — external — it is not part of internal control and not a substitute, therefore, for good corporate governance. At best, external auditors spend a limited number of days or weeks focused on key financial information and financial statement presentation.

“It is not designed like a forensic audit that seeks to validate the authenticity of every single transaction. Neither is it designed as internal audit which seeks to critically review compliance with internal policies and procedures and regulatory requirements,” he said.

CORRECTION

The Business Daily of April 7 carried a story indicating that Nairobi’s MP Shah Hospital had increased its consultation charges to Sh2,500 from Sh1,400 one and a half years ago. The correct position is that the fee currently stands at Sh2,000. We regret the error and apologise to MP Shah for the embarrassment the story may have caused.

Today's Weather Forecast

DAY

High 26°

Intervals of clouds and sunshine

NIGHT

Low 16°

Cloudy

Index to companies

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RADAR SCREEN ■ DEAN A. CIRA

Why should Kenyans care about urbanisation?

■ GROWTH

Devolved units can help drive urban transition by bringing services closer to the people

Today, over half of the world's population lives in urban areas. Africa, however, is still predominantly a rural region with 40 per cent of its population living in urban areas. But that will change rapidly. Over the next 35 years, Africa and Asia will be the most rapidly urbanising regions in the world, and by 2050, about 56 per cent of Africa's population will live in urban areas.

By then, currently at a low urbanisation rate of below 30 per cent Kenya will become 50 per cent urban. This implies that by 2050 about 40 million Kenyans – the same as the country's total population today – will be living in cities and towns. This will be the country's most important transformation of the next generation.

Why is this important? Because how Kenya manages its urbanisation process will greatly determine if it can leverage urbanisation for economic growth, improved quality of life and poverty reduction. There is a strong positive relationship between urbanisation and economic growth, and no country has become wealthy without urbanising.

Kenya's Vision 2030 clearly recognises that cities will be one of the primary drivers of the country's ambition to become an upper middle-income country by 2030. As an urbanised upper middle-income country, Kenyans should look forward to greater economic opportunity, reduced poverty, and improved living standards.

Kenya has some advantages over other countries in Sub-Saharan Africa. With a Gross National Income (GNI) per capita of \$1,280 (2014), Kenya is under-urbanised. By comparison, most countries in Sub-Saharan Africa reached the 40 per cent urbanisation rate with a GNI per capita of about \$1,000.

This should mean that Kenya can invest more money in its urban areas as it urbanises. In addition, Kenya's vast agricultural potential and increase in agricultural productivity could serve as a major driver for economic growth, and could in turn drive urbanisation.

Also, Kenya's devolution process should drive a smoother urban transition by bringing service delivery, social accountability and decision making closer to the people. These are positive trends for urbanisation.

However, there are trends that could undermine the urban transition and lock-in potential negative impacts of urbanisation for decades to come if national and local leaders do not take action. To begin with, economic growth has yet



to drive economic transformation; the services sector grew by 2.1 per cent per year from 2000-2011, while manufacturing grew at 0.7 per cent only. In addition formal employment remains elusive for most Kenyans: unemployment in urban areas stood at 13 per cent in 2015, and only 40 per cent of workers are formally employed. Wage earnings from industry declined from 20 per cent in 2008 to 10 per cent today.

Kenya is also under-investing in its urban areas. Urban infrastructure services are essential to attract and retain satisfied and productive residents and businesses. However, urban services are failing to keep pace with urbanisation.

For instance, the current water demand in Nairobi and Mombasa outstrips supply by 150,000 and 100,000 cubic meters per day, respectively. Also, only about 18 per cent of the urban population is covered by a proper sewer system and the existing wastewater treatment plants operate at 15 per cent efficiency, leaving most effluent untreated. There are no proper sanitary landfills anywhere in Kenya.

At current investment rates, it would take 200 years to reach universal urban water and sanitation coverage, and more than 50 years to reach universal electricity access in urban areas.

Lagging supply of basic urban services is manifested in Kenya's high proportion of informal settlements. Informality has stayed constant in urban Kenya for at least 20 years at 61 per cent of urban households. Such families on average live in housing of 17 square meters which is overcrowded.

Most formally constructed housing (80 per cent) is affordable only to upper-middle and upper-income households, and only two

per cent of formal housing is targeted to low-income households. By 2050, Kenya will need to produce nearly 300,000 new housing units per year to meet new demand.

Today, most formal sector builders are capable of building only 300-500 units per year. If the current rate of informality continues to 2050, there will be 24 million Kenyans living in informal areas. Households, especially informal ones, often trade-off housing quality for access to jobs – usually informal ones.

Urban financing will be central to the success of devolution, and ultimately urbanisation, especially for larger counties with major cities and fast growing urban towns. Without proper financing, there is a major risk that urban services will continue to be under funded and will deteriorate service quality and access even further.

Measures to increase county revenues and manage costs are needed urgently. Recurrent financing of on-going service delivery and maintenance of assets is proving to be a major fiscal challenge for predominantly urban counties. Property taxes offer the most scope to increase own-source revenues, but counties face political and information challenges to doing so.

Borrowing is another alternative, but the combination of low fiscal surpluses and fiscal conservatism in the emerging county borrowing framework could also play into a continued urban investment deficit. Other financing alternatives need to be explored and weighed for their impact on fiscal risk and contribution to economic growth and social welfare.

Policy makers need to sort-through the policy trade-offs that will be required to facilitate a smooth urban transition. While there are many specific policies that must be addressed across various sectors, three policy areas emerge as priorities: ensuring effective urban management and governance; modernising land and planning institutions; and ensuring a sustainable

Workers fix power lines: As Kenya urbanises, it should invest more money in urban areas. FILE

financing framework for investing in urban areas. These policies will empower counties to better manage, finance and develop their urban areas to become livable, equitable and productive.

Over the next several weeks we will write about some of these policy challenges and actions that can be taken to ensure a brighter urban future for Kenya.

Cira is Lead Urban Specialist, World Bank, Nairobi

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Lagging supply of basic urban services is manifested in Kenya's high proportion of informal settlement

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TOP NEWS

Relief for diabetes, kidney patients as NHIF doubles cover

»From Page 1 kidney transplants are now covered to the tune of Sh500,000 from Sh200,000.

Geoffrey Mwangi, the acting NHIF chief executive, said the new rates have been set following negotiations and agreements with hospitals.

The rates apply to both outpatient and inpatient services in more than 2,000 health centres and top hospitals such as Aga Khan and Nairobi Hospital, where a dialysis session costs about Sh10,000 and consultation fees are fixed at between Sh1,000 and Sh2,000.

Kenyatta National Hospital (KNH), the country's main referral facility, charges Sh5,000 for a session of kidney dialysis — meaning patients have been financing half the cost of treatment from their own pockets.

Cancer patients have also got a relief from the latest price reviews, with the increase of cover for chemotherapy to Sh25,000 per session and to a maximum of Sh18,000 for radiology.

KNH charges Sh5,000 per session of radiotherapy while private hospitals like MP Shah, Nairobi Hospital and Aga Khan charge about Sh10,000, meaning the entire cost is covered.

Expectant mothers have also won big with the increase in maternity cover to Sh10,000 from Sh6,000 for normal delivery while a C-section delivery is covered up to Sh30,000 from Sh18,000.

The notice also shows that diagnostics

test, MRI, is now covered up to Sh15,000 per session while CT-scan is capped at Sh8,000.

The enhanced cover comes as a big relief for low-income households who are often hard-pressed to raise cash for treatment of chronic diseases in private hospitals.

The NHIF has also gazetted new inpatient rebates, doubling the cover for bed costs, meals and med care.

The public insurer will now pay a minimum of Sh1,200 per night, up from Sh600 for members admitted to public or faith-based

hospitals and up to Sh4,000 a night for those admitted to top private facilities like Aga Khan and Nairobi Hospital, or double the previous cover.

Mr Mwangi reckons that the enhanced rebates, in addition to outpatient cover introduced last July, have put Kenya on the path to achieving universal healthcare.

The increments have narrowed the cost gaps between what hospitals charge to admit patients and what the public insurer pays in rebates, a relief for thousands of patients seeking care in well-equipped and mostly private facilities.

Most patients have in the past had to dig into their pockets to top up the NHIF rebates that fell short of what the hospitals charged.

Aga Khan and Nairobi Hospital, for instance, charge their inpatients Sh9,500 per day in the general wards.

The new rebate of Sh4,000 now means

The new rates have been set following negotiations and agreements with hospitals

Geoffrey Mwangi
Acting NHIF Chief Executive



NHIF board chairman Mohamud Ali speaks at a past event. FILE

the top-up amount is down to Sh5,500 compared to Sh7,600 previously, saving them Sh2,100.

Hospitals are divided into three categories for inpatient care.

Public facilities like KNH are in Category A, where users do not incur any expenses if they seek medical attention there. Similarly, patients do not incur expenses in faith-based health service providers in Category B.

Medical attention from private hospitals (Category C) — that are popular with most Kenyans because they are better equipped — require extra cash to top up the NHIF rebates.

KNH now has a rebate of Sh4,000 a night, up from Sh2,400 paid for the general wards, while those receiving treatment at Eldoret's Moi Teaching and Referral Hospital are covered to the tune of Sh3,500 a night.

The NHIF has, however, suffered serious setbacks with the rollout of the outpatient cover introduced last July after the fund failed to reach a capitation deal with top private hospitals.

The lack of a deal means contributors remain confined to medical care from public hospitals and small private facilities that have agreed to the lower capita-

MEDICAL PROCEDURES		
	Old rate (Sh)	New rate (Sh)
Maternity normal delivery	6,000	10,000
Maternity C-section	18,000	30,000
Kidney dialysis	2,500	10,000
Kidney transplant	200,000	500,000

NHIF INPATIENT COVER PER NIGHT			
The new rebates range between Sh1,200 and Sh4,000 in public hospitals and between Sh2,000 and Sh4,000 in private facilities.			
Hospital	location	Old rate (Sh)	New rate (Sh)
Nairobi	Nrbi	1,900	4,000
Aga Khan	Nrbi	1,900	4,000
KNH	Nrbi	2,400	4,000
Moi Referral	Eldoret	2,300	3,500
Karen	Nrbi	1,900	3,500
Mater	Nrbi	1,800	3,500
Pandya	Mombasa	2,000	3,000
Aga Khan	Kisumu	1,800	2,800
Pumwani	Nrbi	2,000	2,800
Metropolitan	Nrbi	1,500	2,600
Kisii Level V	Kisii	1,700	2,500
Provincial General	Kisumu	1,700	2,500
Provincial General	Machakos	1,500	2,200
Gertrudes	Nrbi	1,900	2,000

tions. This is despite an increase in workers' monthly contributions to the fund from Sh320 to between Sh500 and Sh1,700

in April based on their pay scale with the promise of enhanced outpatient benefits in both public and private hospitals.

Top private hospitals, which are better staffed and equipped, have rejected the Sh1,200 that the NHIF has offered to pay as annual fee (capitation) for every beneficiary, dismissing it as too little.

"None of our members has accepted the outpatient scheme," said Kanyenje Gakombe, the chairman of Kenya Associations of Hospitals (KAH), which represents 15 top hospitals, including Nairobi Hospital, Aga Khan, Mater, Kijabe, MP Shah and Gertrude's.

This has left the NHIF's private sector contributors with a small number of bottom and middle-level hospitals, most of which offer low quality services.

Civil servants and members of the disciplined forces, however, continue to enjoy inpatient and outpatient services at both public and top private hospitals, a development that has sparked an outcry from private sector workers.

Under the scheme, the national health insurer pays Sh1,200 annually to a facility that the contributor and his family has chosen and where they are entitled to services without cost limits.

Besides the top non-government hospitals, private sector workers cannot access outpatient healthcare at key public facilities such as Moi Teaching and Referral Hospital, Coast Provincial General Hospital (Mombasa) and KNH.

Workers' monthly contributions to the NHIF in April increased from Sh320 to a graduated scale that is dependent on monthly pay.

Contributors earning between Sh50,000 and Sh59,999 in April last year started remitting Sh1,200 to the enhanced benefits scheme while the self-employed are paying Sh500, up from Sh160 a month.

Workers earning Sh5,999 and below are paying Sh150 to the fund every month while those earning Sh100,000 and above remit the highest amount of Sh1,700.

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Former CBK boss Ndung'u faces probe over banking crisis

»From Page 1 up with amendments to the deposit protection fund and how to better safeguard depositors," he said.

Investigating the past Central Bank of Kenya (CBK) regime effectively puts the tenure of Prof Njuguna Ndung'u, who left office in March last year, under the spotlight — a move that may pull him back to the public limelight.

Mr Duale, supported by members from both sides of the House, demanded that the scope of the committee's work extends to determining the role that the CBK's bank inspection department, the auditors and directors played in the loss of billions of depositor funds causing the current crisis.



Mr Aden Duale, Leader of Majority

MPs called for stiffer penalties against corporate thieves, arguing that without strong deterrence the country is unlikely to get out of the circle of looting in both public and private sectors.

"We should think of death sentence for people who collect people's money

and run away with it," Seme MP James Nyikal said.

The CBK last Thursday placed Chase Bank in receivership locking out thousands of depositors from accessing their money.

The shutdowns have mostly affected small savers, including farmers and small businesses, with the deposits in the troubled banks causing a general flight from small banks.

The investigations come barely six months after National Assembly's Public Investment Committee (PIC) investigated National Bank following reports that it had disposed of 12 prime properties and declared the proceeds as profits. The committee chaired by Eldas MP Adan

Keynan is yet to submit a report.

While granting Mr Duale's request, Mr Muturi asked the committee to investigate all problems facing the financial sector, including corporate governance.

The committee will also investigate liquidity issues in all other banks and the reasons behind President Uhuru Kenyatta's failure to constitute the CBK board of directors.

"We must invite the CBK to speak to the people's representatives and the directors of three collapsed banks," Mr Duale said.

Samuel Chepkonga, who chairs the Justice and Legal Affairs committee, wondered why CBK governor Patrick

Njoroge was referring to "outright theft" as insider lending.

"I wonder when I hear the governor say there was insider lending. When people steal money in government its corruption, when they steal in banks it is called insider lending. Stealing is stealing and we should call a spade by its name," he said.

John Mbadi (Suba) said the finance committee should focus more on CBK as the regulator of the financial services sector even as he criticised the PIC and the Finance committee for failing to submit its findings on National Bank.

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ECONOMY & POLITICS

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Uhuru pledges recovery of lost Sh180m youth cash

✚ CORRUPTION President assures House team that officials implicated in the scandal will be punished

BY EDWIN MUTAI

President Uhuru Kenyatta has disbanded the board of Youth Enterprise Development Fund (YEDF) and committed to recover the Sh180 million lost through a dubious contract.

Public Service head and chief of staff Joseph Kinyua yesterday told Parliament that the government would also punish officials who sit on the board on behalf of the Treasury and Public Service PSs for failing to advise it on the happenings at the YEDF.

"We will recover the money from chairman (Bruce Odhiambo) because he gave wrong communication in the actions that he took which he ought not to have taken," said Mr Kinyua.

Quorandum Ltd, the company at the centre of the loss of public funds at the YEDF, handled a suspect IT contract and

was paid Sh180 million despite the paying bank, Chase Bank, having flagged the transaction as suspicious.

Standard Chartered Bank submitted to the Public Investment Committee (PIC) details of numerous transfers made to Mr Odhiambo's account in a different bank from a StanChart account held by Quorandum, the firm at the centre of the scam.

This is the first time Mr Odhiambo has been directly linked to Quorandum.

The Quorandum director wareported to have used proceeds of the stolen YEDF cash to purchase a five bedroom house in Lavington Estate, Nairobi for Sh48 million.

Mr Odhiambo, a former music producer, last month resigned as chairperson of the YEDF one year before the end of his tenure.

Yesterday, Mr Kinyua tabled two ga-



Mr Joseph Kinyua, the head of public service, before the National Assembly's Public Investment Committee yesterday. JEFF ANGOTE

zette notices, one revoking the appointment of Mr Odhiambo and the other dismissing the YEDF board before the House committee.

"I Uhuru Kenyatta, President of the

Republic of Kenya and CIC of Kenya Defence Forces revoke the appointment of Bruce Odhiambo as the chairman of the board of the Youth Enterprise Development Fund," says the legal notice dated April 8, 2016 signed by Mr Kenyatta.

The President sacked Sella Bogongo, Paul Gathura Ng'ang'a, Sabra Omar Hussein, Jane Mutinda, Mike Wamae, Clement Ayungo and Nicholas Mwaniki as members of the YEDF board.

Mr Kinyua appeared before PIC to shed light as to why President Kenyatta had failed to act on the advice of the State Corporations Advisory Committee and the Public Service and Youth ministry Cabinet secretary Sicily Kariuki to sack Mr Odhiambo and the board following the loss of Sh180 million.

Mr Odhiambo had confessed before PIC of having unilaterally acted in appointing suspended YEDF chief executive Catherine Namuye as the sole signatory to the fund bank accounts.

Ms Namuye then authorised the transfer of Sh180 million in two installments of Sh115 million and Sh65 million from

Chase Bank to Quorandum Limited, a company that had not provided any service to the YEDF.

Yesterday, Mr Kinyua confirmed that Mr Odhiambo broke the law in authorising the appointment of Ms Namuye as the sole bank signatory.

He said the delay in sacking Mr Odhiambo and the board was occasioned by his absence in office and ill-health.

He said State Corporations Act does not confer benefits that include official vehicles, body guards and drivers to non-executive chairpersons.

Mr Odhiambo enjoyed full trappings power including a Sh12 million official Toyota Prado, bodyguards and drivers, according to the testimony to the committee by acting YEDF chief executive Immanuel Odero.

"We will take action on representatives of PSs who sat in the board. We did that at Kenya Seed Company when I was PS Agriculture. They were part of the decisions made at the YEDF," said Mr Kinyua.

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Taiwan accuses Kenyan police of forcing citizens onto China plane

Kenyan police broke through a police station wall and threw tear gas to force a second group of Taiwanese on to a plane bound for China yesterday, Taiwan's foreign ministry said, in a bizarre diplomatic row in which Taiwan has accused China of abduction.

But a senior Kenyan official said the people were in Kenya illegally and were being sent back to where they had come from.

Taiwan on Monday accused China, which regards the self-ruled island as a breakaway province, of kidnapping eight of its nationals, who it said had been acquitted in a cyber crime case in Kenya, and deporting them to China on Friday.

It said China had pressured Kenyan police to put the eight on the plane. China said at the time it was seeking further information about the case.

"These ones were people who were here illegally and they were deported back to the place where they had come from," Mwenda Njoka, Interior ministry spokesman, told Reuters by telephone yesterday. "They came from China

and we took them to China... Usually when you go to another country illegally, you are taken back to your last port of departure."

Yesterday, another 37 Taiwan nationals were forced on to a Chinese plane, Taiwan's Foreign Ministry said.

"The 15 locked up at the police station steadfastly refused to be deported (to China)," said Antonio C.S. Chen, the chief of Taiwan's foreign ministry department in charge of West Asian and African Affairs.

Rifles

"So police broke through the wall, threw tear gas and then about 10 police entered with assault rifles," Chen told a news briefing in Taipei.

When asked about the use of force, Mr Njoka said that Kenyan police had "an obligation to ensure if people are here illegally they are taken back to where they came from."

China views Taiwan as a wayward province, to be brought under Beijing's control by force if necessary.

Defeated Nationalist forces

fled to the island in 1949 after a civil war with the Communists now in control in Beijing.

Only 22 countries recognise Taiwan as the "Republic of China", with most, including Kenya, having diplomatic relations with the "People's Republic of China", recognising the "one China" policy of its Communist Party leaders in Beijing.

Chinese Foreign Ministry spokesman Lu Kang, asked about the case, said China approved of Kenya's upholding the "one China" principle. He declined to elaborate.

China's Taiwan Affairs Office, which has said it was looking into the incident, did not immediately respond to further request for comment. Kenya's attorney-general said in January it was considering a request from Beijing to extradite 76 Chinese charged with cyber crime in Kenya for trial in their homeland.

But Taiwan said some of these people were from Taiwan and that a total of 23 of its people had been acquitted last Tuesday by a Kenyan court and given 21 days to leave.

-REUTERS



KENYA COPYRIGHT BOARD

AMNESTY

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ECONOMY & POLITICS

PAYOUT State plans to convert plant that stalled in 2013 after upgrade bid failed into a storage facility

Essar set to receive Sh500m for refinery takeover next week

BY ALLAN ODHIAMBO

Kenya looks to pay India's Essar Energy an estimated Sh500 million by next week and take over the ownership of the mothballed refinery in Mombasa for conversion into a storage plant as the country steps up its ambitions of exploiting its oil reserves.

Treasury secretary Henry Rotich said arrangements for the payout are complete, paving the way for the plant's revival.

"We are cleaning the deed of settlement for execution, likely by the end of this week or early next week," Mr Rotich told the *Business Daily*.

A deed of settlement refers to

a legal document created for the formation of joint stock companies and constitutes certain persons as trustees of the partnership property. The document contains regulations relating to the management of private affairs of a company.

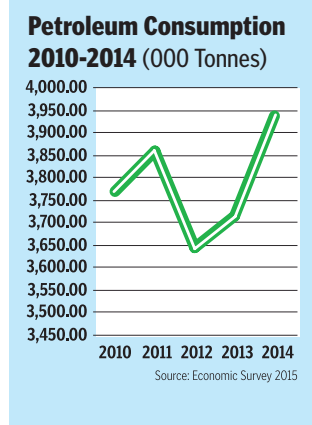
The refinery, previously run by the Kenya Petroleum Refinery Limited (KPRL), has not been operational since 2013 after plans for a Sh121.9 billion upgrade were abandoned on the advice of consultants who said it was not economically viable.

Energy and Petroleum secretary Charles Keter said last month the government will pay out Sh500 million (\$5 million) owed to the

facility's co-owner, India's Essar Energy, to pave the way for the plant's revival. "Converting the refinery into an oil storage facility ahead of commencement of production of the country's first oil is a milestone for the country," he said in a statement.

Essar bought a 50 per cent stake in KPRL in 2009 for \$7 million (Sh710 million) from a group of oil marketers, including BP, Chevron and Royal Dutch Shell.

Essar had planned to increase the refinery's crude handling capacity to four million tonnes of crude per year (79,000 barrels per day) by 2018, up from 1.6 million now but oil marketers in Kenya, unhappy with the refinery's prod-



ucts and costs, demanded for it to be closed. Mr Keter said the refinery will be run by the state-owned Kenya Pipeline Company (KPC) once Essar exited.

Oil products from the plant service customers in Kenya, Uganda, Rwanda, Burundi, Tanzania and parts of the Democratic Republic of Congo (DRC). Kenya and neighbouring Uganda have both made oil finds that have yet to start commercial production, part of a string of energy discoveries along the east coast of Africa. Kenya is considering moving its crude oil to Mombasa by road

and railway as part of an "early harvest" programme.

The Energy and Petroleum ministry has offered Rift Valley Railways (RVR) a contract to move the oil over a distance of more than 800 kilometres, from Eldoret to the Kipevu-based KPRL from as early as February next year.

The choice of trucks and train is seen as a strategy to sidestep bureaucracy involved in constructing a joint pipeline with Uganda in an effort to beat its tight timelines.

"We are quite ambitious but we know we will be able to pull this off in the next 12-16-month window," said the head of Presidential Delivery Unit, Nzioka Waita, in February.

"And as we speak, work has been done to improve the road network from Lokichar to Lodwar and from Lodwar to Kapenguria to increase the shoulder size to allow trucks which carry crude oil to convey it to Kitale and subsequently to Eldoret," Mr Nzioka said in a presentation made during the recent Governors' Summit in Sagana, Nyeri County.

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Two more varsities shut due to unrest

BY NEVILLE OTUKI

Two more public universities sent their students home yesterday, bringing the number of institutions of higher learning shut due to student unrest within a week to three.

Masinde Muliro University was closed indefinitely after a protest by students that disrupted learning. The students boycotted examinations, protesting a decision to bar their colleagues who had not completed paying their fees from taking the tests.

Laikipia University was also shut yesterday after it emerged that some students were pursuing courses that are yet to be approved. The students grew impatient as management failed to explain the status of the affected courses.

The University of Nairobi was last Tuesday shut indefinitely after student protests against the reelection of the long-serving Babu Owino as their union leader.

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CAUTIONARY STATEMENT

DEACONS KENYA LIMITED

PROPOSED LISTING OF SHARES

On 12th April 2016, the Board of Directors of Deacons Kenya Limited resolved that subject to the Company receiving all regulatory approvals, including but not limited to approval by the Capital Markets Authority (CMA) and the Nairobi Securities Exchange Limited (NSE) as well as an approval by the Shareholders of the Company at the 2016 Annual General Meeting scheduled to be held on 5 May 2016, all of the Ordinary Shares of Kenya Shillings Two and Fifty Cents (Kshs 2.50) each in the capital of the Company shall be listed by introduction on the Alternative Investment Market Segment (AIMS) of the Nairobi Securities Exchange Limited.

All shareholders and members of the public are therefore advised to exercise caution when dealing with the shares of Deacons Kenya Limited.

BY ORDER OF THE BOARD

J. L. G. MAONGA
COMPANY SECRETARY

Why Central Bank remains without a board one year on

BY EDWIN MUTAI

Delays in implementing parastatal reforms spelt out by a State House-backed task force are behind the board hitches in State corporations, including the Central Bank of Kenya and the Privatisation Commission.

Head of Public Service Joseph Kinyua acknowledged that various key State corporations have been operating without boards, derailing decision making.

"We are constituting them and I admit that we have taken time but we are moving first. We know it is not the best in management of institutions," Mr Kinyua told the Public Investments Committee (PIC) yesterday.

"We delayed in constituting some of these boards because of the ongoing reforms in the parastatals. We are in the process of filling vacant positions at CBK, Privatisation Commission and State Corporations Advisory Committee," added Mr Kinyua.

The task force on parastatal reforms headed by Abdika-



Key institutions

■ The CBK and the privatisation agency are some of the bodies without boards.

dir Mohamed, now President Uhuru Kenyatta's adviser on constitutional matters, recommended a shake-up in at least 75 State corporations.

Oversight questions

It called for dissolution, merger or transfer of some functions of State corporations to counties, ultimately trimming their number from 262 to 187. Mr Kinyua yesterday said the board appointments will be made irrespective of the recommendations.

There has been delay in appointing a board for the Central Bank of Kenya (CBK) for more than a year, raising questions about oversight at the crucial

regulator and policy-maker.

The board is supposed to set CBK's policies, review the performance of the governor and provide oversight over the regulator's strategy and financial management.

President Kenyatta appointed lawyer Mohamed Nyaoga (left) in June last year to chair the more powerful board, but he is yet to pick five members.

Under the CBK Act, the board is supposed to meet at least once every two months to discuss the regulator's performance, check decisions made by management and consider capital investments.

The delays in putting in place membership of the Privatisation Commission has stalled the sale of five sugar firms to enable the country survive intense competition when the industry is fully liberalised early next year.

The previous team left office in September last year following the expiry of a three-year term. President Kenyatta in October nominated seven people as members but are yet to be approved by Parliament.

CORPORATE NEWS

PRICES | RESULTS | DATA

Cellulant to develop e-register linking Liberia farmers to markets

BY OKUTTAH MARK

Cellulant, a Kenya-headquartered software firm, has secured a contract with the Liberian government to develop an e-registration platform that will link farmers and agro-dealers to a supply chain of inputs, finance and market places.

The Liberia deal is part of the Agriculture Transformation Agenda contract Cellulant signed with African Development

Bank (AfDB) in October 2015.

The construction of the tool should be completed in the next six months.

The platform will track farmers' activities and help address livelihood and business risks by linking them to service providers to achieve higher economic returns to land, labour, capital and ecosystem service investments.

"Technology is one of the key enablers that will get Africa (to the top of the agri-

culture value chain) fast and cost effectively," said the AfDB president Akinwumi Adesina in a statement.

The *Business Daily* could not establish the worth of the contract but a similar four-year contract with the Nigeria's federal government was valued at Sh745 million.

This technology (e-wallet) has been proven in Nigeria where 14.5 million farmers and 2,500 agribusiness are par-

ticipating via mobile phones in an agri-commerce marketplace.

"We are excited to be partnering with the Government of Liberia and the African Development Bank. This collaboration will provide a solution to millions of Africans who depend on the agriculture sector for their livelihoods," said co-founder of Cellulant Ken Njoroge.

Cellulant will be setting up a system based on building a database of small

holder farmers, geographical and financial institutions mapping, and an ICT infrastructure for connections.

"Before the next planting season is over, 150,000 Liberian farmers will be registered into the ecosystem," read the press statement.

The e-Wallet is expanding farmers' access to financial services, agricultural inputs, e-extension and markets through the mobile phone.

New vehicle sales fall 11.4pc on high cost of bank loans

MARKET Reduction in sales is primarily due to a jump in interest rates and the tightening of bank lending policies

BY VICTOR JUMA

New vehicle sales in Kenya dropped 11.4 per cent in the first quarter ended March, weighed down by higher interest rates.

Data from the Kenya Motor Industry Association (KMI) shows that sales in the period stood at 3,807 units compared to 4,301 units a year earlier.

The sales decline has hit several dealers including General Motors East Africa (GMEA), Toyota Kenya and CMC Holdings.

"The reduction in sales is primarily due to a jump in interest rates," said Rita Kavashe, GMEA's chief executive, noting that most buyers of new vehicles rely on bank financing.

Dealers surveyed by the *Business Daily* said banks charged interest rates of up to 24 per cent in the first three months of the year compared to 16 per cent a year earlier on shilling-denominated loans.

Interest on Euro and dollar loans also went up from an average of seven per cent to touch highs of 11 per cent in a similar period. Besides the high interest rates, demand for new vehicles has been hit by the weakening of the shilling and more stringent credit policies by banks.

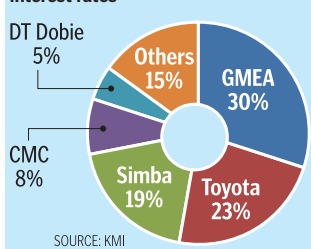
The local currency, for instance, depreciated nine per cent to trade at an average of 101 units to the dollar in the review period compared to 91 units the year before.

This has made new vehicles



Rita Kavashe, GMEA chief executive. FILE

Auto shares Q1 2016
Sales of new vehicles dropped 11.4 pc in the quarter on the effect of higher interest rates



—which are priced in hard currencies— more expensive in shilling terms. "We are also seeing banks tighten their lending policies. Approval time has been extended from 24 hours up to a week and repayment periods shortened," said a dealer who did not wish to be named.

There has been an increase in auctions of vehicles seized from defaulting customers including commercial transporters, indicating rising risk that bankers are seeking to rein in with strict credit appraisals.

Dealers add that reduced government spending has also hurt sales indirectly by slowing down operations of their corporate customers reliant on public sector contracts.

Toyota recorded the largest

sales drop of 183 units, moving 859 units in the first quarter compared to 1,042 units a year earlier. This saw its market share decline to 23 per cent from 24 per cent. It was followed by GMEA whose sales fell to 1,161 units from 1,297 units.

GMEA, however, maintained its market share at 30 per cent. CMC's sales also dropped to 299 units from 371 units, cutting its market share to eight per cent from nine per cent.

Simba Corporation was among the few dealers that booked higher sales, with the company moving 725 units in the period compared to 666 units in the previous quarter.

This raised its market share to 19 per cent from 15 per cent. Sales of DT Dobie also jumped from 176 units from 109 units, lifting its market share to five per cent from three per cent.

Smaller dealers like Tata Africa saw their combined sales drop to 587 units from 816 units, with their market share dropping to 15 per cent from 19 per cent.

Sales of GMEA, Crown Motors (Nissan dealer) and Urysia (Peugeot) will be boosted in the current quarter after the dealers won a Sh3 billion leasing tender from the police service.

Crown was picked to supply 350 units of its Nissan pick-ups, GMEA is to supply 100 units of its Isuzu trucks while Urysia is to deliver 50 units of 4x4 utility vehicles.

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FORTY THIRD (43RD) ANNUAL GENERAL MEETING DEACONS KENYA LIMITED

TO ALL MEMBERS

NOTICE is hereby given that the Forty Third (43rd) Annual General Meeting of Deacons Kenya Limited will be held at the Southern Sun Mayfair Hotel, Parklands Road, Nairobi on Thursday, 5 May 2016 at 11 a.m. to transact the following business:-

ORDINARY BUSINESS

- To read the notice convening the meeting, table the proxies received and confirm the presence of a quorum.
- To approve the minutes of the last Annual General Meeting held on 26 June 2015.
- To receive, consider and adopt the Audited Financial Statements of the Company and the Group for the year ended 31 December 2015 together with the Directors' and Auditors' reports thereon.
- To approve a first and final dividend of Kshs 0.50 per share for the Financial Year ended 31 December 2015 as recommended by the Directors, payable on 20 May 2016 to the shareholders on the Register of Members as at the close of business on 5 May 2016.
- To approve the Directors' remuneration for the Financial Year ended 31 December 2015.
- To re-elect Ms Betty Muthoni Mwangi and Ms Diana Bird, the directors retiring in accordance with Articles 91 and 92 of the Company's Articles of Association and, being eligible, offer themselves for re-election.
- To note that Messrs Deloitte & Touché will continue in office as auditors of the Company in accordance with the provisions of Section 159 (2) of the Companies Act (Cap. 486) and to authorize the Directors to fix their remuneration for the ensuing Financial Year.

SPECIAL BUSINESS

- To consider and, if thought fit, to pass the following Special Resolutions:-
 - Change of Company Name**
"THAT subject to approval by the Registrar of Companies, the name of the Company be and is hereby changed from Deacons Kenya Limited to **Deacons (East Africa) PLC** with immediate effect".
 - Amendment to the Articles of Association of the Company**
THAT the following New Article numbered 147(a) be added immediately after article 147:-
147 a) "The Accounts may be sent or otherwise made available by electronic means and not by post. This Article shall not require a copy of the Accounts to be sent or otherwise made available by electronic means to any person whose electronic or postal address the Company is not aware of, nor to more than the first named of any joint holders of any shares. The Company may also send the Accounts to all persons entitled thereto by publishing the Accounts on the Company's official website provided that the Company shall send to every Member or publish a summary of the Financial Statements and Auditors' Report in two daily newspapers with national circulation for two consecutive days drawing attention to the website on which the Accounts in full may be read, and the address to which a request for a printed copy of the Accounts may be submitted to the Company Secretary and upon any such publication the Accounts shall be deemed to have been sent to every Member or other person entitled to receive a copy of the Accounts."
- To consider and, if thought fit, to pass the following Ordinary Resolutions:-
 - Listing by Introduction**
 - "THAT subject to the Company receiving all regulatory approvals, including but not limited to approval by the Capital Markets Authority (CMA) and the Nairobi Securities Exchange Limited (NSE), all of the Ordinary Shares of Kenya Shillings Two and Fifty Cents (Kshs 2.50) each in the capital of the Company be and are hereby approved for listing by introduction on the Alternative Investment Market Segment (AIMS) of the NSE.
 - "THAT all other previous resolutions relating to the listing of the Company and which contradict the present resolutions be and are hereby superseded and replaced to the extent of such contradiction".
 - "THAT the Board of Directors be and is hereby mandated to take all actions, make all applications and obtain all consents, approvals, authorizations and permits required for this purpose".
 - Filing of Documents with the Registrar of Companies**
"THAT the Company Secretary be and is hereby directed to arrange for filing with the Registrar of Companies all necessary returns consequent upon the business dealt with at this meeting".

ANY OTHER BUSINESS

- To consider any other business of which due notice has been received.

BY ORDER OF THE BOARD

J L G MAONGA
COMPANY SECRETARY

Date: 12th April 2016

Note:

- In accordance with Section 298 (1) of the Companies Act, 2015, a member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and to speak and vote on his/her behalf. A proxy need not be a member of the Company.
- A Proxy Form may be obtained from the Company's website, www.deacons.co.ke or from the offices of the Company's Share Registrars, CDSC Registrars Limited, Nation Centre, 10th Floor, Kimathi Street, Nairobi.
- A copy of the entire Annual Report and Accounts may be viewed at the Company's website at www.deacons.co.ke or a printed copy may be obtained from the Registered Office of the Company, Norfolk Towers, Kijabe Street, Block G, 1st Floor, P.O. BOX 30087 – 00100 Nairobi.

CORPORATE NEWS

Deacons in fresh push to list on NSE

INVESTMENTS Retailer says it is seeking regulatory approval to list by way of introduction

BY BRIAN NGUGI

Clothing and household goods retailer Deacons is making a fresh push to list on the Nairobi Securities Exchange.

The retailer which has severally postponed plans to list at the Nairobi bourse yesterday said in a statement it will list at the NSE by way of introduction subject to regulatory approvals.

Listing by introduction is a relatively easier route to the bourse compared to an initial public offering (IPO), which requires more stringent regulatory scrutiny and a favourable timing to avoid under-subscription of the sale.

“On 12th April 2016, the Board of Directors of Deacons Kenya Limited resolved that subject to the Company receiving all regulatory approvals, including but not limited to approval by the Capital Markets Authority (CMA) and the Nairobi Securities Exchange Limited (NSE) as well as an approval by the Shareholders of the Company at the 2016 Annual General Meeting

scheduled to be held on 5 May 2016, all of the Ordinary Shares of Kenya Shillings Two and Fifty Cents (Sh2.50) each in the capital of the Company shall be listed by introduction on the Alternative Investment Market Segment (AIMS) of the Nairobi Securities Exchange Limited,” said the retail chain.

Deacons registered an 85.3 per cent growth in net profit for the year to December boosted by higher turnover and the sale of its stake in Woolworths’ business in Kenya. Its net profit in the period stood at Sh113.8 million compared to Sh61.4 million the year before.

Marketing venture

It attributed the growth in earnings to a 23.6 per cent jump in sales to Sh2.4 billion, which Deacons’ management said was due to an increase in its regional retail stores count to 31.

Its earnings were further boosted by a Sh64.9 million gain booked from the sale of its remaining 49 per cent stake in a joint marketing venture with South



A Deacons branch in Nairobi. The clothing and household goods retailer is making a fresh bid to list on the Nairobi Securities Exchange. FILE

Africa’s Woolworths. The firm was initially the local exclusive franchise holder for the Woolworths brand of clothes, but the South African firm in 2012 decided to distribute its merchandise through a joint venture called Woolworth’s Kenya Proprietary Limited.

The multinational took a controlling 51 per cent stake in the joint venture in 2013, leaving Deacons with 49 per cent equity and management rights in the new outfit.

The gain of Sh64.9 million from the Woolworths Kenya’s divestiture follows a gain of Sh405.8 million in the

previous year when Deacons sold the stake in the joint venture to the South African firm.

“This (divestiture) was a strategic initiative in order to invest and focus the trading initiatives into wholly owned brands franchises,” Deacons said.

Deacons recently opened an Adidas/Reebok outlet and a Bossini store at The HUB in Karen and plans to launch four stores at the Two Rivers Mall as well as a Mr Price and a Bossini store at the Kigali Heights mall in Rwanda.

bnjoroge@ke.nationmedia.com

SABMiller gets Kenya regulator buyout approval

BY ALLAN ODHIAMBO

The Competition Authority of Kenya (CAK) has approved the proposed acquisition of SABMiller Plc by the world’s biggest brewer, Belgian-Brazilian giant AB InBev.

The UK-based SABMiller has a range of beers in Kenya that include Castle Lager, Castle Milk Stout, Redds, Castle Lite and US brand Miller Genuine Draft.

The brewer also took control of family-owned Crown Beverages Limited — the bottlers of Keringet drinking water.

“Pursuant to the provisions of section 46(6)(a)(ii) of the Competition Act, 2010, it is notified for general information of the public that the Competition Authority has authorised the proposed acquisition of the issued and to be issued share capital of SABMiller PLC by Anheuser-Busch Inbev SA/NV,” CAK director-general Wang’ombe Kariuki said.

Anheuser-Busch InBev and SABMiller, in 2015 agreed in principle to one of the biggest mergers in corporate history after a near month-long courtship resulted in SABMiller accepting an offer worth more than \$100 billion.

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IDEAS & DEBATE

OPINIONS | REVIEWS | ANALYSIS



Workers constructing the Changamwe-Airport Road round-about that is part of the projects being implemented in Mombasa to ease traffic congestion. LABAN WALLOGA

We must continue laying more focus on critical missing links in road construction



BY GEORGE WACHIRA

By missing links I mean pieces of road infrastructure whose presence can increase economic value, logistics efficiency and even safety. Over time, some of these missing links have actually been fixed while new ones have emerged. During the Kibaki era, many such projects in and around Nairobi were developed resulting in better transport.

The Jubilee government appears to have put emphasis on long-forgotten road linkages in Mombasa. The Airport/Port/Island connections and also the new South Coast by-pass are being worked on. It is understood that planning for the North Coast by-pass and a bridge over Likoni creek are ongoing. This will, more or less, have addressed most of the salient traffic bottlenecks in and around Mombasa, and in so doing shall increase the city's competitive edge in terms of trade and tourism.

However, there is still need to revamp the South Coast highway linking Likoni to the Tanzania border at Lunga Lunga so as to align it with the modern highway across the border through Tanga to Dar es Salaam. This will also address the needs of the new mining and sugar sectors in the region.

» INFRASTRUCTURE Why forward planning for crucial projects makes a big difference

Work on the critical missing link between Voi and Taveta at the Tanzanian border was started last year. This project has huge significance of joining the Kenyan Coast with Mt Kilimanjaro while opening up the economic potential of Taita-Taveta County.

A few months ago, I drove from Kibwezi to Thika through Kitui. The missing link here is the poor section of gravel road between Kibwezi and Kitui, which is impassable during heavy rains. Surprisingly on this stretch stands two new large and modern bridges, which certainly look wasted and out of place straddling this earth road. The section from Kitui to the Thika-Garissa road is first class. If modernised, the Kibwezi/Kitui link can be an effective short-cut between Mombasa and Kitui/Thika/Garissa.

The other pending critical improvement is upgrading of the Rironi-Nakuru-Molo road to a dual-carriage highway. This single-lane road has high traffic density and is essentially an accident black-spot all the way. It is an important corridor regional inter-connector whose capacity has been overtaken by times. A dual-carriage highway here has strong socio-economic and safety justifications, and should be able to attract multilat-

eral agency funding. The highway from Eldoret to the South Sudan border via Lokichar oilfields has finally been committed for funding through the World Bank. This was the original trade route of choice to Juba before we allowed the

road to collapse. This motivated Uganda to revamp the now busy alternative Malaba/Nimule/Juba route. Now there is urgency to repair this highway to ferry early production crude oil from Turkana to Eldoret for onward haulage by rail to Mombasa for export.

This brings me to the proposed Lamu-Isiolo highway. This is the most critical piece of LAPSET corridor infrastructure development. It shall feed and evacuate the new Lamu Port while supporting new economic networks and security along its length. Proof of political will is allocation of funds to construct this highway.

I must acknowledge the ongoing road works in the Westlands suburb of Nairobi. These are low-cost road modifications (slip roads, inter-sections etc) that are making a major impact in smoothening traffic flow there. We need to see many more of such high-impact low-budget projects all over Nairobi.

The just-started Ngong Road dual-carriage project should also ease traffic

flow to the south of the city. I will now talk about the "last mile" that shall link the ongoing standard gauge railway (SGR) with users at the Nairobi end of the line. It has been mentioned that the existing inland container depot (ICD) adjacent to Mombasa highway shall be the SGR terminal.

I would, however, hope that authorities have deeply thought through the potential impact of this depot on Mombasa Road congestion with container trucks manoeuvring into and out of the facility.

There is no point in transferring truck congestion from Changamwe (Mombasa) to an already overtaxed highway in Nairobi. There is need to be proactive and avert a traffic nightmare that looks very certain to happen. Cargo clearance efficiency shall be a critical factor in motivating importers/exporters to shift from road haulage to SGR.

In preparing road budgets, authorities should identify projects that add most value to the economy while addressing important issues such as safety and opening up of marginalised areas. Road infrastructure should never lag behind the needs of a fast-growing economy.

Another glaring missing link in road infrastructure works is the absence of the local Kenyan contractor. Going forward, we need to seriously interrogate and rectify the embarrassing disappearance of the Kenyan contracting capacity for large roads projects.

Mr Wachira is the director of Petroleum Focus Consultants
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Other Voices



Vladimir Putin
Russian President



Doyle MacManus, Los Angeles Times

Most of the names in the Panama Papers weren't too surprising. You didn't really expect the world's autocrats to keep their money at home, where it could be seized by whoever came next, did you? (And in some cases, the autocrats' names weren't really there; the accounts were held by family members or friends — in Vladimir Putin's case, an old classmate, a cellist with \$2 billion. Corruption is a radicaliser because it destroys faith in legitimate authority. Corruption also robs poorer countries of money for economic development.



Yoweri Museveni
Ugandan President



Washington Post, Editorial

Yoweri Museveni is making a mockery of President Barack Obama's call for good governance and democracy in Africa, or "strong institutions," not "strongmen," as he put it in a 2009 speech in Ghana. As aging autocrats such as Mr Museveni use US-bankrolled security forces to crack down on opposition candidates, journalists and peaceful protests, lavish security assistance from the United States may be helping to enable an environment of increasing repression in Uganda, and sending the message to other African nations that trampling on rights is permissible so long as the country remains a US counterterrorism ally.



Benjamin Netanyahu
Israeli Prime Minister



Guardian, Jonathan Freedland

Amid the bloodshed, Palestinians and Israelis are giving up on themselves. Both sides of the conflict are united in one thing: they don't know how to get out of this mess. Hinted at by Benjamin Netanyahu and strongly advocated by Tony Blair that the best prospect lies with those Sunni Arab states who currently see Israel as a potential ally against bigger threats such as Isis or Iran. In this view, Egypt, Saudi Arabia and the Gulf states might join together, simultaneously giving the Palestinians the wider Arab and Muslim "cover" they would need to reach an accord with Israel while offering Israelis a big enough prize — a region-wide peace — to entice them to make the compromises.

BUSINESS DAILY

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Crack the whip on all rogues in banking sector

Kenya is arguably undergoing a 'mini banking crisis' that should effectively afford the country an opportunity to ask hard questions over the management and supervision of the financial services sector.

This is because in all recent cases of bank failures – starting from Dubai, Imperial and Chase banks – governance has emerged as the main problem. It is for this reason that we find the Directorate of Criminal Investigations decision to include accounting firm Deloitte in the ongoing investigations into National Bank and Chase Bank's troubles appropriate.

Previous investigations into similar problems have in the past yielded little actionable outcomes, mainly because important cogs in the wheel such as the number crunchers and directors were left out of the loop.

It is, for instance, not flattering that Chase Bank, Imperial Bank, Dubai Bank and Uchumi Supermarkets' dodgy financial reports were not spotted sooner to save the firms from the trouble they have found themselves in.

CMCHoldings, and Mumias Sugar are other companies that have recently been involved in alleged financial scandals that should ordinarily have been captured and dealt with through proper reporting.

For years, auditors have had cosy relationships with their clients, helping them cook books, declare sham prof-

its, evade taxes, conceal shady dealings and under-report debt. Uchumi Supermarkets, for instance, manipulated financial accounts to the tune of Sh1 billion, hoodwinking shareholders that all was well in the retail chain.

When it all blew up in the managers' face, the auditors defended themselves stating that the misreporting happened at the very top of the company making it hard to find inconsistencies – a truly onerous position to take.

Besides, weak accounting regulations have made it easy for corporate fraud to thrive without an end in sight. Yet the majority of Kenyans understand only so well that a modern economy is only healthy if its companies – big and small – are healthy, thriving and growing.

That is why the government cannot sit back and presume that what is going on in the private sector is none of its business.

In the US, for instance the infamous Enron scandal, senior corporate executives, audit firms and their co-conspirators paid a heavy price for their role – some are still languishing jail. This puts a heavy burden on our law enforcement and justice institutions to show for once that no one, in private or public sectors, is going to mess around with the country's wealth and get away with it.

We must indeed crack the whip on these financial crooks if our vision for progress is to be realised.

maize farming with hope of keeping maize flour price affordable.

This has, however, not worked largely on fact that this intervention has benefited large-scale farmers and millers.

The government is currently spending billions in setting up the Galana/Kulalu irrigation scheme with hope of stabilising and moderating the maize prices.

However, the same mistake is being repeated with maize harvested sold to millers at discounted prices but without any agreement that the benefit will be passed to consumers.

The State needs to do more in the whole food chain – from farm to retail shop – to ensure the billions spent on subsidies benefit consumers.

EDITORIAL & OPINION



"I do visit the gym... My favourite exercise there is judging..."

What lies ahead for our mining industry?

CLIFF OTEGA

EXTRACTIVES

The Cabinet recently approved the Mining and Minerals Policy. Parliament also passed the Mining Bill 2014 following a mediation exercise between the two houses. The government has coined a new phrase "leapfrogging the mining sector" aimed at growing mining's contribution from 0.8 per cent to 10 per cent of GDP by 2030.

As always, the devil is in the details and it remains to be seen how contentious Mining Bill clauses, such as the processes for seeking land owner consent, will play out. For now, suffice to say, it has been a long road and all participants need to be congratulated for navigating occasionally stormy waters to get to this point.

Now the real business of mining begins. The landscape today is almost unrecognisable from 2014. The mining boom is conclusively over. Commodity based economies such as Angola, Nigeria and Zambia are suffering the predictable massive hangover from an overreliance on oil and metals during the good times.

Markets seem to have stabilised in February but the timing of any sustained recovery remains uncertain.

Consulting firm Deloitte correctly notes in a 2016 report that just as during the super cycle people imagined prices would go up forever, people now imagine the market will never recover. Neither of these extremes holds true. The next boom has already begun since by definition a peak begins at the bottom of the trough! Is Kenya ready?

Our competitors are already preparing

for the next boom. Australia, despite an already massive industry is not resting on her laurels. The Australian government has launched a three-year \$100 million (Sh7.5 billion) Exploration Incentive Scheme that encourages shareholder investment in small exploration companies providing an economic incentive to invest in the Australian mining sector.

Closer home, Tanzania's 1997 mining policy is widely heralded for the development of the country's large scale gold mines which rode the entire last boom. Zambia also revived her mining sector with far reaching changes in 1996.

Kenya's Mining ministry is promoting the "Investors six pack", an industry development action plan. The first point is the implementation of a 20 year strategy. Hopefully the strategy will be smart, bold and incorporate the hard and soft industry elements.

The hard elements include geology, manpower, regulatory frameworks and infrastructure. However, these are actually less of a challenge than the soft elements.

Between 2013 and 2015, the industry witnessed a crisis of confidence. The public debate around royalties and licence validity resulted in Kenya's international standing as measured by the much publicised Fraser Institute Survey of Mining Companies hitting an all-time low in 2014.

While our ranking recovered slightly in 2015, we still have a long way to go to become a mining investment destination of choice.

We need to act and think differently this time. First, we have to banish the notion

of instability, particularly around security of tenure and our fiscal regime. We should honour legitimate agreements or resolve disputes amicably and speedily.

Secondly, the investor debate is so often between the government and foreign investors, often ignoring local capital. Kenya is one of Africa's key hubs and has the capacity to contribute significantly to developing her own minerals.

The same entrepreneurial spirit that has propelled us to global prominence in technology and tourism can serve the mining industry.

Let's support our small scale miners to grow into large scale miners.

The proposed national mining corporation should be developed as an active investment vehicle, seeking robust investment partnerships with both local and foreign capital.

Finally, the industry will need to focus on the highest potential minerals. The era of "dig it and they will buy it" is over for now. A focus on iron ore, for example, may be foolhardy given that it is in global structural oversupply for the foreseeable future.

Rare earth elements and lithium on the other hand, continue to be in high demand due to technological advancements such as electric vehicles. Gold is also proving resilient and has relatively lower barriers to entry than bulk minerals.

Hopefully, the ministry will focus on striking the balance between investors, communities and government in both word and deed. With the right momentum, the sky is the limit.

The author is a Nairobi based extractive industry consultant

Don't abandon consumers

News that the price of maize flour could start rising again after a few months lull could not have come at a worse time for the majority of Kenyan consumers.

Consumers, especially the low-income ones, depend largely on maize flour as staple food. Many were just starting to experience some relief with the cost of living dropping in the past few months. This is now bound to change.

The Cereal Millers Association says the price change is due to maize shortage expected to last till August – which has pushed the 90kg bag from Sh2,000 in January to Sh2,500, meaning the cost could go higher as time goes. The government has been spending billions of shilling subsidising

To comment...

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Email: bdfeedback2@ke.nationmedia.com

VIEWES FROM ABROAD ■ Opinions from around the world

Woman as United Nations chief

If any managerial position needs feminine-like skills, it is the secretary-general of the UN.

Simply dealing with the five permanent member states

of the Security Council requires patience, intuition, and the ability to bridge differences and prevent extremism. Yet since the UN's founding, only men have held this position (eight in all). Now as the selection process begins to replace incumbent Ban Ki-moon, women are finally being considered as serious candidates for leader of the world's most eminent global institution. A female secretary-general is no guarantee of the UN making big reforms. At the least, however, it symbolises changes in global society and provides inspiration for other women.

Stop Makerere fees politics

Makerere University's tuition policy ping-pong is back.

The university requires that self-paying students clear 60 per cent of tuition by the sixth

week and all dues by the 12th week. The students went on strike, demanding a review or abolition of the policy. In quick succession, politics held the Ivory Tower captive.

This newspaper abhors and rejects attempts to mortgage the future of Makerere University to populist politics.

We firmly believe this will compromise the quality of education and emasculate future human resource essential for Uganda's development.

Rwanda youth the future

Twenty-two years ago, a significant number of

Rwandan youths participated in the Genocide against the Tutsi after years of sustained

indoctrination on hate ideology. Some were even minors when they took part in the killings that left more than a million people dead, shattered the economy, and destroyed the country's social fabric. Yet, while a section of the youth actively took part in destroying their country, another group of brave young men and women marched across Rwanda rescuing those who were being hacked and treating their wounds. We applaud inspirational young Rwandans contributing in one way or another to bettering the lives of Rwandans.

Why economists failed to anticipate financial crisis

EDWARD CHANCELLOR
FINANCE

In his new book, "The End of Alchemy", Mervyn King argues that financial crises arise because people hold mistaken beliefs about an uncertain future. "Crises don't come out of thin air," he writes, "but are the result of unavoidable mistakes made by people struggling to cope with unknowable futures."

Uncertainty is always present. It can't explain why the financial system

occasionally blows up. Something more must be at play.

The former governor of the Bank of England seeks to understand why mainstream economists, himself included, failed to anticipate the financial crisis. He wants to "explore the flaws in the theory and practice of money."

Like many others, King points to the inadequacy of the economic models used by central banks, which pay little attention to the role of money and banking. Such models assume that economic actors are rational and

well-informed and that economies are in equilibrium.

King believes that under conditions of radical uncertainty, people naturally make mistakes about the future which result in the economy becoming unbalanced. According to this view, the crisis was a "collective failure" of the imagination. No individual was to blame.

King suggests a fix: banks should be required to post collateral with the central bank in good times to cover their liquidity needs during the crisis.

Why did so many people around

the world make similar mistakes in the years leading up to the Lehman Brothers bust? The most likely answer is to be found scattered in odd observations throughout King's book. Namely, low interest rates in the early years of the century encouraged people to borrow excessively and take on too much risk.

King is aware that monetary policy has been used to provide short-term gains at the cost of long-term pain – what he calls the "paradox of policy".

The author is a Reuters Breakingviews columnist



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

Kenyans voice opinion on how to spend 'Chickengate' funds

UK should give Kenya conditions on the use of 'Chickengate' funds. It is funny how Kenya wants to utilise the 'Chickengate' funds faster than they can act on the recommendations of the investigations.

The case files have been sent but the Director of Public Prosecutions (DPP) and the Ethics and Anti-Corruption Commission (EACC) are yet to take anyone to court. I think the repatriation of this cash should be met with preconditions. To jail the local co-conspirators.

PATRIOT, via email

As said and done, UK has absolutely no right to dictate how Kenya should utilise its own finances regardless of the motivations. Corruption is an internal problem that should be handled by you and I as Kenyans not subcontracted to foreigners. This is the only path to a sustainable solution. Therefore the Department for International Development's (DFID) assertion that mosquito nets are a more pressing need might not be true from Kenya's nation not government position on the ground.

MILAN, via email

Our Kenyan jokers are out again working hard to collect that Sh50 million. Where will



The Ethics and Anti-Corruption Commission headquarters in Nairobi. FILE

these ambulances go to? I am sure they will want the British people to give them those bed nets so they can distribute to their cronies and turn around and sell them.

We are doomed for sure. That one we can take to the bank for a very very long time to come. We have a whole generation today in Kenya that believes in corruption. Even a Kenyan fly or mosquito is corrupt. A Kenyan dog is corrupt. A Kenyan snake is corrupt.

Who else can you really count on? We need Jesus to come back with a huge volcano or tornado to clean up some of these people for us because our authorities cannot do the job.

SWISS JURA

via email

If the UK allows the EACC to determine how this money is used, it will be 'tenderpreneur' away from the taxpayer.

EACC should first justify their exist-

ence before being allowed near the money others have recovered.
CITY VILLAGER, via email

Trust the Kenyan to be myopic. Ambulances are needed because there are no adequate bed nets. With the nets, we will reduce the need for ambulances as we are likely to curb malaria.
2035, via email

The people of Kenya have no confidence in the government on how to use the Chickengate money. The money will just be put into government's general expenditure to be wasted on luxuries like cars, allowances, perks and some will find its way into officials pockets.. DFID, please do not give this money to Kenyan officials they are corrupt and just want to eat. Buy the nets or ambulances or whatever because if you give the money to government Kenyans will never see a shilling as it will be squandered.

First of all the government is incapable of prosecuting 'Chickengate' officials in Kenya and that just shows the commitment the government has to fighting corruption. Most officials just want to eat, especially since elections are around the corner.

IT6

via email

National government should take over health docket from counties

The health sector in the country has been facing challenges over the years under the management of county governments.

Strikes by health officials over salaries have claimed lives in the past, raising questions on the counties' ability to manage the vital sector.

The Jubilee government and county heads have been engaged in constant blame games with county chiefs claiming that the central government ha delayed funds meant for health care while the other

party blames the woes to mismanagement of funds in the devolved units.

These constant collisions continue to hurt healthcare in the country.

The Ministry of Health is facing accusations of delaying funds meant for free maternity, leaving county governments with huge debts.

The solution to this problem is having the central government run these projects instead of giving out funds to the county governments to manage.

The current system is creating unnecessary friction, which could be avoided by a clear system.

It also opens opportunities to looting of public funds as money exchanges hands. Return all the devolved functions of healthcare to the national government to ensure Kenya due not suffer.

MOSES MUYA

via email

Solar power breaks the ten cents barrier for corporate sector

AMEET SHAH
ENERGY

Barriers are there to be broken and solar power is now setting new standards for energy costs in corporate Kenya. The standard cost of energy in Kenya is high. The majority of corporate Kenya buys electricity at a unit price (kilowatt hour) of between \$12-15 which commonly accounts for 20 per cent of commercial operating costs.

But thanks to the convergence of three factors, solar power has now broken the magical 10 cents per kilowatt hour barrier and provides a huge boost to the manufacturing sector which can attain improvements in net operating margins exceeding two to three per cent. The first is obvious. Unlike Europe where renewable energy simply can't deliver economic sense, in Kenya there is an ambient climate totally suited to renewable energy, and solar in particular.

Secondly, Kenya has received a major boost from the government through regulatory and fiscal policy which deliberately favours the adoption of renewable energy. Under the fine points of the policy, there is no value added tax (VAT) on the import of solar power equipment and there are no restrictions or penalties on corporate adoption of captive solar power plants (i.e. totally independent power plants singularly devoted to a specific premises or property).

Tax

Furthermore, the government has created an Omnibus Tax Scheme, called the Investment Deduction Allowance, designed specifically to encourage manufacturing through the offer of major tax breaks for Kenyan corporates. The IDA can also be applied to captive solar power plants.

Thirdly, there is a major boost from Europe, who, in line with EU Climate Change policy, are channelling huge bilateral credit lines into Kenyan banks specifically for renewable energy projects. Europe's Development Finance Institutions (DFIs) are diverting huge sums away from Europe, where renewable energy makes little financial sense, to countries like Kenya, where both energy consumption is growing exponentially and renewable energy makes perfect financial sense.

These lines of credit have been around for a couple of years but until now, they have been under-utilised because renewable energy projects have largely either been too big or too small for Banks to consider lending on. With 100 per cent low cost loans, Kenyan corporates don't spend anything to install a captive solar power plant on their property; and with unit energy costs in single digits, corporates save enough money on their electricity bills to simultaneously pay the bank loan interest and accrue additional savings to cash flow from operations.

We estimate that where solar energy replaces 20-30 per cent of GRID energy purchase, corporates in the manufacturing sector can improve operating margins by 1-300 basis points, leading to a more competitive position for our industry.

The writer is CEO, Astonfield Solar

NEWS INDEPTH

How to restore confidence in the financial sector after banks run into headwinds

CRISIS

The central bank should move with speed and seal loopholes that spur malpractice



BY MOHAMMED WEHLIYE

Kenya's banking sector has had a dramatic growth in the last two decades.

In 1994, when Micah Cheserem was Central Bank of Kenya (CBK) governor, total industry assets stood at Sh278 billion with deposits at Sh196 billion. In December 2014, the sector's assets were Sh3.2 trillion with deposits of Sh2.3 trillion. But the news out of the banking sector has not been good of late. Within a few months, three, albeit small banks, have been put under receivership by the CBK. There is a sudden panic and Kenyans are starting to lose confidence in the smaller to medium size banks. It looks like even though these banks remained liquid, they had distress that persisted for a prolonged period — until some trigger led to depositors to lose confidence which then resulted in them being put under receivership. How many more of these are out there? Has the prevailing good sentiments about our economy that encouraged this rapid growth, also created a blind spot to the risks building up in the system? Or could it be that neither the industry nor the regulators were sufficiently prepared to sustain and monitor the sector's explosive growth? Who is to blame for the recent bank shut downs? Greedy bank board and management? The regulators? The rules? These are the many questions Kenyans are asking as the authorities try to calm depositors and investors and restore confidence in the sector.

Whichever way you look at it though, these banking issues are due to a combination of structural, ineffective prudential supervision, corporate governance factors and greed which authorities need to stem to save the sector from plunging into further turmoil. So what went wrong and what measures can the authorities take to reform the industry, to ensure that this does not mutate into a fully blown banking crisis? In my opinion, a number of interdependent factors brought us to where we are today and still pose inherent risks in our banking system.

The problem

Corporate governance failures

So far all the three banks that have been put under receivership have suffered corporate governance issues.

The common denominator in all the three cases is irresponsibility of senior management and the boards in these banks, who had been lending excessive amounts to related parties without paying due regard to collateral and their capacity to pay back.

A simple case of operational risk that would then transform into credit risk. Operational risk as in failure of people, systems and processes. Corporate governance problems faced by the local banking sector are partly caused by the tendency for bankers to pursue other interests beside their core business. From fish farming to running of butcheries to real estate, the critical challenge for the banking sector is that a lot of our bankers, shareholders and managers also engage in other big businesses.

This has created the temptation for insider lending, as these bankers want to promote their interests outside of banking. In fact, I would not be wrong if I said banking to some of these fellas is simply a way to facilitate their other businesses. So in effect, governance malpractice within banks, has become a way of life in some parts of the industry, enriching a few at the expense of many depositors and investors. Some of the boards and management are also not equipped to run their banks. In some of these institutions, the board chairman or the CEO often have an overbearing influence on the board while in some cases boards lack independence. If you visit some of our banks, you will most likely see the chairman of the board with a big corner office running the day-to-day affairs of the bank.

In addition, the audit processes, both internal and external, appears not to be working as it should. Second — independent risk management units — and third (audit) line of defences seem to have completely failed to oversight the first line of defence, which is usually a profit motivated business line. For example, where were the chief risk officers when the chief financial officers are under provisioning? What about the compliance role when some of the bank executives are laundering or siphoning funds out of these institutions? How many has CBK blacklisted or asked to account for their actions?

Governance at the central bank itself

A regulatory authority cannot morally question the corporate governance of the institutions it supervises when it does not lead by example. As we speak, the apex bank has a chairman of a board that has no board members for quite some time now. This means there are inadequate board committee structures and processes to ensure the CBK is fulfilling its mission. Issues concerning the stability of the financial sector are usually handled by a Financial Stability Committee of the board. In the absence of such a committee, it means CBK is not able to adequately monitor and analyse systemic risk inherent in the financial sector.

Lack of transparency

The banks in Kenya make public information on their operations on a highly selective basis. In most jurisdictions that have adopted the now best practice Basel rules, regulators have comprehensive Pillar 3 disclosure requirements that are



Customers at Chase Bank Kisumu branch after it was placed under receivership last week. FILE

meant to ensure investors and the public in general are able to make informed decisions on the quality of bank earnings, the strength of their balance sheets or the risks in their businesses.

The current banking 'mini crisis' we are experiencing has clearly shown us that some of the banks are engaged in manipulating their books to artificially enhance financial positions and profitability. Poor transparency, limited financial disclosure, and poor accounting and auditing practices of the banks means the market and the depositors would not have sufficient information to exert discipline on owners of the banks and corroborate the information contained in the banks' financial statements.

Regulatory framework and supervision

Our banking legislative framework is not necessarily weak but the problem is that laws are being violated left right and centre.

Regulatory authorities seem not to be proactive in detecting breaches of prudential rules and regulations. In fact, recent CBK actions are akin to closing the stable door when the horse has bolted.

Also, there seems to be a lack of co-ordination between CBK and other regulators in the financial sector such as the Capital Markets Authority (CMA). The CBK, as the prudential supervisor of banks and the CMA, as the entity overseeing market conduct must have a comprehensive view of the activities of the banks. Both Imperial and Chase banks issued bonds a few months prior to them being put under receivership. Institutions that issue bonds are subject to stringent due diligence processes before they obtain approvals to issue the bonds from both the CBK and CMA. What was the extend of co-ordination between the two regulators in assessing the riskiness of these institutions? Unlike the public or investors who rely on bank financial statements, these entities have the power to get any information from these banks. Relying only on what is on the prospectuses is lazy regulation. Did CMA receive or even seek examination reports of the two banks before it approved the issuances?

The Banking Supervision department within the CBK, in my view, also seems not well structured to supervise effectively and to enforce regulation. Critical processes, like on and offsite visits seem not to be delivering the results required to effectively super-

CBK GOVERNORS



Central Bank of Kenya governor Patrick Njoroge



Njuguna Ndung'u



Micah Cheserem

NEWS INDEPTH



vises and engage banks to enforce good conduct. It is very strange that the supervision process was not able to detect breaches in connected and related parties lending in not one but all of the three banks that have been put under receivership. In all the recent cases, CBK was either alerted by a whistle blower or the board of the affected institutions basically gave themselves up. Which means there is either something seriously wrong with CBK's prudential supervision model or the apex bank has failed to enforce examination recommendations that flagged these breaches.

The solution

Until the recent crisis where three banks were put under receivership within a few months, the sentiment in the industry was that our banking sector is sound and we should encourage growth.

Kenya's banks have opened shop in every corner of the region and we are about to establish a Nairobi International Financial Centre that will definitely attract more global financial institutions.

Our development partners like the World Bank and the IMF endorsed the strength of our banking system to support this growth and initiatives.

However, this sentiment now looks slightly misplaced unless urgent steps are taken to restore confidence in the banking sector. Governor Patrick Njoroge has fired the first salvo in what could potentially be a revolutionary battle against the rogue elements in the sector. However, the current financial sector issues cannot be addressed by a lone ranger.

We need serious reforms in the sector. The CBK and other relevant authorities must have a strategy to deal with this problem before it moves from being a tier 3 and 2 problem to a systemic one.

We need a road map to these reforms and not mere knee jerk reactions or stop-gap fire fighting measures. The authorities must commission a detailed study with the involvement of all stakeholders to diagnose the problems affecting the banking sector and come up with solutions that will restore confidence in the system.

Address corporate governance issues

In order to address failures of corporate governance in the industry, the CBK should establish a

specialist function focusing on governance issues to ensure governance best practices are embedded in the industry.

There is a need to strengthen corporate governance in the banks. The industry must be told in no uncertain terms that good governance is not an option. The CBK should implement and monitor Basel committee's principle of corporate governance guidelines. It must demand updated corporate governance statements prepared by the banks and force them to establish mandatory board committees with clearly defined responsibilities.

There is also a need to ensure that banks have qualified persons in their boards. The regulator should revisit its fit and proper test given that very bad people seem to own, run and sit in bank boards. There should be an annual performance measurement process for bank boards and individual directors. The CBK should also consider an amnesty period for full disclosure of related party transactions by board of directors and management to clean up any mess that is still out there. Banks should also be forced to rotate external auditors more often and audit firms who do consultancy work for a bank should not be allowed to also act as the external auditors.

Address CBK governance issues

There is a need to transform the CBK itself and ensure corporate governance is up to standard. There is need to ensure good governance is not dependent on the leadership of the governor. The organisation structure within the banking supervision department of CBK needs streamlining to enable it to better supervise and regulate the industry.

I had the privilege of working with the Australian Prudential Regulation Authority, a world class regulator. What I learnt during that period is that the supervision department structure is as important as its strategies. The CBK must build capacity such that the frontline bank supervisors have the background support of subject matter experts in operational, market, liquidity and credit risks.

In addition, the CBK should review its supervision methodology and put in place a stronger management information framework to effectively supervise the industry. Management information dashboards should be developed for all key job roles, including frontline supervisors, department heads, deputy governors and the governor.

Finally, it is time CBK adopted global best practice prudential rules. At a time when the rest of the world is talking about Basel IV, it is in fact a crime for an increasingly sophisticated financial system such as ours to be stuck at Basel I levels. This will not only improve the quantity, quality and consistency of the industry's capital and liquidity, but will also bring disclosure requirements to levels expected in major financial centres.

The Jubilee administration should also immediately appoint board members of CBK so that the apex bank can in turn put a qualified and experienced Financial Stability Committee (FSC) in place. The FSC should closely work with the Monetary Policy Committee and the Treasury to ensure that monetary policy is shaped by financial system risk trends and that monetary and fiscal policies are consistent.

In order to realise our potential, it is imperative that we introduce measures to establish financial stability, enable a healthy evolution of the financial industry and ensure our banking system is sound so that it can contribute to the economic development of our nation.

Mr Wehliye is the senior vice president, financial risk management, Riyad Bank, Saudi Arabia and has previously worked as prudential regulator in Australia.

YOUNG ARCHITECTURAL FIRM AMA-KENYA WINS AWARD FOR ARCHITECTURAL EXCELLENCE



Rumaisa 8



Landsdown 20.



Elegance 2

Aleem Manji Architects (AMA-Kenya) was among the firms honoured at this year's Architectural Association of Kenya (AAK) Excellence in Architecture Awards held in February. The jury voted AMA-Kenya second runner-up in the Best Ongoing Proposal/Project Award category owing to the uniqueness of its concept dubbed The Elegance.

This came as a pleasant surprise to founding architect Aleem Manji and his team. It was the first time that the firm has been feted by professional association AAK.

According to the University of Nairobi trained architect Manji, this was a big honour and a source of inspiration to his youthful team.

"Winning was a pleasant surprise to us," he said, explaining that the experience was an unexpected thrill.

The AAK award scheme is aimed at recognizing excellence in architecture for projects designed / completed in Kenya over the last 50 years. For the competition, entries were accepted from all registered Architects / Architectural firms and who are members of the Architectural Association of Kenya.

Members were allowed to enter any project completed or ongoing in Kenya. These can include any building, interior, landscape or urban design project.

Winning architectural firm AMA-Kenya owes its recognition by AAK to its Design Philosophy, which follows the following tenets:

The Primacy of Space: Every design is an envelope for space. At AMA-Kenya, they believe that the creation of Quality spaces is the primary mandate of any Architectural design: spaces that ultimately enhance the quality of life and efficiency of the end user.

Inimitability of Design: Every project has a specific brief, a specific site and a specific set of parameters influencing the final outcome. As such AMA-Kenya believe that every design should be unique: the final outcome of a myriad of factors that shape, mould and sculpt it into the ultimate solution for that particular development. As a result, they tailor design each and every project to achieve this ultimate design, thus guaranteeing a unique design with no replications.

Creativity in Expression: Each design must leave a visible mark of expression on the built environment. The professionals at AMA-Kenya believe in the power of good design, and as such strive to create designs that are not only in keeping with the clients' requirements, but are also distinctive: each person, organisation or institution has a character of their own, why should a building not?

The Tenets above coupled with their basic founding premise, Great Design and Great Service, are the guiding lights chosen to follow by the young firm in attempting to create a legacy that will hopefully leave a mark on the Nairobi skyline.

REGIONAL NEWS

Tough questions for Buhari on how his many foreign trips help Nigeria

ACROSS THE GLOBE Current China tour President’s 26th since taking office on May 29 last year

BY MOHAMMED MOMOH
BD CORRESPONDENT IN ABUJA

Undaunted by criticisms over his frequent international trips when Nigeria was in a dire situation, President Muhammadu Buhari is at it again.

He just arrived in China, his 26th trip since May 29 when he was sworn in.

The President and his supporters have been quick to point out that such trips had restored the image and reputation of the nation and yielded other positive results.

The achievements, according to them, include the increase in foreign direct investments, foreign aid and the renewed commitments to the war against corruption.

Political activist Olisa Metuh, said: “A country where there is no petrol, no electricity and where salaries are delayed, require the presence of its leader at home to address these problems.”

The Nigeria Labour Congress (NLC) indicated it would organise a one-day nationwide strike to draw the attention of the problems to the President. However, the Buhari administration believes the myriad problems bedevilling Nigeria could be solved with the assistance of the international community.

The visit to China is expected to



Nigerian President Muhammadu Buhari inspects a guard of honour outside the Great Hall of the People in Beijing, China, yesterday. AFP

yield a \$2 billion interest-free loan, which would enable Nigeria to fund the budget deficit and ongoing infrastructure development.

The Nigeria-China relations go beyond diplomatic and bilateral agreements. They include the influx of Chinese goods into Nigerian markets as well as the use of the Chinese technology in infrastructure development.

Nigeria and China formally established diplomatic relations in February 1971, and that was followed by the first Chinese exhibition in October 1972.

Since then, relations between China and Nigeria have evolved remarkably with the countries partnering in different areas. The Economic and Commercial Counsellor of the Chinese Embassy in Nigeria, Mr Zao Lingiang, highlighted the major feats in relations between both parties.

He said 2016 “marks the 45th anniversary of the establishment of diplomatic relationship and the 11th anniversary of the establishment of strategic partnership between China and Nigeria.

“During those years, economic and trade cooperation has always been like an anchor and propeller of China-Nigeria relations.”

The counsellor said the bilateral trade volume between both countries stood at \$14.94 billion in 2015, adding that the figures made up 8.3 per cent of China’s total trade with Africa and 42 per cent of its trade with Ecowas. The Chinese Ambassador to Nigeria, Mr Gu Xiaojie, said President Buhari would be the first African Head of State to visit China after the 2015 Forum on China-Africa Cooperation held in South Africa.

However, stakeholders in the Nigerian economic sector have called on the need for President Buhari to focus on the trade balance in the Nigeria-China relations.

The National Coordinator of the Nigeria-China Business Council, Mr Matthew Uwakwe, said that partnership with China would enable Abuja achieve its economic diversification plans.

Mr Uwakwe added that Nigeria needed a major economic boost to speed up infrastructure development, improve the Gross Domestic Product (GDP) and overall quality of life indices.

He called on President Buhari to also discuss skills transfer in the petroleum sector to enable the nation’s refineries meet local demand.

BRIEFING

LAGOS

Nigeria details plans to raise non-income to near double

Nigeria expects its non-oil revenues to nearly double this year as Africa’s top oil producer seeks to offset a slump in oil revenues. President Muhammadu Buhari plans a record 6.06 trillion naira (\$30.6 billion) budget to stimulate Africa’s biggest economy, which has been hammered by a fall in oil exports that had made up 70 per cent of state income. Funding of the budget with an expected deficit of 2.2 trillion naira has been so far unclear. Detailing its plans, the government expects to generate 3.38 trillion naira (\$17 billion) this year from non-oil sources, up 87 per cent from 1.81 trillion naira in 2015, the presentation showed.

Corporate income tax collection is expected to exceed the 700 billion naira generated last year, while the government also aims to recover stolen Nigerian assets stashed abroad as part of efforts to crack down corruption, it said.

The biggest source of revenues this year will come from what the presentation called “independent revenue”, without providing further details. President Buhari plans to squeeze informal small traders who make up almost half of GDP.

LILONGWE

Malawi upbeat despite drought cutting growth to 3 per cent

Malawi’s economy grew by three per cent in 2015 from 6.2 per cent in the previous year as the agricultural sector was ravaged by a drought, the central bank said, but forecast a rebound. Gross domestic product would recover to 5.1 per cent in 2016, the Reserve Bank Of Malawi said in statement, adding, however, that the growth rate could be revised downwards due to the impact of El Nino weather conditions on the agricultural sector. Malawi recently increased fuel prices. The price increase was partly in response to weakness in Malawi’s kwacha currency against the US dollar as well as changes in the cost of importing the fuel.

The Malawi Energy Regulatory Authority said the combined effect of the movement of import prices and the kwacha exchange rate against the dollar had increased the cost of petrol and diesel.

The Authority said it had increased the pump price of petrol by 4.41 per cent, diesel by 7.67 per cent to reflect the weakened kwacha and a soaring inflation rate.

KHARTOUM

US condemns Darfur poll, says lacking credibility

The US has denounced the referendum in the Sudanese troubled Darfur region, describing it as lacking credibility. The western Sudanese region began voting Monday on its administrative status, 13 years after the start of a conflict which has left 300,000 dead. The referendum over whether to remain as five states or form a single region runs until Wednesday. According to the Darfur Referendum Commission, some 3,583,105 people registered for the vote. The exercise is a part of the Doha peace agreement. A statement by the US Department of State expressed serious concerns about the timing of the referendum organised by the Khartoum government. The Department deputy spokesperson, Mr Mark C. Toner, said the referendum could not be credible in the current security and political situation in the region.

Mozambique plans to end child marriage

Mozambique, which has one of the highest rates of child marriage in the world, unveiled a national plan on Monday to end the practice which affects nearly half of the country’s girls.

“(This is) a cause for celebration, and should inspire our African neighbours to do the same,” said Albino Francisco, coordinator of Girls Not Brides Mozambique which helped the government draw up the strategy.

Although there has been a slight fall in the rate of child marriage in Mozambique, campaigners say population growth means the number of child brides has increased.

Mozambique has the world’s tenth highest rate of child marriage — with 48 per cent of girls wed by their 18th birthday, and 14 per cent before they turn 15, according to UN children’s fund Unicef.

The national strategy outlines eight

pillars key to ending child marriage including an awareness drive, improving girls’ access to education, sexual and reproductive health services, sex education and legal reforms, according to Girls Not Brides.

Social evil

Early marriage not only deprives girls of education and opportunities but increases the risk of death or serious childbirth injuries if they have babies before their bodies are ready.

Child brides are often disempowered and at greater risk of domestic and sexual violence and HIV, experts say.

Mozambican news site *Noticias*, which reported the launch, described child marriage as “a social evil”.

The reasons behind child marriage vary across the country but the common factors are poverty and lack of education. In some areas, campaigners say girls as young as nine go through

initiation rites where they learn how to please a man in bed and perform domestic duties as part of preparations for marriage.

Worldwide, 15 million girls are married off as children every year

Meanwhile, the number of children used by Nigeria’s Boko Haram to stage suicide bombings has risen more than 10-fold in one of the most “horrific” aspects of the Islamist insurgency, the United Nations said.

Sexual violence

Experts said the group, which has been weakened by a multinational military offensive, is now trying to spread terror by using children for attacks in crowded markets, mosques and even camps for people fleeing Boko Haram violence.

This has had disastrous consequences for children, especially girls, who had survived captivity and sexual violence by Boko Haram, said a report by UN

children’s agency Unicef.

“The number of children involved in ‘suicide’ attacks in Nigeria, Cameroon, Chad and Niger has risen sharply over the past year, from four in 2014 to 44 in 2015,” Unicef said. More than 75 percent of the children involved in such attacks are girls, it added.

“Let us be clear: these children are victims, not perpetrators,” said Manuel Fontaine, Unicef regional director for west and central Africa.

“Deceiving children and forcing them to carry out deadly acts has been one of the most horrific aspects of the violence in Nigeria and in neighbouring countries,” he said.

The report was released two years after Boko Haram kidnapped 276 teenagers in the dead of night from the small town of Chibok in northern Nigeria. A total of 219 students are still missing.

-THOMSON REUTERS FOUNDATION

» **INFRASTRUCTURE** Officials express fears extreme weather and limited budgets could reverse gains in making roads motorable



Repairs backlog, rising costs pile pressure on roads upgrade plans

BY ALLAN ODHIAMBO

A backlog of delayed maintenance works and rising costs have piled strain on the country's road upgrade programme even as the government keeps an eye on the ongoing heavy rains amid fears of further damage on infrastructure in some areas.

The onset of the traditional March-March long rains, just a few months after the intensive El Niño-linked heavy downpour late last year has triggered anxiety among roads officials who warned that extreme weather conditions and limited budgets could reverse gains in the efforts to make most roads motorable.

"It is a unique period for road managers because we had El Niño weather patterns just a few months ago and the traditional main rains season once again here with us. This means more maintenance schedules yet budgets are already strained by carryovers from previously delayed programmes," said a Kenya National Highways Authority (KeNHA) official.

Statistics showed that the country has an estimated Sh400 billion backlog in maintenance of its 161,451.3 kilometre road network an annual maintenance budget of about Sh50 billion.

The budget strains are already visible in the 2015/16 road maintenance schedules where the Kenya Roads Board (KRB) has been forced to cut the length of network for repairs.

During the current financial year the government plans to maintain 49,350km of road, down from 52,911km the previous year.

"This is a major drop from the previous year attributed to a rise in the cost of road maintenance and fall off a large network due to delayed maintenance" KRB said its annual public roads programme for 2015/16.

Transport and Infrastructure secretary James Macharia, however, opted to down play the concerns on the heavy rains.

"We have kitties to cater for any emergencies that may come with the rains and that should, therefore, not be a major worry at this point," he told *Shipping & Logistics*.

The KRB has a Sh32.47 billion kitty for roads programmes in 2015/16, mainly being proceeds of the Road Maintenance Levy Fund and the transit tolls.

The KeNHA is scheduled to maintain some 9,294km of roads in the current window against a target network of 17,472km while the Kenya Rural Roads Authority (KeRRA) shall maintain 36,074km of roads against a target of 126,352km.

The Kenya Urban Roads Authority (Kura) — which maintains roads in cities and municipalities — will maintain 2,181km of roads against a target of 13,044km over the same period.

The KeRRA early this year raised the red flag on how a lack of sufficient and timely funding

was hurting efforts to improve roads in rural areas, motorways that are key to the growth of the agricultural sector.

Statistics show that the agency, which is tasked with maintaining such roads, missed its target of preserving 115,000km of road in the 2014/2015 fiscal year. The agency was unable to maintain 17,485km of scheduled roads work — dealing a blow to thousands of farmers and businesses in rural areas.

The authority had budgeted for Sh31.9 billion to fix roads in the fiscal year but the disbursements by the Treasury were Sh4.4 billion less, affecting its aim of upgrading some roads to bitumen standard.

"Those funds were inadequate to effectively cover the planned road works and as a result the authority was unable to upgrade some of the targeted works to bitumen standards," said KeR-

Road Network Condition						
Surface Condition	PAVED		UNPAVED		Total	
	Km	%	Km	%	Km	%
Good	4,697.20	42%	12,585.40	8%	17,279.59	11%
Fair	4,150.30	37%	48,665.40	33%	52,815.67	33%
Poor	2,350.40	21%	89,005.60	59%	91,356.00	56%
Total	11,197.90	100%	150,253.40	100%	161,451.30	100%

Source: Ministry of Transport

2015/16 Funds allocation	
Recipient	Amounts(Sh)
Kenya Roads Board	583,569,585
KeNha	
(a) National Roads	8,999,951,898
(b) Development	2,486,000,000
© Transit Tolls	454,328,000
	11,940,279,898
KERRA	
(a) Constituency	6,317,273,544
(b) Critical road links	2,871,487,975
	11,940,279,898
KURA	4,307,231,962
KWS	287,148,797
KRB/CS Allocation	2,871,487,975
County governments	3,300,000,000
	32,478,479,746

Source: Ministry of Transport

RA in its newly published 2014/2015 annual report. During the 2014/15 financial year the authority received about Sh16.6 billion under the development budget against a proposed allocation of Sh18.3 billion for construction of rural roads to bitumen standards to enable it meet targets.

The country's road network is currently undergoing a major inventory as the government moves to update its records to capture the full length and conditions of motorways to aid in planning for expansion and maintenance.

The KRB, which is charged with approval of road maintenance plans, said the audit would be carried out across the 47 counties – clustered as western, coastal and central – with financing from the World Bank's International Development Association.

Roads constitute the most important mode of transport in the country today, accounting for more than 95 per cent of all freight and passenger traffic. Although the country's overall road network has been estimated at 250,000km, to date only 160,886km of this network has been mapped and classified.

Between 2001 and 2004, the Ministry of Roads, with financing from the World Bank, engaged a consultant to classify Kenyan road network using global positioning systems.

The Road Inventory and Condition Survey led to the establishment of a database for classified roads in a geographical information system for a network totalling 61,946km.

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Discovery of oil and gas offers great opportunities for jobs and skills transfer to Kenyans. FILE

Oil and gas finds offer huge forex, job creation potential

BY ANDREW MWANGURA

Proposed laws and regulations for petroleum exploration, development and production in Kenya are awaiting clearance by the Cabinet before enactment by parliament.

If the envisaged legislation sails through the required processes, it will greatly address the interest of Kenyan workers in the oil and gas industry.

Section VI of the Petroleum Exploration, Development and Production (Local Content) Regulations 2014, outlines among other obligations, the strategy for transfer of technology and know-how to locals.

Further, they state that entities engaged in petroleum activities shall employ only Kenyans in junior level and middle level positions.

It requires that qualified and skilled locals be given priority with respect to jobs at all levels and adequate provision made for their training while at work.

Much of the regulations are borrowed from Brazil, Angola, Ghana and Nigeria, which have longer experience than Kenya in the business of oil and gas.

The two sources of energy hold great potential for earning Kenya foreign exchange and creating numerous jobs.

The waters of the West Indian Ocean region are proving a rich hunting ground for natural-gas exploration, with the US geological survey estimating that the coastal areas of Kenya, Madagascar, Mozambique and Tanzania are endowed with more than 250 trillion cubic feet of gas and 14.5 billion barrels of oil.

The success rate of companies looking for gas offshore is phenomenal: of the 32 wells drilled in the last two years in offshore Kenya, Tanzania and Mozambique, 29 have yielded discoveries.

Compared with the heavily explored areas elsewhere on the continent, East Africa is practically virgin territory. By 2010, only 600 wells had been drilled, compared with 14,000 and 20,000 in the Gulf of Guinea and North Africa respectively.

The exploration frontiers of Eastern Africa are enormous both onshore and

offshore, including Exclusive Economic Zones (EEZs) and deep-water opportunities and ultra-deep plays.

The recent gas discoveries offshore Mozambique and Tanzania are large and world-class, with potential for more to come including prospects for an oil leg.

The 15 states in this region are diverse in scale, terms, ventures and in regard to exploration cycles and discoveries. More and more companies have entered the open acreage and more blocks have been leased than ever before with extra drilling commitments concluded.

In Kenyan territorial waters, US oil and gas company Anadarko is the operator of blocks L7 and L11B and holds 45 percent of the licenses in each. French oil major Total has a 40 per cent stake while Cove Energy holds the remainder.

OFF-SHORE OIL AND GAS INDUSTRY OFFERS MORE THAN 120 CAREERS BOTH PROFESSIONAL AND TRADE

In the Tanzanian portion of the Ruvuma Basin, BG Group and Ophir Energy have also hit major gas deposits, as has Statoil and its partner ExxonMobil.

Interest in neighbouring offshore Kenya and Madagascar is increasing, based on the belief that similar geological compositions will be found.

Oil major Shell already has interests in Tanzania, and the acquisition of Cove would mark the entry by the Thailand based PTTEP into Kenya and Mozambique.

When exploration comes to an end and large scale drilling starts, there will be increased demand for skills in the energy sector which is set to expand in the region.

Careers in the off-shore oil and gas drilling can be divided into several broad areas. Off-shore oil and gas industry offers more than 120 careers both professional and trade thus the importance of this sector.

KPA takes over terminal on Jap

▶ **REPAYMENTS** Port authority says move will ensure facility begins operations and generate revenue to service JICA debt

BY LILIAN OCHIENG'

The fear of defaulting on a Japanese loan has driven the Kenya Ports Authority (KPA) into taking over the management of the Sh30 billion second Mombasa terminal, leaked information indicates.

The Public Private Partnership (PPP) committee, which ordered cancellation of the tender, not only hoped to sidestep a protracted legal battle with losers but also wanted the facility to start generating revenues urgently for loan repayment.

"The contracting authority was exposed to significant financial losses arising from the fact that the terminal would not become operational by March 2016 as originally planned," recommends a document prepared by the PPP committee chaired by Treasury PS Kamau Thugge.

The document states "The tender validity expired on February 21, 2016, to progress the tender under conditions where the bid proposals have expired is tantamount to asking bidders to make fresh proposals without refloating the tender and this may not be consistent with the principles of section 29(2) of the Act".

The committee maintains that KPA deemed it prudent to immediately begin managing the terminal "in view of the delay occasioned by litigation of the tender and the fact that there was no clarity on when it would be concluded."

KPA had a loan agreement with Japan International Co-operation Agency (JICA), which dictated that an international operator was to be recruited in a competitive process to run the port operations.

As part of the financing conditions, the agency was to ensure international standards at the Mombasa terminal. Once the money was advanced, however, the local bidders were roped into the process in a last minute rush. A court process by unsuccessful bidders was initiated, stopping the tendering and further delayed the project deadlines.



Construction of Kenya Port Authority's second container terminal began at the project funded by Japan International Co-operation Agency to the tune of

KPA TENDER COMMITTEE EVALUATED THE TENDERS CONSIDERING TECHNICAL ASPECTS IN THE FIRST STAGE, ONLY SEVEN CONTESTANTS WERE SHORTLISTED TO PROCEED TO THE FINANCIAL EVALUATION STAGE

"KPA management raised concerns to its board of directors during its meeting held on February 12, 2016 on the litigation exposure and possible financial risks and ensuring loan obligations under the loan agreement in light of the fact that the terminal was to be handed over to the authority on February 29," said KPA in the document addressed to PPP committee.

This followed a complaint by JICA on August 7, 2015, to the Transport and Infrastructure PS.

"JICA is deeply concerned about the slow pace towards loan agreement effectuation whose dates are given as within 120 days from the signing date. The loan agreement was signed on March 9, 2015," JICA senior representative Koji Noda said in the letter copied to Dr Thugge and the

then KPA management. An inside bidding was in the Coast procurement process.

The source said the sensitivity of the top management behind the move was a concern.

Transport PS Catherine Muthiga said, after the decision, the port was adhering to the

Cargo volume past following neighbours.

Last year, 24 million containers (24 million) to handle 1.3 million

Matatu operators say City Hall lacks capacity

BY ANNIE NJANJA

Players in the matatu industry have claimed Nairobi County lacks enough infrastructure to support the current ban on public service vehicles (PSVs) from parking in the central business district (CBD).

The investors said City Hall needs to build parking spaces, pick-up and drop-off areas before issuing orders that affect the industry and the welfare of commuters.

Governor Evans Kidero last week ordered matatus not to park on the streets, claiming that they congest the CBD and affect business operations.

The county cancelled parking licences for PSVs then later issued fresh ones — a move that was also meant to crack down on fake permits issued for ungazetted drop-off and pick-up points. Luthuli Avenue, Munyu Road, Ronald Ngala Street and Sheikh Karume Road were

the most affected by the move. Kenya Bus Management Services managing director Edwins Mukabana asked the county government to invest heavily in infrastructure to support the sector.

"When the governor issued the order as he did he should have also backed it up by issuing an alternative to the operators. He needs to build infrastructure for operators by increasing the number of parking places, terminals and bus stops," he said.

Matatus are currently allowed a few minutes to pick and drop passengers.

Last week, deputy governor Jonathan Mueke met with representatives of matatu associations to end the perennial problems facing the public transport industry.

A committee made up of players from the matatu industry, county government officials and National Transport and Safety Authority was formed to find ways of

Mr Edwins M

decongesting to come up



TRAVEL

Japanese loan default fears



Japanese loan default fears
tune of Sh30 billion. FILE

KPA managing director Gichiri Ndua. Insider privy to the tendering process said the bid was mainly cancelled because powerful cartels in the coastal freight business posed as bidders in the tendering process. A source, who could not be mentioned because of sensitivity of the issue, said part of the reason why KPA management was dismissed was because of the deals struck with the Mombasa port procurement process. Transport secretary James Macharia in February put line Muturi Wairi at the helm of KPA in acting capacity after sending home top executives. A decision to have a private operator in charge of the port was to help decongest the facility, especially in view of the increase in international standards. Cargo volumes at the port have flared up in the recent months following increased trade within Kenya's landlocked neighbours that rely on Mombasa as their key port. Last year, the port handled a record one million containers (24 million tonnes) while this year, it is expected to handle 1.3 million containers or more than 26 million

tonnes, a factor that seems to have attracted the interest of top world port operators.

Contestants in the tendering process include APM terminals BV, with the consortium of Bollere, Toyota Tsusho Corporation, Kamigumi Co Ltd and Mitsui Engineering Ship Building Co Ltd.

Others who were eyeing the lucrative tender were Consortium of Carrix Inc and Interpel Investments Ltd, consortium of Grup Maritime TCB SL, Mitsubishi Corporation and Freight Forwarders Kenya Ltd, consortium of Hutchison Ports Investments SARL and Mitsui and Co Ltd, as well as consortium of PSA International Pte Ltd with Marubeni Corporations and Multiple Hauliers East Africa Ltd managed by Rajinder Singh Baryan, among others.

While KPA, was searching for an international operator, as per agreement with JICA, local cartels teamed up with international firms to get a piece of the terminal's billions through a 15 per cent local shareholding deal sneaked at the eleventh hour.

Freight Forwarders Kenya whose managing director is Hanif Somji, who is also non-executive director of the fallen Imperial Bank Kenya, participated in the procurement process.

Interpel Investments is managed by the influential Faisal Abbas also associated with Paramount Bank, also a contestant in the bids.

Cargo logistics services firm Siginon Group whose managing director is Meshack Kipturgo, is associated with former President Daniel arap Moi's family. The company is also eyeing the lucrative deal.

Mombasa Maize Millers, whose director Mohammed Islam, is highly influential and enjoys close relations with top government officials is also part of the Toyota Tsusho Consortium.

The 12 international bidders first protested the clause (compelling international firms to seek 15 per cent shareholding from local firms), introduced long after the tenders had been floated.

KPA tender committee evaluated the tenders considering technical aspects in the first stage, only seven contestants were shortlisted to proceed to the financial evaluation stage.

However, the five firms that did not make it to the final stage began court processes that would thwart efforts of KPA in proceeding with the procurement process.

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capacity to effect ban on PSVs



Simon Kimutai. FILE

gesting the city before an authority is established to deal with long-term solutions.

Matatu Owners Association (MOA) chairman Simon Kimutai said players in the industry should not be ignored because they are part of the solution in decongesting the city centre.

"What we need is for the county government to be clear on where we should park the matatus.

"The governor should allocate space to the operators because we pay billions of shillings in taxes and fees making the sector vital to the economy," said Mr Kimutai.

According to the MOA chairman, during the meeting with Mr Mueke, it was agreed upon that the committee formed would handle all matters arising in the sector and also ensure that the perennial traffic congestion in the city is curbed. Controlling the number of private cars entering the city centre, allocating exclusive lanes in CBD for matatus were also among recommendations made by the matatu owners.

MOMBASA PORT WEEKLY

Bulk clinker, fertiliser dominate Mombasa port cargo operations

Bulk clinker dominated Mombasa port operations at the conventional cargo terminal during the week ending April 6 after registering 78,245 tonnes out of 192,217 tonnes of cargo.

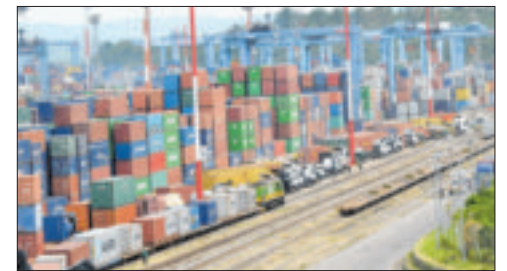
Clinker is an important ingredient for the manufacture of cement. Bulk fertiliser also registered a significant share of the cargo volume through the port during the week under review after posting 28,597 tonnes. This could be attributed to the planting season which is ongoing. Bulk wheat was third weighing 17,063 tonnes with other general cargo weighing 10,402 tonnes and steel 9,875 tonnes.

Goods packed in containers at the conventional cargo terminal weighed 42,189 tonnes while 1,866 units of motor vehicles were driven out.

This section handled 22 vessels during the week. In the next 14 days, the conventional terminal is forecasting to handle a total of 204,899 tonnes. As usual imports are expected to take the lion's share of the operation to reach just 376 tonnes or 0.2 per cent of the total expected cargo.

On the container terminal section, a total of 16,280 Twenty-Foot Equivalent Unit (TEUs) were handled during the week under review out of which 8,419 TEUs (fully and empty) were loaded into vessels and 7,861 TEUs (fully and empty) were discharged from vessels. Containers delivered by road were 9,116 TEUs and those by rail were 196 TEUs.

Import population breakdown during the week at the container terminal 2,690 was local (Kenyan) cargo and 3,886 TEUs was for transit market. Dur-



192,217 tonnes

■ The amount of conventional cargo handled by the Mombasa port during the week ending April 6.

ing the week, Uganda maintained its position as the number one user of the Mombasa port among the transit countries, registering 2,899 TEUs while South Sudan was distant second with 300 TEUs. Tanzania came third with 252 TEU, DRC received 185 TEUs while Rwanda imported 161 TEUs. Others were Somalia 47 TEUs, Ethiopia 23 TEUs and Burundi 19 TEUs.

Yard container population breakdown as at April 6 were 2,536 TEUs ready for collection, 4,620 TEUs awaiting pick up order and 3,249 TEUs empties. Full exports (nominated and un-nominated) were 1,323 TEUs while 246 TEUs were transshipment containers. At the G-Section there was 1,086 TEUs.



Mediterranean shipping company sa Geneva

TO AND FROM: NORTH EUROPE, SCANDINAVIA, WEST AFRICA, USA-WEST COAST & EAST COAST, CANADA, SOUTH AMERICA, FAR EAST, AUSTRALIA, NEW ZEALAND, MEDITERRANEAN PORTS, MIDDLE EAST, JEBEL ALI & PERSIAN GULF, INDIA SUB CONTINENT & PAKISTAN

VESSELS	VOYAGE	ETA MSA	ETB MSA	ETD MSA	NEXT PORT	ETA NEXT PORT
MSC REBECCA	JX613R/JX616A	21/04/2016	21/04/2016	24/04/2016	SALALAH	29/04/2016
MSC KERRY	JX614R/JX617A	28/04/2016	28/04/2016	01/05/2018	SALALAH	06/05/2016
MSC TASMANIA	JX615R/JX618A	05/05/2016	05/05/2016	08/05/2016	SALALAH	13/05/2016
MSC LARA	JX616R/JX619A	12/05/2016	12/05/2016	15/05/2016	SALALAH	20/05/2016

TO AND FROM: SOUTH AFRICA, ANGOLA, MADAGASCAR, INDIAN OCEAN ISLANDS AND FROM: FAR EAST, USA-WEST COAST & EAST COAST, AUSTRALIA

VESSELS	VOYAGE	ETA MSA	ETB MSA	ETD MSA	NEXT PORT	ETA NEXT PORT
MSC CHIARA	ZN614A/ZN616R	19/04/2016	19/04/2016	20/04/2016	DAR ES SALAAM/NACALA	21/04/2016
MSC JASMINE	ZN615A/ZN617R	26/04/2016	26/04/2016	28/04/2016	DAR ES SALAAM/BEIRA	29/04/2016
MSC NICOLE	ZN616A/ZN618R	03/05/2016	03/05/2016	05/05/2016	DAR ES SALAAM/NACALA	06/05/2016
MSC DENISSE	ZN617A/ZN619R	09/05/2016	09/05/2016	11/05/2016	DAR ES SALAAM/BEIRA	12/05/2016

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TERMS AND CONDITIONS APPLY



A Kenya Pipeline Company depot in Nairobi: The agency was left with unpumped kerosene on reduced orders. FILE

Crackdown on unclean fuel cuts flow of diesel to Eldoret

❏ **ADULTERATION** Marketers reduced orders, leaving Kenya Pipeline with huge stocks

BY GERALD ANDAE

The crackdown on adulterated fuel a fortnight ago left the Kenya Pipeline Company (KPC) with thousands of litres of unsold stock of kerosene as marketers cut down on the purchase of the product, creating a major shortfall of diesel in western Kenya.

As of Monday, the KPC was unable to pump diesel to North Rift towns of Eldoret and Kitale as there was about 300,000 litres of kerosene awaiting evacuation by the marketers.

According to KPC, the delays resulted from low demand for kerosene that blocked pumping out of diesel since the products share the same line.

"The crackdown on the stations that have been selling adulterated fuel is the major reason there has been slow evacuation of kerosene as the demand of the product has gone down creating a backlog," said KPC executive Samuel Odoyo.

Some unscrupulous oil marketers have been mixing diesel with kerosene or super petrol with kerosene to take advantage of the lower taxes on kerosene.

Last month, the Energy Regulatory Commission (ERC) exposed tens of oil marketers who have been using kerosene to adulterate fuel before selling it to unsuspecting motorists.

Though the situation hit farming activities in the North Rift, Mr Odoyo said the ERC crackdown has paid off.

In the last six months, the ERC says it has taken action against 56 petrol

300,000

■ After marketers cut kerosene purchase, the agency was unable to pump normally.

■ Because diesel and kerosene share a line, evacuation was impossible.

stations that were found culpable of selling adulterated oil or diverting products for export.

About 20 of these stations were based in western Kenya.

It is an offence, the ERC says, to sell petroleum products above the monthly prices published by the Commission. The offence attracts a penalty of Sh1 million or licence withdrawal.

High season

Chairman of the Western Kenya Independent Petroleum Dealers 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 at this time of 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.

The ERC officials said irregular distribution in the line might take a little while to return to normal supplies to western region.

"It is high season in western Kenya

as farmers are 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 being depleted very fast due to high demand," said the official.

An official communication from KPC yesterday, however, indicated that the company was able to evacuate kerosene that had blocked the line on Monday night, and started flowing diesel to Eldoret at 9pm.

Under control

"We managed to evacuate 300,000 litres of kerosene that had blocked the line and started flowing AGO (diesel) at 2100 hours and the station has 2,527 cubic meters right now. Loading started at 0430 hours so situation is under control today (yesterday)," said KPC official.

The oil storage KPC depots stands at about 612.32 million litres. The KPC targets to construct four storage tanks with a total capacity of 133.52 million litres to boost capacity and to develop a strategic national petroleum reserve to stabilise supplies.

The country has no strategic reserves at this time and relies on oil marketers' 21-day reserves required under regulations.

In 2010, the State embarked on the process of expanding the Nairobi-Nakuru-Eldoret pipeline, commissioning it in 2011 with a new capacity of 440,000 litres per hour compared to 220,000 litres previously.

The plans are also afoot to expand the Eldoret pipeline to Uganda, a move that will be significant for the East African Community bloc.

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IMO eyes electronic data in plan to reduce sea crime, boost efficiency

BY GEORGE OMONDI

The International Maritime Organisation (IMO) is rallying its members to shift to electronic exchange of shipping information in efforts to boost efficiency and tame sea crimes.

The UN agency adopted a revised Convention on Facilitation of International Maritime Traffic (FAL) on Friday, putting electronic data exchange at the heart of efforts to harmonise shipping procedures.

Kenya is already running ahead of most IMO members after the Treasury made it mandatory for traders to conduct international trade via the electronic single window system.

Kentrade, the state agency charged with implementing the electronic system, says both the time and average number of documents required for processing applications has since reduced by about 50 per cent when country shifted from manual system.

The revised IMO law, however, goes beyond mere exchange of trade data. It requires information on cargo, crew and passengers to be exchanged electronically between ports.

Following its adoption last week, port authorities of member states are expected to start establishing systems for the electronic exchange of information within a period of three years, effectively up to January 2018.

In a statement released on Monday, the IMO said members will have a transitional period of 12 months — from introduction of such systems — to phase out the current paper systems and make electronic transmission mandatory.

The FAL treaty, adopted in 1965, seeks

uniformity in formalities, documentary requirements and procedures applied on arrival, stay and departure of ship, its crew, passengers, baggage and cargo.

Member ports will, therefore, be required to issue standard declaration, cargo declaration, crew list and passenger list.

The revised FAL annex was adopted by IMO's Facilitation Committee, which met from April 4-8.

"The update is aimed at ensuring the FAL treaty adequately addresses the shipping industry's present and emerging needs and serves to facilitate and expedite international maritime traffic," the IMO said on its website.



The update is aimed at ensuring the treaty adequately addresses the shipping industry's present and emerging needs

INTERNATIONAL MARITIME
AUTHORITY

The statement adds: "The objective is to prevent unnecessary delays to ships and to persons and property on board."

The IMO law encourages the use of single window concept to enable all the information required by public authorities in connection with the arrival, stay and departure of ships, persons and cargo, to be submitted via a single portal without duplication.

IMO standards prohibit discrimination in respect of shore leave, on grounds of nationality, race, colour, sex, religion, political opinion, or social origin, and irrespective of the flag State of the ship on which seafarers are employed, engaged or work.

Standards and recommended practices relating to stowaways have also updated to include references to relevant sections of the International Ship and Port Facilities' Security (ISPS) Code.

A new standard requires governments to incorporate into national legislation legal grounds to allow prosecution of stowaways, attempted stowaways and entities aiding the practice.



The treaty seeks uniformity in documents indicating arrival, stay and departure of ship, its crew, passengers, baggage and cargo. FILE

MONEY & MARKETS

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NSE suspends Chase Bank's Sh4.8bn bond trading

SETBACK Bourse halts troubled lender's debt security after central bank put it in receivership

BY GEOFFREY IRUNGU

The first tranche of the Sh10 billion corporate bond issued by the collapsed Chase Bank has been suspended from trading on the Nairobi Securities Exchange (NSE) effective last Monday.

The NSE suspended the trading of the bond following a directive from the regulator, Capital Markets Authority (CMA).

This is the second bank bond to run into trouble after Imperial Bank collapsed in October just before it could list its Sh2 billion bond issued to investors.

"Notice is hereby given on the suspension of trading of the Chase Bank Fixed Rate Notes listed on the Fixed Income Securities Market Segment of the NSE, in line with directives received from the Capital Market's Authority, effective April 8, 2016," said the NSE in a statement released yesterday.

Chase Bank collapsed on April 7 following failure to pay customer deposits after it ran out of cash. The bank suffered massive withdrawals, some of it done online, as it was hit by a crisis of confidence

resulting from a restatement of the bank's financial statement to reveal massive non-performing loans.

On the day the restated results were published, the managing director and the chairman were replaced, triggering further uncertainty.

"This (suspension) follows the placement of Chase Bank (Kenya) limited under receivership by Central Bank of Kenya (CBK) with effect from April 7, 2016, there-

by prohibiting payment of any claims by the bank's creditors," said NSE. "The shareholders, investors and general public are asked to take note of the suspension."

The CMA approved the issuance of the bond in June last year. However, the company only managed to raise Sh4.8 billion in the first tranche, which got listed on the NSE in June.

The coupon rate of 13.25 per cent is the second highest of the outstanding bonds on the NSE fixed-income board. The only other higher coupon was that of Real People — which was bought by Britam — at 13.65 per cent in 2013.

But unlike the Chase Bank bond, which came in June, the Real bond came in Au-



From left: Nairobi Securities Exchange vice-chairman Bob Karina, former Chase Bank chairman Zafrullah Khan and former group managing director Duncan Kabui during the bell ringing for the bank's bond in June 2015. FILE

gust when a liquidity crunch in the market had begun to manifest itself in higher interbank rates (reaching over 20 per cent) — indicating that the bond needed to have a higher coupon rate to attract investors.

This means that at the time it was issued, the Chase Bank bond had the highest coupon in the market.

The offer of the high coupon fits in with

the narrative that the bank was facing some pressures late last year.

Despite raising the cash, the bank was experiencing constraints only a few months later. Central Bank of Kenya governor Patrick Njoroge said on the day the bank was placed in receivership that it had begun experiencing pressure as early as last October. Chase Bank became the third

bank — after Dubai and Imperial bank — to be shut down in a space of nine months.

The raising of cash by the two banks following approvals by the CMA — and their subsequent closure by the CBK — has raised questions on the quality of regulation by the markets regulator.

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See related story on page 20

IRA calls meet as medical fraud surges

BY BRIAN NGUGI

The Insurance regulator says it will in a week's time summon another crisis meeting with CEOs of insurance companies targeting runaway industry fraud.

This comes amidst growing consensus that fraud more so in the medical class of insurance has evolved into organised crime.

Employees of healthcare providers and those of insurance companies have increasingly been suspected of collusion in fraudulent claims.

Insurance Regulatory Authority (IRA) CEO Sammy Makove said the meeting set for next week would build upon solutions made by stakeholders.

"Medical insurance has become the biggest class of business in the last few years in terms of growth. However, we have seen the class making losses. We called a meeting and identified fraud could be the challenge," he said.

Mr Makove said investment in information technology systems would top the agenda as biometrics had emerged

Sh12.3bn

Medical insurance claims in 2014 up from Sh9bn in 2013 on suspected fraud and inflated medical costs.

as check against fraud.

The majority of firms have not invested adequately in latest IT systems making them easy prey for cartels. Mr Makove said before a company is registered it would be required to have capacity to curb fraud through foolproof IT systems.

Analysts say the new push is timely. "It has been no secret that system losses have been high in the insurance business. IT and biometric data is a silver bullet when it comes to reducing system losses so I think this move is to be welcomed," said Rich Management chief executive Aly Khan Satchu.

Biometric technologies are used to

identify persons by comparing their finger, palm, iris, and facial attributes with stored information.

Suspected fraud and inflated medical costs saw claims rise to Sh12.3 billion in 2014 from Sh9 billion in 2013, according to data from the regulator.

The IRA says the class recorded an underwriting loss of Sh437 million in 2014 from a profit of Sh282 million the previous year.

Separately insurance fraud more than tripled in 2015, according to another report by the industry regulator.

The IRA said it recorded 93 cases of fraud involving Sh324 million in the first 11 months of 2015 compared to 88 involving Sh102 million in 2014. Motor and medical insurance classes were the most affected segments of the industry accounting for more than half of the reported cases.

"The losses are contributed by high healthcare costs and medical claims including fraudulent ones. Fraud is a concern," said Association of Kenya Insurers CEO Tom Gichuhi last year.

South Africa credit rating downgrade could hit Kenya's new Eurobond offer

BY OTIATO GUGUYU

Negative sentiment may impact on Kenya's new Eurobond if it coincides with the downgrading of South Africa credit rating.

Treasury secretary Henry Rotich was in London last week to meet investors in a "non-deal" roadshow with Reuters reporting Kenya is likely to go to the market in May for a bond roadshow.

South Africa, which also held a global conference call with investors last Wednesday for a potential 10-year dollar bond, is facing a major downgrade of its bonds to high-risk junk status.

CfC Stanbic Bank regional economist Jibrán Qureishi said yesterday Kenyan debt risks a negative outlook given that investors see Africa as block.

"The credit downgrade may affect Kenya because investors see South Africa as a barometer of liquidity in the continent," he said at the East African Trans-Regional conference in Nairobi.

Sh278bn

The amount of Kenya's sovereign (Eurobond) bond issued in 2014.

Mr Qureishi said Kenya's \$2.75 billion (Sh278 billion) sovereign bond issued in 2014 experienced similar problems despite being a beneficiary of fall in oil prices, and was rated like other African bonds suffering from fall of commodity prices.

Around January, Kenya's 10-year Eurobond hit a high yield of 9.8 per cent but has cooled off at 7.719 per cent and become one of the best performing bonds worldwide since the sell-off.

Government officials then blamed the poor performance on opposition politicians attack on the bond.

Mr Qureshi said despite challenges facing sub-Saharan Africa, Kenya was the crown jewel for investors due to its stable macroeconomic environment.

MONEY & MARKETS

BANKING KCB, Centum and Equity on list of prospective buyers attracted by collapsed mid-sized lender's SME clientele

Chase Bank suitors to pay up to Sh20bn for majority stake

BY DAVID HERBLING

Prospective investors eyeing a majority stake in troubled Chase Bank such as KCB Bank and Centum should be prepared to pay up to Sh19.7 billion based on the mid-sized lender's value.

A 2014 report by the private investment group Atlas Mara — headed by former Barclays Plc CEO Bob Diamond — shows that prospective buyers of majority stakes in Kenyan banks should expect to pay 3.5 times the book value of the lender.

Chase Bank had net assets (total shareholders' funds) standing at Sh11.08 billion as at December 2015, meaning that by this criteria the distressed SME-focused

lender could be worth Sh38.7 billion.

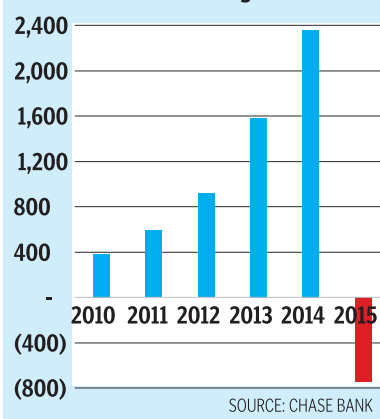
However, Chase Bank owners should expect to take sharp value erosion after a blitz of bad publicity including in the social media.

Atlas Mara made the report when it announced it was seeking to buy a Kenyan bank. The collapse of Dubai Bank, Imperial Bank and Chase Bank hands PE firm and other investors opportunity to enter East Africa's largest economy.

Central Bank of Kenya (CBK) governor Patrick Njoroge last week said Chase Bank would reopen as soon as extra capital is pumped into the business by exiting shareholders or a new one.

"As soon as they (shareholders) put in that liquidity, the bank will be opened

Chase Bank net earnings (Sh, Mn)
the distressed mid-sized lender plunged into losses due to mounting toxic loans



promptly," Dr Njoroge said.

The CBK last Thursday shut down Chase Bank following a run on the bank fuelled by revelations of massive irregular insider lending.

Chase Bank had Sh94.27 billion in customer deposits and a loan book of Sh103.3 billion as at December 2015.

According to Citi, Kenyan lenders are ideal takeover targets because they have the ideal return on assets, cost of capital



and price-to-earnings ratios.

But the continued uncertainty over the future of Chase Bank may also lead to erosion of the lender's value.

The bank's prized asset is its control of SME lending, with innovative products such as LPO financing, invoice discounting, supply chain financing and unsecured loans for small businesses.

Imperial Bank's 58.6 per cent stake held in the Kampala subsidiary was val-

ued at Sh5.1 billion going by Atlas Mara's formula.

However, it was sold for \$6.788 million (Sh678.8 million) to Exim Bank Tanzania, meaning the lender's value was wiped out by allegations of parallel lending at the parent Kenyan bank to the tune of Sh34 billion.

The list of suitors eyeing control of Chase Bank also includes an unnamed Qatari bank, Equity Bank, CBA, Centum and I&M Bank.

Chase Bank's shareholder value may be cut by allegations of book cooking which saw Deloitte issue a qualified opinion of the lender's 2015 financial statements.

The CBK governor said Sh7.9 billion was irregularly lent to an unnamed Chase Bank director although owners claim the investments were made on behalf of the bank.

There are also doubts as to whether an additional Sh8.7 billion can be recovered given that large segments of it were not being serviced or lacked documentation, the banking sector regulator said.

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Tea trade lobby plans Sh100m automation of auction

BY MATHIAS RINGA

The East African Tea Trade Association (EATTA) will use up to Sh100 million to automate the Mombasa tea auction.

EATTA director Jacob Kahiu said automating the Tea Trade

Centre-based auction will make it easier for farmers to monitor the sale process.

Mr Kahiu who is also the Tea Brokers Association chairman indicated the project would cost between Sh75 million and Sh100 million but did not give the completion date. "So far, we

have made progress in rolling out the automation system although it is an expensive undertaking," he said.

Earlier, Agriculture secretary Willy Bett had urged the EATTA officials to fast track the automation for farmers to monitor the auction of their produce. He said there has

been a perception from farmers that the association was using the manual system to manipulate tea prices.

"We want the automation of tea auction to be speeded up so that our farmers can follow up the process of the pricing up of their produce," he said.

KCB Rwanda set for Sh1bn injection

BY ALLAN ODHIAMBO

The International Finance Corporation (IFC) plans to invest Sh1 billion (\$10 million) in KCB Rwanda to boost lending to small businesses and the housing sector.

The proposed investment consists of two senior loans denominated in dollars and Rwandan Franc (RWF).

"The USD and RWF loans will provide the Bank with long-term funds to increase lending to the SME (Small and Medium Enterprises) and housing sectors," the IFC said in a disclosure yesterday, adding that the transaction is subject to approval by its board.

Demand for housing remains high in Rwanda whose economy is still rebuilding after a destabilising civil war 22 years ago. The country has mainly focused on low-cost housing with estimates showing that the capital Kigali alone requires about 30,000 dwelling units a year for the next decade.

The SME sector is equally in need of support amid challenges such as limited access to capital and knowledge. Statistics by the Trade and Industry ministry showed the sector, including formal and informal businesses, comprises 98 per cent of the businesses in Rwanda and 41 per cent

of all private sector employment.

The IFC investment is expected to provide muscle to KCB Rwanda lending to the two sectors that are potential growth drivers for the east Africa nation.

"The investment provides dollar funding to the bank to support the long-term USD needs of SMEs. The RWF tranche provides the Bank with long-tenured local currency funding to increase mortgage lending whilst prudently managing its asset liability management position," IFC further said.

The bank's parent company, KCB Group, in March announced a 16.4 per cent increase in earnings to Sh19.6 billion, buoyed by increased interest income from the mainstay lending business. The lender has subsidiaries in South Sudan, Uganda, Tanzania, Rwanda and Burundi.

Separately, East Africa's largest bank by assets, aims to raise Sh10 billion through a rights issue to boost the lender's thinning capital levels. The Nairobi Securities Exchange-listed bank is seeking shareholder approval later this month to create an additional one billion new shares, part of which will be offered in a cash call slated for later this year.

TELECOMMUNICATIONS SOLUTION PROVIDERS IN EAST AFRICA

The *EastAfrican*, the regions weekly authoritative business newspapers will in April 2016 publish a feature on Telecommunications Solution Providers in East Africa. Topics to be covered include;

- Providers of telecommunication power solutions
- Manufacturers/suppliers of telecom equipment solutions
- Telecommunications contractors & content service providers
- Experts in telecommunication network solutions

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The EastAfrican 20 YEARS

✚ **UNDER SIEGE** Major firms have cut ties with Gupta family company over links to President Zuma

Firm moves to restore relations with SA banks

South Africa's Oakbay Investments yesterday set up meetings with banks to try to restore relations after the top four lenders cut links with the company amid speculation that its owners, the Gupta family, are wielding undue political influence.

Last week, several South African companies, including two major banks, cut ties with Oakbay following allegations over the Gupta family's relationship with President Jacob Zuma.

Nazeem Howa, the CEO of Oakbay Investments, a holding company for Gupta businesses in South Africa, said he hoped to convince at least one local bank to re-establish relations.

Shares in Oakbay Resources & Energy dropped 16 per cent on Monday, falling sharply for a second straight session after the sudden resignations of its chairman and chief executive.

"We will start setting up meetings



South Africa President Jacob Zuma. FILE

of 7,500 employees are at stake," Howa told Reuters in an interview.

Howa said Standard Bank and Nedbank became the latest companies to sever links with the Oakbay late last week. The local unit of global auditors KPMG, citing association risk, ended their business ties earlier this month. Other companies that have severed links with businesses linked to the Gupta family include investment bank Sasfin, Barclays Africa's Absa and First National Bank (FNB), part of FirstRand.

"Absa used to be our main bank, they gave us notice in December and then we moved to FNB and they gave us notice two week ago now and Standard was our back up and it, along with Nedbank, gave us notice late last week," he said.

The banks notices expire at the end of May, he said. Although the Gupta's relationship with Zuma has been a source of controversy for years, it burst into

the open last month when senior figures went public to say the family had exerted undue sway, including offering cabinet positions.

Zuma has acknowledged the Guptas are his friends but denies anything improper. The Guptas, whose businesses stretch from media to mining, have denied the allegations and say they are pawns in a plot to oust Zuma.

The accusations that the Guptas have undue influence on Zuma, coupled with last week's failed motion to impeach the president have weakened the leader who is beset by calls to resign ahead of local elections in August, which are likely to be a test for the president and his ruling party.

On Friday, Atul Gupta and Varun Gupta resigned as respective chairman and chief executive of Oakbay Resources and Energy, a company that houses the family's mining assets, in response to what they said was a "sustained political attack".

They were joined by President Jacob Zuma's son Duduzane, who also said he would sell his investment in the business, in a bid to distance themselves from the holding company.

-REUTERS

Forex fluctuations hit more companies

Exchange rate fluctuations in the last quarter of 2015 had the largest negative impact in almost five years on North American companies' financial results, as global currencies weakened against the dollar, FIREapps said in a report.

The companies that quantified an exchange-rate effect reported a negative impact totalling \$33.94 billion, the most for any quarter since the first quarter of 2011, when the currency risk consulting firm began analysing the data.

That's 76 per cent higher than the total impact in the third quarter of 2015. The foreign currency earnings of US multinational companies are worth less in dollars when the dollar is stronger. Also, the robust currency makes US goods and services more expensive overseas. The number of North American companies citing a negative impact from currency fluctuations was 357 in the fourth quarter, also the largest number of any quarter since the firm began analysing data in 2011.

Of those companies, 47 reported the impact of exchange rates on their earnings per share, with an average negative effect of 7 cents a share, lower than the 12 cents a share average for the third quarter, the FIREapps data showed. The report includes reviews of 850 multinational companies in the United States, Mexico and Canada with at least 15 percent international revenues in at least two currencies. -REUTERS

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Keynote speaker: Julius Wanyaga
Theme: "Digital Disruption"

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MARKET DATA

Agro Commodities Market

Early Morning wholesale commodity prices Date 12.04.2016								
COMMODITY	Unit	Kg	Nairobi	Mombasa	Kisumu	Nakuru	Eldoret	Malindi
CEREAL								
Dry Maize	Bag	90	2700	2300	3200	2300	2500	3000
Green Maize	Ext Bag	115	2000	5600	2500	1800	1800	2000
Finger Millet	Bag	90	6200	6300	7200	4950	6750	7000
Sorghum	Bag	90	3500	3000	3200	2700	5850	6000
Wheat	Bag	90	4000				3400	6000
LEGUMES								
Beans Canadian	Bag	90	6000		8000	5500		6300
Beans Rosecoco	Bag	90	6000	5800	8000	5500	8550	6300
Beans Mwitemaniam	Bag	90	5800	4800		4800	8550	6200
Mwezi Moja	Bag	90	5600			4500		6300
Dolichos (Njahi)	Bag	90	13200	13950		10800	8100	9000
Green Gram	Bag	90	9400	7650	11200	7900	9900	10000
Cowpeas	Bag	90	7400	2700	7200	9000	4500	8000
Fresh Peas	Bag	51	2100	1500	3000	3000	1785	7500
Groundnuts	Bag	110	13000	13200	10000	12100	11250	14300
ROOTS & TUBERS								
Red Irish Potatoes	Bag	50	3000	2200	3000		2200	
White Irish Potatoes	Bag	50	2800	2700	3000	5600	1800	3600
Cassava Fresh	Bag	99	2200	1700	2100			2500
Sweet Potatoes	Bag	98	3300	2900	2500	3500	1600	3800
VEGETABLES								
Cabbages	Ext Bag	126	1500	2800	1050		1200	2000
Cooking Bananas	Med Bunch	22	510	700	300	350	800	350
Ripe Bananas	Med Bunch	14	620	400	300	750	560	500
Carrots	Ext Bag	138	1800	3300	3500	1600	2000	4000
Tomatoes	Lg Box	64	6000	8400	5000	3500	6000	3880
Onions Dry	net	13	900	850	1040	850	700	850
Spring Onions	Bag	142	2600	4000	2500	750	800	
Chillies	Bag	38	2280	3600	1500	2500		3400
Cucumber	Bag	50	2250	2750				2000
Capsicums	Bag	50	2500	4100	2800	2500	2000	3500
Kales	Bag	50	1200	1000	1300	1200	1000	1000
Brinjals	Bag	44	1980	1300	1500	1500		2000
Cauliflower	crate	39	1950	2700		1000		
Lettuce	Bag	51	2000	2500				6000
FRUITS								
Passion Fruits	Bag	57	5000	5500	3000	5000	3135	
Oranges	Bag	93	3800	3200		4400	3300	1860
Lemons	Bag	95	2600	2100	1700	2700		1800
Mangoes Local	Bag	126	3200	2000	2500	3600	2000	2500
Mangoes Ngowe	Sm Basket	25	1200	1000	2100	500	500	700
Limes	net	13	1170	1000				600
Pineapples	Dozen	13	1040	960	650	480	650	600
Pawpaw	Lg Box	54	1700	800	1300	2700	1890	1800
Avocado	Bag	90	2800	3000	1800	2000	1800	1800
OTHERS								
Eggs	Tray	280	280	330	290	300	360	330
SOURCE: STATE DEPARTMENT OF AGRICULTURE. EMAIL MARKETINFO@KILIMO.GO.KE								

MSCI Emerging Markets Sector Indices

NAME	LAST	NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
CI-UAE	377.35	11.31	▲ 3.09%	377.35	377.35	377.35	366.04
CI-AC AMER.	1,040.05	64.77	▲ 6.64%	1,040.05	1,040.05	1,040.05	975.28
CI-ARGENTINA	1,889.40	-70.08	▼ -3.58%	1,889.40	1,889.40	1,889.40	1,959.49
CI-BRIC	477.37	47.45	▲ 11.04%	477.37	477.37	477.37	429.93
BRIC	223.46	28.87	▲ 14.84%	223.46	223.46	223.46	194.59
BRIC GROWTH	442.62	36.99	▲ 9.12%	442.62	442.62	442.62	405.63
BRIC VALUE	368.36	41.93	▲ 12.84%	368.36	368.36	368.36	326.43
CI-BAHRAIN	68.93	-6.13	▼ -8.17%	68.93	68.93	68.93	75.06
CI-BRAZIL FREE	1,793.92	248.46	▲ 16.08%	1,793.92	1,793.92	1,793.92	1,545.46
CI-CHILE	4,130.18	220.71	▲ 5.65%	4,130.18	4,130.18	4,130.18	3,909.48
CI-CHINA FREE	56.56	5.90	▲ 11.65%	56.56	56.56	56.56	50.66
CI-COLOMBIA	2,247.26	161.95	▲ 7.77%	2,247.26	2,247.26	2,247.26	2,085.32
CI-CZECH REPUBLI	236.74	25.30	▲ 11.96%	236.74	236.74	236.74	211.44
CI-EAFE+EM	293.48	10.56	▲ 3.73%	293.48	293.48	293.48	282.92
CI-EU	432.45	8.50	▲ 2.00%	432.45	432.45	432.45	423.96
CI-EM	45,552.51	3426.69	▲ 8.13%	45,552.51	45,552.51	45,552.51	42,125.82
CI-EGYPT	1,528.19	260.75	▲ 20.57%	1,528.19	1,528.19	1,528.19	1,267.44
CI-AC EUROPE	469.41	8.19	▲ 1.78%	469.41	469.41	469.41	461.22
CI-C.FE	105.63	5.59	▲ 5.58%	105.63	105.63	105.63	100.04
CI-C.FE X JP	476.67	46.81	▲ 10.89%	476.67	476.67	476.67	429.86
CI-GOLD DRAGON	147.10	12.47	▲ 9.26%	147.10	147.10	147.10	134.63
CI-HUNGARY	1,251.90	161.35	▲ 14.80%	1,251.90	1,251.90	1,251.90	1,090.55
CI-INDON. FREE	5,824.29	116.96	▲ 2.05%	5,824.29	5,824.29	5,824.29	5,707.33
CI-INDIA	958.45	80.19	▲ 9.13%	958.45	958.45	958.45	878.26
CI-JOEG & MA	1,054.34	108.39	▲ 11.46%	1,054.34	1,054.34	1,054.34	945.96
CI-KOREA	538.61	27.38	▲ 5.36%	538.61	538.61	538.61	511.23
CI-KUWAIT	423.23	3.73	▲ 0.89%	423.23	423.23	423.23	419.50
CI-EM L.AMERICA	65,932.57	6341.42	▲ 10.64%	65,932.57	65,932.57	65,932.57	59,591.15
CI-SRI LANKA	554.87	-26.04	▼ -4.48%	554.87	554.87	554.87	580.91
CI-MOROCCO	271.21	11.22	▲ 4.31%	271.21	271.21	271.21	259.99
CI-EM E.EUROPE	258.80	15.47	▲ 6.36%	258.80	258.80	258.80	243.33
CI-EM FAR EAST	559.59	39.35	▲ 7.56%	559.59	559.59	559.59	520.24
CI-EM ASIA	663.17	47.65	▲ 7.74%	663.17	663.17	663.17	615.52
CI-EM EUROPE	4,560.39	323.66	▲ 7.64%	4,560.39	4,560.39	4,560.39	4,236.74
CI-MEXICO FREE	43,588.79	2208.25	▲ 5.34%	43,588.79	43,588.79	43,588.79	41,380.54
CI-MALAYSIA FREE	600.61	24.44	▲ 4.24%	600.61	600.61	600.61	576.17
CI-OMAN	613.44	-15.02	▼ -2.39%	613.44	613.44	613.44	628.46
CI-PERU	1,923.69	254.12	▲ 15.22%	1,923.69	1,923.69	1,923.69	1,669.57
CI-AC PAC.	114.31	5.85	▲ 5.40%	114.31	114.31	114.31	108.45
CI-PHILIPP.FREE	1,251.01	102.46	▲ 8.92%	1,251.01	1,251.01	1,251.01	1,148.56
CI-PAKISTAN	108.71	3.31	▲ 3.14%	108.71	108.71	108.71	105.40
CI-POLAND	612.77	91.06	▲ 17.46%	612.77	612.77	612.77	521.71
CI-QATAR	810.41	42.20	▲ 5.49%	810.41	810.41	810.41	768.21
CI-RUSSIA	834.73	35.23	▲ 4.41%	834.73	834.73	834.73	799.50
SOUTH EAST ASIA	721.00	62.06	▲ 9.42%	721.00	721.00	721.00	658.94
CI-THAILAND FREE	482.06	25.86	▲ 5.67%	482.06	482.06	482.06	456.20
CI-TURKEY	428.03	56.58	▲ 15.23%	428.03	428.03	428.03	371.45
CI-TAIWAN	322.42	15.47	▲ 5.04%	322.42	322.42	322.42	306.95
CI-ISRAEL	292.37	-10.56	▼ -3.49%	292.37	292.37	292.37	302.93
CI-SOUTH AFRICA	1,347.16	113.26	▲ 9.18%	1,347.16	1,347.16	1,347.16	1,233.90

Commodities

Cotton business



Burkina Faso

A photo shows Burkinabe farmers throwing cotton in Pama, central Burkina Faso. The country has withdrawn the genetically modified cotton implemented since 2000 as it failed to boost the cotton industry, one of the pillars of the nation's economy. ^{AFF}

Global Commodity Prices

Effective date: 12th April 2016

AGRO COMMODITIES			
COMMODITY	CURRENCY	LAST	NET CHNG
SOFTS			
SUGAR NO5	USD	413.20	-0.10
COFFEE	USD	136.50	1.00
COCOA	USD	2,918.00	12.00
RUBBER	JPY	186.00	4.00
FROZEN OJ CON1	USC	136.80	-2.10
COTTON NO2	USC	61.12	0.41
GRAINS			
CORN	USC	359.25	2.5
MAIZE EUR	EUR	153.00	0.00
WHEAT	USC	450.50	3.25
ROUGH RICE	USD	9.97	0.12
OILSEEDS			
SOY BEANS	USC	935.25	7.00
SOY BEAN OIL	USC	33.88	-0.02
CANOLA	CAD	480.10	0.50
PALM OIL	MYR	2,264.00	-8.00
METALS & MINING			
SYMBOL	CURRENCY	LAST	NET CHG
100 OZ GOLD	USD	1,257.00	0.30
SILVER	JPY	55.00	1.00
HG COPPER	USC	2.09	0.00
PLATINUM	JPY	3,461.00	12.00
ALUMINIUM	CNY	11,765.00	5.00
OIL & GAS			
SYMBOL	CURRENCY	LAST	NET CHG
LIGHT CRUDE	USD	40.68	0.32
NO 2 HT OIL	USD	1.23	0.02
BRENT CRUDE	USD	43.33	0.50
GAS OIL	USD	363.25	3.25
NATURAL GAS	USD	1.94	0.03
KEROSINE	JPY	35,200.00	500.00
SOURCE: THOMSON REUTERS			

Unit Trusts

Effective date: 11th April 2016

MONEY MARKET FUND	CURRENCY	DAILY YIELD	EFFECTIVE ANNUAL RATE
OLD MUTUAL	SH	8.29%	8.61%
BRITISH AMERICAN	SH	10.15%	10.64%
UAP	SH	5.06%	5.19%
PAN AFRICA PESA+	SH	14.35%	15.43%
MADISSON	SH	13.11%	13.93%
CBA	SH	9.68%	10.09%
AMANA	SH	14.13%	15.08%
STANLIB	SH	10.00%	10.47%
EQUITY MONEY MARKET FUND	SH	8.00%	8.30%
CIC	SH	11.91%	12.48%
APOLLO	SH	13.26	14.02
FIXED INCOME FUND	CURRENCY	BUY	SELL
GENCAP HAZINA	SH		
CIC	SH	9.82	10.01
BALANCED FUND			
OLD MUTUAL	SH	148.62	158.26
BRITISH AMERICAN	SH	176.98	182.15
MADISSON	SH	56.84	59.9
PAN AFRICA CHAMA+	SH	11.22	11.57
AMANA	SH	127.04	127.04
STANLIB	SH	126.73	126.73
EQUITY BALANCED FUND FUND	SH	102.80	100.78
CIC	SH	12.28	12.86
APOLLO	SH	104.48	100.46
EQUITIES FUND			
OLD MUTUAL	SH	357.69	383.25
OLD MUTUAL EA FUND	SH	143.48	151.85
BRITISH AMERICAN	SH	183.01	188.83
CBA	SH	147.71	147.71
MADISSON	SH	43.33	45.99
AMANA	SH	126.89	126.89
STANLIB	SH	162.26	162.26
CIC	SH	12.65	13.31
BOND FUND			
OLD MUTUAL	SH	97.85	100.18
BRITISH AMERICAN	SH	133.66	136.39
UAP	SH	11.83	11.83
PAN AFRICA PATA+	SH	9.65	9.95
STANLIB FUND B1	SH	99.96	99.96
STANLIB FUND A	SH	99.59	99.59

MARKET DATA

PC sales continue to slump

Sales of personal computers slid for the sixth consecutive quarter at the start of 2016, falling to levels not seen since 2007, a market tracker said.

A survey by research firm Gartner shows a 9.6 per cent drop in PC sales in the first quarter compared with a year earlier, to 64.7 million units.

Figures released later in the day by International Data Corporation (IDC) indicated an even steeper slide, with PC shipments in the first quarter of 2016 down 11.5 per cent year-over-year to 60.6 million units.

Analysts had anticipated a relatively weak environment for PC sales during the first half of this year as businesses are still testing switching to machines powered by the latest Windows 10 software and the consumer market remains cobbled by volatility in stocks, commodities and currencies, IDC said.

Grapple

“In the short term, the PC market must still grapple with limited consumer interest and competition from other infrastructure upgrades in the commercial market,” IDC Worldwide PC Tracker research manager Jay Chou said.

“Nevertheless, IDC still projects total business IT spending to grow compared to 2015, and as we head toward the end of 2016, things should start picking up in terms of Windows 10 pilots turning into actual PC purchases.”

New households are not adopting PCs like they used to, especially in emerging markets, where smartphones are often preferred for online access, Gartner analysts said.

However, the analysts said they expect to see some rebound in PC sales later this year as part of a “Windows 10 refresh” movement.

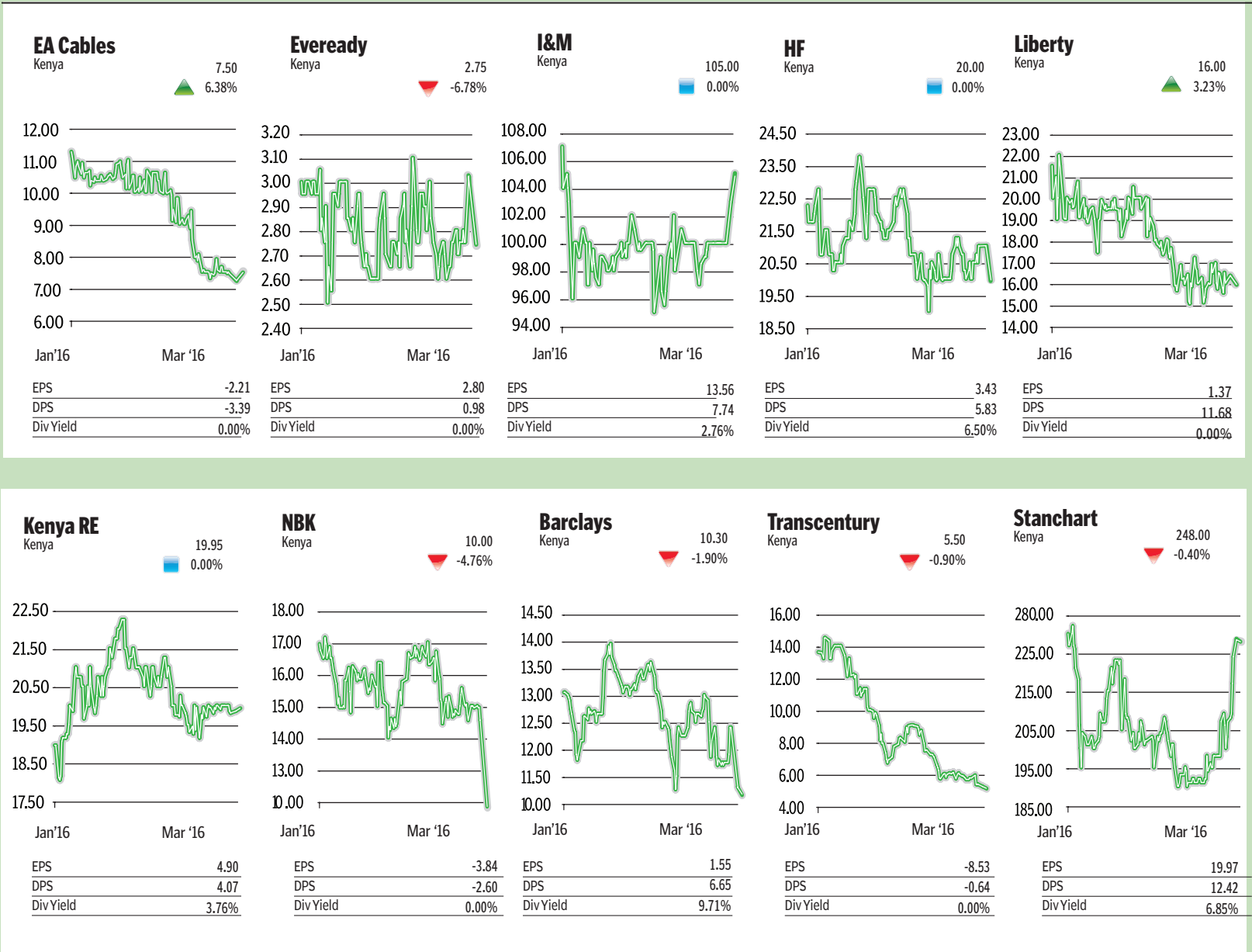
Factors affecting PC sales included the strong dollar, making purchases more expensive in some markets, and political instability in some regions.

“The deterioration of local currencies against the US collar continued to play a major role in PC shipment declines,” Gartner analyst Mikako Kitagawa said.

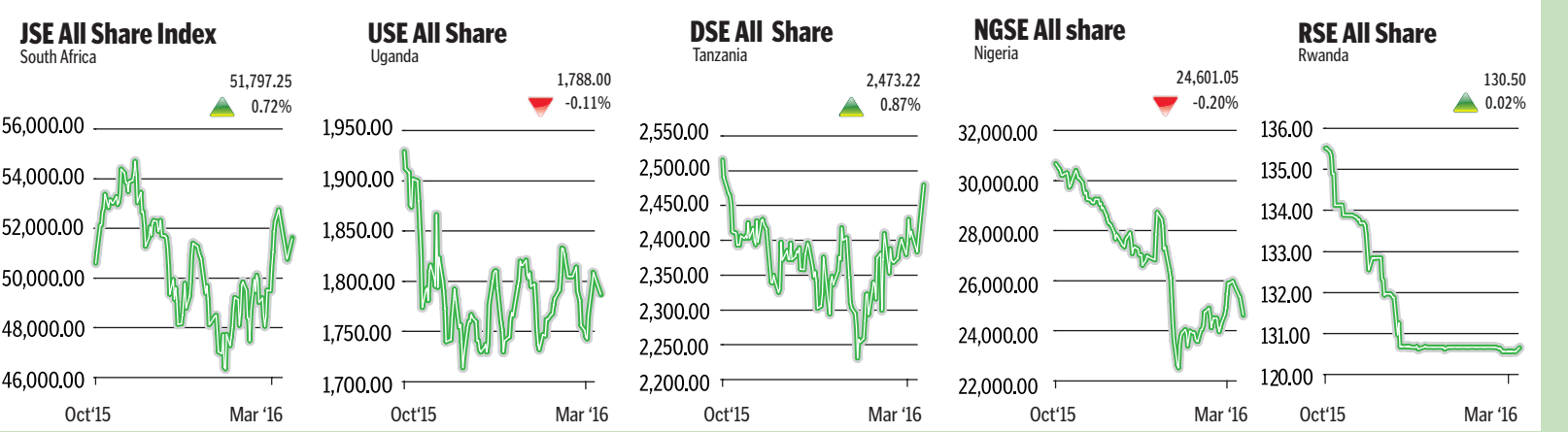
“All major regions showed year-on-year shipment declines, with Latin America showing the steepest drop, where PC shipments declined 32.4 per cent,” she added.

“The Latin America PC market was intensely impacted by Brazil, where the problematic economy and political instability adversely affect the market.”- **AFP**

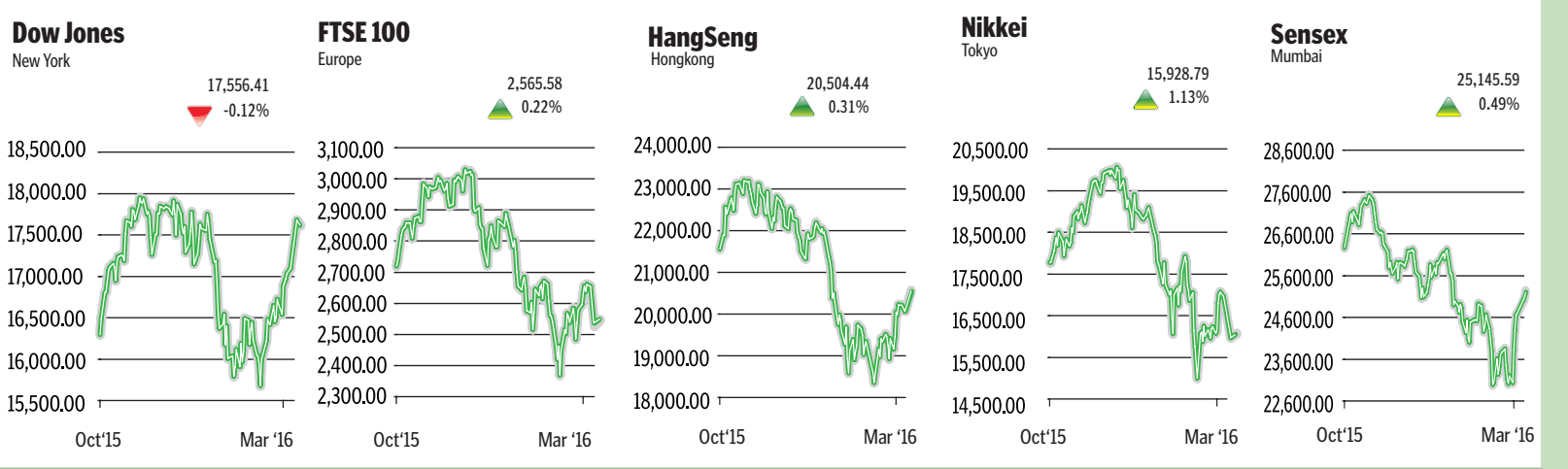
MOVERS & LOSERS YTD



Tracking the markets: Benchmark Index (Latest Data) Africa

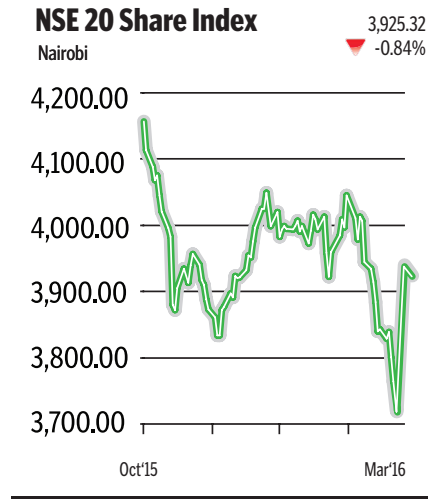
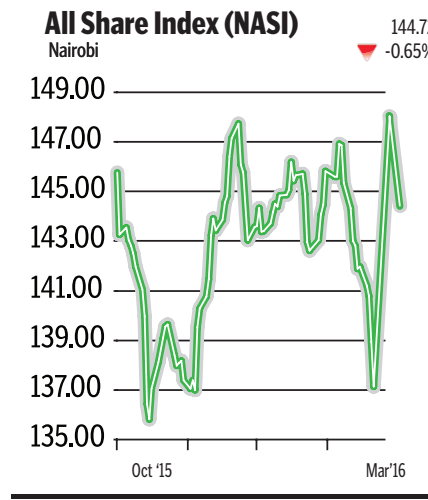
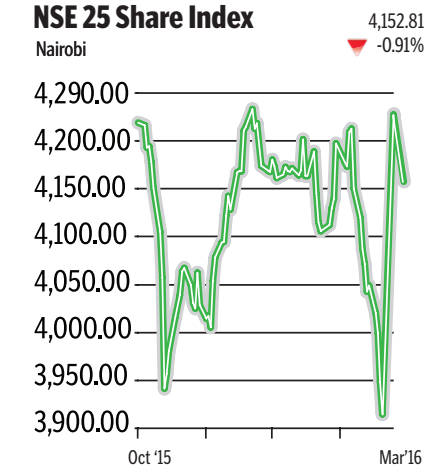


World



MARKET DATA

Nairobi Stocks



Active Counters

	Last	Prev	%	Shares
Counter	Price	Price	Change	Traded
Equity	40.50	40.25	0.62%	4,467,800
KCB	42.50	42.00	1.19%	3,167,100
Safaricom	16.70	16.70	0.00%	1,586,500
Co-Op Bank	20.25	20.50	-1.22%	1,177,700
KenolKobil	10.85	10.80	0.46%	827,900

Gainers

Counter	Last Price	Prev Price	net Change	% Change
EA Cables	7.50	7.05	0.45	6.38%
Longhorn Publishers	5.35	5.10	0.25	4.90%
CFC Stanbic	93.50	90.00	3.50	3.89%
Express (K) AIMS	4.10	3.95	0.15	3.80%
NIC Bank	38.50	37.25	1.25	3.36%

Losers

Counter	Last Price	Prev Price	net Change	% Change
Eveready EA	2.75	2.95	-0.20	-6.78%
Atlas Dev. GEMS	1.50	1.60	-0.10	-6.25%
CIC Insurance	5.40	5.70	-0.30	-5.26%
EABL	265.00	279.00	-14.00	-5.02%
NBK	10.00	10.50	-0.50	-4.76%

MARKET UPDATES

African Indices

NAME	LOCATION	LAST		NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
NSE 20 - SHR IDX	KENYA	3,925.32	▼	-33.25	-0.84%	3,925.32	3,925.32	3,925.32	3,958.57
NSE 25	KENYA	4,152.81	▼	-38.04	-0.91%	4,152.81	4,152.81	4,152.81	4,190.85
ALL SHARE INDEX	ZAMBIA	5,186.17	▼	-21.53	-0.41%	5,207.70	5,207.70	5,190.13	5,207.70
JSE ALL SHARE INDE/D	SOUTHAFRICA	51,797.25	▲	369.17	0.72%	51,472.47	52,010.27	51,341.23	51,428.08
ALSIUG	UGANDA	1,788.00	▼	-2.00	-0.11%	1,788.00	1,788.00	1,788.00	1,790.00
ZSE INDUSTRIAL	ZIMBABWE	98.47	▲	0.07	0.07%	98.47	98.47	98.47	98.40
CFG INDEX	MOROCCO	20,101.35	▲	28.50	0.14%	20,069.48	20,132.96	20,017.77	20,072.85
MALAWI ALL SHR	MALAWI	12,906.29	■	0.00	0.00%	12,906.29	12,906.29	12,906.29	12,906.29
NSE ALL SHARE/D	NIGERIA	24,601.05	▼	-48.34	-0.20%	24,648.84	24,654.56	24,569.72	24,649.39
DSE ALL SHR IDX	TANZANIA	2,473.22	▲	21.35	0.87%	2,473.22	2,473.22	2,473.22	2,451.87
EGX 30 IDX/D	EGYPT	7,331.05	▼	-11.41	-0.16%	7,331.68	7,332.03	7,275.55	7,342.46
TUN MAIN INDEX	TUNISIA	5,386.58	▼	-21.16	-0.39%	5,407.83	5,407.83	5,376.43	5,407.74
RSE ALLSHARE IND	RWANDA	130.50	▲	0.03	0.02%	130.50	130.50	130.50	130.47

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-12-2016	APR-11-2016	CHANGE	SHARES		KSHS MN	12MNTH	TRAILING	TRAILING	12MNTH	YIELD
AGRICULTURAL														
EAAGADS AIMS	38.50	18.10	-10.28%	24.00	24.00	0.00%	100	32,157,000	771.77	0.25	96.00	1.92	0.00	0.00%
KAKUZI	383.00	255.00	-0.63%	315.00	315.00	0.00%	-	19,599,999	6,174.00	26.92	11.70	2.13	5.00	1.59%
KAPCHORUA TEA AIMS	242.00	86.00	-53.50%	93.00	90.00	3.33%	600	7,824,000	727.63	-5.82	-15.98	0.26	5.00	5.38%
LIMURU TEA AIMS	1248.00	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	-5.12%	18.55	18.85	-1.59%	200	228,055,500	4,230.43	2.21	8.39	0.32	1.25	6.74%
WILLIAMSON TEA AIMS	435.00	162.00	-50.78%	189.00	187.00	1.07%	10,500	17,512,640	3,309.89	23.77	7.95	0.26	40.00	21.16%
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	9.15	0.00%	-	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%	16,500	278,342,393	932.45	-0.06	-55.83	0.40	0.00	0.00%
BANKING														
BARCLAYS	16.80	10.20	-24.26%	10.30	10.50	-1.90%	178,100	5,431,536,000	55,944.82	1.55	6.65	1.73	1.00	9.71%
CFC STANBIC	129.00	71.00	13.33%	93.50	90.00	3.89%	13,200	395,321,638	36,962.57	12.41	7.53	1.60	6.15	6.58%
DTBK	244.00	176.00	12.30%	210.00	209.00	0.48%	31,400	220,100,096	46,221.02	19.80	10.61	1.75	2.50	11.9%
EQUITY	51.00	36.50	1.25%	40.50	40.25	0.62%	4,467,800	3,773,674,802	152,833.83	4.59	8.82	2.21	2.00	4.94%
HF	38.00	18.80	-10.11%	20.00	20.00	0.00%	45,500	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%	100	392,362,039	41,198.01	13.56	7.74	1.88	2.90	2.76%
KCB	65.50	37.00	-2.86%	42.50	42.00	1.19%	3,167,100	3,025,219,832	128,571.84	6.49	6.55	1.66	2.00	4.71%
NBK	24.50	8.00	-36.51%	10.00	10.50	-4.76%	39,400	308,000,000	3,080.00	-3.84	-2.60	0.23	0.00	0.00%
NIC BANK	61.00	35.00	-10.98%	38.50	37.25	3.36%	15,100	639,945,603	24,637.91	6.86	5.61	1.09	1.25	3.25%
STAN. CHART.	355.00	183.00	27.18%	248.00	249.00	-0.40%	34,200	309,159,514	76,671.56	19.97	12.42	1.82	17.00	6.85%
CO-OP BANK	23.00	15.85	12.50%	20.25	20.50	-1.22%	1,177,700	4,889,316,295	99,008.65	2.14	9.46	2.26	0.80	3.95%
COMMERCIAL														
ATLAS DEV.GEMS	12.10	1.35	-28.57%	1.50	1.60	-6.25%	305,100	1,497,370,885	2,246.06	-2.53	-0.59	-	0.00	0.00%
EXPRESS (K) AIMS	6.00	3.80	-8.89%	4.10	3.95	3.80%	1,700	35,403,790	145.16	-2.18	-1.88	0.73	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	7.95	4.05	-9.18%	4.45	4.45	0.00%	45,400	1,496,469,035	6,659.29	-13.35	-0.33	1.24	0.00	0.00%
LONGHORN PUBLISHERS AIMS	8.70	3.70	18.89%	5.35	5.10	4.90%	23,100	243,750,000	1,304.06	7.00	0.76	0.72	0.15	2.80%
NATION MEDIA	245.00	130.00	-9.95%	172.00	177.00	-2.82%	700	188,542,286	32,429.27	11.80	14.58	3.67	10.00	5.81%
STANDARD GRP	40.50	24.50	2.68%	28.75	28.75	0.00%	-	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	23.75	0.00%	-	182,174,108	4,326.64	1.35	17.59	0.40	1.35	5.68%
UCHUMI	11.50	4.80	-52.51%	5.20	5.15	0.97%	2,300	364,959,616	1,897.79	-10.85	-0.48	0.47	0.00	0.00%
WPP SCANGROUP	50.00	22.50	-9.17%	27.25	28.00	-2.68%	4,500	378,865,102	10,324.07	1.50	18.17	1.14	0.00	0.00%
CONSTRUCTION & ALLIED														
ARM CEMENT LTD	83.00	28.00	-32.34%	28.25	28.00	0.89%	11,400	495,275,000	13,991.52	3.01	9.39	1.26	0.60	2.12%
BAMBURI	200.00	135.00	4.00%	182.00	190.00	-4.21%	8,600	362,959,275	66,058.59	14.49	12.56	2.19	13.00	7.14%
CROWN BERGER	187.00	52.50	-8.20%	56.00	56.00	0.00%	3,500	71,181,000	3,986.14	9.01	6.22	0.98	1.75	3.13%
EA CABLES	17.00	5.90	-29.25%	7.50	7.05	6.38%	22,600	253,125,000	1,898.44	-2.21	-3.39	0.79	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	11.27%	7.90	8.00	-1.25%	157,200	2,198,361,456	17,367.06	5.24	1.51	0.19	0.65	8.23%
KENOLKOBIL	11.60	7.55	13.02%	10.85	10.80	0.46%	827,900	1,471,761,200	15,968.61	1.37	7.92	2.26	0.35	3.23%
KENYA POWER	18.50	10.50	-19.32%	10.65	10.75	-0.93%	178,000	1,951,467,045	20,783.12	3.81	2.80	0.40	0.30	2.82%
TOTAL	26.25	16.20	3.84%	18.95	18.95	0.00%	800	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	-5.38%	12.30	12.65	-2.77%	81,600	1,938,415,838	23,842.51	1.31	9.39	1.15	0.30	2.44%
CIC INSURANCE	10.10	5.25	-12.90%	5.40	5.70	-5.26%	190,800	2,615,538,528	14,123.91	0.43	12.56	1.94	0.10	1.85%
JUBILEE	600.00	384.00	-3.10%	469.00	460.00	1.96%	11,000	59,895,000	28,090.76	42.70	10.98	1.75	8.50	1.81%
KENYA RE	22.75	15.45	-5.00%	19.95	19.95	0.00%	99,400	699,949,068	13,963.98	4.90	4.07	0.65	0.75	3.76%
LIBERTY KENYA	28.00	15.00	-17.95%	16.00	15.50	3.23%	200	535,707,499	8,571.32	1.37	11.68	1.47	0.00	0.00%
PAN AFRICA	128.00	36.00	-33.33%	40.00	40.00	0.00%	-	144,000,000	5,760.00	-0.43	-93.02	1.15	0.00	0.00%
INVESTMENT														
CENTUM INVEST.	68.00	40.00	-1.08%	46.00	45.50	1.10%	95,900	665,441,775	30,610.32	10.44	4.41	0.94	0.00	0.00%
HOME AFRICA GEMS	3.65	1.20	-34.62%	1.70	1.75	-2.86%	78,800	405,255,320	688.93	-0.04	-42.50	-	0.00	0.00%
KURWITU VENTURES LTD GEMS	1500.00	1500.00	0.00%	1500.00	1500.00	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%	24,800	40,000,000	160.00	-1.04	-3.85	0.20	0.00	0.00%
TRANSCENTURY AIMS	18.80	5.00	-33.33%	5.50	5.55	-0.90%	4,800	280,284,476	1,541.56	-8.53	-0.64	0.42	0.00	0.00%
INVESTMENT SERVICES														
NAIROBI SECURITIES EXCHG	30.25	18.00	10.10%	27.25	26.75	1.87%	35,700	194,625,000	5,303.53	1.57	17.36	3.41	0.49	1.80%
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%	-	19,525,446	2,030.65	7.61	13.67	1.16	5.20	5.00%
BAT KENYA	869.00	670.00	-1.02%	777.00	775.00	0.26%	700	100,000,000	77,700.00	49.76	15.61	10.18	49.50	6.37%
CARBACID	22.00	12.80	-8.59%	14.90	15.00	-0.67%	39,200	254,851,988	3,797.29	1.55	9.61	2.30	0.70	4.70%
EABL	340.00	245.00	-2.93%	265.00	279.00	-5.02%	2,100	790,774,356	209,555.20	11.31	23.43	6.52	6.00	2.26%
EVEREADY EA	4.95	2.35	1.85%	2.75	2.95	-6.78%	85,700	210,000,000	577.50	2.80	0.98	1.79	0.00	0.00%
FLAME TREE GEMS	10.20	5.70	7.14%	7.50	7.50	0.00%	-	161,866,804	1,214.00	0.99	7.58	3.02	0.00	0.00%
K. ORCHARDS AIMS	110.00	97.00	-1.02%	97.00	97.00	0.00%	100	12,868,124	1,248.21	0.33	293.94	-54.80	0.00	0.00%
MUMIAS	2.50	1.30	-15.63%	1.35	1.40	-3.57%	495,600	1,530,000,000	2,065.50	-3.04	-0.44	0.16	0.00	0.00%
UNGA	50.00	30.50	6.67%	36.00	35.75	0.70%	100	75,708,873	2,725.52	5.27	6.83	0.58	1.00	2.78%
TELECOMMUNICATION & TECHNOLOGY														
SAFARICOM	17.90	12.60	2.45%	16.70	16.70	0.00%	1,586,500	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		20.50	20.25	1.23%	10,200	180,972,300	3,709.93	0.00			0.00	0.00%
GEMS														
AIMS														

MARKET DATA

Equities & Bonds

Share Price Performance Scorecard

SCORECARD AS AT 12TH 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	1.50	-6.25	7.14	-6.25	-25.00	-50.00	-86.84
ATHI RIVER MINING	28.00	28.25	0.89	-5.83	-2.59	-20.42	-27.56	-63.78
BAMBURI	190.00	182.00	-4.21	-6.19	-6.19	4.00	19.74	17.42
BARCLAYS KEN	10.50	10.30	-1.90	-5.50	-12.71	-16.94	-16.60	-35.63
BAT KENYA	775.00	777.00	0.26	0.78	-3.84	-2.75	1.30	7.92
BOC KENYA	104.00	104.00	0.00	9.47	9.47	2.97	-11.11	-22.96
BRITISH AMERICAN	12.65	12.30	-2.77	-5.02	4.68	-5.02	-21.90	-51.76
CAR & GENERAL	34.00	34.00	0.00	0.00	-10.53	-13.92	-15.00	-31.66
CARBACID INV	15.00	14.90	-0.67	1.02	4.56	-4.49	1.36	-28.19
CENTUM INV	45.50	46.00	1.10	1.10	0.55	-1.08	-7.54	-21.37
CFC STANBIC BANK	90.00	93.50	3.89	-1.58	7.47	10.00	3.89	-25.20
CIC INSURANCE	5.70	5.40	-5.26	-8.47	-10.00	-6.90	-20.59	-42.55
CO-OP BANK	20.50	20.25	-1.22	-1.22	1.25	18.42	18.42	-4.71
CROWN BERGER	56.00	56.00	0.00	-0.88	-5.08	-3.45	-6.67	-52.14
DIAMOND KEN	209.00	210.00	0.48	0.00	-4.55	10.53	5.53	-9.09
EA CABLES	7.05	7.50	6.38	9.49	-0.66	-27.54	-28.91	-52.38
EA PORT CEM	45.00	45.00	0.00	0.00	7.14	-10.00	-10.00	-24.37
EAGADS	24.00	24.00	0.00	-4.00	18.52	-4.00	-13.51	-30.94
EA AFR BREW	279.00	265.00	-5.02	-5.36	-6.03	-3.64	3.52	-18.46
EQUITY BANK	40.25	40.50	0.62	0.00	-2.99	4.52	-8.99	-16.06
EVEREADY EA	2.95	2.75	-6.78	0.00	0.00	1.85	-6.78	-29.49
EXPRESS KEN	3.95	4.10	3.80	-4.65	-13.68	-8.89	-9.89	-28.07
FLAME TREE HLDNGS	7.50	7.50	0.00	0.00	0.00	-0.66	7.14	-13.79
G WILLIAMSON	187.00	189.00	1.07	2.16	-1.05	-34.15	-52.27	-32.50
HUTCHINGS BIEMER	20.25	20.25	0.00	0.00	0.00	0.00	0.00	0.00
HOME AFRICA LIMITED	1.75	1.70	-2.86	-2.86	-8.11	0.00	-2.86	-48.48
HOUSING FIN	20.00	20.00	0.00	-3.61	0.00	-5.88	-12.09	-43.26
I&M HOLDING	105.00	105.00	0.00	0.96	5.00	9.95	9.38	-18.03
JUBILEE Hlds	460.00	469.00	1.96	0.86	-0.85	1.52	0.21	-9.81
KAKUZI	315.00	315.00	0.00	5.00	4.65	-1.87	1.61	12.50
KAPCHORUA	90.00	93.00	3.33	-1.06	2.76	-58.48	-48.90	-28.46
KEN ORCHARDS	97.00	97.00	0.00	0.00	0.00	-1.02	-3.00	-13.39
KENGEN	8.00	7.90	-1.25	0.00	1.28	15.33	-4.82	-21.39
KENYA AIRWAYS	4.45	4.45	0.00	1.14	-1.11	-8.25	-18.35	-41.06
KENYA COM BK	42.00	42.50	1.19	1.80	4.94	3.03	-1.73	-32.54
KENOLKOBIL	10.80	10.85	0.46	-0.91	1.88	24.71	20.56	23.30
KENYA POWER	10.75	10.65	-0.93	-1.84	-9.75	-17.12	-28.52	-37.54
KENYA RE	19.95	19.95	0.00	-0.25	-0.25	-3.86	4.18	7.84
KURWITU	1500.00	1500.00	0.00	0.00	0.00	0.00	0.00	0.00
LIBERTY HOLDINGS	15.50	16.00	3.23	-2.74	-3.03	-13.28	-19.19	-35.35
LIMURU TEA	799.00	799.00	0.00	0.00	-4.88	-26.36	-26.36	-16.07
LONGHORN	5.10	5.35	4.90	0.00	0.94	-5.31	-14.40	-35.54
MARSHALL	9.15	9.15	0.00	-9.85	-26.80	-30.68	-26.80	-23.11
MUMIAS SUGAR	1.40	1.35	-3.57	-3.57	-10.00	-15.63	-27.03	-41.30
NAIROBI SECURITIES	26.75	27.25	1.87	0.93	18.48	14.74	32.93	39.03
NATION MEDIA	177.00	172.00	-2.82	-2.27	-3.37	-2.82	22.86	-27.43
NATL BANK KEN	10.50	10.00	-4.76	-8.68	-31.27	-39.94	-40.65	-57.45
NIC BANK	37.25	38.50	3.36	-4.94	-3.14	-10.47	-6.10	-32.46
OLYMPIA CAPITAL	4.00	4.00	0.00	0.00	-6.98	-13.04	-13.98	-29.82
PAN AFR INS	40.00	40.00	0.00	0.00	-27.27	-33.33	-36.00	-67.74
SAFARICOM	16.70	16.70	0.00	-0.60	2.45	4.38	11.71	5.03
SAMEER AFRICA	3.35	3.35	0.00	-1.47	-11.84	-12.99	-14.10	-39.09
SASINI	18.85	18.55	-1.59	-2.37	-7.25	6.30	9.44	8.80
STANLIB FAHARI I-REIT	20.25	20.50	1.23	-3.53	2.50	-2.38	-	-
WPP SCANGROUP	28.00	27.25	-2.68	-8.40	-0.91	-9.92	3.81	-38.76
STANDARD GRP	28.75	28.75	0.00	-8.00	-1.71	-6.50	-10.16	-19.58
STD CHART KEN	249.00	248.00	-0.40	-2.36	19.81	19.81	13.76	-27.49
TOTAL KENYA	18.95	18.95	0.00	0.26	8.91	15.55	-3.81	-20.21
TPS (EA)	23.75	23.75	0.00	-5.94	-6.86	-8.65	-16.67	-30.15
TRANSCENTURY	5.55	5.50	-0.90	4.76	-2.65	-39.23	-61.67	-67.65
UCHUMI SUPER	5.15	5.20	0.97	-0.95	-5.45	-48.26	-48.00	-50.48
UNGA GROUP	35.75	36.00	0.70	2.13	-5.26	8.27	-14.29	-15.29

Corporate Bonds

APRIL12, 2016	BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE					
	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.08.06.20/13	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	12.5	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	196.5	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	760.3			
MRM						
FR (MRM) 2008/8YR	27-OCT-08	17-OCT-16	621.5		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	226			
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 LTD MEDIUM 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	270.3	13.65	95.0966	
RPBD.BD.03/08/20-0047-13.65	10-AUG-15	3-AUG-20	1,363.90	13.65	94.7367	
FAMILY BANK MEDIUM TERM NOTE						
FBKB.BD.19/04/21-0049-13.75	26-OCT-15	19-APR-21	1,297.10	13.75	95.4568	
FBKB.BD.19/04/21-0051-2.5	26-OCT-15	19-APR-21	600.7		94.7367	
FBKB.BD.19/04/21-0050-14	26-OCT-15	19-APR-21	121.14	94.7367		

Kenya Treasury and Infrastructure Bonds

BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE					APRIL 12 2016		
	ISSUE	MATURITY	ISSUED	COUPON	TRADED	PREVIOUS	TOTAL VALUE
	DATE	DATE	VALUE IN MNS	(%)	YIELD (%)	PRICE(%)	TRADED (KSH)
ISSUE NO.							
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		100.1492	
FXD 3/2014/2YR	25-MAY-15	19-DEC-16	29,375.70	10.89		99.8288	
FXD 1/2015/2YR	23-JAN-15	20-FEB-17	23,592.15	11.47	11.15	99.5238	3 90,000,000
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	12.3	105.188	3 00,000,000
FXD 1/2016/2YR	25-JAN-16	22-JAN-18	20,153.75	15.76	12.25	105.188	1 00,000,000
FXD 1/2016/2YR	25-JAN-16	22-JAN-18	20,153.75	15.76	12.35	105.188	1 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-APR-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	13.8	99.6872	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	14.15	91.5651	5 00,000,000
FXD 1/2014/10YR	25-MAY-15	15-JAN-24	35,852.15	12.18		89.7515	
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	14.0000		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	
XD1/2010/15YR	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	14.75	84.9472	4 00,000,000
FXD2/2013/15YR	29-APR-13	10-APR-28	17,385.85	12	14.825	84.9472	1 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	12.5	92.6161	2 00,000,000
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	51,192.20	11	12.65	92.6161	2 00,000,000
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	51,192.20	11	12.6	92.6161	1 00,000,000
IFB 1/2015/9YR	14-DEC-15	2-DEC-24	25,119.55	11	12.6	91.3779	2 00,000,000

MARKET DATA

Global Markets & Currencies

Currencies

Kenya Shilling			
CURRENCY	BUY	SELL	MEAN
US DOLLAR	100.99	101.19	101.09
STG POUND	144.00	144.31	144.16
EURO	115.30	115.55	115.43
SA RAND	6.88	6.90	6.89
KES / USHS	33.06	33.22	33.14
KES / TSHS	21.60	21.66	21.63
KES / RWF	7.81	8.02	7.91
KES / BIF	15.26	15.39	15.32
AE DIRHAM	27.49	27.55	27.52
CAN \$	78.30	78.47	78.38
S FRANC	105.97	106.22	106.10
JPY (100)	93.56	93.76	93.66
SW KRONER	12.46	12.49	12.47
NOR KRONER	12.32	12.35	12.34
DAN KRONER	15.48	15.51	15.49
IND RUPEE	1.52	1.53	1.52
HONGKONG DOLLAR	13.02	13.05	13.04
SINGAPORE DOLLAR	75.02	75.20	75.11
SAUDI RIYAL	26.92	26.99	26.96
CHINESE YUAN	15.61	15.65	15.63
AUSTRALIAN \$	77.15	77.32	77.23
SOURCE: CBK			

US Dollar

BACKGROUND	BID	ASK
EURO	1.14	1.14
JAPANESE YEN	108.26	108.29
BRITISH POUND	1.43	1.43
SWISS FRANC	0.95	0.95
AUSTRALIAN DOLLAR	0.77	0.77
SWEDISH KRONA	8.07	8.08
CANADIAN DOLLAR	1.29	1.29
CHINESE YUAN	6.46	6.46
NORWEGIAN KRONE	8.17	8.17
BOSNIAN MARK	1.69	1.73
DANISH KRONE	6.53	6.53
RUSSIA ROUBLE	66.28	66.31
TURKISH LIRA	2.83	2.83
ICELAND KRONA	123.22	123.53
INDIAN RUPEE	66.44	66.45
POLISH ZLOTY	3.76	3.76
CZECH KORUNA	23.69	23.71
HUNGARIAN FORINT	273.15	273.37
UKRAINE HRYVNIA	25.40	25.50
ISRAEL SHEKEL	3.77	3.77
ALBANIAN LEK	121.40	122.00
BULGARIAN LEV	1.71	1.72
SERBIAN DINAR	59.99	60.19
CYPRUS POUND	0.40	0.40
ESTONIAN KROON	11.70	11.71
GEORGIAN LARI	2.25	2.28
THAI BAHT	35.02	35.04
GIBRALTAR POUND	1.43	1.43
CROATIAN KUNA	6.56	6.56
KAZAKHSTAN TENGE	335.58	335.63
LITHUANIA LITAS	2.85	2.85
LATVIAN LATS	0.51	0.51
MOLDOVAN LEU	19.58	19.68
MACEDONIA DENAR	53.72	54.28
MALTESE LIRA	3.41	3.42
ROMANIAN LEU	3.92	3.92
SLOVAK KORUNA	21.55	21.60
SERBIAN DINAR	107.51	107.92
ARMENIAN DRAM	481.90	485.90
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	95.71	96.81
DJIBOUTI FRANC	176.50	178.60
ALGERIAN DINAR	107.90	108.35
EGYPT POUND	8.88	8.88
ETHIOPIAN BIRR	21.43	21.83
GHANAIAN CEDI	3.83	3.84
GAMBIAN DALASI	42.10	43.60
ERITREA NAFKA	16.06	16.56
GUINEA FRANC	7,490.00	7,690.00
KENYA SHILLING	101.00	101.20
COMORO FRANC	433.55	434.55
LIBERIAN DOLLAR	90.00	95.00
LESOTHO LOTI	14.66	14.69
LIBYAN DINAR	1.36	1.37
MOROCCAN DIRHAM	9.60	9.65
MALAGASY ARIARY	3,153.00	3,182.00
MAURITANIAOUGUIYA	339.00	347.00
MALAWI KWACHA	670.00	685.00
MOZAMBIQUEMETICAL	50.00	51.00
NIGERIAN NAIRA	198.55	199.55
RWANDA FRANC	741.00	752.00
SC RUPEE	13.46	13.48
ST HELENA POUND	1.42	1.43
SIERRALEONLEON	3,925.00	4,025.00
SAO TOME DOBRA	20,837.00	22,134.00
SOMALI SHILLING	607.00	614.00
SWAZILAND LILAGENI	14.66	14.70
TUNISIAN DINAR	2.00	2.00
TANZANIA SHILLING	2,183.00	2,193.00
UGANDA SHILLING	3,340.00	3,360.00
CFA FRANC	575.15	590.15
CFA FRANC	575.15	593.15
MAURITIUS RUPEE	34.90	35.10
SOUTH AFRICA RAND	14.67	14.68
ZIMBABWE DOLLAR	378.00	381.00

Global Indexes

	DAILY			YTD	52 WEEK		3-YR
INDEX (REGION/COUNTRY)	CLOSE	CHG	% CHG	% CHG	HIGH	LOW	% CHG
GLOBAL							
THE GLOBAL DOW (WORLD)	2,295.24	7.64	0.33	-1.8	2,639.52	2,047.44	-11.1
THE GLOBAL DOW EURO (WORLD)	1,888.66	0.43	0.02	-6.7	2,305.98	1,699.54	-17.9
DI GLOBAL INDEX (WORLD)	304.32	0.35	0.12	-1.2	341.62	272.15	-9.2
DI GLOBAL EX U.S. (WORLD)	205.96	1.09	0.53	-2	246.68	184.52	-14.3
ASIA PACIFIC							
DI ASIA-PACIFIC TSM (ASIA-PACIFIC)	1,340.23	3.83	0.29	-3.6	1,619.39	1,190.45	-15
ALL ORDINARIES (AUSTRALIA)	5,013.20	-4.8	-0.1	-6.2	5,954.80	4,816.60	-15.4
S & P/ASX 200 (AUSTRALIA)	4,931.50	-6.1	-0.12	-6.9	5,982.70	4,765.30	-17.3
DOW JONES CHINA 88 (CHINA)	253.32	2.8	1.12	-11.7	408.69	224.92	-28.3
SHANGHAI COMPOSITE (CHINA)	3,033.96	49	1.64	-14.3	5,166.35	2,655.66	-26.4
HANG SENG (HONG KONG)	20,440.81	70.41	0.35	-6.7	28,442.75	18,319.58	-27
S & P BSE SENSEX (INDIA)	25,022.16	348.32	1.41	-4.2	29,044.44	22,951.83	-13.8
JAKARTA COMPOSITE (INDONESIA)	4,786.97	-59.73	-1.23	4.2	5,460.57	4,120.50	-12.1
NIKKEI 300 (JAPAN)	257.53	-1.66	-0.64	-17.2	343.20	242.81	-20.2
NIKKEI STOCK AVG (JAPAN)	15,751.13	-70.39	-0.44	-17.2	20,868.03	14,952.61	-20.9
TOPIX INDEX (JAPAN)	1,279.79	-7.9	-0.61	-17.3	1,691.29	1,196.28	-19.3
KUALA LUMPUR COMPOSITE (MALAYSIA)	1,715.28	-3.12	-0.18	1.3	1,862.80	1,532.14	-6.9
S & P/NZX 50 (NEW ZEALAND)	6,725.11	-5.17	-0.08	6.3	6,755.23	5,546.88	14.9
KSE 100 (PAKISTAN)	33,566.22	-401.32	-1.18	2.3	36,228.88	30,564.50	4.1
PSEI (PHILIPPINES)	7,291.43	44.23	0.61	4.9	8,073.25	6,084.28	-9.7
STRAITS TIMES (SINGAPORE)	2,809.24	0.92	0.03	-2.5	3,539.95	2,532.70	-19.4
KOSPI (SOUTH KOREA)	1,970.37	-1.68	-0.09	0.5	2,173.41	1,829.81	-6.1
COLOMBO STOCK EXCHANGE (SRI LANKA)	6,275.62	0.002	0.00003	-9	7,498.78	5,862.35	-9.1
WEIGHTED (TAIWAN)	8,562.59	21.09	0.25	2.7	9,973.12	7,410.34	-11.4
SET (THAILAND)	1,369.84	0.2	0.01	6.4	1,570.00	1,224.83	-11.5
EUROPE							
STOXX EUROPE 600 (EUROPE)	332.87	1.01	0.3	-9	414.06	303.58	-19.5
STOXX EUROPE 50 (EUROPE)	2,755.69	3.8	0.14	-11.1	3,591.47	2,566.26	-23.1
EURO STOXX 50 (EURO ZONE)	2,924.23	12.25	0.42	-10.5	3,828.78	2,680.35	-23.6
EURO STOXX (EURO ZONE)	314.60	1.37	0.44	-8.9	392.35	284.92	-19.8
ATX (AUSTRIA)	2,246.61	5.44	0.24	-6.3	2,681.44	1,957.05	-15.1
BEL-20 (BELGIUM)	3,369.00	14.94	0.45	-9	3,902.74	3,130.76	-13.7
PX 50 (CZECH REPUBLIC)	893.60	-5.77	-0.64	-6.6	1,058.40	845.90	-15.6
OMX COPENHAGEN (DENMARK)	850.79	-3.48	-0.41	-6.2	923.55	745.49	-4.6
OMX HELSINKI (FINLAND)	7,841.25	9.88	0.13	-8.8	9,374.42	7,257.23	-16.4
CAC 40 (FRANCE)	4,312.63	9.51	0.22	-7	5,268.91	3,896.71	-17.9
DAX (GERMANY)	9,682.99	60.73	0.63	-9.9	12,338.73	8,752.87	-21.5
BOX (HUNGARY)	26,268.42	-245.03	-0.92	9.8	26,513.45	20,610.76	18.2
FTSE MIB (ITALY)	17,722.66	218.04	1.25	-17.3	24,031.19	15,773.00	-26.2
AEX (NETHERLANDS)	436.56	2.4	0.55	-1.2	509.24	382.61	-14.2
ALL-SHARES (NORWAY)	621.71	6.13	1	-4.2	711.22	552.32	-11.9
WIG (POLAND)	47,476.31	-79.72	-0.17	2.2	57,379.45	42,152.70	-13.7
PSI 20 (PORTUGAL)	4,878.30	19.88	0.41	-8.2	6,313.26	4,460.63	-22.7
RTS INDEX (RUSSIA)	900.98	21.91	2.49	19	1,082.21	628.41	-10.3
IBEX 35 (SPAIN)	8,497.60	70	0.83	-11	11,866.40	7,746.30	-28.4
SX ALL SHARE (SWEDEN)	483.76	1.16	0.24	-4.2	564.90	435.21	-13.2
SWISS MARKET (SWITZERLAND)	7,751.58	-65.97	-0.84	-12.1	9,526.79	7,496.62	-17.8
BIST 100 (TURKEY)	83,987.53	1485.42	1.8	17.1	88,651.88	68,567.89	2.5
FTSE 100 (U.K.)	6,200.12	-4.29	-0.07	-0.7	7,104.00	5,537.00	-12.2
FTSE 250 (U.K.)	16,778.81	-50.91	-0.3	-3.7	18,263.46	15,178.80	-5.9
AMERICAS							
DJ AMERICAS (AMERICAS)	489.83	-0.87	-0.18	0.5	524.44	433.35	-5.1
MERVAL (ARGENTINA)	12,184.46	-37.41	-0.31	4.4	14,173.87	9,288.41	4.3
SAO PAULO BOVESPA (BRAZIL)	50,165.47	-127.45	-0.25	15.7	58,051.61	37,497.48	-7.5
S & P/TSX COMP (CANADA)	13,422.76	26.03	0.19	3.2	15,450.87	11,843.11	-12.7
SANTIAGO IPSA (CHILE)	3,116.45	-2.74	-0.09	5.9	3,359.04	2,759.77	-5.5
IPC ALL-SHARE (MEXICO)	44,760.53	-98.96	-0.22	4.1	46,191.51	40,265.37	-0.5
CARACAS GENERAL (VENEZUELA)	15,196.07	-5.76	-0.04	4.2	16,820.52	5,381.15	176.1
SOURCE : WSJ MARKETS							

Global Indices

NAME	LOCATION	LAST		NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
DJ INDU AVERAGE	NEWYORK	17,556.41	▼	-20.55	-0.12%	17,586.48	17,731.63	17,555.90	17,576.96
FTSE EUROTOP 100	LONDON	2,565.58	▲	5.52	0.22%	2,560.87	2,572.46	2,542.03	2,560.06
XETRA DAX PF/D	FRANKFURT	9,731.71	▲	48.72	0.50%	9,716.75	9,745.49	9,617.83	9,682.99
CAC 40 INDEX/D	PARIS	4,324.42	▲	11.79	0.27%	4,317.50	4,326.05	4,269.10	4,312.63
FTSE MIB/D	MILAN	17,690.20	▼	-32.46	-0.18%	17,741.86	17,860.93	17,455.64	17,722.66
SMI PR/D	SWITZERLAND	7,744.96	▼	-6.62	-0.09%	7,718.16	7,750.08	7,676.67	7,751.58
HANG SENG INDE/D	HONGKONG	20,504.44	▲	63.63	0.31%	20,440.72	20,546.43	20,407.82	20,440.81
NIKKEI 225 INDEX	TOKYO	15,928.79	▲	177.66	1.13%	15,719.24	15,963.03	15,693.61	15,751.13
ALL ORDINARIES	AUSTRALIA	5,053.66	▲	40.46	0.81%	5,013.20	5,055.70	5,009.60	5,013.19
SSE COMPOSITE/D	SINGAPORE	3,024.53	▼	-9.43	-0.31%	3,031.30	3,036.82	3,001.32	3,033.96
STRAITS TIMES /D	SHANGHAI	3,675.40	▲	7.05	0.19%	3,670.29	3,677.03	3,659.74	3,668.35
S&P SENSEX/D	MUMBAI	25,145.59	▲	123.43	0.49%	25,056.47	25,180.02	24,996.44	25,022.16
SOURCE: THOMPSON REUTERS									

FTSE 100

NAME	LAST	CLOSE	NET.CHNG	PCT.CHNG
NGLO AMERICAN/D	619.60	585.10	34.50	5.90%
SSOC.BR.FOODS/D	3328.00	3351.00	-23.00	-0.69%
DMIRAL GROUP/D	1936.00	1930.00	6.00	0.31%
BDN.ASSET.MAN/D	272.80	268.90	3.90	1.45%
GGREKO/D	1032.00	1035.00	-3.00	-0.29%
INTOFAGASTA/D	442.50	439.30	3.20	0.73%
RM HOLDINGS/D	1019.73	1033.00	-13.00	-1.26%
SHMORE/D	299.70	289.30	10.40	3.59%
VIVA PLC/D	438.60	432.20	6.40	1.48%
STRAZENECA/D	4019.50	4065.00	-45.50	-1.12%
AE SYSTEMS/D	499.10	499.00	0.10	0.02%
ARCLAYS/D	156.00	153.50	2.50	1.63%
RIT AM TOBACC/D	4150.50	4193.50	-43.00	-1.03%
R LAND CO/D	712.00	711.00	1.00	0.14%
HP BILLITON/D	803.95	778.20	25.50	3.28%
UNZL/D	2036.00	2043.00	-7.00	-0.34%
P/D	351.45	351.85	-0.40	-0.11%
URBERRY GRP/D	1265.00	1297.00	-32.00	-2.47%
T GROUP/D	439.67	441.15	-1.40	-0.32%
ARNIVAL/D	3721.00	3711.00	10.00	0.27%
ENTRICA/D	233.67	233.70	0.00	0.00%
OMPASS GROUP/D	1256.36	1264.00	-7.00	-0.55%
APITA PLC/D	1042.50	1034.00	9.00	0.87%
RODA INTL/D	2940.00	2944.00	-4.00	-0.14%
RH/D	2022.00	2026.00	-4.00	-0.20%
IAGEO/D	1895.50	1897.50	-2.00	-0.11%
IAN GROUP/D	149.60	149.00	0.60	0.40%
XPERIAN/D	1228.00	1233.00	-5.00	-0.41%
RESNILLO/D	980.50	961.00	19.50	2.03%
4S/D	190.30	186.70	3.60	1.93%
KN/D	283.50	285.00	-1.50	-0.53%
LENCORE/D	146.30	141.50	4.80	3.39%
LAXOSMITHKLIN/D	1465.00	1465.50	-1.00	-0.07%
AMMERSON/D	584.50	592.00	-7.50	-1.27%
MARGREAVES LS/D	1330.00	1318.00	12.00	0.91%
SBC HOLDINGS/D	419.25	418.25	1.00	0.24%
CAP PLC/D	456.70	451.30	5.20	1.15%
AG/D	529.00	532.50	-3.50	-0.66%
INTERCONT HOTE/D	2881.00	2868.00	13.00	0.45%
MI PLC/D	930.50	925.50	5.00	0.54%
INTERTEC GROUP/D	3115.00	3162.00	-47.00	-1.49%
TV/D	237.50	240.70	-3.20	-1.33%
JOHNSON MATTHE/D	2743.00	2743.00	0.00	0.00%
AZ MINERALS/D	162.93	157.30	5.80	3.69%
INGFISHER/D	373.40	377.20	-3.80	-1.01%
AND SECS GROU/D	1119.00	1122.00	-3.00	-0.27%
EGAL & GENERA/D	236.60	234.20	2.40	1.02%
LOYDS BNK GRP/D	66.73	65.52	1.23	1.88%
MARKS & SP/D	436.20	443.40	-7.20	-1.62%
MORRISON SUPMK/D	200.63	201.30	-0.60	-0.30%
NATIONAL GRID/D	983.50	991.40	-7.90	-0.80%
EXT/D	5396.42	5465.00	-65.00	-1.19%
LD MUTUAL/D	188.60	186.00	2.60	1.40%
ETROFAC/D	877.00	867.00	10.00	1.15%
POLYMETAL INT/D	706.50	706.50	0.00	0.00%
RUDENTIAL/D	1345.00	1313.00	32.00	2.44%
EARSON/D	833.00	834.50	-1.50	-0.18%
ECKIT BNCSR G/D	6746.00	6744.00	2.00	0.03%
OYAL BANK SCO/D	218.20	214.30	3.90	1.82%
DS 'A/D	1730.50	1732.00	-1.50	-0.09%
ELX/D	1289.00	1294.00	-5.00	-0.39%
OYAL DTCH SHL/D	1738.00	1738.00	0.00	0.00%
EXAM/D	617.50	617.00	0.50	0.08%
IO TINTO/D	2085.00	2030.50	54.50	2.68%
OLLS ROYCE PL/D	655.00	664.00	-9.00	-1.36%
ANDGOLD RES./D	6815.00	6715.00	100.00	1.49%
SA INSURANCE G/D	473.40	469.60	3.80	0.81%
ABMILLER/D	4222.00	4215.00	7.00	0.17%
AINSBURY(J)/D	285.60	290.90	-5.30	-1.82%
CHRODERS/D	2524.20	2507.00	16.00	0.64%
CHRODERS NV/D	1895.00	1905.00	-10.00	-0.52%
AGE GROUP/D	624.00	625.50	-1.50	-0.24%
HIRE/D	4253.00	4244.00	9.00	0.21%
TANDARD LIFE/D	347.20	344.10	3.20	0.93%
MITHS GROUP/D	1098.00	1104.00	-6.00	-0.54%
MITH&NEPHEW/D	1154.45	1163.00	-8.00	-0.69%
ERCO GROUP/D	95.40	95.75	-0.35	-0.37%
SE PLC/D	1502.00	1505.00	-3.00	-0.20%
TANDRD CHART /D	471.80	447.95	23.85	5.32%
EVERN TRENT/D	2224.00	2235.00	-11.00	-0.49%
ATE & LYLE/D	580.50	584.00	-3.50	-0.60%
ULLOW OIL/D	195.60	196.00	-0.40	-0.20%
ESCO/D	192.40	193.50	-1.10	-0.57%
NILEVER/D	3223.50	3235.50	-12.00	-0.37%
NITED UTIL GR/D	952.00	958.50	-6.50	-0.68%
EDANTA RES/D	372.80	359.00	13.80	3.84%
ODAFONE GROUP/D	226.05	225.35	0.70	0.31%
VEIR GROUP/D	1065.00	1050.00	15.00	1.43%
VOLSELEY/D	3905.00	3900.00	5.00	0.13%
VPP PLC/D	1637.35	1646.00	-8.00	-0.49%
WHITBREAD/D	3759.00	3832.00	-73.00	-1.91%

LIFE

HEALTH



WELLNESS:
Survey finds most Kenyans lack basic information on nutrition **Page 28**

HEALTH:
Counties on track to deliver better healthcare **Page 31**



FACTS AND FIGURES

STILL BIRTHS

96

The number of children born dead in Kenya every day.

16

Approximate number of women who die from childbirth in Kenya every day. More than **6,000** women die from childbirth every year.

23 deaths in every

1000 births happen every year in Kenya.


50%

Percentage of deaths happening in the country occur in **MIGORI, WAJIR, MARSABIT, ISIOLO, LAMU AND MANDERA**- counties considered to be hardship areas with minimal infrastructural development and largely affected by cultural beliefs.

1.3 million

The number of stillbirths globally that occur during labour each year. These deaths mostly happen to infants who are carried to term and who would have been expected to survive.

4.2 million

Women globally who are living with depression associated with a previous stillbirth. Stigma and taboo further exacerbate trauma for families.

Major risk factors for stillbirth—obesity, smoking, maternal age above 35 years, maternal infections, diabetes, hypertension, post-term pregnancy, early labour.



Stillbirth a preventable tragedy that leaves a huge psychological burden

MORTALITY

High incidence of infant loss in Kenya means the quality of care during delivery needs to be urgently improved

BY ANNIE NJANJA

Most stillbirths occur during delivery and labour despite a child having survived in the womb for up to nine months, doctors have said. The burden of stillbirth affects women and families, with many experiencing psychological problems that often persist long after the death of the baby.

Incidence of stillbirth is high in Kenya despite significant progress in reducing maternal, neonatal, infant and under-five deaths, said Prof Zulfiqar Bhutta of Aga Khan University Hospital.

But the mothers' and families grief is often silent or hidden.

The preventable stillbirths occur in infants carried to term and who would have been expected to survive, meaning that despite an increase in the number of hospitals and skilled birth attendants, the quality of care during delivery needs to be improved.

Prof Marleen Temmerman, the chair of the department of Obstetrics and Gynecology at Aga Khan University Hospital says pregnant women must be keenly monitored and the foetus assessed during labour.

Haemorrhage, umbilical cord dropping through the cervix, obstructed labour, breech birth—where a baby is born with bottom first instead of head—complicate delivery, said Prof Temmerman who was also a co-author of a Lancet study—*Ending Preventable Stillbirths*.

Untreated malaria and syphilis also increase the chances of a baby dying in the womb. Pregnant mothers should be treated for infections, diabetes and hypertension which account for up to 10 per cent of all stillbirths. Around the time of birth, both mother and baby are at greatest risk of dying or sustaining disability, Dr Justus Hofmeyr of Effective Care Research Unit, University of Witwatersrand, said during women and child health care conference in Kenya.

He said the chances of survival and emotional wellbeing depend on access to quality technical and interpersonal care.

"There is increasing evidence of the effect of the quality of interpersonal care on birth outcomes, subsequent mother-child interactions and the long-term wellbeing of the child. In high-resource settings, continuity of care from a midwife is associated with fewer caesarean-section births and fewer babies admitted to high dependency care," said Dr Hofmeyr.

Statistics from The *Ending Preventable Stillbirths* report, indicate that 23 deaths in every 1,000 births happen every year in Kenya, translating to 96 deaths every day when compared to three occurring in 1,000 deliveries in Europe.

The statistics are disturbingly high even as the government continues with aggressive campaigns to improve access to maternal health care. There has been a record success in free maternity services in public health institutions as more pregnant women have access to hospitals during delivery. Special programmes tailored at reducing the number of maternal and child deaths like Beyond Zero campaign have also averted deaths. However, the number of preventable stillbirths happening in the country is worrying.

Globally, Kenya is ranked 11th in the list of countries with most stillbirths, with India leading with more than a half a million and Nigeria in second position with more than 300,000 stillbirths.

Report highlights the huge burden of morbidity and grief associated with stillbirths and provides a template of solutions

The Kenya Demographic and Health Survey (KDHS) shows that perinatal death rate was 29 deaths in 2014 compared to 37 happening per 1,000 births in 2008/09. Perinatal death are stillbirths and babies dying within seven days after birth.

The statistics have made Kenya one of the most dangerous countries in the world for pregnant women.

More than 6,000 women die from childbirth every year. About 50 per cent of deaths happening in the country occur in Migori, Wajir, Marsabit, Isiolo, Lamu and Mandera—counties considered to be hardship areas.

Half of the 2.6 million stillbirths from across the world happen during labour and birth, but are preventable with the access to quality health care and skilled birth attendants.

"The report highlights the huge burden of morbidity and grief associated with stillbirths and also provides a template of solutions that can end this preventable tragedy within our lifetime," said Prof Bhutta.

Childbirth being a period of unique physical and emotional vulnerability, Dr Hofmeyr said that women who received companionship had a positive labour experience as they were able to positively deal with negative hospital environment and improve birth outcomes.

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Bad eating habits drive up obesity among Kenyan adults

► **HEALTHY EATING**
Shortage of nutritionists contributes to more people eating their way to bigger waistlines

BY ANGELA OKETCH AND GLORIA KAGONYA

A majority of Kenyans lack the most basic information on nutrition, leading to rising cases of obesity and malnutrition. Obesity has primarily been driven by high calorie food intake and people being more inactive. A large number of Kisumu residents are overweight, the Kenya Nutrition and Dietetics Institute has said, adding that the shortage of nutritionists contribute to more people eating their way to bigger waistlines.

The institute revealed that 36.3 per

cent of Kisumu residents are overweight, about 18 per cent of the residents had stunted growth while seven per cent were underweight. Most county hospitals lack adequate nutritionists to advise people on better eating habits. Dr David Okeyo, chief executive officer of the Kenya Nutrition and Dietetics Institute said some hospitals find it unnecessary to employ dieticians yet they are important in taming rising number of diseases triggered by excess fat and physical inactivity such as diabetes and heart ailments. For instance, Jaramogi Oginga Odinga Teaching and Referral Hospital which serves a number of counties, has only one nutritionist instead of the minimum 128 nutritionists and dieticians required to serve in-patients and out-patients. “One against over 1,000 patients, how effective is that,” posed Dr Okeyo. He said out of the 5,000 registered nutritionists in Kenya only an eighth are employed. With the shortage of qualified nutritionists in hospitals, Kenyans are opting for quacks who offer extreme diets, Dr Okeyo

said. “The field is invaded by quacks who do not know anything concerning diet hence misguiding people on what to eat. This is because the national and county governments have not employed adequate nutritionists or dieticians,” he said. Doctors are pushing for employment of 50 nutritionist and dieticians in every county. “There are over 6,000 nutrition and dieticians students in colleges and higher learning institutions,” he said. Dr Elizabeth Ogaja, Kisumu health executive said hiring nutritionists in county hospitals will help improve nutritional status of pregnant women, reduce child mortality, anemia, low birth weight and obesity. Globally, for the first time, the world has more obese people than underweight. The World Health Organisation blames increased consumption of high-fat, energy-dense foods, coupled with inactivity caused by modern lifestyles for the rise in obesity. The number of underweight people has also increased from 330 million to 462 million.

Why everyone is at risk of blindness from glaucoma or ‘sneak thief of sight’

BY DR SHEILA MARCO

Glaucoma is an eye disease that causes progressive irreversible damage of the optic nerve and loss of vision field leading to blindness. Anybody is at risk of this disease which is the leading cause of irreversible blindness worldwide and in Kenya, with over 20,000 cases being reported every year. With the exception of babies born with congenital glaucoma, there is usually no warning, or obvious symptoms of the disease— which has led to glaucoma being described as the “sneak thief of sight”. A baby suffering from glaucoma at birth usually has bulging and swollen eyes. Approximately one in 10,000 babies have glaucoma and parents noticing symptoms should have a check carried out by an ophthalmologist. Early detection and appropriate therapy of glaucoma can significantly improve a child’s future life and vision. Treatment involves careful evaluation under general anaesthesia. The intra ocular pressure (IOP) is measured and treatment by surgery can be carried out at the same time which reduces subjecting the child to multiple sessions of general anaesthesia. Although anybody is at risk of getting glaucoma, there are certain groups of people who are at a higher risk of contracting the disease. These include those with history of glaucoma in the family, adults over 35 years of age, African race, high IOP, myopia (shortsightedness) and diabetes mellitus. If a member of a family has glaucoma, it is advisable for the other family members to see an ophthalmologist for eye checkups. The only way to detect and treat glaucoma early is by going for regular eye screening by an

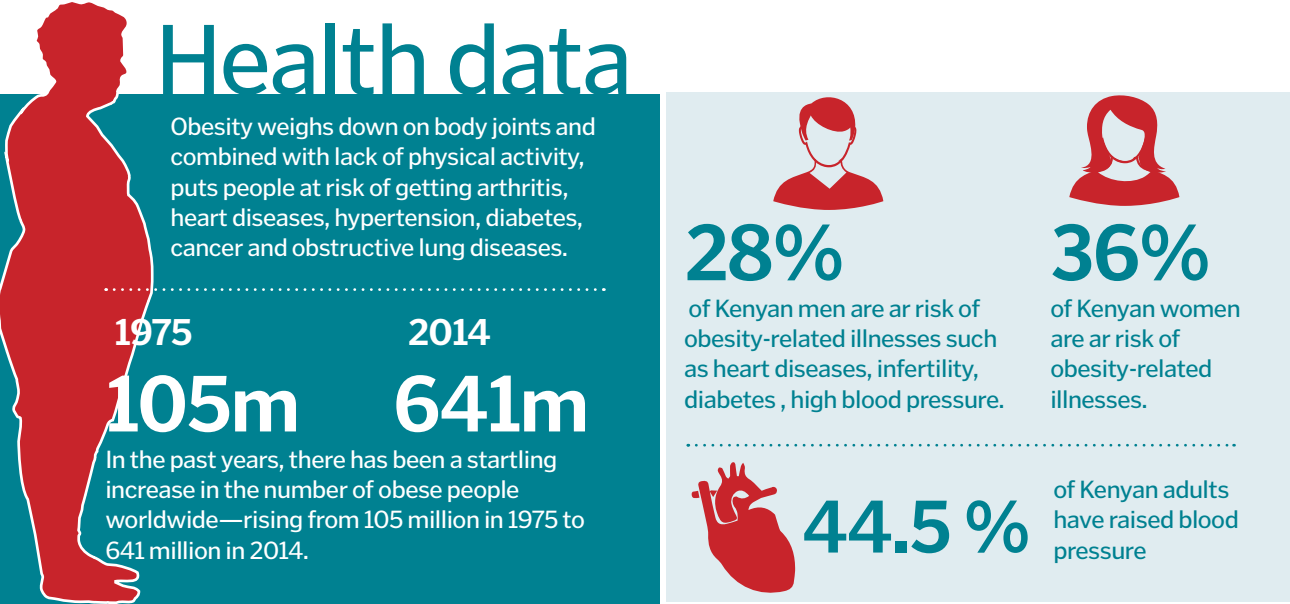
eye specialist particularly for the people at a higher risk. The doctor measures the pressure of the eye and examines the optic nerve in the eye. If necessary a visual field test will be performed. The main goal of treatment is to reduce the IOP to a safe level and prevent further loss of vision. This can be done by using pressure lowering eye drops, lasers or a variety of surgical procedures. Once glaucoma is diagnosed and treatment started, the follow-up with an ophthalmologist is life-long. Aga Khan University Hospital which runs a glaucoma clinic has invested in the latest technology equipment for diagnosis and treatment of the disease. One of the signs of glaucoma

Although anybody is at risk of getting glaucoma, there are certain groups of people who are at a higher risk

is worsening of the peripheral vision or the appearance of “blind spots”. This can be realised by a patient when they are not able to see stairs clearly as they walk down stairs, or bump into people as they are

not able to see them. In some cases, a driver fails to notice vehicles on either side of his or her car which indicates an advanced case of glaucoma. As the optic nerve is an extension of the brain, treatment by surgery is currently not available but extensive research is being carried out to develop new treatments for glaucoma. Meanwhile, controlling IOP is the only way of slowing progressive blindness caused by glaucoma. The suffering caused by glaucoma highlights the importance of seeing an ophthalmologist in addition to regular eye screening for early detection of the condition and management. Beware of “the sneak thief of sight.”

Dr Marco is a Consultant Ophthalmologist and Glaucoma Specialist at Aga Khan University Hospital



Living apart from spouse can break or build a marriage



LIFE COACHING

DR FRANK NJENGA

I have secured a well-paying job outside town but I fear that leaving my spouse will kill our marriage.

Answer: Growing up in pre-independence Kenya, some of us were confused by the set-up of families in the city. Some children lived with their parents, while others lived in some faraway places (rural areas mostly) and seemed to appear only during school holidays. Some men lived on their own in “single rooms” but seemed to vanish over the weekend. This group did not seem to have families, other than young women who visited them on and off. Some might have been visiting families in rural areas. It was all so confusing.

Many years later, the penny dropped and we learnt that there were several categories of workers in the city, and that each category dealt with the family dynamics in a different way.

In our estate for example, most families lived together. Although small, the houses were adequate for family life.

For other children in our school, life was different. Accommodation offered at the nearby Nairobi Club and the surrounding homes of the mostly white senior officers in

the Upper Hill area was for single occupation and some of these children lived with relatives in different parts of the city.

In estates such as Bahati, Kaloleni, Mbotela and Ofaa Jericho, life was similar in that some children lived with their parents while others only saw their fathers during the weekends and school holidays.

Another interesting twist to the arrangements within family structures was the fact that those who had “rural homes” near Nairobi such as Kiambu, could literally commute to work, while those from further afield such as Murang’a and Nyeri had no choice but to live in Nairobi. Some social commentators have pointed out that this may have led to different investing habits between these groups, with Murang’a people “owning” Nairobi (This is a story for another day).

Those from Nyanza, Western and other distant places found different solutions to the challenges, with some children claiming to have two or more mothers.

What, you might ask yourself is the relevance of the story from my childhood to your question.

It is intended to create a discussion around your question, which is about whether living in the same town with your wife affects the quality of your life. The natural assumption (yours it seems) is that a man and his wife are better off living together.

Looking at the experience of my childhood, I cannot say confidently that those children who grew up with both parents turned out better, or worse than those who did not.

Some recent studies have shed some light



on the question that you raise and the evidence is fairly clear.

Outcomes are dependent on the different parenting styles, which themselves are a reflection of the nature of the relationship between a man and his wife.

This in turn is determined by many factors including the nature of communication between the spouses. There are many variables that one could assume from your question.

Out of town could for example, mean that one is in Nairobi, while the other is in Nakuru. It could also mean that one is in Machakos while the other is in Dubai. In the latter case, if one works for an airline for example, the distance might be of less significance.

In other instances and depending on the age

of the children (if any) a family working for a diplomatic service could decide to live separately because the quality of education in the country of their posting might be considered poorer than that in Kenya. In such a case, the decision to live in different towns is one considered by the couple to be in the long term interests of the family.

There are families that live separately because life together is simply too stressful but they are afraid of admitting it to themselves. For them, life in different towns is a way of staying married, as the stress is less.

One could go on but at the end of the day, you must look at your particular set of circumstances and the reasons for being in different towns. Sometimes being in different towns might be better for your marriage. In others it could well be worse!

Exercise may ease sleep for overweight men with insomnia, say researchers

Overweight men with chronic insomnia fall asleep more easily and quickly after a six-month aerobic exercise programme, according to a new study

Insomnia affects between 40 and 80 per cent of overweight and obese men.

Regular aerobic exercise training reduces sedentary time, reduces appetite, improves cardiovascular performance and increases self-esteem and self-efficacy. It also increases sleep need for recovering and improving body tissues such as muscles, tendons and organs related to respiration and blood flow, and it improves mood.

Such regular aerobic exercise training is also suitable for women and also for those who are not overweight. People exercising regularly improve their self-control and self-discipline, which in

turn has benefits for a general healthier lifestyle.

People who take medications to treat insomnia do not learn anything about self-control, self-esteem and self-efficacy.

Senior author Sulin Cheng of Shanghai Jiao Tong University in China and the University of Jyväskylä in Finland and coauthors recruited 45 men ages 30 to 65. Almost all were overweight or obese, with at least three months of insomnia symptoms like difficulty falling asleep, difficulty maintaining sleep, early-morning awakenings or nonrestorative sleep.

Half of the men were randomly selected to attend aerobic exercise sessions for six months, including one to five sessions per week of 30 to 60 minutes with a trainer. The number of sessions and



Researchers say exercise may ease sleep for overweight men. FOTORESEARCH

intensity of exercise depended on fitness level as assessed by a test before the study began. The remaining men maintained their usual behaviors.

The researchers used bed sensors, sleep diaries, questionnaires, activity

and diet diaries and body measurements to track participants' progress.

After six months, the exercise group took less time to fall asleep and less often had difficulty falling asleep than the comparison group. Men in the exercise group also reported fewer occasions of waking up in the night, more efficient sleep and better sleep quality based on how they felt in the mornings, as reported in Sleep Medicine.

Exercise may help dampen the mental and physical “hyperarousal” that seems to be a common feature in insomnia, with feelings of persistently elevated heart rate, mind racing and being unable to turn off your brain, said Christopher E. Kline, a researcher at the University of Pittsburgh Sleep and Chronobiology Center.

“The “best” option for insomnia really

seems to be behavioural sleep therapy, typically delivered as cognitive behavioral therapy,” Kline told Reuters Health by email. “It’s a package of therapies delivered by a trained professional that has been shown to be just as effective as hypnotics in the short term and much more effective in the long term.”

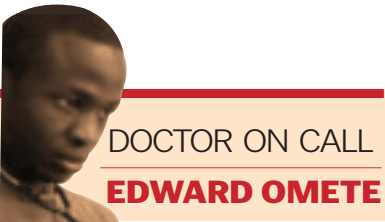
A long-term exercise regimen would probably be more effective than hypnotic medications, but a single exercise session may not be as effective as a pill, he said.

“But these pills carry so many side effects (including more and more links to mortality), that I would recommend exercise over hypnotics regardless of effectiveness,” Kline said.

-REUTERS

Life: Health

Counties on right track to deliver better healthcare despite hiccups



DOCTOR ON CALL
EDWARD OMETE

Over the last few weeks, I have visited several rural health facilities to assess the county health services progress. The scope of the survey was to assess any difference between the former national health system and the current one since health care was devolved.

On a positive note and to give credit to the government of the day, all the five remote health facilities I visited had installed solar systems—adequate to run the facility and provide light for the staff. This was not the case previously for most remote facilities and was one of the reasons staff posted there felt like they were sentenced to prison.

A second observation is that all the health centres and dispensaries we visited are now offering free services, at least in the counties surveyed. Previously a user fee was charged and would go towards facility improvement.

Another plus has been in the pharmaceuticals section. The general observation from the staff and patients is that there has been a positive shift in terms of the pharmaceuticals delivery. The facilities report that the range of drugs delivered had been broadened and even a few previously thought of as “luxury” medicines were available.

But a few things still point at an inefficient logistical system. In some of the facilities, some drugs were found to be in excess of what they needed—enough to last a two year usage cycle. It is very likely that these will expire before consumption. In other facilities, they had none



Anew lobby at the Machakos Level 5 Hospital. Upgrading of the Machakos hospital into an ultra-modern facility is a big milestone to the improvement of health services in the county.FILE

of what they needed and excess of what they did not need.

This highlights a persisting weakness in the pharmaceutical procurement system: the change from the “push” to the “pull” system is not working well. Architects of this supply chain however forgot that accurate pharmaceuticals consumption data is needed for this to work.

Most of the lower level county health facilities have non-existent pharmaceuticals’ consumption data. Only one of the five facilities visited had a semblance of a commodities management system, and this too because it was donated.

Devolution was meant to come with a leaner more efficient supply chain. This has not happened. Several excuses have been advanced, with cost of such a system being one. The resistance is however explainable: the only people who benefit from a system that wastes resources are crooked procurement officials.

With the infrastructural handicap previ-

ously posed by lack of electricity eliminated by the ongoing solar and electrification of schools and health centres, county health administrators really have no excuse for failure to deploy an IT system for management of pharmaceuticals.

The other finding noted from the survey is that human resource issues are still rife. In one of the facility visited, residents complained that services were only offered two days a week despite the fact that the staff received full salaries. This observation sadly isn’t limited to lower level health facilities, but is replicated in hospitals in urban areas.

Counties are on a right track to deliver health care to rural populations, a few things though need to be addressed. For starters, it is time counties made it mandatory for all health facilities to deploy use of technology and also better supervision of its health workers.

Perhaps the ongoing rise of patients’ rights groups and their representation in rural areas could help.

Feedback: info@healthinfo.co.ke Twitter: @healthinfoK

Devolution was meant to come with a leaner more efficient supply chain, this has not happened

Health Brief



Does bowel disease discourage pregnancy?

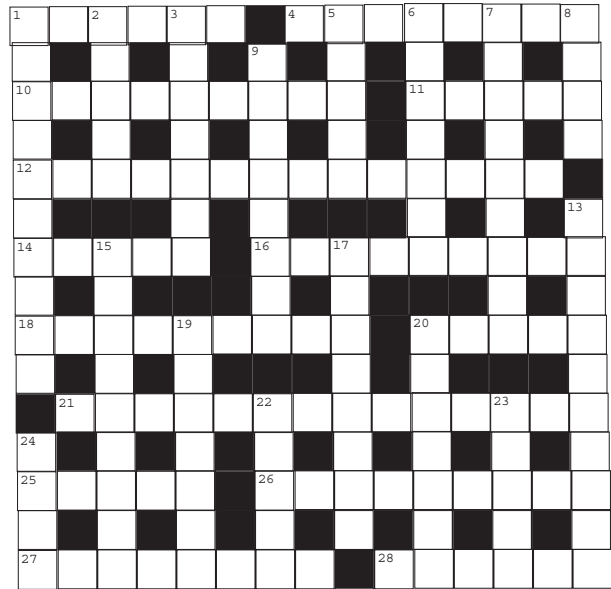
Many women with a bowel disorder that can affect fertility choose not to attempt pregnancy even though treatment may make it possible for them to conceive, a recent study suggests. Researchers studied more than 1,300 women with inflammatory bowel disease (IBD), which involves chronic or recurring inflammation of the gastrointestinal tract. Ulcerative colitis and Crohn’s disease are the most common forms of IBD. People with Crohn’s have inflammation throughout the entire digestive tract, while

in ulcerative colitis, only the large intestine is inflamed. “Poor knowledge is one of the drivers of voluntary childlessness,” said lead author Dr Christian Selinger, a gastroenterologist at the University of Leeds in the UK. While IBD doesn’t necessarily reduce fertility, medications to treat these conditions can impact the odds of conception and are also linked to certain birth defects. Surgical treatments can also lead to scarring that limits fertility, and many patients with IBD also experience sexual dysfunction.

Despite these challenges, many women can still conceive through in vitro fertilisation (IVF) and other reproductive technologies. Some women with no plans to have children also said they were concerned their baby might inherit IBD or that the disease might make pregnancy difficult, and they expressed concerns about raising a child while coping with their disease.

-REUTERS

» TIMES CROSSWORD 25,101



Across

- 1 Tea brought round at one was condemned by the orthodox (6)
- 4 Front part of train, and who's in it (8)
- 10 Approach, ladies, and spread round back of hall (4,5)
- 11 Dance round piano and push off (5)
- 12 Ugly rump is a far worse sight in ballet (5,4,5)
- 14 Suggest just head should be sacked (5)
- 16 Sort of over fifty? Yes and no (5-4)
- 18 Precious strings perhaps — part of violin left to experts (9)
- 20 Uninspiring name adopted by god (5)
- 21 Are the habits of the young able to create group loyalty? (7,7)
- 25 Quick one-step? (5)
- 26 Shade of paint knocked over and swallowed by rats, perhaps (9)
- 27 Good portrait? I know not so much about it (8)
- 28 Philosopher sets on opponents (6)

Down

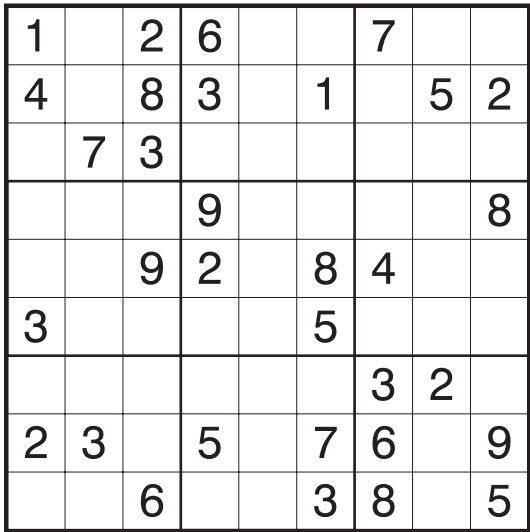
- 1 As recipients of letter, great people only half reply (10)
- 2 Garment, despite being shortened, no good (5)
- 3 Aversion to king being erected in marble (7)
- 5 A ray angled across the plane (5)
- 6 What may be sneezed into the air — and then some land (7)
- 7 A second spire is silly, on reflection (9)
- 8 I add flavour that's finally needed badly (4)
- 9 Against abortion, shortly in charge of having many children (8)
- 13 Game to tease out a new Listener (4,6)
- 15 Start naming defence for game (9)
- 17 One is still doing nothing to get better at this (4,4)
- 19 No end of chemical getting into network is destroying memory (7)
- 20 Strong man, one working in expensive bars (7)
- 22 In hotel, Viscount seeing the King (5)
- 23 Join the fifth group? (5)
- 24 Caesar's conquest said to create bitterness (4)

» SUDOKU PUZZLE 185

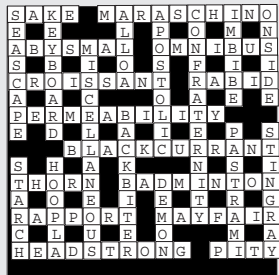
How to play

Fill the grid so that every row, every column and every 3x3 box contains 1-9.

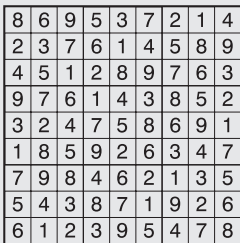
You solve the puzzle with reasoning and logic and not mathematical ability



TIMES 25,100



SUDOKU 184



Struggling AC Milan sack Mihajlovic and appoint youth team boss Brocchi

CHANGES Coach, who was hired for his fighting spirit, has been linked with a move to Lazio

AC Milan have announced the sacking of coach Sinisa Mihajlovic, replacing the Serbian with youth team boss Cristian Brocchi until the end of the season.

A statement from the struggling Serie A giants on Tuesday read: "Sinisa Mihajlovic has been relieved of his role as AC Milan coach. 'The club would like to thank Mihajlovic for the dedication and hard work carried out this season.

"Cristian Brocchi will now be in charge of the first team until the end of the season. AC Milan would like to welcome Mr Brocchi and wish him all the best."

Speaking after Saturday's 2-1 loss to Juventus, Serbian Mihajlovic acknowledged he could be fired.

"This year at Milan I've felt removed, not because of the pressure from what's been written," he said.

"I believe in myself but in trying to find the right solutions I feel we've tried everything.

"Like every other coach in the world, I'm judged on the work done and results obtained.

"If in the seven remaining matches, also the Italian Cup, or even before, if we mess up it's right for the coach to be the first to pay for it.



Sacked AC Milan coach Sinisa Mihajlovic leaves the pitch during an Italian Serie A match between AC Milan and Empoli in Milan. AFP

"It's always been that way. I've always said, there are two categories of coach, those that have been sacked and those that will be sacked."

Mihajlovic, 47, lasted only eight months in the job after replacing former club and Italy striker Filippo Inzaghi but failed to resurrect the flailing giants' past glories.

Milan currently lie sixth following Saturday's home defeat to the reigning champions and leaders, who they will face again in next month's Italian Cup final.

They sit a point above Sassuolo in the race for the final European qualification position with six games to play but are 15 points behind Roma in the final Champions League spot. Mihajlovic was given a clear mandate when he arrived at the start of the season: qualify for the Champions League, something Milan now have no realistic chance of doing.

Since last winning the league in 2011, they finished second a year later, third in 2013 but then eighth and tenth in the two subsequent campaigns.

According to Italian media, the decision to fire Mihajlovic came during a conversation between club owner Silvio Berlusconi and CEO Adriano Galliani on Monday night.

Mihajlovic, who was hired for his fighting spirit, has been linked with a move to Lazio. Under his tutelage, Milan won just 13 of 32 Serie A matches, losing nine times and drawing the other 10.

However, Mihajlovic was not helped by meddling from Berlusconi, one day demanding a change in formation while on other occasions demanding that certain players be picked.

Mihajlovic was also hindered by an unsuccessful recruitment campaign last summer, although 21-year-old centre-back Alessio Romagnoli and Colombian international forward Carlos Bacca can be seen as living up to the hype generated by their combined 55 million euros (\$63 million) fee.

Others, such as 20-million-euro midfield recruit Andrea Bertolacci and signing Brazil international forward Luiz Adriano have been major flops while the re-signing of controversial striker Mario Balotelli has been perhaps the biggest gaffe of the season across the whole of Europe.

And then there has been the uncertainty created around the planned investment from Thai businessman Bee Taechaubol, which although never officially cancelled, has nonetheless resulted in none of the reported 480-million-euro cash input reaching Milan's bank account, despite 80 million euros splashed on new players in the off-season.

-AFP

SA pick Coetzee as new coach to rebuild its rugby team

Allister Coetzee was yesterday unveiled as the new coach to lead South Africa to the 2019 Rugby World Cup in Japan, ending four months of speculation over who will succeed Heyneke Meyer.

The appointment of Coetzee, whose opening assignment will be three home tests against Ireland in June, was delayed from December while he completed his brief tenure at Japanese side Kobelco Steelers.

The 52-year-old was assistant coach to Jake White when South Africa won the World Cup in 2007, spent six years with the Stormers Super Rugby side and also led Western Province to domestic Currie Cup titles in 2012 and 2014.

Coetzee must embark on a rebuilding of the national team following the retirement of stalwarts Victor Matfield, Jean de Villiers and Fourie du Preez after the Boks' bronze medal finish at the World Cup in England last October.

"It's an important day in my life and a humbling experience, I am grateful to South African Rugby for having confidence in me," an emotional Coetzee told a news conference on Tuesday.

"The last few months have been a roller-coaster emotionally but I'm glad that it's out now," Coetzee must conform to South African Rugby's transformation goals that say 50 per cent of the squad that competes in Japan in 2019 must be players of colour.

"We have the talent, I firmly believe that, and the guys are showing it in Super Rugby this season," he said. "If people believe and buy into what we are trying to achieve, we can go anywhere in the world and be successful.

"Transformation is not an issue for me. As national coach you have to understand our unique situation in South Africa. I firmly believe that uniqueness can make us stronger.

-REUTERS

SPORTS BRIEFING

Manchester Utd, West Ham in 'last chance' FA Cup replay

Having each seen their Champions League qualification hopes fade at the weekend, West Ham United and Manchester United approach Wednesday's FA Cup quarter-final replay with special motivation to progress.

For West Ham, the competition represents a final opportunity to crown their farewell season at the Boleyn Ground, which stages its last ever FA Cup tie, with a piece of silverware.

Visiting manager Louis van Gaal, meanwhile, may need to win the FA Cup if he is



Manchester United manager Louis van Gaal. AFP

to stand any chance of holding onto his job, after Sunday's 3-0 defeat at Tottenham Hotspur left his side four points off the Champions League places with only six games of the season remaining.

"It is the last chance of a title so it is very important for the players, for the club, for the manager, for the fans," said the Dutchman, who is yet to win a trophy in close to two full seasons at Old Trafford. "And still we have one day less than West Ham United, because that's also important. But we have proved against Arsenal and Man City (in the Premier League) that in spite of less days to recover we could beat them.

Johnson appeals against six-year prison sentence

Former England footballer Adam Johnson has launched an appeal against his six-year prison sentence for sexual activity with an infatuated teenage fan, it was announced. Johnson, once a winger with Sunderland and Manchester City, was jailed last month following an incident with a 15-year-old female supporter in his Range Rover in County Durham, north-east England, last year. A statement on the Adam Johnson's Appeal Fight page on Facebook, run by his sister Faye, said: "Adam's appeal against his sentence has now been lodged!"

"Thanks everyone for your support it means a lot! X" Judge Jonathan Rose, passing sentence, said the victim — who cannot be named for legal reasons — had been a Sunderland fan who would wait after matches to take pictures of her "favourite player", Johnson, who had known her age. "That was known to you — to put it another way she had only just turned 15 when you began grooming her, because as you were to admit you found her sexually attractive," said the judge. British media have reported that Johnson, 28, will soon be moved from Armley Prison in West Yorkshire to a jail closer to his home.



MARK TO MARKET

MARKET ANALYSIS *with Rufus Mwanyasi*

▶ **INVESTMENT** Bank failures have put corporate debt environment in an awkward position

Why latest banking problems call for a credit swaps market

The failure of Imperial and Chase banks soon after successfully issuing corporate bonds (Sh2 billion and Sh4.8 billion respectively), puts the corporate debt environment in an awkward position.

A temporary drop in confidence is inevitable but the situation can be salvaged in the long run. Derivatives tied to such debt would be a handy instrument to keep investors safe and therefore a “perfect” solution to a confidence problem.

It's time for the country to set up a Credit Default Swaps (CDSs) market as a way to combat corporate bond risks.

CDSs are private contracts between two parties in which the buyer of protection agrees to pay premiums to a seller of protection over a set period of time. In return, the seller of protection agrees to pay the buyer an amount of loss created by a “credit event” related to an underlying credit asset (loan or corporate bond).

The most common events triggering

payment are bankruptcy, restructuring, default and/or receivership. Essentially, CDSs enable market participants to transfer or redistribute credit risk.

Following the speculated near-default of TransCentury on its Sh8 billion convertible bond last month, it proved that a CDS market is urgently needed for protection of bond holders. While bond holders are usually first in line to receive money when a company goes under, they have no guarantee that they will be made in full.

Depending on the value of the assets of the company, a bondholder may still lose money even once all of the assets have been liquidated and disbursed.

To hedge against the risks associated with a company defaulting on its debt obligations, bond holders will need a CDS market.

In addition, because buying a CDS is a bet against the financial prospects of a corporation, and selling a CDS is a bet for them, the contracts also will provide



A Nairobi Securities Exchange staff monitors the electronic board. FILE

speculators with a means of gaining exposure to (that is, placing bets for or against them) these entities without purchasing the underlying assets.

So, for instance, a non-shareholder who believes that negotiations by the debt-laden ARM Cement in finding a strategic investor may take longer than expected, can place a short-term bet against the firm in the CDS market.

This way, the market creates profit opportunities which may not arise in a traditional stock market set-up.

Another key reason for this market would be to deepen the corporate debt market. According to the latest Capital Markets Authority quarterly bulletin, corporate bond turnover accounted for only one per cent of the total bond

turnover in 2015. It's likely that a CDS market will impart additional liquidity to this market which has so far been illiquid.

In closing, I believe this is an opportune time for the introduction of CDS in Kenya.

The widespread adoption of CDSs and their integration into financial markets will fundamentally reshape the risk management landscape of the local domestic corporate debt markets.

By enabling investors to subtract or accumulate credit exposure in their portfolios, CDSs can have a valuable function in markets.

Mr Mwanyasi is MD at Canaan Capital

SEC charges attorney-general over stock scam

US regulators charged Texas Attorney-General Ken Paxton for his alleged role in a stock scam that defrauded investors in a Texas-based technology company called Servery Inc.

The US Securities and Exchange Commission accused the company and former Chief Executive Officer William Mapp of selling private stock while misleading investors about the energy efficiency of its sole product, and accused Paxton of working to raise investor funds for the company without disclosing his commissions.

The SEC's civil case followed a related criminal case against Paxton for securities fraud. Last year, a Texas state grand jury indicted Paxton on two fraud charges related to stock sales and compensation from Servery. Paxton, a Tea Party Republican, is also facing charges he illegally acted as a securities agent for another firm run by a political ally. A spokesman for Paxton has said the case was politically motivated.

“Like the criminal matter, Mr. Paxton vehemently denies the allegations in the civil lawsuit and looks forward to not only all of the facts coming out, but also to establishing his innocence in both the civil and criminal matters,” said William Mateja, Paxton's lawyer.

Servery, which cut ties with Mapp, agreed to a \$200,000 penalty to settle the SEC case. Servery neither admitted nor denied the agency's charges. The case relates to investor communications made while Mapp led Servery, the company said. Servery cooperated with the SEC investigation under new leadership and considered Monday's announcement the end of the matter, it said. **-REUTERS**

GLOBAL MARKET WATCH

DJ INDU
17,556.41
-20.55

FTSE 100
2,565.58
5.52

XETRA DAX
9,731.71
48.72

CAC 40
4,324.42
11.79

FTSE MIB
17,690.20
-32.46

SMI PR
7,744.96
-6.62

HANG SENG
20,504.44
63.63

NIKKEI 225
15,928.79
177.66

ALL ORD.
5,053.66
40.46

SSE COMP
3,024.53
-9.43

S&P SENSEX
25,145.59
123.43

CURRENCY RATES

\$: 101.09 TSh 21.63
€: 115.43 USh 33.14
£: 144.16 SAR 6.89

Market Activity

	LAST	PREVIOUS
MARKET CAP IN SH BN	2,039.89	2,053.29
TOTAL SHARES TRADED	13,623,300	10,047,100
EQUITY TURNOVER IN SH	421,542,591	328,119,833
BONDS TURNOVER	3,341,500,000	4,027,600,000
TOTAL DEALS (BONDS)	31	25
TOTAL DEALS (EQUITY)	1,412	1,107
NSE 20 SHARE INDEX	3,925.32	3,958.57
NSE ALL SHARE INDEX	144.72	145.67
NSE 25 SHARE INDEX	4,152.81	4,190.85
FTSE NSE KENYA 15 INDEX	184.01	184.01
FTSE NSE KENYA 25 INDEX	183.86	183.86
FTSE NSE KENYA BOND INDEX	88.69	88.69
FTSE ASEA PAN AFRICAN INDEX	991.64	997.19



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HE SAID

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.”

-Adam Smith
Economist
(1723-1790)

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