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# BUSINESS DAILY

A NATION MEDIA GROUP PUBLICATION NO. 2109

WEDNESDAY, JUNE 3, 2015

WWW.BDAFRICA.COM KSH60 | TZ SH 1,700 | UGSH2,700 | RFr900

## BRIEFING



### Kamau missing as EACC seeks his arrest over graft

Attempts by the Ethics and Anti-Corruption Commission (EACC) to arrest suspended Transport and Infrastructure secretary Michael Kamau have failed because the agency's officers reportedly couldn't establish his whereabouts.

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### Britam seeks to clip veto powers of fugitive Rawat

Insurance group Britam is set to delete from its articles of association veto powers that were held by its single-largest shareholder Dawood Rawat, a fugitive Mauritian who is wanted by his government for allegedly perpetrating a \$693 million (Sh67.2 billion) Ponzi scheme in the island nation.

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### Local insurers lobby KRA for marine business

Insurers are lobbying the Kenya Revenue Authority (KRA) to compel cargo importers to buy policies locally in their latest bid to expand their slice of marine business.

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### Britam pulls plug on low income individual cover

Britam is pulling the plug on an increasingly popular low-end cover for individuals launched with Safaricom in January last year.

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## NEWS INDEPTH

**Inside the big-money deals and budgets that made FIFA executives see red**

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# Uhuru's many foreign trips strain State House budget

## TRAGEDY



**Mombasa** Residents of Kalahari slum in Mombasa carry the body of a man killed in a mudslide yesterday. Two people died following the mudslide caused by heavy rains on Sunday night. Protesting residents marched with the body to Changamwe Police Station. LABAN WALLOGA

Questions arise over the value to the taxpayers of President's frequent travels abroad

BY KIARIE NJORGE

President Uhuru Kenyatta has made at least 24 foreign trips in the past one year, underlining his frequent-flier status that has turned the spotlight on the cost to the taxpayer.

Nine of the trips have been in the past three months causing a strain on the Presidency's budget that became apparent in January when Treasury secretary Henry Rotich sought Parliament's approval for an extra Sh50 million to cater to Mr Kenyatta's local travel needs.

Official data shows that the Presidency has already exceeded its recurrent budget allocation for the fiscal year ending June 30 by Sh300 million with travel spending as the main driver. Concerns over the **UHURU, Page 4»**

# Nyagah admits associates took over Tatu City land

BY BRIAN WASUNA

Former Central Bank of Kenya governor Nahashon Nyagah has admitted to using his relatives and members of his church to procure land from Tatu City, a move that has caused a stand-off between the Sh240 billion project's foreign and local partners.

Mr Nyagah says in court papers that he arranged for his friends and relatives to buy land from Tatu City even as he denied using them as part of a large scale land fraud scheme.

He was responding to Tatu City's foreign investors' claims that he used



**Mr Nahashon Nyagah.** FILE

friends and relatives to defraud Kofinaf – the company that holds Tatu City

land. Through Kofinaf, the foreign directors claimed in suit papers that Mr Nyagah had registered his relatives and members of his church as directors in two of the Tatu City-affiliated companies as part of a scheme to transfer land valued at Sh9 billion to himself.

Mr Nyagah now says he only introduced his friends and relatives to Anjarwalla & Khanna, the lawyers who were then handling some of the land transactions.

The law firm then formed the two firms - Jojoja Limited and Galba Mining - with his friends and relatives as directors. "I introduced the said indi-

viduals who had teamed up to purchase some of Kofinaf's properties to Anjarwalla and Khanna Advocates, who structured Jojoja Limited to enable the transfer and purchase of the property.

"I do not control Jojoja's shareholders and directors or make decisions for them. As and when they approach me, I give them financial advice or introduce them to professionals as I did with Anjarwalla and Khanna Advocates," Mr Nyagah says in his response to the allegations. The foreign investors want to stop Mr Nyagah from interfering with a land purchase **NYAGAH, Page 4»**



## TOP NEWS

# House told KAA team rejected proposal to cancel bus tender

**PROCUREMENT** Acting MD says advice of first tender negotiating committee was ignored

BY EDWIN MUTAI AND OLOO WINNIE

The Kenya Airports Authority (KAA) tender committee overruled recommendations of a negotiating team that called for cancellation of the controversial airport apron bus services and went ahead to award the tender to Relief & Mission Logistics Limited, a parliamentary committee heard yesterday.

The National Assembly Transport committee also heard that KAA received a Sh200 million (\$2.1 million) grant from the World Bank to buy seven new buses in August 2013, nearly a year before the authority leased the apron bus services. The money is yet to be spent.

It also emerged that KAA ignored three procurement options and settled on a new one that resulted in the award of the tender to a single pre-qualified tenderer to run five buses at a monthly cost of Sh11 million.

Acting KAA managing director Yatich Kangugo said the tender committee disbanded the negotiating team and constituted a new one where three of its members participated in the negotiations that led to the award of the contract.

He said the tender committee rejected the proposals of the first tender negotiating committee, which had recommended cancellation on grounds that it exceeded its mandate.

Three members of the tender committee were then co-opted in the sec-

ond negotiating team, which eventually awarded the bid. Also appearing before the committee, Transport and Infrastructure principal secretary John Mosonik told the MPs that the board decided to suspend the officers who transacted the contract based on recommendations of an internal audit report.

The matter, he added, had been referred to the Ethics and Anti-Corruption Commission (EACC) for further investigations.

Mr Mosonik told the Maina Kamanda-led committee that the tender for the procurement of airport apron bus services "was wrong from the word go."

"There were issues in this procurement that were wrong, right from the supply to demand side. Before you procure, you must ensure that the project is justified. There should

have been a contract between KAA, Kenya Airways and other airlines before the apron bus services contract was signed," he said.

The PS had accompanied top KAA officials who had been summoned to shed light on procurement of the five buses at a cost of Sh11 million per month.

President Uhuru Kenyatta last month questioned the deal, saying the monthly payments were excessive and demanded that those responsible should be held to account.

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There were issues in this procurement that were wrong, right from the supply to demand side

TRANSPORT PRINCIPAL SECRETARY  
JOHN MOSONIK

## Book matters



**Nairobi**

Cord leader Raila Odinga (left) displays a copy of his autobiography at his office before handing it to renowned author Ngugi wa Thiong'o yesterday. Prof Ngugi, who is based in the United States, is in the country to celebrate 50 years since the publication of his first novel. EVAN HABIL

## Officials of banned NGO to face criminal charges

BY KIARIE NJORGE

Officials of Haki Africa, a Mombasa-based non-governmental organisation (NGO) that was banned by the State last month, will face criminal charges for operating an unregistered outfit.

The officials are today set to hold a meeting with the state over the matter. Fazul Mahamed, the executive director of the NGOs Co-ordination Board, yesterday said that Haki Africa was operating illegally.

"We have summoned them to our offices tomorrow (today) to warn them to cease all forms of operation until they get a certificate of registration," said Mr Mahamed at a media briefing.

Haki Africa's operations were banned alongside those of Muslim for Human Rights (Muhuri) and the Agency for Peace and Development

after they were accused of operating outside the law and financing terrorism.

An attempt to stop Haki Africa's funding failed last month when the Norwegian government, their financier, said it did not have evidence that the organisation was involved in any illegal activity.

### Tackling terrorism

The Foreign Affairs ministry had on May 12 written protest letters to the US, UK and Norwegian governments asking them to stop funding the organisation; whose activities, according to government, "constitute a serious threat to national security and jeopardise the government's efforts in tackling terrorism."

Mr Mahamed said that the government would prefer criminal charges against Haki Africa for operating

without a licence.

"I can say clearly that they are going to face possible criminal prosecution for operating a charitable organisation without a certificate of registration."

The officials could face up to 18 months in jail if found guilty. An attempt to reach the organisation for comment was unsuccessful as the phone number registered on their website went through to a local insurance company.

Mr Mahamed said that Muhuri, which was accused of illegally operating 13 bank accounts, was working with the board to resolve the compliance issues raised.

Under the NGO Act, all non-profit organisations are required to furnish the NGO Board with bank statements of all the accounts they operate as well as the names of all signatories.



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### Weekly Weather Forecast

East Africa	Monday	Tuesday	Wednesday	Thursday	Friday
Nairobi	Hi: 25°C Lo: 14°C	Hi: 21°C Lo: 13°C	Hi: 22°C Lo: 14°C	Hi: 23°C Lo: 13°C	Hi: 22°C Lo: 13°C
Kampala	Hi: 26°C Lo: 15°C	Hi: 25°C Lo: 12°C	Hi: 25°C Lo: 12°C	Hi: 26°C Lo: 14°C	Hi: 26°C Lo: 13°C
Dar-es-Salaam	Hi: 30°C Lo: 19°C	Hi: 28°C Lo: 22°C	Hi: 28°C Lo: 22°C	Hi: 29°C Lo: 22°C	Hi: 29°C Lo: 23°C
Kigali	Hi: 25°C Lo: 16°C	Hi: 27°C Lo: 12°C	Hi: 27°C Lo: 13°C	Hi: 27°C Lo: 14°C	Hi: 27°C Lo: 14°C
Bujumbura	Hi: 30°C Lo: 17°C	Hi: 31°C Lo: 15°C	Hi: 31°C Lo: 14°C	Hi: 31°C Lo: 14°C	Hi: 30°C Lo: 15°C

### Index to companies

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RADAR SCREEN ■ WAN-IFRA

# Newspaper revenues shift from advertising

**■ SURVEY** Audiences are new king as print and digital circulation beats advertising on income sources charts

Global newspaper circulation revenues have overtaken advertising revenue for the first time this century, marking a profound shift in the newspaper business model that has been evolving for years.

Print and digital circulation accounted for 51.4 per cent or \$92 billion of the estimated \$179 billion generated by newspapers in circulation and advertising revenue in 2014 while \$87 billion came from advertising, according to the annual World Press Trends survey released Monday by the World Association of Newspapers and News Publishers (WAN-IFRA).

"The basic assumption of the news business model — the subsidy that advertisers have long provided to news content — is gone," said Larry Kilman, the secretary-general of WAN-IFRA, who presented the survey at the global summit meetings of the world's press in Washington, D.C. "We can freely say that audiences have become publishers' biggest source of revenue... This is a seismic shift from a strong business-to-business emphasis — publishers to advertisers — to a growing business-to-consumer emphasis, publishers to audiences."

Throughout the 20th century, advertising brought up to 80 per cent of revenues in some markets. The ratio varies from market to market: in some European and Asian markets, advertising might bring 40 per cent of revenues. But the survey showed that newspaper advertising revenues are falling nearly everywhere, while circulation revenues are relatively stable.

"Print used to be one of few traditional marketing channels and often the one that was the most ubiquitous for branding and logical choice for all marketers," said Mr Kilman.

"This direct relationship of mutual dependence no longer exists. Advertisers nowadays have more than 60 different advertising media channels available to them. However, in 2015 it is clear that the story of the newspaper industry is not one of doom and gloom and decline. Newspapers around the world are successfully proving their value to advertisers despite booming competition. They are discovering new markets and new business models that are today as pertinent to news production as advertising and circulation revenues. From print newspaper businesses, they have transformed into true multiplatform news media businesses."

Though newspapers are now ubiquitous on all media platforms, the measure of their reach and influence continues to be mired in the 20th century, largely relying on print circulation and a variety of separate, non-standardised measures of digital reach. The challenge for the industry is to measure reach of newspaper content on all platforms with new metrics.

The World Press Trends survey includes data from more than 70 countries, accounting for more than 90 per cent of the global industry's value.

The survey revealed that the future is mobile, with eight out of 10 smartphone users checking their device within 15 minutes of waking up. It's a fight for audience's attention and mobile has it.

Globally consumers spend an average of almost 2.2 hours per day with mobile (97 minutes) and tablet (37 minutes), which together account for 37 per cent of media time, ahead of television (81 minutes), the desktop (70 minutes), radio (44 minutes), and print (33 minutes), according to the In-Mobi mobile media consumption report.



Newspaper vendor David Thiong'o at his stand outside the Stanley Hotel in Nairobi yesterday. SALATON NJAU

App usage represents about half of mobile engagement, with leading media now seeing 30 per cent or more of their monthly audiences coming exclusively from mobile platforms.

For the first time, desktop audience numbers are falling. Time spent using smartphones now exceeds web usage on computers in the US, the UK and Italy. For 19 of the top 25 US newspaper sites, mobile traffic exceeded desktop by at least 10 per cent, according to Pew Research. Those who use only mobile devices to consume newspaper digital content increased 53 per cent in March 2015 from the same month a year ago, according to a report from the Newspaper Association of America.

"When it comes to new revenues, we have been talking about the year of mobile for the last 10 years," Mr Kilman said. "It has finally happened. In 2014, desktop Internet usage globally decreased in favour of mobile. And mobile app usage is becoming the majority of all digital media activity in the United States."

Around 2.7 billion people around the world read newspapers in print and more than 770 million on desktop digital platforms. However, there is increasing evidence — from countries with sophisticated and robust metrics — that print and digital combined are increasing audiences for newspapers globally. Data from Australia, for example, shows that nearly 86 per cent of all adults read newspapers on some platform. In the UK the figure is 83 per cent. And in Chile, it is nearly 82 per cent.

Print circulation increased +6.4 per cent globally in 2014

from a year earlier and shows a five year growth of +16.5 per cent. This is the largely the result of circulation increases in India and elsewhere in Asia; the newspaper business in India is still the healthiest print newspaper industry in the world. Updated Indian figures have significantly affected the global picture and they partly come from a growing number of publications in India.

Circulation rose +9.8 per cent in Asia in 2014 from a year earlier; +1.2 in the Middle East and Africa and +0.6 in Latin America; it fell -1.3 per cent in North America, -4.5 per cent in Europe and -5.3 per cent in Australia and Oceania. Over five years, newspaper circulation rose +32.7 per cent in Asia, +3.7 per cent in the Middle East and Africa and around +3 per cent in Latin America; it fell -8.8 per cent in North America; -21.3 per cent in Europe and -22.3 per cent in Australia and Oceania.

In mature markets, newspapers are adopting strategies to make more money from fewer subscribers. These include cover price increases and lowering production costs by reducing the frequency of printing. But these practices risk alienating some segments of their readership in exchange for growth in revenues.

Paid digital circulation increased 56 per cent in 2014 and rose more than 1,420 per cent over the last five years, according to PwC. One in 10 people in a Reuters Institute Digital News Report survey of 10 countries said they now pay for digital content. That ranges from 22 per cent in Brazil to 7 per cent in the UK.

ad spending continue to be social media and technology companies. Google takes the biggest share, with 38 per cent (\$19.3 billion) of digital ad revenue. Facebook took nearly 10 per cent in 2014, and is the biggest recipient of total digital display and mobile display advertising revenue.

## TV takes biggest bite

Television continues to maintain the largest share of global advertising revenues, with just under 40 per cent, followed by desktop and mobile internet with more than 24 per cent, newspapers with 15 per cent, magazines with 7.3 per cent, outdoor and radio with around 7 per cent, and cinema with half a per cent.

Print advertising worldwide declined -5.17 per cent in 2014 from a year earlier and declined -17.51 per cent over five years.

Since it began in the mid-1990s, Internet advertising (both desktop and mobile) has principally risen at the expense of print.

**WAN-IFRA**, based in Paris, France, and Frankfurt, Germany, is the global organisation of the world's newspapers and news publishers.



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## TOP NEWS

# Uhuru's frequent flier diary strains State House budget

»From Page 1 cost of the President's foreign trips mounted last week after it emerged that 84 people would be accompanying him to the inauguration of Nigeria's president-elect Muhammadu Buhari.

Mr Kenyatta's foreign trips have particularly come under scrutiny because the majority have been made to countries Kenya trades the least with, bringing into question what value the taxpayer is getting for the money spent.

The President's travels, which at times have lasted for a week, have not escaped the attention of keen followers of the country's diplomacy who expected them to be aligned to the pursuit of economic agenda that the Jubilee government set upon coming to office in May 2013.

"Foreign trips should be minimised, not just because of expenses, but also because they create an impression that our leaders are running away from problems at home," said XN Iraki, an economics lecturer at the University of

**Foreign trips should be minimised, not just because of expenses, but also because they create an impression that our leaders are running away from problems at home**

XN IRAKI  
UNIVERSITY OF NAIROBI  
LECTURER

Nairobi. Mr Iraki said the President's many trips abroad are not only hurting in terms of the direct costs to the taxpayer but also because they set the tone for other public officials to waste public funds on foreign trips.

During his travels, Mr Kenyatta is usually accompanied by large delegations, including the security detail and senior government officials who draw hefty sums in travelling allowances.

Senior members of a presidential delegation reportedly receive a daily out-of-pocket allowance of up to \$400 (Sh40,000) while the government directly pays for their food and accommodation.

The Controller of Budget's (COB) half-year report for the period ending December 2014 indicated that the Presidency consumed Sh75 million in foreign travels — Sh15 million more than what was spent during a similar period the previous year. The Presidency consists of the offices of the President and the Deputy President.



President Uhuru Kenyatta (left) is received by Deputy President William Ruto at the JKIA upon arrival from Lusaka, Zambia, where he attended the burial of President Michael Sata last year. FILE

But the budget-bursting impact of Mr Kenyatta's frequent-flier lifestyle lies in the Ministry of Foreign Affairs which in the corresponding period spent Sh604 million on foreign travel, a huge growth over the previous year's Sh416 million.

The Foreign affairs ministry is the one that foots the bill for the members of the President's delegation during a foreign trip. This year alone, Mr Kenyatta has travelled thrice to Tanzania and twice to Ethiopia to attend regional summits, mostly to resolve political crises in South Sudan and Burundi.

On February 2, the President was in Addis Ababa, Ethiopia, as the rapporteur of the Intergovernmental Authority on Development (Igad), to witness the two warring South Sudanese factions sign a peace deal following months of bloodshed.

He has more recently travelled twice to Tanzania for regional talks on the Burundi crisis that erupted last month after President Pierre Nkurunziza announced his intention to run

for a third term. Mr Kenyatta who was sworn in on April 9, 2013 made at least 10 foreign trips in his first year in office when he visited Russia, China, the United Kingdom, South Sudan, Qatar, Uganda and Tanzania.

Last week's cancelled trip to Nigeria was the second in as many months after his visit to the United States was put off after he left on a flight to Dubai.

Reports of the large number of public officials lined up for the Nigeria trip caused a public furor with many Kenyans taking to the social media to question what value it would bring to the taxpayers.

"It's a waste of tax payers' money. Why should they travel when Kenyans are faced with hunger, insecurity and floods," asked Robert Ndung'u.

The President also travelled to Algeria in March for a three-day State visit and was in Khartoum yesterday for the inauguration of the recently re-elected Sudanese President Omar el-Bashir.

The management of the travel budget is becoming contentious for Mr Keny-

atta's administration, which has on several occasions called for austerity even as the figure continues to rise.

A government austerity directive issued in April 2014 to cut on foreign trips among other expenses has failed to tame the travel budget.

Mr Kenyatta has also suffered a public relations disaster for his foreign trips as happened last year when terrorists attacked and killed more than 25 people in Mandera while he was in the United Arab Emirates to attend a Formula 1 event.

Mr Kenyatta's local travel budget has also come under scrutiny, causing him heavy criticism for the extravagance he showed last week when he went on a 13-helicopter inspection tour of the standard gauge railway in the Tsavo.

Foreign travel budget abuse has in the past year become a symbol of public funds misuse especially in the counties where governors and members of the county assemblies (MCAs) spent millions of shillings on trips whose value to the taxpayer could not be determined.

MCAs were accused of spending Sh3.6 billion in foreign and local travel in the year to June 2014, prompting the Auditor-General to start an inquiry into some of the expenditure.

Members of Parliament are also trying to push for a reversal of their foreign travel perks, which were cut in December by the Salaries and Remuneration Commission (SRC).

The legislators are now threatening to cut the Sh922 million budget that the Treasury has allocated the SRC for the year starting July should it fail to reverse the cut in foreign travel per diem rates.

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## Former CBK boss used associates to procure Tatu City land

»From Page 1 deal between Tatu City and real estate firm Daykio Plantations. The suit is just the latest in a series that have hit the multi-billion shilling project.

Mr Nyagah and billionaire businessman Vimal Shah have in a separate suit sued Tatu City's foreign investors and directors over alleged embezzlement.

Kofinaf says it has also been engaged in legal battles with Mr Nyagah in Mauritius over Tatu City, but that the former CBK boss lost and his shares in some of the offshore firms were diluted.

Tatu City has formed a number of special purpose vehicle firms, some offshore, to aid the financing of the project and property sales.

Mr Nyagah has in his response said that he fired Anjarwalla & Khanna Advocates after Jojoja's directors raised the alarm over an alleged scheme by the law firm to dispossess them of the land.

Jane Njaja, one of Jojoja's shareholders, claims Daykio was being used to dispossess Jojoja of land it had bought from Tatu City.



Workers put up the Tatu City Industrial Park signage in April next to the proposed Tatu City. FILE

Ms Njaja adds that Jojoja has filed another suit to recover the land in question. She has accused Ajarwalla & Khanna of forging documents to alter Jojoja's shareholding so as to dispossess her firm of its land.

"Sometime in April we discovered that Anjarwalla and Khanna Advocates had procured Daykio to purchase Jojo-

ja's shares and had secured Co-operative Bank to register a charge over the property. Jojoja has filed a suit to recover the grant and transfer for the property," Ms Njaja says.

New Zealander Stephen Jennings had in Kofinaf's suit said that some of the individuals Mr Nyagah nominated for directorship in Jojoja and Galba

include his sister-in-law Jane Gacoka and Naila Ibrahim, a daughter of his long-time cook.

He added that three others—Jared Omondi Obor, Ms Zuhrah Atieno Awendo and Mr Samuel Ojoro Malaki—are members of the New Covenant Church where the former CBK boss is chairman.

Kofinaf also claims Mr Nyagah hatched a scheme with his lawyer, Nelson Havi, to change directorships of Purple Saturn, which holds the land in trust for project's developers, for purposes of taking control of the property. Mr Jennings claims that some title deeds have gone missing at the land registry.

But Mr Nyagah reckons that he has not gained any money from the special purpose vehicles formed to complete Tatu City's land transactions.

Mr Havi in his response said he was not involved in the land deal between Tatu City and Jojoja, as the entire transaction was done by Anjarwalla and Khanna Advocates. He has asked

Justice Francis Gikonyo to throw out the foreigners' suit, arguing that it is frivolous and aimed at maligning him and his client.

The former CBK governor argues that the foreign investors are using the suit to divert attention from a looming PricewaterhouseCoopers audit of Tatu City's loan accounts that will implicate them in theft of the project's money and property.

Justice Eric Ogola in March approved the audit of Tatu City's loan accounts after Mr Nyagah and Mr Shah claimed the foreign directors were robbing the project of land worth billions of shillings while pretending to be repaying the company's loans.

"I believe that the claim made against me in this matter is a continuance of the campaign by Mr Jennings to silence me and distract attention from the audit of the loan accounts and in an effort to conceal his embezzlement of Tatu City's properties and monies," Mr Nyagah added.

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# ECONOMY & POLITICS

NEWS | REVIEWS | ANALYSIS

## Kamau missing as EACC seeks his arrest over graft

▶ **CASE** Transport minister accused of irregular award of Sh33 million road redesigning tender

BY PAUL OGEMBA

Attempts by the Ethics and Anti-Corruption Commission (EACC) to arrest suspended Transport and Infrastructure secretary Michael Kamau have failed because the agency's officers reportedly couldn't establish his whereabouts.

Assistant director of public prosecutions Alloys Kemo informed an anti-corruption court that officers from the commission went to Mr Kamau's residence but didn't find him.

Further attempts to reach him through his mobile phone also proved futile as it was switched-off, forcing the prosecution to apply for court summons to compel the suspended minister to appear in court to answer charges of abuse of office for irregularly awarding a Sh33 million

tender for redesigning a road.

"EACC has not been able to locate him, and sent officers to his residence to arrest him but could not find him. We apply for court summons for him to present himself," said Kemo.

Senior principal magistrate Lawrence Mogambi allowed the request and summoned Mr Kamau to present himself before him tomorrow.

The summons will be delivered or pasted at a place frequented most by Mr Kamau and failure to heed the court directive could lead to a warrant of arrests being issued.

Mr Kamau suffered a further setback after his attempt to block his prosecution over the controversial tender for redesigning the Kamukuywa-Kaptama-Kapsokwony-Sirisia Road failed.

He faces two counts of abuse of of-



Suspended Transport secretary Michael Kamau. He is a suspect in a graft case. FILE

fice and wilful failure to comply with applicable procedures and guidelines relating to management of public funds. The offences were allegedly committed between 2007 and 2008 when he served as the permanent secretary in the Roads ministry.

"Being a person whose functions concerned management of public revenue, you wilfully failed to comply with the rules by ignoring the design of Kamukuywa-Kaptama-Kapsokwony-Sirisia Road done by Engiconsult Lim-

ited at the cost of Sh33,303,600 and entering into a memorandum under which the resident engineer redesigned the same road," read the charge sheet.

The particulars of the second count were that Mr Kamau allegedly abused his authority by causing the road to be redesigned without involving Engiconsult Consulting Engineers Limited.

Mr Kamau will be the first minister to be charged after he was named in a list of shame that President Uhuru Kenyatta presented to Parliament in

March. The EACC investigated him together with his colleagues, Charity Ngilu, Kazungu Kambi, Felix Kosgey and Davies Chirchir and recommended his prosecution.

Also summoned tomorrow to respond to charges alongside Mr Kamau are former resident engineers at the Roads ministry Nicholas Ndung'u Ng'ang'a and Kata Matemu Kithyo.

The three were scheduled to be charged with six other members of the Transport ministry's tender committee who presented themselves to court yesterday.

Former chief engineer at the ministry Mwangi Maingi, the tender committee's chairman Philip Onyango Sika, committee members Gilbert Mong'are Arasa, Raphael Weche Okubo, Syllus Wachira Gitau and Charles Oike Mubweka all denied the charges of engaging in the project without planning.

They denied the charges and the magistrate released them on a Sh600,000 cash bail each with the mention scheduled for June 16.

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**EACC has not been able to locate him, and sent officers to his residence to arrest him...**

ALLOYS KEMO, DEPUTY DPP



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## ECONOMY &amp; POLITICS

# Rising rents hit middle class hardest

■ **INFLATION** Cost of living for city's middle earners rises by 0.37 percentage points

BY NEVILLE OTUKI

Rising rent and electricity prices hurt Nairobi's middle class most last month when it emerged as the only income cluster to record an increase in inflation.

Data from the Kenya National Bureau of Statistics (KNBS) shows inflation among the city's wealthy and low-income earners dropped in tandem with a fall in the national cost of living measure.

Inflation for the city's middle-income earners rose by 0.37 percentage points to 3.76 per cent last month, while that for wealthy households eased to 1.86 per cent, from 1.9 per cent a month earlier.

Overall, Kenya's inflation eased to 6.87 per cent last month from 7.08 per cent in April helped by falling food prices following increased supplies. The differences in the inflation levels

among income segments is linked to their different consumption patterns, with the rich spending most of their income on utilities and transport while food takes the largest share of the poor's budget.

The KNBS attributed the rise in inflation for the middle class to higher electricity prices, house rent and other utilities which account for the largest share of their monthly budgets at 23.6 per cent.

Housing and utilities on average account for 19.8 per cent of Nairobi's rich families' budgets, the poor spend 18.2 per cent while homes outside the city spend 17.4 per cent.

"Housing, water, electricity, gas and other fuels' index increased by 1.30 per cent mainly due to the observed cost increases in respect of house rents, electricity, kerosene, charcoal and other utilities," said

**Housing, water, electricity, gas and other fuels' index increased by 1.30pc**

ZACHARY MWANGI  
KNBS DIRECTOR-GENERAL



A vegetable vendor awaits clients. Overall, Kenya's inflation eased to 6.87 per cent last month from 7.08 per cent in April helped by falling food prices. JOSEPH KANYI

KNBS director-general Zachary Mwangi in a statement. A recent survey by property consultant firm Hass Property indicated that home prices in Nairobi remained little changed while rents maintained an upward trend.

Electricity prices also rose last month for the second time in nine months. This was attributed to the weak shillings which put pressure on the forex adjustment surcharge that is included in monthly bills.

Homes that consumed 200 kilowatt-hours (kWh), mostly middle class, paid Sh58 more at Sh3,453 last month. Though food prices have

dropped, the cut has not been sufficient to offset other expenses such as housing and electricity costs. The energy regulator raised fuel pump prices last month, further hurting the middle class which spend 12.4 per cent of their income on transport.

The KNBS defines low-income earners as those spending less than Sh23,670 monthly, middle class (between Sh23,671 and Sh120,000) and upper income as households with expenses in excess of Sh120,000.

The city's middle class spends about 22 per cent of their income on food.

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## Regulator mulls strict checks on vegetables, fruits over safety fears

BY GERALD ANDAE

Vegetables and fruits consumed locally will be subjected to stricter quality checks amid concerns that they harbour dangerous chemicals from increased pesticide use.

The Agriculture, Fisheries and Food Authority (Affa), the sector regulator, said yesterday it was working with other State agencies to carry out inspections, both on farms and main markets.

"We are facing challenges in addressing the local market in terms of the checks on residue levels but we are working with Kephis (Kenya Plant Health Inspectorate Service) and PPB (Pharmacy and Poisons Board) to check for conformity," said Affa director-general Alfred Busolo.

Vegetables and fruits sold locally are not tested for residue chemicals, signalling that the majority of households could be unknowingly consuming harmful produce.

The European Union last year set a deadline of September 30 for Kenya to cut the residue chemicals in exports or risk sanctions on its cut flowers, fruit and vegetables sold in its markets.

Kenya responded by banning the use of some chemicals on farms and stepping up inspections.

The agriculture regulator said it would subject produce consumed locally to similar stringent checks.

### Harmful residue

Mr Busolo said the move aims to ensure the safety of the buyers on the agricultural produce that they consume.

Inspectors are expected to visit farms for random sampling to ensure that the right chemicals are used and the residue in produce does not exceed the stipulated levels.

The authority is currently working on a draft law that would require vegetable vendors to ensure that the produce they sell in the market complies with the set safety standards.

Testing of vegetable and fruit samples drawn from open-air markets and supermarkets in Nairobi, Nakuru and Machakos found that kale, amaranth, tomatoes, and mangoes contained chemical residues harmful to human beings.

The European Union last year gave Kenya a Sh1.4 billion grant to enhance the country's quality control checks on fresh produce over use of chemicals on farms.

The EU together with the Treasury, Agriculture and Industrialisation ministries launched a plan dubbed Standards and Market Access Programme to strengthen food standards and enhance compliance with export rules.

Kenya has been grappling with challenges in containing residue levels on its horticultural produce.



Chief Justice Willy Mutunga. FILE

## Traffic offenders spared police cells in new rules

Traffic offenders who accept liability will not be locked in cells as they prepare to settle court fines and bails under a fresh directive issued yesterday by Chief Justice Willy Mutunga.

Dr Mutunga said fines would now be processed in court before the judge or magistrate in efforts aimed at curbing corruption.

Presently, offenders remain in the court cells as their fines and bails get paid by third parties in commercial banks — which are mostly situated outside the courts and the lenders operation hours not timed with judicial proceedings. This has raised the possibility of offenders spending the night in cells on failure to pay fines or bails within the banking hours.

"Traffic courts shall process the payment of traffic fines in open court," Dr Mutunga said in a statement last evening. "No accused per-

sons in traffic cases will be locked up in cells without first being granted time, place and adequate facilities to pay fines and bail."

The tough fine and bail payment terms have created a fertile ground for corrupt deals with some offenders paying bribes to be released.

The new directive comes amid tough traffic rules that have been introduced over the past three years. The provisions prescribe heavy fines and penalties for dangerous and careless driving; overloading by public service vehicles and unauthorised or "squad" driving.

Other are obstructive parking, speeding, failure to wear uniform by PSV crew and failure to wear protective gear by motor-cyclists, overlapping, driving on pavements and failure to carry a driving licence.

— GERALD ANDAE

## KRA sets up unit to handle tax disputes

BY GEORGE OMONDI

The Kenya Revenue Authority (KRA) has set up a special unit to handle tax disputes in its latest efforts to clear a backlog of cases involving billions of shillings.

The tax agency says its alternative dispute resolution (ADR) division will be opened from Tuesday next week "to guarantee the taxpayers confidentiality currently lacking in the open court system."

At the moment, disputes arising from interpretation of tax laws end up at a tribunal or courts of law.

"The objectives of the ADR mechanism is to reduce the cost of litigation on both KRA and the taxpayer," KRA said in a statement issued during a tax sensitisation forum held in Nairobi last week. "It will enhance service delivery, trust and facilitation between KRA and tax payers, entrench confidentiality and encourage compliance."

The move comes after years of unsuccessfully lobbying the Judiciary to create a special division for tax cases, the same way it has divisions for children, environment (land), labour, Constitution, crime, commercial and civil disputes. When it initially announced its plan to set

up an ADR in March, the taxman said it wanted a unit to hear and conclude cases "in camera" instead of subjecting suspected tax cheats to a "damaging public trial".

The Institute of Certified Public Accountants of Kenya and the Kenya Private Sector Alliance helped in the drafting of rules of engagement at the ADR unit.

Like KRA, the private sector lobby groups had earlier raised concern over the backlog of tax related cases at ordinary courts. As at March, the amount of revenue locked up in the various cases that KRA was pursuing in different courts had reached Sh34.5 billion.

The opening of the ADR comes even as Parliament moves to strengthen tribunals to handle disputes. The Tax Appeals Tribunal Bill seeks to standardise the dispute resolution procedure, hoping to make it faster and more professional.

## Sh34.5bn

■ Amount of money locked up in various cases which KRA was pursuing in courts by March 2015.



# CORPORATE NEWS

NEWS | REVIEWS | ANALYSIS

## Britam seeks to clip veto powers of fugitive Rawat

➤ **SCAM** Single largest shareholder can reject appointment of CEO, finance director

BY VICTOR JUMA

Insurance group Britam is set to delete from its articles of association veto powers that were held by its single-largest shareholder Dawood Rawat, a fugitive Mauritian who is wanted by his government for allegedly perpetrating a \$693 million (Sh67.2 billion) Ponzi scheme in the island nation.

Mr Rawat, through his investment vehicle British-American (Kenya) Holdings Limited (BAKHL) currently has the power to veto the appointment of Britam's CEO and finance director.

The Nairobi Securities Exchange-listed firm, however, plans to remove these powers from the run-away businessman at its upcoming annual general meeting in Nairobi on June 26.

Part of Britam's special business at the AGM will be the deletion of Article 104 which partly reads: "Provided always that any resolution relating to the following matters shall not be deemed to have been passed if any director appointed by BAKHL... or his alternate votes against it: (a) the appointment of the managing director/chief executive officer or (b) the appointment of the financial director/chief financial officer."

The proposal comes at a time when the Mauritian government has an-

nounced that it will take over the investment vehicle as part of Mr Rawat's assets seizure.

The businessman is accused of running a Sh67.2 billion Ponzi scheme at Mauritius-based Bramer Banking Corporation (BBCL), in which he was the majority shareholder prior to its nationalisation in April.

The Mauritian, who is said to be undergoing treatment in Europe, recently resigned as a director of Britam alongside his nephew Moussa Rawat.

### Asset seizures

He has refuted the claims made against him, which he said he would challenge in a French court.

A Ponzi scheme is a scam where investors are promised or paid unrealistic returns from cash paid in by new members, necessitating an endless recruitment drive that eventually proves unsustainable.

The asset seizures by the Mauritian government are meant to safeguard the interests of BBCL depositors and policyholders in its sister company British American Insurance Co (Mauritius), which is currently managed by conservators appointed by the State.

The global asset hunt has unearthed a castle near Italy's capital, Rome, and



Britam's shareholder Dawood Rawat who is wanted by the Mauritian government for allegedly perpetrating a Sh67.2 billion Ponzi scheme. FILE

property in places like the United Kingdom, Croatia and Romania.

Mr Rawat's stake in Britam, currently with a market value of about Sh10 billion, has been identified as one of the most valuable assets.

The Mauritian government is expected to eventually sell BAKHL's interest in Britam.

If passed, the resolutions will give Britam's board a freer hand in appointing individuals to the two positions in the future.

Britam's current CEO is Benson Wairegi while the CFO is Gladys Karuri.

Britam will, however, propose at the AGM that BAKHL will have the right to appoint two directors based on its current holding of a 23.34 per cent stake in

the company.

The BAKHL directorships are derived from each complete 10 per cent equity and excludes future stock issuance.

Besides the voting powers and directorship allotments, Britam has also asked shareholders to approve the change of name from British-American Investments Company (Kenya) Limited to Britam Holdings Limited.

The company said its auditor PricewaterhouseCoopers (PwC) has rotated out and that it will ask shareholders to ratify the firm's replacement with Deloitte & Touche.

Britam revised its books for 2014 a month after they were published, reducing its after tax profit by Sh342 million to Sh2.5 billion.

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## Jubilee Kenya boss named Africa CEO of the year

BY MUGAMBI MUTEGI

The Jubilee Insurance Kenya CEO Patrick Tumbo has been named chief executive officer of the year at an award ceremony in which 362 member companies from across the continent participated.

Mr Tumbo got the recognition at the recently concluded 42nd Conference and General Assembly of Africa Insurance Organisation (AIO) in Tunisia.

Organisers of the awards said the winner was selected based on successful product development, excellent service delivery and introducing innovative distribution channels targeting grassroots customers.

"We need to listen to our customers and develop products that serve specific customer needs. That way, the insurance sector will experience a revolutionary change for the better," said Mr Tumbo.

Nigeria's Mutual Benefits Insurance won the Innovation of the Year award while the Insurance Company of the Year award went to Misr Insurance Company of Egypt.

### Increased premiums

Jubilee Holdings reported a 24 per cent jump in net profit for the year ended December to Sh3.1 billion, helped mainly by increased premiums, with Kenya being its biggest contributing business unit.

Gross premiums increased 30 per cent to Sh30.3 billion, making the company Kenya's largest in both general and life insurance business.

The insurer recorded double-digit growth in all its insurance operations, including pensions and medical.

The AIO is made up of member insurers across 55 countries in Africa.

The awards are meant to promote growth of the insurance sector through good corporate governance, insurance practice, leadership and risk management.

"Sharing and dissemination of new successful and practical ideas in the industry can be a great tool to fast-track the development of insurance in the continent," said AIO secretary-general Prisca Soraes.

The conference, which took place between May 24 and May 27, focused on the rise of political risk in the continent and the need for new risk pools to respond to natural catastrophic risk.

## Rural mobile money agents more profitable

BY OKUTTAH MARK

Mobile money transfer businesses based in the rural Kenya are turning out to be more profitable compared to those based in urban areas, a new survey by Helix Institute of Digital Finance has revealed.

The research indicates that in non-Nairobi urban areas, agents' profit have increased by 26 per cent, compared to 45 per cent in rural areas.

The agents attributed the higher profits to lower operating costs and introduction of new revenue streams.

The report indicates that profits in Nairobi have decreased by 20 per-

cent in the period under review attributable to competition from the new agents setting up business in the capital.

Agents in urban areas outside Nairobi, including Nakuru, Kisumu, Mombasa and Eldoret, are enjoying the highest profits (Sh8,606), followed by those in rural areas (Sh7,530) and Nairobi at Sh6,454.

"Overall, profitability has increased by 10 per cent from 2013, including a 26 per cent increase in non-Nairobi urban areas and a 45 per cent increase in rural areas. Non-Nairobi urban areas are now the most profitable location," read the report.

The survey showed only 11 per

cent of mobile money agents were not profitable, down from 17 per cent last year while 80 per cent were willing to continue conducting the agency business into next year.

Safaricom is still the largest provider in Kenya, but has experienced a substantial drop in its market presence from 90 per cent in 2013 to 79 per cent in 2014, including a 19 per cent drop in Nairobi.

The drop is attributed to the entry of mobile banking agents with Equity leading the commercial banks in terms of market presence both in Nairobi and rural area.

The report defines market presence as cash transacted by the

agents—cash in and cash out. M-Pesa and Airtel money agents conducts an average of 46 transaction daily with a maiden

Safaricom has a presence of 84 per cent in the rural area and 70 per cent in Nairobi. It followed by Equity that has 11 per cent in Nairobi and 6 per cent in rural Kenya. Airtel has 5 per cent both in Nairobi and Rural Kenya.

"While overall transaction figures stay relatively similar to 2013, agents in Nairobi continue to conduct the lowest number of median transactions, and there was a 10 per cent decrease in daily transactions in rural areas," the report noted.



## CORPORATE NEWS

# CBA to impose new service charges from July 1

❏ **TARIFFS** Bank introduces fees for mobile and online transactions, manually processed internal transfers

BY MUGAMBI MUTEGI

The Commercial Bank of Africa (CBA) has introduced new transaction fees and commissions for its customers who will have to pay as much as Sh1,500 for some services in the lender's bid to boost its non-interest income.

CBA has informed its customers that it will start charging fees for mobile and online transactions as well as manually processed internal transfers beginning July 1. These services are currently being offered free of charge.

The new tariffs are expected to grow the bank's total non-interest income which increased to Sh1.18 billion during three months to March, compared to Sh986.6 million during a similar period in 2014.

"We are effecting new pricing additions to our tariffs," Jeremy Ngunze, the bank's chief executive officer informed customers in an

email notice.

"Please note that this will be effective July 1 2015. All other charges remain as is on our current tariff guide."

Customers will now have to pay Sh400 for intra-bank transfers that are done across the counter and Sh15 for a similar transaction done online or through mobile banking.

Utility bill payments made via Internet banking will attract a Sh75 fee while corporate clients seeking a CBA representative to train them how to use online banking will pay Sh1,500 for the service.

Balance enquiries and mini statement requests will now cost Sh5 on the mobile platform while SMS alerts (for deposits and withdrawals) will cost Sh5 for clients with Kenyan phone numbers and Sh15 for international lines.

CBA, which is majority owned by the Kenyatta family, has also began charging customers for deposits made through Safaricom's mobile money



Mr Jeremy Ngunze, Commercial Bank of Africa CEO. FILE

service M-Pesa.

The bank's customer care representatives contacted by the *Business Daily* said that they have "in the past month or so" reduced the processing fee for deposits made through M-Pesa by a third to Sh60.

Deposits made through the bank's Safaricom Paybill number had until now been exempt from charges but are now being charged "in a tiered fashion based on the amounts sent to the account."

Attempts by the *Business Daily* to get an official comment from CBA's

management about the new tariffs were unsuccessful. The bank, which serves as the holding bank for Safaricom's mobile banking savings and loans account M-Shwari, in the three months to March collected Sh328.4 million as "other fees and commissions".

This represented a 28.5 per cent increase from the Sh255.5 million the bank made during a similar period in the previous year.

The steep increase in transaction charges is, therefore, set to be a big boost for the lender's bottom line

**CBA's revised tariffs effective July 1, 2015.**  
These services are currently being offered for free.

Banking Hall Service	Cost (Sh)
Internal Transfers – manually processed	400
<b>Online Banking</b>	
User retraining Fee – Corporate clients	1,500
Internal Transfers –	15
Bill Payments – Utility payments	75
<b>Mobile Banking</b>	
Balance enquiry and mini statement requests	5
Internal transfers	15
Mobile money transfers (Airtel)	75
Transaction alerts - Local number	5
Transaction alerts - International number	15

Source: CBA

from the net profit of Sh539.6 million it made in first quarter of 2015 and Sh3.4 billion it made during the last financial year.

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**The EastAfrican** 20 YEARS



## Banks uptake of insurance boosts ATI profit to Sh327m

BY WAINAINA WAMBU

The increased uptake of insurance by banks seeking to cover their loan liabilities helped to boost African Trade Insurance Agency's (ATI) net profit to Sh327 million for the year ended 2014.

ATI's insured trade and investments were valued at Sh58 billion in Kenya, doubling the Sh29 billion recorded in 2013.

The pan-African insurer attributed the 130 per cent profit jump to rising demand by companies involved in infrastructure development, with banks that are financing the deals taking up almost 80 per cent of ATI's insured risks.

"In 2014, we covered more banks and more trade flows in the region," said ATI chief executive George Otieno yesterday at a media briefing.

"With this added support, banks have been able to increase their lending volumes, particularly within the SME sector," he added.

The insurer said that for the first time its profits were

substantially boosted by its underwriting business, with Sh115 million of the earnings.

Overall, the insurer broke the Sh97 billion (\$1 billion) coverage mark, recording Sh125 billion (\$1.3) billion in exposure, an increase of 45 per cent from 2013.

In 2014, ATI wrote 136 new policies, an increase of 22 per cent from 2013.

"Over time we have built a business that is more stable and predictable with a competent staff of expert underwriters," said ATI's Chief Underwriting Officer, Jeff Vincent.

According to Mr Vincent, at least 80 per cent of ATI's business is renewable, meaning that every year they start with a solid income base.

Cost-cutting also boosted ATI's results. The insurer had an expenses ratio of 56 per cent.

The Gross Written Premium stood at Sh1.6 billion (\$17 million), up from Sh1.2 billion (\$12 million) in 2013.

The company revealed

that bonds- its newest product- in 2014 grew by 221 per cent from 2013.

Commercial risk products more than doubled to Sh432 million compared to Sh210 million in 2013.

The company said that around 60 per cent of its assets were invested in instruments with maturities below one year and around 50 per cent invested in highly marketable bonds.

The CEO said that ATI can now conduct business in non-member countries with a focus on trade transactions only. Its model, however, excludes the coverage of political risks in non-member countries.

Last year, in a partnership with the European Investment Bank, ATI received Sh213 million (2 million Euros), enabling the insurer to take up risks in the energy sector.

In Kenya, ATI has insured the risk of non-payment to investors in the Lake Turkana Wind power project. Kenya Power promised to buy power generated from the project.



# IDEAS & DEBATE

OPINIONS | REVIEWS | ANALYSIS

## Entrench efficiency in public services to reduce costs, improve productivity

» **CORRUPTION** To develop, the country needs to stop misuse of taxpayers' money



BY GEORGE WACHIRA

The other day I met an acquaintance who on enquiring told me that these days he is engaged in energy auditing. He audits industries and institutions for efficient use of energy. This is a joint government/private sector initiative which is now a regulatory requirement by the ministry of Energy.

Global focus on energy efficiency started about ten years ago when oil prices shot to historical highs.

I recall in 2008 when Prime Minister Raila Odinga emphasised that if all electricity users converted to energy-efficient bulbs, the country could save big. Efficient lighting has since been embraced, saving the country capital costs associated with about 50 megawatts capacity of power generation.

If we can successfully deliver efficiencies in energy use, we can similarly achieve efficient use of other resources especially in the public sectors. I would like to define efficiency as a conscious everyday activity that increases value and productivity through reduced wastage of resources (money, materials, time, human effort etc.). The question is whether in the public service we routinely think of and plan for efficiencies to maximise value on taxpayers' money to improve national productivity and development.

I have a few examples of where "thinking efficiency" increased productivity. In 2013 when President Uhuru Kenyatta "instructed" port authorities to reduce imported cargo transit time, it happened within weeks. He did not give the authorities options to craft new lengthy and costly projects to improve cargo turnaround. He wanted it done immediately.

The port authorities stretched their imagination and as a result achieved systemic and administrative efficiencies through improved work methods and more effective inter-agency coordination. This did not cost a lot of money. Finally, the importers benefited from improved cargo turnaround; port revenues increased and the national esteem



People queue outside a Huduma Centre in Nakuru last year: "The programme ranks as the most efficient public service delivery improvement to be achieved in Kenya in recent decades." SULEIMAN MBATIAH

in the region was boosted. But did it really require the Executive's intervention for this to happen?

The Huduma Centres programme may probably rank as the most efficient public service delivery improvement to be achieved in Kenya in recent decades. By using already available ICT connectivity, routine government services are now delivered with minimum wastage of valuable public time. Fewer civil servants now deliver more, quicker and better services. This is efficiency enabled by technology and commitment to improve public service delivery. The additional benefit is that corruption is reduced through lessened civil servant/public contact.

The ongoing State corporation reforms is another programme that shall ultimately deliver major efficiency gains. It will definitely be a painful exercise in the short term, but in the medium to longer term it shall effectively deliver more output at substantially reduced costs. Closely associated with this programme is the push for job evaluations in various ministries. This shall effectively peg salaries earned by individual public servants to their productivity. When effected, this shall be efficient use of taxpayers' money.

The entire government budgetary and implementation process looks inefficient. To start with, government entities hardly seek cost reduction effi-

ciencies when compiling their budgets. I doubt if ministries and agencies seriously practice zero-based budgeting or merely play it safe by using previous year figures plus inflation.

It is during budgeting that cost saving and value adding efficiencies should be sought and built in. Regrettably, it is also during budget preparation that many doubtful and non-value adding projects are contrived and sneaked in with corrupt gains in mind.

The inefficient implementation of approved programmes and projects leaves

funds unutilised. There is an apparent mismatch between budgetary and procurement processes. The current lengthy procurement procedures often leave less time for implementation. This slows down national development and service delivery. Seeking an efficient

linkage between budgeting and procurement cycles can improve project and programmes implementation while protecting public funds from leakage.

Corruption diverts huge amounts of public funds from their intended uses. A previous estimate by a senior civil servant put the figure at about 25 per cent of national budget. This is the amount of additional money that the government has to raise through additional taxation and borrowing to meet its obligations to the citizens. Corruption is an inefficient and criminal practice that slows down national development and jobs creation.

**Corruption diverts huge amounts of public funds from their intended uses**



### Other Voices



**Yoweri Museveni**  
Uganda President



**Doris Atwijukire (Daily Monitor)**

Since December 2013, government has been compensating the 7,018 residents affected by the oil refinery in Kabaale parish, Buseruka sub-County. This is to pave way for the construction of a \$2.5bn oil refinery by a Russian firm RT Global Resources. While the majority of the people have been compensated and left the area, those who preferred relocation have neither been catered for. This group and those who disputed the compensation due to low rates and poor valuation and did not sign are still occupying the area.



**Sepp Blatter**  
Fifa President



**Stefan Szymanski (Reuters)**

Will FIFA be brought down by the US Justice Department? The 161-page indictment filed against 14 individuals connected to FIFA makes depressing reading. It's page after page of what the Justice Department says are corrupt transactions, usually involving the sale of marketing or broadcast rights relating to the world's favorite sporting event, the World Cup, smaller international competitions and national soccer teams.



**David Cameron**  
UK Prime minister



**Andrew Rawnsley (Guardian)**

Before we start to forget what happened at the election, we ought to reflect on the most gobsmacking aspect of the result. I do not mean that the Tories won. I mean how they won. Some have attributed their shock majority to the dark arts of Lynton Crosby. Others to the lack of appeal of Ed Miliband. Some opine that the Tory win demonstrates that the English are an essentially conservative people. Others think Labour's failure is a symptom of a worldwide crisis in social democracy.

Also to be reckoned with is the sheer amount of inefficiencies in our political system. A lot of taxpayers' money that is spent on salaries and expenses for elected public servants hardly yields much value to the nation. An analysis of legislative and oversight quality and value from elected public servants will confirm that it does not always measure up to the amount of funds spent on them.

This is explained by their apparent misplaced efforts and absence of due care on public funds accountability.

An efficient nation produces enough, spends enough and also saves enough. We cannot have enough money to develop our nation and still save into a sovereign wealth fund if we continue to be a wasteful nation. A sovereign wealth fund can only bank genuine savings which accrue after prudently and efficiently managing our resources.

I have used the words "efficient/inefficient" in this article about 25 times, and it is deliberate. These words should always be in the psyches and lips of our public service leadership to help them create an entrenched culture and habit of maximising value on every shilling spent.

It may be necessary to introduce efficiency enhancement in various vision and mission statements, if this can help to increase awareness. But above all, the hearts and minds can only be won through demonstrated examples of efficiency by all levels of leadership.

**Mr Wachira is the director Petroleum Focus Consultants**  
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# BUSINESS DAILY

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## Move to introduce bus tours in Nairobi welcome

Plans by City Hall to introduce bus tours around tourist attractions in Nairobi are fine and offer an opportunity to revamp facilities on these sites and diversify from the traditional forms of tourism. Leading cities around the world make fortunes from guided city tours of sites such as museums and mausoleums and Nairobi too can embrace this concept to boost revenues.

The traditional beach and wildlife tourism does not work well for some visitors especially those in the city for short term visits and conferences that cannot allow for distant travel out of town. Insecurity on the coastal belt has also scared many visitors from venturing there with many opting to stay around Nairobi or other on shore destinations. Bus tours around the city can help capture this special lot of visitors and earn an extra coin that can be channeled towards other development projects and programmes.

The National Museums of Kenya sites, the Nairobi National Park, the Giraffe Centre, the David Sheldrick Centre, the Bomas of Kenya and Karura Forest offer a good opportunity for visitors to unwind around the city. The Kenya Wildlife Service (KWS) already has special tours to Nairobi National Park on weekends and holidays and the enthusiasm from the public shows

the potential of such arrangements around the city. However the success of this plan will heavily depend on the state of facilities around town. Nairobi is currently in bad shape and authorities must work to boost its image. Uncollected garbage, chocking traffic, poor drainage and preying muggers give the city a bad image.

We cannot go about showing such rot to visitors and expect the planned bus tour programme to be a success. City Hall must therefore move with speed and ensure we have a reliable traffic system to allow for efficient movement of the planned excursions and clear the streets of muggers and garbage so that visitor would have something positive worth talking about when they return.

City Hall should aggressively market sites around the city, both locally and abroad, so that the focus shifts from the traditional beach and wildlife tourism alone. Tourism plays a key contribution to the economy as a leading foreign exchange earner and any effort towards boosting the performance of the sector is highly welcome.

Proper planning will be key to the success of the sightseeing tours around Nairobi and City Hall managers must constantly strive to meet the expectations of visitors.

## Be cautious on vaccine plan

Plans to radically scale up the country's immunization programmes are a welcome change of focus in national health spending. Prevention often costs far less than cure and should be a greater priority in all aspects of health care. The Health ministry's budget allocation for immunisations will increase from the current Sh265 million to Sh3 billion, allowing for broader coverage of the country with 14 free vaccines – three of them new additions to the list. Regional disparities that account for a drop in the number of children that have received all basic vaccinations can, thus, be eliminated as more Kenyans get access to vaccines of greater efficacy than previously possible.

The introduction of a vaccine against the human papilloma virus, a silent cancer-causer, is a bold step toward the protection of young women, many of whom face expo-

sure from an early age. While there may be dogmatic objections to this course of action from those who see encouragement of licentiousness in every intervention aimed at sexually transmitted diseases, the prospect of lives saved down the road should be the overriding concern.

We are, however, alive to the fact that adverse drug reactions to new HPV vaccines are growing concern globally and urge caution as a result. Japan, for instance, stopped offering HPV vaccines last year because of the side effects reported. In Britain, the National Health Service sees more adverse reactions for these types of vaccines than any other offered. Nothing would harm the immunization programme more than serious adverse reactions that can be avoided. The pilot programme in Kitui should be structured to ease all concerns on this front if this vaccine is to have any hope of national use.

## EDITORIAL & OPINION



"Today's weather forecast? Unproductive with a chance of clicking sounds..."

## Let market determine private land size



**JOE KIEYAH**  
LAND

The constitutional obligation to statutorily prescribe the minimum and maximum of private land as enshrined in Article 68 of the Constitution might be controversial. Conjecturally, the proposition will raise a policy question of adversely interfering with the fundamental right to private land. Such interference will, for instance, sap the current vibrancy of the land market.

The preservation of this principle in the Constitution is an indictment of our failure to appreciate the land market dynamism. It is also a reflection of a dominant view of the framers of the Constitution that espoused the rule. Such a view emanated from the framers' mistrust of past governments' political will to execute land reforms. The framers naively viewed the Constitution as a panacea to the land question among broad governance issues.

Inferably, the prescriptive principle is premised on perceived land market failures. Such failures are a manifestation of recent compulsive sub-division of private land attributable to cultural and economic factors.

Seemingly, this phenomenon has created market failure by reducing agricultural productivity of private land. It is indeed the government's responsibility to correct market failure. Granted, any government action is susceptible to political manipulation so execution of such responsibility calls for caution.

For example, establishing an efficient minimum acreage of private land is a highly technical and complex data manipulation process given the diverse topology and local climatic conditions of private land. Such data is not readily available to the government because it is privately held by individuals, who can only reveal it through the market process in pursuit of their self interest.

Purportedly due to aforementioned information asymmetry, the government might under- or overestimate the minimum threshold of acreage. On one hand, underestimation will generate shortage that will trigger price increase which will lead to inefficiency of denying some individuals' right to participate in the market notwithstanding their ability and willingness. On the other hand, overestimation will spark surplus that will lower prices.

The proposition of setting a maximum acreage of private land is counterintuitive and contrary to our core belief in a free market as the best allocative mechanism of factors of production. Private land ownership is the cornerstone of economic development

because it facilitates the vibrancy of the land market of allowing voluntary land transfer to the highest bidder.

Ostensibly, the constitutional proposition to cap acreage of private land addresses the manifestation of perceived market failures than their causation. The policy concern should not be how much private land one holds but rather what one does with it.

Consequently, we don't need constitutional peremptory directives to impose efficient usage of private land. Existing laws like local zoning and planning ordinance are capable of triggering market self-correction as evidenced by the proliferation of gated communities that control sub-division.

In conclusion, the calculus of determining efficient minimum private land in the presence of information asymmetry and political interference will be difficult. Furthermore, such calculation might not have policy relevance because it addresses the consequences of market failure rather than causes of land usage.

Under the existing legal framework, the land market is capable of establishing envisaged threshold of minimum and maximum private land based on usage.

**Prof Kieyah** is acting programmes coordinator at Kenya Institute of Public Policy Research Analysis (Kippira). Views expressed are personal

## VIEWS FROM ABROAD ■ Opinions from around the world

### The beautiful game soiled

The arrest last week of several officials of FIFA over grand corruption has soiled the beautiful game. There is a culture of impunity in FIFA, one that has exploited the organisation's legal status as an association of associations. It has been reported that host nations have to agree to special laws to host the World Cup, such as a blanket tax exemption for FIFA and sponsors. Moreover, there are charges that bidding nations must keep the details of those laws secret. The lack of transparency is a recipe for wrongdoing. FIFA has proven the skeptics right.

THE JAPAN TIMES  
TOKYO

### Help ease refugee burden

The number of refugees fleeing unrest in Burundi has overshoot the 100,000 mark. While Rwanda has announced that it can host 50,000, there are fears that the number could rise in the near future if the crisis is not solved soon. That is why calls for other countries to help absorb the refugees should be heeded. Rwanda has even offered to act as a transit point for Burundian refugees seeking shelter in other countries. This region has a history of offering sanctuary hence it should not fail the people of Burundi because our prospects are interlinked.

THE NEW TIMES  
KIGALI

### Give agriculture more money

The government has allocated a paltry US\$484 billion to agriculture out of the US\$18.4 trillion proposed for 2015/2016 Budget. This constitutes only 2.7 per cent of the budget and goes against the 2003 Maputo Declaration committed to by African countries. The pact recommends that at least 10 per cent of national budgets be allocated to agriculture. Agriculture is the backbone of this country and close to 80 per cent of Ugandans subsist from the sector. Also, putting more money in the sector will transform farmers' lives and hence win politicians support.

ZAMBIA TIMES  
LUSAKA

### To comment...

The editor invites comments on our content and topical issues. Please include your full names, telephone number and address in your letter. Email: bdfeedback@nation.co.ke



# Alibaba boss turns firm into free-money factory

PETER THAL LARSEN  
MIDAS TOUCH

Jack Ma is becoming the equivalent of a free money factory. The Alibaba chairman appears able to turn ordinary companies into stock market stars just by lending his name to them. It's a skill that mainly seems to benefit a select group.

The latest recipient of Ma's Midas touch is Reorient Group, a Hong Kong-listed investment boutique. For most of the past five years, the company's shares never traded above HK\$5. But the arrival of a group of investors led by a private

equity fund founded by Ma has transformed its prospects in the eyes of the market. On the morning of June 1 Reorient shares soared to HK\$23.50.

It's hard to see why shareholders are so animated. The group led by Yunfeng Financial is injecting \$501 million in return for an 81 per cent stake.

The new investors, which include a Chinese software executive and a property tycoon, have negotiated very favourable terms: they are buying new shares for just HK\$2 each – a 78 per cent discount to Reorient's last closing price before the announcement. Their plans

are extremely vague. The main source of excitement is a hint that Reorient may acquire "internet financial business", which could be an oblique reference to Alibaba's unlisted financial affiliate, Ant Financial. Ma, who will indirectly own around 11 per cent of Reorient, according to Breakingviews calculations, has so far not commented on the deal.

It's not the first time that Ma's name has acted as a virtual printing press. In April, Alibaba transferred a small pharmaceutical business to Hong Kong-listed Alibaba Health Information Technology. Its shares promptly surged. In January, an in-

vestment from Yunfeng helped lift the value of Guangzhou Baiyunshan Pharmaceutical, a maker of herbal teas. Reorient's new shareholders have seen the value of their stock rise more than tenfold, producing a paper profit of more than \$5 billion. Not bad for a morning's work, even if they had to agree not to sell for 18 months.

Less obvious is what the company, which earned less than \$100 million last year, could do to realise such high hopes. For insiders, however, the money produced by Ma's factory is all too real.

*The author is a Reuters Breakingviews columnist*

## Maintain balance between fiscal policy, debt level

ROBERT MAINA  
ECONOMY

Over the years the electorate has fulfilled its civic duty of electing leaders. Key among the expectations of the common mwanachi is that elected leaders formulate and implement policies that improve their general well-being. This is mainly achieved through the creation of job opportunities, reducing the cost of living, improving business operating environment among other initiatives.

Each successive government finds itself between a rock and a hard place as it balances between fulfilling its mandate within its time in office and ensuring that the same is sustainable and scalable over the long-term. Key policies that ensure that the various initiatives started have a long-term positive effect to the citizenry is keeping both internal and external borrowing at a sustainable level. The current government is no exception and has embarked on an expansionary fiscal policy to accelerate economic growth to seven per cent in the medium term and eventually to 10 per cent as envisioned in Vision 2030 blueprint. This comes with a requirement that substantial amount of resources are employed to spur economic activity.

Modernisation of tax system has led to a great improvement in the taxes collected by the Kenya Revenue Authority (KRA) over the years. In an effort to bridge the gap between the revenue collected through taxes and the budgeted expenditure, the government has resorted to both internal and external borrowing. The Gross Domestic Product (GDP), a monetary measure of the value of goods and services produced in a country in a specific period, was revised in line with global standards. This involved the change of the base year from 2001 to 2009 as well as adjusting for the various structural and economic changes that have taken place over time.

The GDP was revised to Sh4.76 trillion up from Sh3.8 trillion in 2013/14 after the rebasing. This led to reclassification of the country from low income to lower middle income status.

External debt carries with it inherent risk such as local currency volatility leading to changes in the cost of the debt. The government went all out and entered the global financial market with the issuance of a Eurobond worth \$2 billion. It has continued to tap into the bond issuance. The financing of the much touted Standard Gauge Railway (SGR) project has also mainly been financed by external lenders.

This has led to a considerable rise in the country's external debt level. The recent depreciation of Kenya shilling vis a vis the US dollar will ultimately raise the cost of all external debt which is dollar denominated such as the Eurobond. As the government progressively borrows on commercial terms as opposed to concessionary terms it should put into consideration the expected rise in cost of servicing these loans.

*The writer is a senior tax consultant at Ernst & Young. The views expressed herein are not necessarily those of EY*



## 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 [bdfeedback@ke.nationmedia.com](mailto:bdfeedback@ke.nationmedia.com)

## We must do more to curb insecurity

Kenyans on Monday celebrated Madaraka Day to mark 52 years since the country attained self rule.

There have been a lot of political transformations since then, from multipartyism – whose sole purpose was to fight for the rights of Kenyans through opposition parties against the ruling party Kanu – to promulgating a new Constitution in 2010.

Even as we celebrate 52 years of Independence, have we done enough as a country to ensure we can overcome the challenges that jeopardise stability in the county?

Since Kenya's incursion into Somalia in 2011, we have had many terrorist attacks.

The most notable ones are the Westgate mall attack in September 2013 which left at least 68 people dead, and the Garissa University College attack in April in which 147 people were killed.

The country has faced many terrorist attacks since the invasion by Kenyan troops.

The police have been blamed for not acting on intelligence provided by the National Intelligence Service



**A police vehicle that was damaged during a recent ambush by Al-Shabaab terrorists in Garissa. FILE**

(NIS) about possible terrorist attacks within our borders.

We have witnessed delayed responses to attacks, the most

recent case being during the Garissa University College attack.

Mandera has also faced terrorist attacks. Teachers who hail from other parts of the country refused to go back to work in the county following the massacre of their colleagues in separate attacks by terrorists.

This has paralysed learning in the region and what has followed are calls by the locals for the postponement of national exams in affected areas.

Banditry has also paralysed learning in parts of Baringo and West Pokot. Over 95 schools have been closed because of insecurity in the regions.

The most recent case of banditry left 56 people dead in Nadome, an area between Turkana East and Tiati sub-counties.

The government must do more to overcome the challenge of insecurity.

It must ensure that security is a key priority within the country

NICHOLAS SEWE  
Nairobi

## Officers should be held accountable

Kenyans are increasingly becoming litigious as the democratic space opens up and judicial services become more accessible.

Hardly a week passes without our courts of law going through a process involving compensation for an injustice committed against a citizen by a state agency.

Majority of those complaints involve wrongful dismissal from service.

Others are about grievous bodily harm and loss of life occasioned by excesses of law enforcement units as well as forced displacement.

Still there are others that involve wrongful denial of business opportunities after tendering processes gone sour.

The amount of money awarded runs into hundreds of millions of shillings every financial year.

The question in the mind of the taxpayer is who should ultimately bear the burden. Does any one ever take responsibility for loss of our revenue due to errors of omission and/or commission? Or do our public officials think that we have bottomless coffers?

MAINA MACHARIA  
via email

## Boda boda operators have become a menace to other road users

Whenever a boda boda rider is involved in a traffic accident, fellow riders storm the scene of the accident and harass and intimidate motorists. The latest incident happened on May 30 on University Way, just a few metres from the Central

Police Station. A gang of boda boda riders were in hot pursuit of a towing vehicle that was taking an impounded motorcycle to the police station after it was involved in an incident.

The riders caught up with the towing vehicle, pulled out the driv-

er and a police officer and started attacking them in broad daylight just a few metres from the police station.

An armed policeman standing guard at the station's gate had to abandon his post in order to rescue his colleague.

The Traffic Act is clear on how an accident scene is managed. There is no provision for boda boda riders to pass summary judgement on other motorists. They, too, must respect traffic rules.

PETER MWONDI, Nairobi



## NEWS INDEPTH

# Inside the big-money deals and budgets that made FIFA executives see red

**SCANDAL** Multi-million dollar events, sale of rights whet personal and business appetites

BY ALLAN ODHIAMBO

The world football governing body, FIFA has been in the news since last week following investigations into alleged corruption by several people including its top officials.

Investigators estimate that 14 people, including top FIFA officials arrested last week in Switzerland, accepted bribes and kickbacks amounting to more than \$150 million over a span of two-and-a-half decades. The hefty bribes reflect the huge business and personal interests around the lucrative sport that has billions of fans world over.

FIFA's total revenue for 2011-2014 amounted to \$5.7billion, comprised of event-related revenue, other operating income and financial income, the organisation's audited accounts for 2014 showed. In terms of event-related revenue of \$5.13billion, \$2,484 million was attributable to the sale of television rights, of which the lion's share — \$2.42 billion — was for the 2014 FIFA World Cup in Brazil.

The second-biggest source of income was the sale of marketing rights

**\$5.7 billion**  
■ FIFA's total revenue for 2011-2014

worth \$1.62 billion, of which \$1.58 billion was generated by the FIFA World Cup. The sale of hospitality rights generated \$185 million and licensing rights \$115 million. Other event-related income was made up primarily of revenue from ticketing and the FIFA Club World Cup, which was matched, however, by comparable costs. The other operating income of \$271 million was attributable, in particular, to income of \$162 million from brand licensing and \$55 million from the FIFA Quality Programme.

"FIFA's financial income of \$310 million was the result of the conservative investment strategy and was primarily made up of interest income of \$43 million, income from financial assets of \$34 million and foreign currency gains of \$233 million," FIFA said in its latest income statement. The FIFA bribery scandal widened on Monday with more officials arrested, suspended or banned

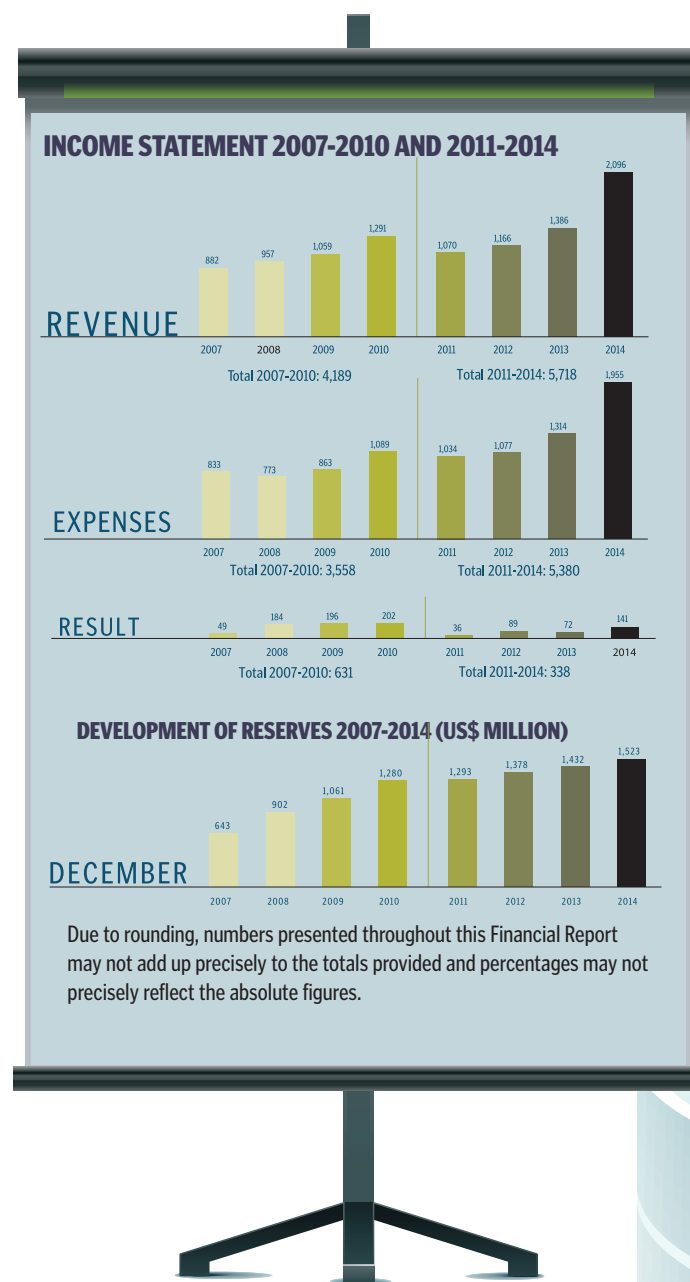
on Monday with indications that an aide of the Zurich-based organisation President Sepp Blatter made \$10 million (Sh970million) in bank transactions that are central to the bribery investigation.

Enrique Sanz, the general secretary of the Confederation of North, Central America and the Caribbean Association Football, was suspended and Congolese Football Association officials Jean Guy Blaise Mayolas and Badji Mombo Wantete were provisionally banned by FIFA's ethics committee.

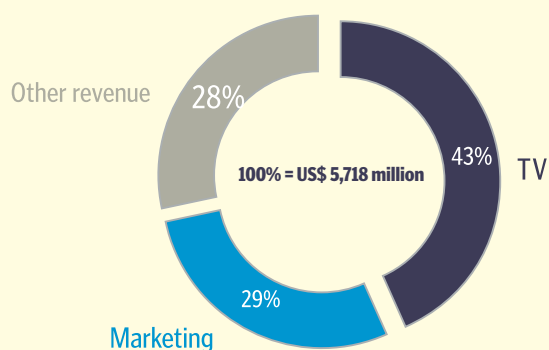
With 209 associations affiliated to FIFA today, world football's governing body has become one of the most powerful bodies and is fondly referred by many as the "United Nations of Football".

The web between FIFA and the affiliate association is intrinsic because the federation supports the associations financially and logistically through various programmes. The associations make up the varying Confederations, which offer expert help to FIFA in tasks such as the organisation of tournaments.

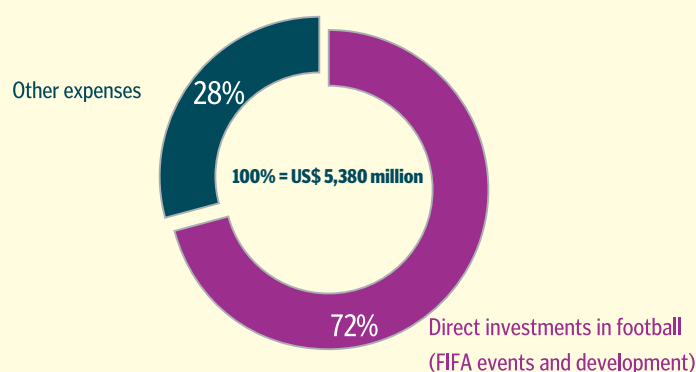
The *Business Daily* looked at FIFA's financial statements for 2014 and fished out interesting numbers that make the organisation lucrative.



## REVENUE 2011-2014 (US\$ MILLION)



## EXPENSES 2011-2014



## OTHER OPERATING INCOME (5%)

• Brand licensing	162
• FIFA Quality Programme	55
• Match levies	13
• Other (rental income, FIFA archive film rights)	41
<b>Total</b>	<b>271</b>

## FINANCIAL INCOME (5%)

• Foreign currency gains	233
• Income from financial assets	34
• Interest income	43
<b>Total</b>	<b>310</b>

## EVENT-RELATED REVENUE (90%)

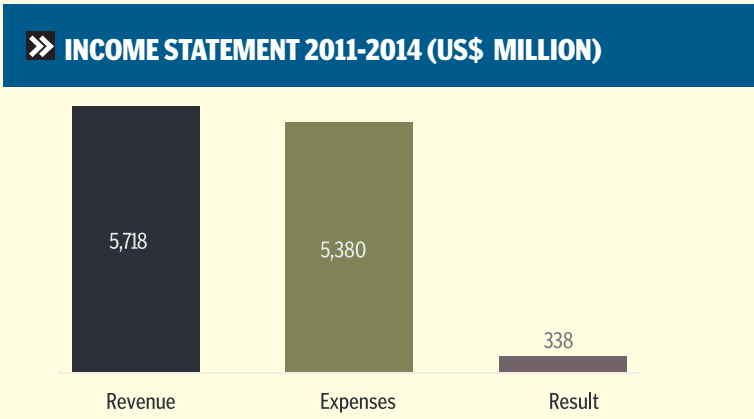
• TV broadcasting rights	2,484
– 2014 FIFA World Cup™	2,428
– Other FIFA events	56
• Marketing rights	1,629
– 2014 FIFA World Cup™	1,580
– Other FIFA events	49
• Hospitality rights	185
• Licensing rights	115
• Other	724
<b>Total</b>	<b>5,137</b>

100% = US\$ 5,718 million





»» BALANCE SHEET AS AT 31 DECEMBER 2014 (US\$ MILLION)			
Assets		Liabilities and reserves	
Current assets	2,128	Current liabilities	1,314
Non-current assets	804	Non-current liabilities	95
		Reserves	1,523
Total assets	2,932	Total assets	2,932



2014 FIFA WORLD CUP™: REVENUE (USD MILLION)	
Revenue 2011-2014 4,826	
TV rights	2,428
Marketing rights	1,580
Ticketing	527
Hospitality rights	184
Licensing rights	107



FIFA president Sepp Blatter .AFP

2014 FIFA WORLD CUP™: EXPENSES (US\$ MILLION)	
Expenses 2011-2014 2,224	
Contributions to the Local Organising Committee	453
TV production	370
Prize money	358
Ticketing, IT solutions & hospitality	157
2014 FIFA World Cup™ Legacy Fund	100
Value-in-kind	95
Benefits for clubs	70
Preparation cost payments to participating member associations	48
Marketing costs	46
Team lodging and travel	42
Legal & financial matters	36
Insurance	28
Preliminary competition	20
FIFA Fan Fest™	18
Refereeing matters	14
Other (e.g. goal-line technology, digital, media)	369



## REGIONAL NEWS

■ **BLACK MAGIC** Official says practice by some MPs leads to deadly attacks on albinos

# Politicians warned against witchcraft ahead of elections

Tanzanian politicians were warned to steer clear of witchcraft ahead of elections later this year after the nation's parliament heard lawmakers could be involved in a wave of attacks on albinos whose body parts are prized in black magic.

In the first admission of its kind in parliament, Pereira Silima, Tanzania's deputy Home Affairs minister, said reports linking politicians to albino killings could be true since attacks rose during elections.

The East African country imposed a ban on witchcraft earlier this year to try to stop a trade in albino body parts used in spells and charms claiming to bring luck and wealth as the United Nations warned of a marked increase in attacks.

Silima urged politicians to be wary of promises from witch doctors to help them secure victory in the October General Election. "I want to assure my fellow politicians that there won't be any parliamentary seat that will be won as a result of using albino body

parts," Silima told the national parliament late last week. Albinos face attack in many parts of Africa, but kidnappings, attacks and killings are more common in Tanzania.

At least 75 albinos, who lack pigment in their skin, hair and eyes, have been killed in Tanzania since 2000, according to UN figures.

Witch doctors pay as much as \$75,000 (Sh7.4 million) for a full set of albino body parts, according to a Red Cross report.

The United Nations warned in March that 2015 could be a dangerous year for albinos in Tanzania as politicians turn to witch doctors to widen their chances of winning the polls.

Vicky Ntetema, executive director of Under the Same Sun, a Canadian non-profit working to defend albinos, said an investigative report eight years ago exposed politicians who sought magic potions from witch doctors to win elections but this was the first time that the link was made in parliament. "As sad and as disgusting as it is to hear a government minister admit-

“As sad and as disgusting as it is, I am glad that finally this is an official acknowledgment

VICKY NTEHEMA  
ANTI-ALBINO KILLING ACTIVIST



Peter Ash of Canada, founder of lobby group Under the Same Sun, holds an albino boy at a primary school in Mwanza region of Tanzania. The lobby says an investigation eight years ago exposed politicians who sought magic potions from witch doctors to win elections. REUTERS

ting that politicians are involved in albino killings, I am glad that finally this is an official acknowledgment," Ntetema told the Thomson Reuters Foundation on Monday.

She said that parliament had not seriously discussed the plight of albinos after the atrocities were first reported in 2006 and had failed to take strong enough action. It was not until this year that President Jakaya Kikwete vowed to stamp out

the practice he said brought shame to his nation, imposing a ban on witchcraft and with police arresting over 30 witch doctors in recent months to stop the attacks.

Albinism is a congenital disorder which affects about one in 20,000 people worldwide, according to medical authorities. It is, however, more common in sub-Saharan Africa, affecting an estimated one Tanzanian in 1,400. - REUTERS

## Burundi official says leaders open to postponing poll

Burundi's government has held out the possibility of a postponement of elections which have led to weeks of protests and bloodshed.

President Pierre Nkurunziza said in April he would run for another term in a June 26 vote. More than 20 people have been killed by security forces in protests decrying his move as a violation of the constitution.

Parliamentary and local council elections are also slated for June 5. A summit of leaders of the East African Community — comprising Rwanda, Kenya, Tanzania and Uganda — and South Africa's President Jacob Zuma on Sunday called for postponement of the elections for at least a month and a half.

Presidential spokesman Gervais Abayeho said the electoral commission was looking into the request and would advise the government.

"They will make a proposal to the government to see if it is possi-



Burundi president Pierre Nkurunziza. AFP

ble to make some adjustments on the calendar. But the government is receptive of the proposal made by the summit," he said.

"We believe any reshuffle of the calendar will be anytime soon. I think there will be some slight reshuffle. They are going to come up with a proposal to the government in the coming hours or tomorrow."

Nkurunziza's decision to run for a third term unleashed Burundi's worst political crisis since an ethnically-driven civil war ended in 2005. The president's supporters say a constitutional court ruling allows him to run again.

More than 90,000 Burundians have fled the country, according to new figures from the UN's refugee

agency UNHCR. Gélase Ndabirabe, spokesman for the ruling CNDD-FDD party, said it also supported the postponement. "We are ready to invite all partners in the issue to put effort, stop protests, for what they called protests have cost many lives," he said on national radio.

Last week, the European Union and the Catholic Church pulled out from observing the elections, saying the vote cannot be fair because of daily unrest and a crackdown on media. The opposition had also called for the elections to be postponed.

Leading opposition figure, Agathon Rwasa, said the proposed postponement should be used to create a conducive environment.

"Burundians, the government, civil society, opposition should seat together and put in place acceptable conditions for a democratic election," he told a news conference. - REUTERS

## BRIEFING

## PORT LOUIS

### Saudi's Kingdom Holding sells 50pc stake in Mauritius resort

The hotel unit of Saudi Arabia's Kingdom Holding has sold its 50 per cent stake in Four Seasons Resort Mauritius to its joint-venture partner Sun Resorts, the investment firm owned by billionaire Prince Alwaleed bin Talal said. Kingdom Hotel Investments (KHI), a wholly owned subsidiary of Kingdom Holding, did not disclose the value of the deal in an emailed statement on Monday.

KHI is a leading international hotel and resort real estate investment company focused on emerging markets.

## KAMPALA

### Pay TV firm cuts prices ahead of digital migration deadline

Pay TV Multichoice has slashed prices for its kits ahead of a deadline to migrate to the digital signal platform. MultiChoice announced a 65 per cent cut in their DStv kit. The pay TV provider has slashed their prices from US\$309,000 to US\$99,900 for a full DStv kit which includes a decoder, a dish and one month subscription on the Access bouquet. Making the announcement, Charles Hamya, the General Manager MultiChoice Uganda, said the offer is only available for three weeks. Digital migration is a major global milestone which will positively transform the broadcasting and ICT sector. Mr Bryan Muwonge, the marketing manager of DStv, said the kits will be available at all Multi Choice retail outlets.

## DODOMA

### Five face prosecution over railway wagons scandal

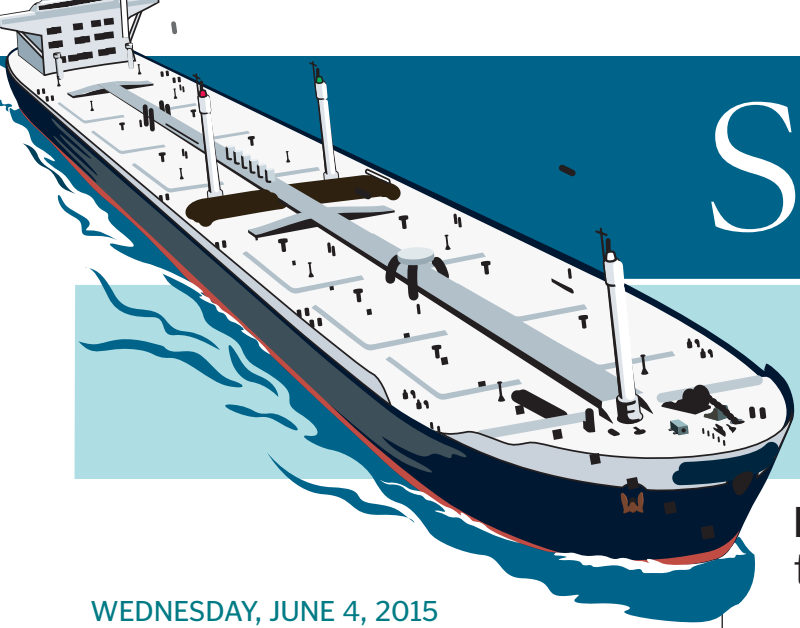
Five public officials in Tanzania are likely to be prosecuted after a team formed to investigate irregularities in buying 25 freight and 274 passenger wagons handed over its report to the government. Tanzania Railway Limited (TRL) signed two contracts with an Indian company in 2013 for the purchase of 25 freight wagons worth TZSh8.3 billion and 274 passenger wagons worth about TZSh51 billion. Minister for Transport Samuel Sitta told Parliament that he received the report on Thursday. But he did not name the suspects and give more details of the report, which he only showed to MPs when responding to questions.

## CAIRO

### Emaar Misr's \$353m IPO in Egypt to run June 16 to 25

Emaar Misr, the Egyptian unit of Dubai's Emaar Properties, has said it will offer 14.9 per cent of its shares in an initial public offer that could raise up to \$353 million between June 16 and 25. The Emaar listing is expected to be the largest flotation on the Cairo exchange since 2007. The subsidiary has a portfolio of investments in Egypt worth about \$6.95 billion, according to its website. A tranche of the offer for retail investors will comprise 90 million shares and a tranche for institutional investors will offer 510 million shares, the firm said in an announcement in Egyptian newspapers.





# Shipping & Logistics

**PAGES 16-17 :** KBS aims to build a lasting brand

**PAGE 18 :** Investors seek speedy construction of Nakuru airport

WEDNESDAY, JUNE 4, 2015



Cargo containers at the port of Mombasa. The law allows owners of vessels and cargo docking at the port to procure insurance services overseas, which eats into local underwriters' incomes. FILE

## Local insurers lobby KRA for marine business

### COVER

Firms want importers compelled to buy policies from them

BY GITONGA MARETE

Insurers are lobbying the Kenya Revenue Authority (KRA) to compel cargo importers to buy policies locally in their latest bid to expand their slice of marine business.

The Association of Kenya Insurers (AKI) says they have been in talks with KRA to introduce a clearance document that would penalise importers who buy insurance from foreign firms.

"We have put up a case of introducing an insurance certificate as one of the clearance documents. If it sails through, it will have addressed this challenge. Kenya's insurance industry is capable of underwriting marine business with several products that are already on offer and there is absolutely no need for importers to buy it from foreign firms," said AKI chief executive Tom Gichuhi.

The insurance industry has blamed a weak regulatory framework and lack of awareness among importers for loss of marine business to foreign firms even as volumes of imports grow. Kenya, which imported Sh1.6 trillion worth of goods last year, loses about Sh21 billion annually to foreign insurers.

Section 20 of the Insurance Act states: "No insurer, broker, agent or other person shall directly or indirectly place any Kenya business other than reinsurance business with an insurer not registered under this Act without the approval,

whether individually or generally, in writing of the Commissioner."

But as a member of the World Trade Organisation, Kenya cannot enforce that section, which has the effect of discriminating against foreign firms.

Mr Gichuhi says their only option is to sensitise importers on the best options available for them and warn shippers of the dangers of procuring policy covers abroad.

"The most serious problem is that

**IN CASE OF A LOSS, THE PROCEDURE FOR PROCESSING THE CLAIM IS CUMBERSOME**

importers cannot be sure that insurance was procured in the first place. Also, in case of a loss, the procedure for processing the claim is so cumbersome and tedious that small importers forego their claims," he said.

Eastern Africa, according to Intergovernmental Standing Committee on Shipping (ISCOS), exported over \$4.3 billion (Sh421 billion) in insurance premiums between 2008 and 2012.

The money was paid by shippers (exporters and importers) in Kenya, Tanza-

nia, Uganda and Zambia which comprise ISCOS membership and Burundi, the Democratic Republic of Congo (DRC), Malawi and Rwanda. Kenya alone paid out \$1.1 billion (Sh105 billion) within this period, or Sh21 billion annually.

With the volume of imports growing over the past two years within the region, it is expected that the payments for 2013 and 2014 will also be high. Cargo passing through Mombasa port grew by over 10 per cent to 24 million tonnes in 2014 when the port handled over one million containers, with the port projected to handle 26 million tonnes this year.

Speaking during ISCOS council ministers meeting in Mombasa on Friday last week, secretary general Kenneth Mwige asked importers to procure insurance locally instead of buying it from foreign companies, saying the amounts would rise with increasing volumes of cargo.

"This is a huge amount of money that would be paid to local insurance companies. The problem is that some importers are not aware that by buying insurance from foreign companies they are exposed to risks because the cover might not be appropriate," Mr Mwige said.

According to ISCOS, most shippers in the region import their cargo on cost, insurance and freight (CIF), which means that they have no control over the transportation and insurance services in the entire logistics chain.

"The exporter decides which trans-

porter or insurance company to use and worse still it is not guaranteed that appropriate insurance cover will be taken. This stifles the growth of the local insurance industry with only overseas companies benefiting," said Mr Mwige.

The recommended mode of import is free on board (FOB) which enables the shippers to buy their own insurance cover and to choose other logistics providers such as transporters.

Mr Mwige said while the law in Uganda and Burundi expressly prohibits importers from procuring insurance with foreign firms, it is not enforced. In, Kenya, Tanzania, Zambia and DRC, the law is not clear on how importers should procure insurance.

During last week's function, Zambia took over ISCOS' leadership from Uganda which has served for two years, with the new chairman, Zambia's Transport minister Yamfwa Mukanga, saying the committee would pursue the issue of marine insurance with relevant countries and ensure importers procure it locally.

Besides insurance, ISCOS recently raised the alarm over high freight costs caused by countries failure to set up their own shipping lines or own ships. Between 2008 and 2012, Kenya, Tanzania, Uganda, Zambia, Malawi, Rwanda and Burundi paid about \$48.2 billion (Sh4.2 trillion) to foreign shipping companies and lines, ISCOS said.



# In the current climate of insecurity, it makes good sense to have a coast guard



BY SILVESTER M KUTUTA

A political popularity report released this week showed government ratings to have declined mainly due to security issues and especially its response to terrorism and related risks. The economy has taken a hard beating, with tourism and the hospitality industry the most affected.

The report further highlighted the plight of hotels and related businesses, having shut down or downsized, especially in the coastal region. The domino effect has been felt in every sector of the economy, including the weakening of the shilling against the dollar. Every Kenyan is affected, and because of the weakening shilling, imported goods like cars, fertiliser, fuel and grains will cost more.

The shipping and logistics industry, an important sector to the economy, has not been spared, either. Cruise shipping is a lucrative industry, providing income and employment to many around the world. It is the fastest growing form of tourism in the world today. However, from 42 cruise ship port calls (15,166 tourists) in 2004, port calls at Mombasa port fell to zero in 2014. And together with the hospitality industry, we have lost out on this lucrative business.

Piracy has been a major contributing factor but in 2013 and 2014, no successful piracy attempts were recorded for big ships. While piracy is increasing in West Africa and Asia, the decline is evident in East Africa. It's a success story to be amplified. But still, there are no plans for cruise ships to resume regular calls to Mombasa. Why are they still not attracted to our country?

Occasionally, we read about the Coast being used as transit for drugs and harmful substances, and unlicensed fishing. Small ships and boats have been intercepted inside Kenyan waters. The word "porous" has been used many times in relation to our borders and coastline. Which brings us to our subject of today.

For many years, the shipping industry has discussed and proposed recommendations about securing our coastline and maritime interests in Kenyan waters. Task force after task force, conference after conference, the industry has held that security of our waters is key to the success of the economy and social welfare of Kenya and East Africa.

We are currently investing heavily in ports and infrastructure. A maritime conference held in Nairobi in March this year identified various mega "blue economy" cluster investment areas, including offshore activities, sea weed farming, sustainable fishing, cruise ships and the hospitality industry. How can

we achieve our potential in the blue economy, in tourism and hospitality, attracting investment sustainably, in an environment of piracy, terrorism, and drug risks? How can investors rally capital for hotels expansion, new ports and terminals, offshore drilling, fishing and sea farming, in such an environment of perceived insecurity?

Business and capital thrive in an environment of stability and perceived long-term security, and that is what we need more than ever before. Many of the security solutions will come from security experts, but as an industry, we have played our part by, time and again, proposing the setting up of an effective, responsive coast guard service.

Yes, we have marine police. Yes, we have a navy. But, the coast guard focuses on securing our waters and coastline on a daily basis. This is a maritime force (not the navy or police) that will enforce civilian rule of law in all activities undertaken inside our economic zone. It will ideally cover all inland waters that have international borders such as lakes Turkana and Victoria, deter unwanted activities from our waters and keep unsavoury people away.

A famous Greek once said that "great is the power of the country that controls the sea". Themistocles said, "He who controls the seas, controls everything". And in the words of Sir Walter Raleigh, "Whosoever commands the sea commands the trade; whosoever commands the trade of the world commands the riches of the world and consequently the world itself".

Many of world's most economically successful countries have taken these words to heart. Notable countries with strong coast guards include the US, almost all of Europe and Australia. In fact, in many of these countries, the coast guard plays a big role in assisting during periods of unforeseen natural

disasters such as Hurricane Katrina and the Asian tsunami.

We face a bright future with many valuable national assets and economic activities that depend heavily on our lakes and the ocean. To sustain and attract more investment we will need to secure our waterways. We will need to secure our beaches. We will need to secure our trading entries in and out of our ports. We are late in this aspect, but we can do something today that will assure the next generation of good employment and life in a more secure and more prosperous country. How long do we have to wait?

Coast guards safeguard a nation's maritime interests. Given the legal backing and hardware necessary to execute their mandate, this seemingly simple decision can boost our economy by providing the necessary assurance on matters of maritime safety, security and environment.

**Mr Kututa is a shipping and logistics consultant** Twitter: @silvesterkututa silvester@esl-eastafrica.com

**Notable countries with strong coast guards include the US, almost all of Europe and Australia**

## Nairobi needs mass transit

### TRAFFIC FLOW

Edwin Mbuthia spoke to Kenya Bus Services Management boss Edwin Mukabanah for his take on Nairobi's chaotic transport system and plans to streamline it

**The Kenya Bus Services brand, as understood by commuters, collapsed about 10 years ago. How has the market received the new name that sounds like the old one?**

When we applied for registration no one opposed the usage of the name. So we decided to use it. Use of the name brought mixed reactions.

Those who did not like the former Kenya Bus Service Ltd have had a field day looking for every reason to associate it with the former company.

Those who liked the former company have thought that it is the former company and have patronised it. All in all, we have had more problems using the name than benefits.

**Does the company operate as a sacco or a limited liability company?**

The company operates as a corporate that franchises buses on a shared infrastructure.

It also offers other services such as workshop repairs, PSV crew training, vehi-



Kenya Bus Services Management managing director Edwin Mukabanah

cle washing, parking, breakdown and recovery, ICT services, fare collection and inspections, among others. However the firm operates a vibrant sacco which allows franchisees (vehicle owners), crew (drivers and conductors) and Kenya Bus Service Management (KBSM) staff to save and access loans.

**Are there other competitor corporates offering the same services?**

The National Transport Safety Authority Act allows corporates – saccos, companies and associations – to operate at least 30 public service vehicles (PSVs). The competition is stiff, unfair and wasteful.

**Nairobi County owns the Temple Road bus station. How come your company**

**still uses the bus park?** is no longer a sharehold. Does this attract chaos? Central bus station, knowledge, was a national asset that was allocated. It was developed to be used for public transport franchise. Nairobi City Hall had a role in KBS.

**How does the company manage buses under its fleet?**

In modern public transport, ownership of rolling stock is from operation and ownership. That is to say, PSVs do not necessarily have operators.

## International law seeks to seal tobacco smuggling loopholes

BY OLOO WINNIE

Kenya stands to increase its revenue from sale of tobacco, if a World Health Organisation (WHO) pact seeking to seal off smuggling routes is passed.

The WHO wants tobacco-producing countries to sign a pact that would see a growth in annual tax collection of Sh3 trillion (\$31 billion) from the industry.

Kenya, a tobacco producer and manufacturer of cigarettes will be required to use tracking and tracing systems and impose sanctions on illicit traders.

Dr Margaret Chan, the WHO director-general said the pact offers the world a unique legal instrument to counter and eventually eliminate a sophisticated

criminal activity. "Fully implemented, it will replenish government revenues and allow more spending on health," she said.

Under the pact, Kenya would impose severe punishment on growers or manufacturers of tobacco for smuggling and counterfeiting goods.

Smuggled and counterfeit tobacco products are sold at a cheaper price by avoiding the taxes, making governments lose millions in tax evasion.

Counterfeit tobacco products are also not measured to meet the standards, posing a health hazard to users.

"Public health is engaged in a pitched battle against a ruthless industry," added Dr Douglas Bettcher, director of the WHO's department for the prevention

of non communicable diseases. If the pact is passed, tobacco producing countries will be required to cut policy on manufacturing of tobacco.

The WHO pact requires signatory countries to set up an international court of justice to resolve disputes. An agency proposes.

A targeted 40 member states are expected to approve the pact to become an international law.

The pact outlines measures to improve operation issues, security in the supply chain, a policy guideline to curb tobacco trade. Kenya's tobacco exporter generate



TRANSPORT

Transport system to end congestion



...panah during the launch of Abiria Card in June last year. SALATON NJAU

rk while the county holder in your firm? charges?

n, to the best of my national government cated to KBS who de- ed while operating a ranchise with the City i. At the time of allo- and 25 per cent shares

pany acquire the et?

ransport operations, ng stock is separated and infrastructure to say that owners of sarily have to be the

This is because public transport is a highly professional service that cannot be provided by individuals, say, sitting somewhere in an office. The company therefore invites vehicle owners to bring in buses in a franchise and management arrangement.

With the traffic rules requiring all PSVs to be under a sacco how do you deal with the competition?

Allowing PSVs to operate under sacco has brought in many benefits. Now sacco can be held accountable for actions of their members.

However, I think there is a need to trim down the number of sacco as I believe they are too many.

It will also be useful for the regulator adopt tendering of routes so that op-

erators compete for routes and not pas- sengers. This will reduce the so called "matatu madness".

Public transport must be subjected to rules of entry to avoid over-busing routes leading to stiff competition where equip- ment is idle most of the day, overcharging or predatory pricing is applied.

During KBS's days, buses operated on schedule across the city for 16 bus hours doing 350 kilometers per bus a day, each carrying 1,250 passengers. Today, buses operate demand responsive services that close early, clocking less than 150 kilometers per bus daily carrying about 450 passengers.

The county government plans to move all PSVs from the central business dis- trict. Your take?

The idea of moving public transport from the CBD and indeed barring them access- ing certain areas or roads is ill-advised. We know that public transport serves Buckingham Palace in London.

The problem that we face in Nairobi is that public transport licensing regime has created a big terminus in the CBD. KBS operated over 400 buses through Kencom and Ambassador Hotel stages on scheduled cross-city services without a problem.

If we continue licensing demand responsive para transits on a hub-and- spoke service, we will continue to have congestion.

The county will only be able keep public transport out of the CBD when there is a world class mass transit system operating from a well-developed public transport infrastructure.

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Tobacco farm in Teso. Smugglers face tougher fines if a proposed international pact is signed into law. FILE

bacco exports to Egypt alone.

The tobacco industry is among the biggest top revenue earners, through value added tax (VAT) charged at the rate of 16 per cent and excise duty at 35 per cent on the retail selling price.

Counterfeit cigarettes are smuggled into the country through the sea while exports are diverted by roads to other markets. Tobacco smuggling denies the country revenue as high prices and taxes fuel the illicit trade.

MOMBASA PORT WEEKLY

Heavy rain hurts bulk cargo operations at Mombasa port

Heavy rainfall currently being experi- enced in most parts of the country have not spared operations at the Mombasa port which last week handled 23 vessels down from 29 in the previous week.

There were 13 general cargo ships that dis- charged a total of 166,335 tonnes of assorted car- go compared to 244,437 tonnes, a difference of 78,102 tonnes or 46.9 per cent. The total number of container vessels during the week recorded 10 down from 14. The vessels discharged and loaded a total of 21,105 twenty-foot equivalent units (TEUs) down from 25,167 TEUs, translat- ing to minus 4062 TEUs or 16.1 per cent.

During the week under review, steel im- ports registered 37,579 tonnes to dominate operations at the conventional cargo berths. This was followed by the offloading of bulk coal that recorded 36,775 tonnes and 33,318 tonnes of bulk wheat. Other notable tonnage was 7,490 tonnes by 2,732 units of motor-vehicles and 4,908 tonnes of other general cargo.

The conventional cargo section also record- ed handling 2,279 tonnes of bulk illuminate, 292 tonnes of bulk sorghum and 21,452 tonnes stuffed in 1,510 containers. The conventional cargo delivered out of the port through road transport registered 112,403 tonnes while the conveyor handled 32,424 tonnes. Available sta- tistics indicate that road deliveries dropped by 81,196 tonnes while conveyor recorded minus 18,411 tonnes.

A spot check along the operational areas revealed a general low performance by most

166,335

The amount of assorted cargo in metric tonnes that 13 ships discharged at the Mombasa port over the past week.

of the ships, especially the bulk carriers. On several occasions the ships were closing cargo holds to protect cargo resulting in prolonged berth occupancy.

The operators expressed optimism they would compensate for the negative impact by deploying various prudent efficient measures when the rains subside. The dockers deployed to undertake the stevedoring and shore handling operations usually report poor performance dur- ing adverse weather conditions.

Although highly mechanised, operations at the container handling section were not spared either. Deliveries of containers out of the port by the road transport registered 11,376 TEUs down from 11,846 TEUs. The rail transport de- livered 301 TEUs down from 381 TEUs while total container yard population registered 12,055 TEUs.

This comprised 1,334 TEUs awaiting pick-up order, 3,825 TEUs which were ready for collec- tion, 4007 TEUs being full exports (nominated and unnominated) and 263 TEUs of tranship- ment. Others were 1,521 TEUs of empties and 1,105 TEUs at the customs warehouse.

- KPA



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 NOA	JX521R/ JX524A	09/06/2015	12/06/2015	15/06/2015	SALALAH	20/06/2015
MSC KERRY	JX522R/ JX525A	18/06/2015	18/06/2015	21/06/2015	SALALAH	26/06/2015
MSC MARTINA	JX523R/ JX526A	22/06/2015	26/06/2015	29/06/2015	SALALAH	04/07/2015
MSC LARA	JX524R/ JX527A	29/06/2015	03/07/2015	06/07/2015	SALALAH	11/07/2015

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	ZN521A/ ZN524R	07/06/2015	07/06/2015	09/06/2015	DAR ES SALAAM/ BEIRA	10/06/2015
MSC JASMINE	ZN523A/ ZN525R	12/06/2015	12/06/2015	14/06/2015	DAR ES SALAAM/ NACALA	15/06/2015
MSC NICOLE	ZN524A/ ZN526R	18/06/2015	18/06/2015	20/06/2015	DAR ES SALAAM/ BEIRA	21/06/2015
MSC DENISSE	ZN525A/ ZN527R	02/07/2015	02/07/2015	04/07/2015	DAR ES SALAAM/ NACALA	05/07/2015

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❏ **INFRASTRUCTURE** Nema stopped construction of the facility, saying the site was on a bird migration route

## Investors want Nakuru airport project hastened

BY ERIC MATARA

Investors are pushing for speedy construction of the proposed Nakuru airport to boost flower exports to Europe.

Through their lobby, the Kenya National Chambers of Commerce and Industry (KNCCI), investors said the delay in building the airport was among factors slowing down growth of the horticulture sector.

"Flower farmers, especially in Naivasha sub-county, will have a chance to exploit a huge market by increasing their flower exports to Europe and the United States," said Naivasha KNCCI chairman Kamau Njuguna.

"The county has the potential to turn the economy of this country into a thriving one if we build a reliable transport system."

The county, which produces close to 70 per cent of Kenya's flowers exports, relies on refrigerated trucks to ferry produce to Nairobi's Jomo Kenyatta International Airport, more than 100 kilometres away, for export.

Construction of the Sh60

million airport has been on the cards since 2011 when the Treasury allocated Sh250 million for preparatory work in the 2011/2012 Budget.

However, plans to build the facility on a 640-acre piece of land in Pipeline Area on the outskirts of Nakuru town were stopped by the National Environment Management Authority (Nema) which claimed that the area was on a bird migration route.

### A million travellers

Nema told the Kenya Airways Authority (KAA) that building an airport on the site would endanger birds.

The move prompted KAA, which is mandated to provide airport infrastructure, and the Kenya Civil Aviation Authority, the air transport regulator, to begin the search for an alternative site.

In an earlier interview, Rachel Maina, the land, housing and physical planning executive, said the county was ready to provide KAA with alternative land.

County officials proposed two sites; one in Njoro and another in Naivasha. But the

Njoro site was rejected due to its terrain.

KAA corporate communications manager Angela Tilitei told the *Business Daily* last July that the number of travellers and cargo volume expected to pass through the airport, the type of aircraft that will use it and wind direction were among factors to be considered before a site could be approved.

She said the search was still on course, adding that construction would start once a suitable area is identified.

The airport is expected to serve about a million travellers annually, including tourists to Lake Nakuru National Park, among other attractions in the region.

The facility will also be used by planes ferrying farm produce, especially flowers, fruits and vegetables, to destinations across the world.

Efforts by the *Business Daily* to contact Ms Tilitei on the progress made so far were not fruitful as she was said to be out of office.

The airport will be a welcome facility, according to flower farmers in Naivasha.

## Treasury approves 9 permits in bid to improve online trade

BY SANDRA CHAO-BLASTO

The Treasury has approved nine online permits in a bid to improve cross border trade.

In a public notice published on Friday, the Treasury said the Kenya Trade Networks (Kentrade) had piloted the new permits after integrating more State agencies and departments into the online system.

The permits bring to 16 the number of regulatory approvals processed through the single window system.

Kenya plans to process all cross-border trade permits through the online platform.

"With effect from July 1, 2015, these documents shall be processed through the Kenya TradeNet System," Treasury principal secretary Kamau Thugge said in the notice.

Kenya TradeNet System, run by Kentrade, provides a single online platform for accessing permits from regulatory agencies enabling easier and faster trading.

The system is meant to eliminate paperwork and physical contact with government officials, eliminating corruption and cutting the cost of cross-border trade. Mr Thugge said importers, exporters as well as clearing

and forwarding agents will from July 1 be able to access permit forms and have them processed online through the Kentrade platform.

The move will see processing of import and export permits by various State agencies such as the Agriculture, Fisheries and Food Authority, Kenya Bureau of Standards, Kenya Plant Health Inspectorate, the Pharmacy and Poisons Board and Kenya Wildlife Service done through the portal.

This means that in addition to the import declaration form, sugar, tea and horticultural licences will now be accessed through the platform.



# MONEY & MARKETS

NEWS | REVIEWS | ANALYSIS

## Britam pulls plug on low-income individual cover

» **INSURANCE** Firm targets SMEs and groups as well as reduce costs with new business model

BY JOHN GACHIRI

Britam is pulling the plug on an increasingly popular low-end cover for individuals launched with Safaricom in January last year.

The underwriter will no longer offer its Linda Jamii health insurance cover to individual customers though it will continue to sell the same to employees of firms and members of investment or social groups.

The listed insurance company said it had decided to change to a business model that goes after groups such as *chamaas* (investment clubs), small and mid-size enterprises (SMEs) as opposed to individuals to raise efficiency.

The firm said targeting customers who belong to the same work or social group would reduce the administrative burden associated with selling the micro-health cover and at the same time increase uptake of the products by selling to a wider pool.

"This will enable us scale our business very quickly and that way we can increase the penetration of our products," said Britam general manager (micro-insurance) Charles Muyodi.

Individuals who bought the Linda Jamii covers will still continue to get the

services until expiry but no new policies will be sold effective this month.

Analysts said the shift to groups from individuals is becoming a common industry practice also meant for insurance companies to manage their risks. Insurance companies last year incurred huge costs from health insurance triggering enhanced vigilance and risk management.

Francis Mwangi, head of research at Standard Investment Bank, said by going after SMEs and larger companies, insurers are able to sell products based on the risk profile of the group.

"If there is a claim it affects the entire group that way it is easier to price premiums," he said.

Mr Mwangi added that companies are better customers because they have more incentives to reduce their premiums and, therefore, take measures to reduce unnecessary claims.

Linda Jamii is a micro-health cover that was launched in January 2014 together with the telco and Changamka Microinsurance targeting the underserved low end of the market.

Insurance penetration stood at three per cent at the time and one reason cited for the low figure was a lack

**This will enable us scale our business very quickly and that way we can increase the penetration of our products**

CHARLES MUYODI, GENERAL MANAGER, MICRO-INSURANCE, BRITAM



From left: Changamka Microinsurance CEO Sam Agutu, Britam Insurance MD Stephen Wandera, Safaricom CEO Bob Collymore and Britam Group managing director Benson Wairegi at the launch of Linda Jamii in Nairobi in January 2014. SALATON NJAU

of infrastructure to make payments on premiums.

The micro-health cover had an en-

try price of Sh12,000 per year offering holders for in and out patient, maternity, dental, optical, a hospitalisation

**Britam top shareholders**  
Government of Mauritius has said it will take over Mr Rawat's BAKHL

Investor	Stake (%)
BAKHL	23.34
Peter Munga	16.99
Jimah Mbaru	10.28
Jane Michuki	9.27
James Mwangi	5.37
Benson Wairegi	5.17

SOURCE: COMPANY REPORTS

and income replacement benefit services worth Sh250,000.

Britam and Safaricom's partnership was meant collect payments through the M-Pesa mobile money transfer service.

Britam, however, declined to disclose the number of individuals who have taken up the health cover to protect its data from its competitors.

The listed company revised its books for 2014 in late April reducing after tax profit by Sh342 million to about Sh2.5 billion.

Profits were boosted by the purchase of Real Insurance in mid-2014.

Real Insurance contributed Sh2.2 billion in premiums and fund management fees, helping grow the group's gross revenue 55 per cent to Sh14.7 billion from Sh9.46 billion recorded the previous year.

Britam's assets grew from Sh46.9 billion to Sh72.9 billion last year with equities and fixed income accounting for 58 per cent of this portfolio. [jgachiri@ke.nationmedia.com](mailto:jgachiri@ke.nationmedia.com)

## US firm eyes business in counties

Guided Therapeutics, a US-based health equipment manufacturer, is targeting more business in the counties, after bagging its first local contract from the Nairobi government.

The company received its first order to supply and install cancer screening equipment at Mbagathi District Hospital worth Sh3.2 million in May.

Robert Ayisi, Nairobi health services chief officers, said one machine has been installed at the hospital with more devices on the way.

"We have installed one machine at Mbagathi Hospital but we want five more," said Dr Ayisi.

Guided Therapeutic's management said it expects bigger orders from the Kenyan market which is set to be a major contributor to its 2015 sales that are estimated to hit Sh300 million.



Robert Ayisi, Nairobi health services chief officer. FILE

"We believe this is the first step to what could be a very significant order for the company based on the money that has been budgeted by Nairobi County. There is the potential that later this quarter or in the third quarter to begin to expand to six additional facilities in the county, which

would require 10 to 12 units with up to 10,000 patients per month being screened," said Guided Therapeutics chief executive Gene Cartwright in a statement.

The company estimates there are some 1.5 million women in Nairobi eligible to use its devices for early screening of cervical cancer.

More sales are expected in other counties and the entire region.

"Our partner, Stem World Enterprises, is optimistic that the screening programme will be expanded in 2015 and in turn should support inroads in other parts of the developing world. Nairobi County is just one of 47 counties in Kenya and what Kenya's capital does is often followed elsewhere in the country and in East Africa," said Mr Cartwright.

-JOHN GACHIRI

## Safaricom starts shortlisting young firms for Sh99 million Venture Fund

BY JOHN GACHIRI

Safaricom has started shortlisting entrepreneurs who applied for funding from the company's \$1 million (Sh99 million) Spark Venture Fund.

The firm said 200 start-ups had applied for funding from the kitty targeting companies with products that need financing to scale up their businesses.

"We are on course to fulfil the promise that we made more than three years ago when we committed to nurture the growing mobile development space in Kenya. We believe that the sector is ripe for the development of innovative, local-based solutions that have viable commercial application," said Safaricom director for innovation and strategy Joe Ogutu.

Safaricom will make minority equity investments of between Sh7 million and Sh22 million in the successful start-ups.

TBL Mirror Fund, which is managing the \$1 million fund, said that it had so far identified companies that are ripe for scaling up and were well managed.

"We have seen promising and good quality start-ups that are starting to build up experienced teams alongside their technical and sales workforce. This illustrates the high level of interest in the market for scalable, locally developed and innovative solutions," said TBL manager Eline Blaauboer.

The companies will also benefit from strategic relationships with Safaricom.



## MONEY &amp; MARKETS

# Australian explorer pulls out of second Lamu oil block

**■ COSTS** Pancontinental cites costs as it exits Block L10A, leaving BG Group as the sole owner

BY GEOFFREY IRUNGU

Pancontinental Oil and Gas has pulled out of another Lamu block where oil has already been discovered offshore, citing escalating costs of doing business.

This is the second pullout in less than two months that the Australian-owned company is exiting after ditching the adjoining block L10B in April.

It comes at a time that exploration financing is getting tight, with investors increasingly backing the less costly onshore activity.

“Pancontinental Oil & Gas and its L10A joint venture partner PTTEP of Thailand have issued operator BG Kenya L10A Ltd with notices of withdrawal from Block L10A in the Lamu Basin offshore Kenya,” said CEO Barry Rushworth in a statement.

In a June 1 update to the Australian Stock Exchange, the firm said it would, however, continue exploration through Block L6.

“Pancontinental remains in a unique position, with its remaining asset portfolio in Namibia (EL0037 with Tullow Oil) and Kenya (Block L6 with FAR Ltd, Milio International) fully funded for the next phase of exploration commitments,” Mr

Rushworth said in the statement.

Many explorers are finding the going tough due to high drilling costs amidst low oil prices; experts say rigs cost minimum Sh2 billion.

“The company is committed to the prudent deployment of its resources and as such it has decided

to withdraw from the L10A project, given the project’s cost and potential benefit profile with respect to the company,” said Mr Rushworth.

Pancontinental held 18.75 per cent of the block while Thailand-based PTEP held 31.25 per cent, making a combined stake of 50 per cent. BG Group, which

was recently acquired by Royal Dutch Shell for Sh6.8 trillion (\$70 billion), owns the rest of the stake in the block.

The deal awaits the approval of the ministry of Energy.

“Subject to ministerial consent, Pancontinental’s 18.75 per cent interest and PTTEP’s 31.25 per cent interest will be transferred to the operator BG who will then be the only remaining participant and hold 100 per cent of the L10A licence,” said Mr Rushworth.

Despite the exits from the two blocks, Pancontinental said it was looking for investments that would

**Pancontinental will advance and look to grow its African portfolio in the near term**

BARRY RUSHWORTH,  
PANCONTINENTAL CEO



Oil exploration in Turkana. Many explorers are finding the going tough due to high drilling costs. FILE

grow its portfolio in Africa. But it did not give an indication of any particular prospect it was considering.

“Pancontinental will advance and look to grow its African portfolio in the near term, consistent with its continued belief in the high prospectivity of parts of the continent and their future high potential to produce commercial oil and gas.”

When it pulled out of Block L10B in April, Pancontinental had also cited the need to manage its cash

prudently as the reason for parting ways with BG Group.

“The company considers that the withdrawal is in the interest of prudent financial management, whilst maintaining a manageable and prospective exploration portfolio,” Mr Rushworth had said.

The two exits leave BG Group as the sole owner and operator of both Blocks L10A and L10B.

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## Shilling slips on growing dollar demand

The Kenyan shilling slipped modestly in early trading yesterday, pushed lower by local demand for dollars and the strength of the US currency in global markets.

By 0648 GMT, the shilling was trading at 97.65/75 to the dollar, compared with Friday’s close of 97.45/55. Kenyan markets were closed on Monday for Madaraka Day celebrations.

A trader at a commercial bank in Nairobi said attention was on the central bank to see if it would sell dollars as it did on Thursday.

That intervention lifted the shilling from around 99 to the dollar, but traders said the Kenyan currency could slip back again without more central bank support.

“The global dollar strength is pushing it (lower),” said another trader, adding: “There is demand for dollars.”

The shilling has been undermined by a stronger dollar, falling foreign exchange inflows due to reduced tourist arrivals after frequent Islamist militant attacks, and a widening current account deficit as importers demand dollars for capital goods.

-REUTERS



The Kenyan shilling slipped modestly yesterday against the dollar. FILE

# Oxfam says corporations deprive Africa of \$11bn yearly in taxes

Multinational companies deprive African governments of \$11 billion in taxes each year, and G7 world leaders should set up a new global body to regulate corporate taxation, Oxfam International said.

By shifting profits overseas to lower tax regimes, companies legally avoid paying taxes to the African countries where they generate revenues, depriving governments of money they desperately need for development, the anti-poverty group said in a report on Africa.

When leaders of the G7 major industrialised countries meet in Germany on June 7-8 to discuss how to support economic growth in Africa, a vital component of their talks should be comprehensive reform of the global tax system, Oxfam said.

“It’s absurd that there are international organisations for trade, health and football but not for tax,” Oxfam International executive director Winnie Byanyima said.

An international body similar to the World Trade Organisation could represent all countries’ interests and mediate disputes among taxation regimes, Oxfam said.

Oxfam based its calculation of the tax revenue Africa loses on a United Nations-backed study released in April that estimated \$50 billion in illicit funds flow out of the continent each year, much of it through corporate trade mispricing to avoid taxes or in transfers of money obtained corruptly.

This is almost double the official de-

## Evasion

■ Multinational firms shift profits to lower tax regimes to avoid paying taxes to African countries

velopment aid Africa receives each year. G7 leaders already are discussing how to make the global taxation system fairer, but developing countries complain they have no seat at the table in those talks, even though they are the victims of the present system.

Collecting more taxes would make them less dependent on aid, an issue that is gaining importance as world leaders prepare to adopt an ambitious new set

of development goals for ending extreme poverty in September and climate goals by year end - all of which will be costly to fund.

“We have discussions this year that shape the development agenda for the next 15 years, and how we finance it is crucial to making progress,” Claire Godfrey, Oxfam senior adviser and author of the report, said in an interview.

Tax reform would go a long way towards funding new commitments to improve schooling and healthcare, she said. For example, G7-based companies alone avoid about \$6 billion a year in taxes due to African governments, more than three times the amount the Ebola-affected countries of Sierra Leone, Liberia, Guinea and Guinea-Bissau need to

plug their funding gaps to deliver free primary healthcare, she said.

One quarter of South Africans go to bed hungry each night and a further 25 percent are at risk of missing a meal, said Malcolm Damon, director of Economic Justice Network for southern Africa. Governments need resources to reduce poverty, he said.

“Though it is legal what transnational corporations are doing in transferring profits, the fact is that it is an immoral situation,” he said in a telephone interview. The G7 summit takes place on June 7 and 8 in Bavaria, Germany, and in July world leaders and ministers meet in Addis Ababa to consider how to finance the new development agenda.

-THOMSON REUTERS FOUNDATION



www.bdafrica.com

# TOP

**WOMAN**

Top 40 under 40 recognizes women under the age of 40 who are the trail blazers in their industry and have had a great impact in their work place and in the society making them highly influential.

The Business Daily invites you to nominate yourself or such a woman through our website [www.bdafrica.com](http://www.bdafrica.com)

CLOSING DATE: 30TH JUNE 2015

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TOP  
40  
UNDER  
40  
*Women*

**BUSINESS DAILY**  
■ more possibilities  
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MARKET DATA

Agro Commodities Market

Early Morning wholesale commodity prices Date 02-06-2015								
COMMODITY	Unit	Kg	Nairobi	Mombasa	Kisumu	Nakuru	Eldoret	Isiolo
CEREAL								
Dry Maize	Bag	90	3000	2900	2800	2500	2600	3600
Green Maize	Ext Bag	115	3400	7500	3000	2800	1600	5000
Finger Millet	Bag	90	7800	8100	7200	7000	5850	9000
Sorghum	Bag	90	3700	3600	3600	3550	4500	3600
Wheat	Bag	90					3400	5400
LEGUMES								
Beans Canadian	Bag	90	7500		8000	7000		
Beans Rosecoco	Bag	90	7300	8600	7800	7000	6750	8100
Beans Mwitemania	Bag	90	7300	9000		4900	6750	8100
Mwezi Moja	Bag	90	7300					9000
Dolichos (Njahi)	Bag	90	10500	9000		9000	8100	13500
Green Gram	Bag	90	11500	10800	13000	10800	10350	13500
Cowpeas	Bag	90	7200	9900	8000	7200	5400	9000
Fresh Peas	Bag	51	3000		2800	5000	2550	
Groundnuts	Bag	110	12800	15400	11000	11000	12600	14000
ROOTS & TUBERS								
Red Irish Potatoes	Bag	50	2800	3300	5000	3500	3200	2000
White Irish Potatoes	Bag	50	2900	3850	5000	3500	3000	
Cassava Fresh	Bag	99	1900	2000	2100			1800
Sweet Potatoes	Bag	98	3200	3150	2500	3000	2600	2000
VEGETABLE								
Cabbages	Ext Bag	126	2500	5200	2100		1800	2000
Cooking Bananas	Med Bunch	22	500	700	450	350	1200	600
Carrots	Ext Bag	138	3700	10580	4500	3300	1800	
Tomatoes	Lg Box	64	6000	8300	5500	6000	5000	4500
Onions Dry	net	13	1300	1500	1400	1000	1170	1300
Kales	Bag	50	1200	2000	1500	800	1200	1000
Spring Onions	Bag	142	1800	3800	1400	1000	1000	
Chillies	Bag	38	2000	1700	1300	2500		
Cucumber	Bag	50	1600	1500				
Capsicums	Bag	50	2200	1500	2000	2500	2000	
Brinjals	Bag	44	1600	880	1400	2500		
Cauliflower	crate	39	3000	2800				
Lettuce	Bag	51	2200	2000				
FRUITS								
Passion Fruits	Bag	57	4500	7500	3000	5000	3420	6500
Oranges	Bag	93	3200	3000	3000	3000	3500	4500
Lemons	Bag	95	2400	2400	1800	2700		
Mangoes Local	Bag	126	2400	1000	2400		2400	2300
Mangoes Ngowe	Sm Basket	25	1000	1000	1750	500	600	
Ripe Bananas	Med Bunch	14	600	450	450	750	560	400
Limes	net	13	900	1000				
Pineapples	Dozen	13	720	960	680	480	1170	720
Pawpaw	Lg Box	54	1800	500	1500	2500	1890	900
Avocado	Bag	90	2400	3000	1600	2000	2100	2400
OTHERS								
Eggs	Tray		320	360	300	280	360	350

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	473.43	60.42	▲ 14.63%	473.43	473.43	473.43	413.01
CI-AC AMER.	1,070.08	10.83	▲ 1.02%	1,070.08	1,070.08	1,070.08	1,059.25
CI-ASIA PAC	144.27	5.19	▲ 3.73%	144.27	144.27	144.27	139.08
CI-ARGENTINA	2,180.41	-27.69	▼ -1.25%	2,180.41	2,180.41	2,180.41	2,208.10
CI-BRIC	617.51	58.67	▲ 10.50%	617.51	617.51	617.51	558.85
BRIC	304.52	33.80	▲ 12.48%	304.52	304.52	304.52	270.72
BRIC GROWTH	556.86	44.46	▲ 8.68%	556.86	556.86	556.86	512.39
BRIC VALUE	492.72	54.86	▲ 12.53%	492.72	492.72	492.72	437.86
CI-BAHRAIN	106.72	13.49	▲ 14.47%	106.72	106.72	106.72	93.23
CI-BRAZIL FREE	2,070.71	173.14	▲ 9.12%	2,070.71	2,070.71	2,070.71	1,897.57
CI-CHILE	4,314.82	112.70	▲ 2.68%	4,314.82	4,314.82	4,314.82	4,202.13
CI-CHINA FREE	83.27	11.88	▲ 16.64%	83.27	83.27	83.27	71.39
CI-COLOMBIA	2,441.71	158.72	▲ 6.95%	2,441.71	2,441.71	2,441.71	2,282.99
CI-CZECH REPUBLI	301.37	-0.61	▼ -0.20%	301.37	301.37	301.37	301.98
CI-EAFE+EM	342.54	6.40	▲ 1.90%	342.54	342.54	342.54	336.14
CI-EU	497.66	0.13	▲ 0.03%	497.66	497.66	497.66	497.53
CI-EM	53,350.06	2782.01	▲ 5.50%	53,350.06	53,350.06	53,350.06	50,568.05
CI-EGYPT	1,830.98	-50.99	▼ -2.71%	1,830.98	1,830.98	1,830.98	1,881.98
CI-AC EUROPE	538.00	0.48	▲ 0.09%	538.00	538.00	538.00	537.52
CI-C.FE	128.87	6.29	▲ 5.13%	128.87	128.87	128.87	122.59
CI-GOLD DRAGON	186.24	19.32	▲ 11.57%	186.24	186.24	186.24	166.93
CI-HUNGARY	1,082.75	157.07	▲ 16.97%	1,082.75	1,082.75	1,082.75	925.67
CI-INDON. FREE	5,928.79	-746.42	▼ -11.18%	5,928.79	5,928.79	5,928.79	6,675.20
CI-INDIA	1,005.05	-54.63	▼ -5.16%	1,005.05	1,005.05	1,005.05	1,059.68
CI-JOEG & MA	1,183.33	-38.73	▼ -3.17%	1,183.33	1,183.33	1,183.33	1,222.06
CI-KOREA	580.37	17.17	▲ 3.05%	580.37	580.37	580.37	563.20
CI-KUWAIT	538.49	22.82	▲ 4.43%	538.49	538.49	538.49	515.67
CI-SRI LANKA	694.23	25.38	▲ 3.80%	694.23	694.23	694.23	668.84
CI-MOROCCO	286.89	-12.01	▼ -4.02%	286.89	286.89	286.89	298.90
CI-EM E.EUROPE	271.32	16.11	▲ 6.31%	271.32	271.32	271.32	255.21
CI-EM FAR EAST	687.91	44.47	▲ 6.91%	687.91	687.91	687.91	643.45
CI-EM ASIA	801.46	42.53	▲ 5.60%	801.46	801.46	801.46	758.92
CI-EM EUROPE	4,913.30	259.41	▲ 5.57%	4,913.30	4,913.30	4,913.30	4,653.89
CI-MEXICO FREE	42,311.25	599.79	▲ 1.44%	42,311.25	42,311.25	42,311.25	41,711.46
CI-MALAYSIA FREE	635.23	-3.70	▼ -0.58%	635.23	635.23	635.23	638.93
CI-OMAN	737.83	5.31	▲ 0.72%	737.83	737.83	737.83	732.52
CI-PERU	2,310.74	203.06	▲ 9.63%	2,310.74	2,310.74	2,310.74	2,107.68
CI-PHILIPP.FREE	1,314.59	-42.38	▼ -3.12%	1,314.59	1,314.59	1,314.59	1,356.97
CI-PAKISTAN	134.51	12.89	▲ 10.60%	134.51	134.51	134.51	121.62
CI-POLAND	791.98	74.94	▲ 10.45%	791.98	791.98	791.98	717.04
CI-QATAR	996.62	23.82	▲ 2.45%	996.62	996.62	996.62	972.79
CI-RUSSIA	817.04	50.80	▲ 6.63%	817.04	817.04	817.04	766.25
SOUTH EAST ASIA	835.75	3.20	▲ 0.38%	835.75	835.75	835.75	832.55
CI-THAILAND FREE	528.17	3.17	▲ 0.60%	528.17	528.17	528.17	524.99
CI-TURKEY	447.54	0.47	▲ 0.10%	447.54	447.54	447.54	447.08
CI-TAIWAN	361.32	8.12	▲ 2.30%	361.32	361.32	361.32	353.20

Commodities

Shortage



Lagos

People queue with jerrycans to buy fuel at Mobil filling station in Lagos. Long queues have recently been witnessed at petrol stations across oil-rich Nigeria following a row over subsidy payment to petrol importers as well as sale of government oil blocks to private investors, union officials said. AFP

Global Commodity Prices

Effective date: 2nd June 2015

AGRO COMMODITIES



SOFTS			
COMMODITY	CURRENCY	LAST NET CHNG	
SUGAR NO5	USD	356.30	2.90
COFFEE	USD	162.30	-19.45
COCOA	USD	3090.00	37.00
RUBBER	JPY	231.00	2.00
FROZEN OJ CON1	USC	116.50	2.25
COTTON NO2	USC	63.91	0.16
GRAINS			
CORN	USC	354.75	2.50
MAIZE EUR	EUR	155.75	1.25
WHEAT	USC	497.75	4.00
ROUGH RICE	USD	9.66	0.01
OILSEEDS			
SOY BEANS	USC	932.75	6.75
SOY BEAN OIL	USC	34.28	-0.23
CANOLA	CAD	486.00	0.90
PALM OIL	MYR	2264.00	-8.00

METALS & MINING



SYMBOL	CURRENCY	LAST	NET CHG
100 OZ GOLD	USD	1187.10	-1.20
SILVER	JPY	66.00	0.00
HG COPPER	USC	2.76	0.02
PLATINUM	JPY	4460.00	26.00
ALUMINIUM	CNY	13035.00	-10.00
PALLADIUM	JPY	3080.00	-15.00

OIL& GAS



SYMBOL	CURRENCY	LAST	NET CHG
LIGHT CRUDE	USD	60.76	0.56
NO 2 HT OIL	USD	1.94	0.01
BRENT CRUDE	USD	65.26	0.38
GAS OIL	USD	596.25	6.50
NATURAL GAS	USD	2.64	-0.01
KEROSINE	JPY	60870.00	480.00

Unit Trusts

Effective date: 29th May 2015

MONEY MARKET FUND	CURRENCY	DAILY YIELD	EFFECTIVE ANNUAL RATE
OLD MUTUAL	SH	7.36%	7.61%
BRITISH AMERICAN	SH	9.93%	10.44%
CBA	SH	9.35%	9.73%
UAP	SH	10.42%	10.98%
ICEA	SH		
MADISON ASSET	SH	9.66%	10.10%
GENCAP HELA	SH	11.05%	11.52%
AMANA CAPITAL	SH	10.38%	10.89%
PAN AFRICA PESA+	SH	10.45%	11.02%
NABO AFRICA	USD		
CIC	SH	10.72%	11.33%
STANLIB	SH	9.33%	9.74%
FIXED INCOME FUND	CURRENCY	BUY	SELL
GENCAP HAZINA	SH	116.5	112.42
CIC	SH	9.88	10.14
NABO AFRICA	USD		
BALANCED FUND			
OLD MUTUAL / TOBOA	SH	161.42	171.89
BRITISH AMERICAN	SH		
BA MANAGED RETIREMENT	SH		
ICEA	SH		
GENCAP ENEZA	SH	131.89	127.28
MADISON ASSET	SH	64.32	67.87
AMANA CAPITAL	SH	120.16	120.16
UAP	SH	10.86	11.41
PAN AFRICA CHAMA+	SH	10.67	11.00
CIC	SH	13.72	14.36
NABO AFRICA	USD		
STANLIB	SH	129.52	129.52
EQUITY FUND			
OLD MUTUAL	SH	397.80	426.23
OLD MUTUAL EAST AFRICA FUND	SH	157.37	166.55
BRITISH AMERICAN	SH		
CBA	SH	163.52	163.52
ICEA	SH		
GENCAP HISA	SH	134.58	129.87
MADISON ASSET	SH	50.53	53.64
AMANA CAPITAL	SH	120.30	120.30
CIC	SH	14.80	15.59
UAP	SH	10.52	11.05
NABO AFRICA	USD		
STANLIB	SH	180.77	180.77
BOND FUND			
OLD MUTUAL BOND FUND	SH	102.72	105.16
BRITISH AMERICAN	SH		
ICEA	SH		
UAP	SH	10.95	10.95
PAN AFRICA PATA+	SH	10.19	10.51
STANLIB B1	SH	101.09	101.09
STANLIB A	SH	100.31	100.31
SHARIAH COMPLIANT			
GENCAP IMAN	SH	116.49	110.66



MARKET DATA

Greece offers new pension plan as talks near crunch

Greece's leftist government has put forward first proposals for pension reform as debt talks with international creditors reach a crunch point this week with Athens' cash running out, the European Union's economics chief said yesterday

The report came after the leaders of Germany, France, the European Commission, the International Monetary Fund and the European Central Bank agreed at an emergency meeting in Berlin on Monday night to work with "real intensity" to try to wrap up the long-running negotiations in the coming days. The surprise talks hosted by German Chancellor Angela Merkel showed that heads of state and international organisations have taken the battle to keep Greece in the euro zone into their own hands after months of insisting it was a matter for technical negotiations among experts.

Agreement

Failure to reach agreement this month could trigger a Greek default and lead to the imposition of capital controls and a potential exit from the euro zone, dealing a blow to Europe's supposedly irreversible single currency.

Leftist Greek Prime Minister Alexis Tsipras held a separate marathon meeting with his negotiating team in Athens before they return to a crucial session of talks in Brussels on Tuesday.

A Greek government official said Athens would make a 300 million euro (\$329.58 million) repayment to the IMF on Friday as due if there was an agreement with the creditors, hinting that it might otherwise withhold the money without saying so explicitly.

"If we judge that a deal has been sealed, then we will make the June 5 payment normally," the official said, adding that the money would be transferred if there was a preliminary agreement that was not yet approved by Eurogroup finance ministers.

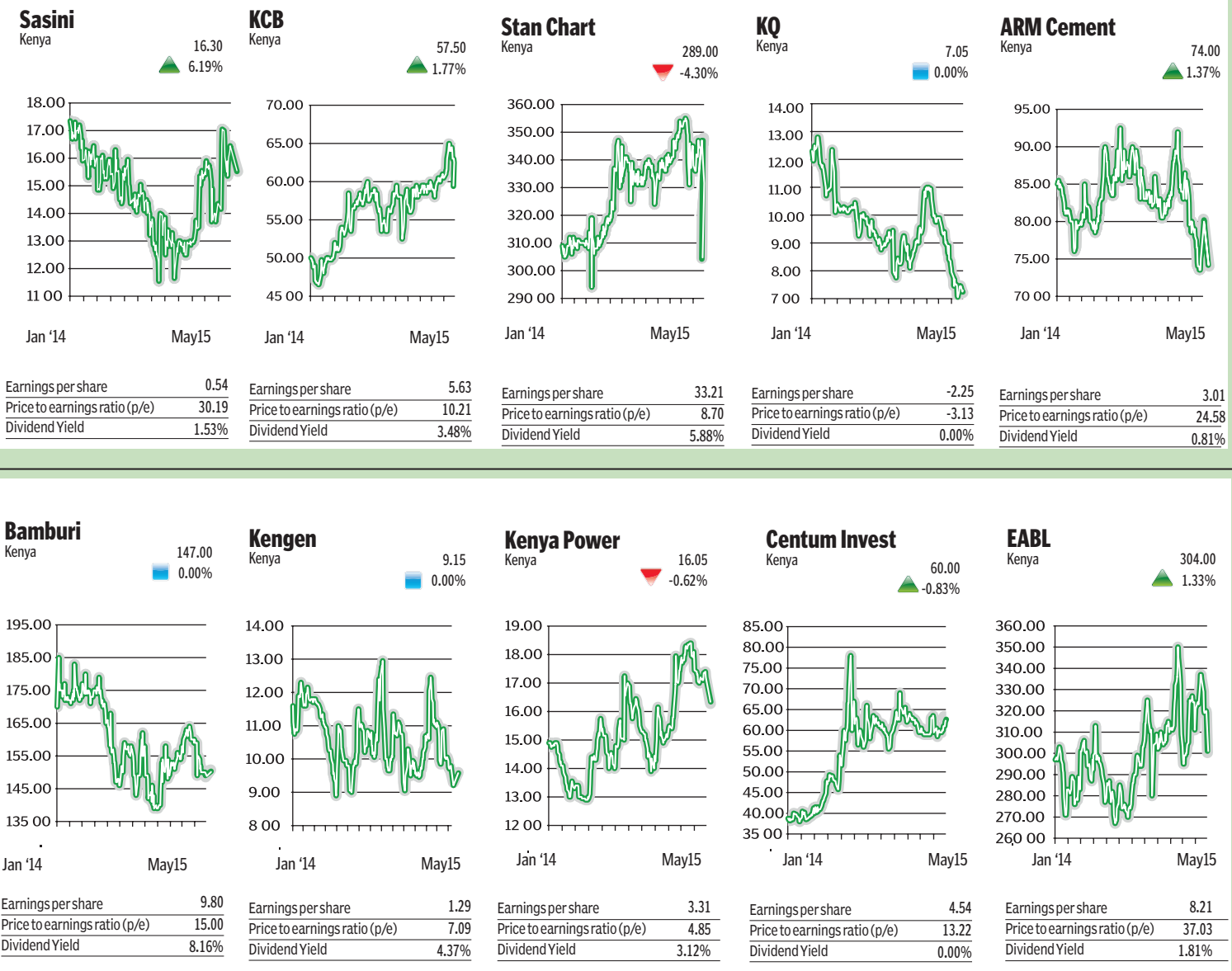
EU Economy Commissioner Pierre Moscovici said in a radio interview the talks were making progress at last, citing what he said were new Greek proposals on pensions, a core issue for the creditors, who are demanding some cuts and a crackdown on early retirement.

"We are starting to work in depth on pensions. The Greek government has made some first proposals and the pros and cons are being considered," Moscovici told France Inter radio.

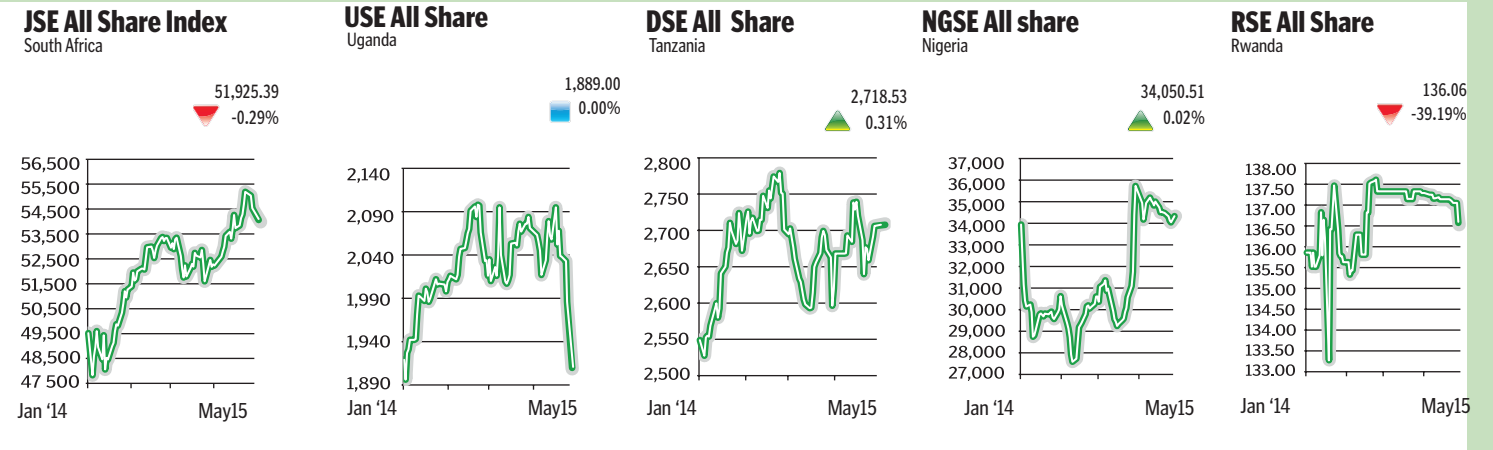
Greek officials played down talk of new pension proposals and EU officials close to the talks have said progress is very slow and they remain a long way from convergence.

-REUTERS

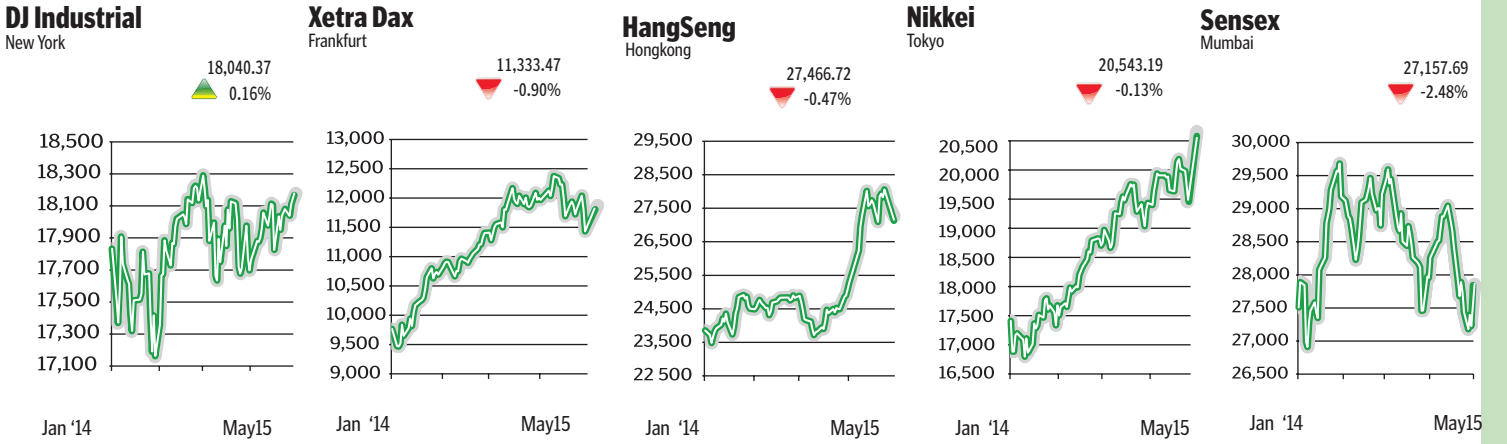
ACTIVE COUNTERS



Tracking the markets: Benchmark Index (Latest Data)  
Africa



World

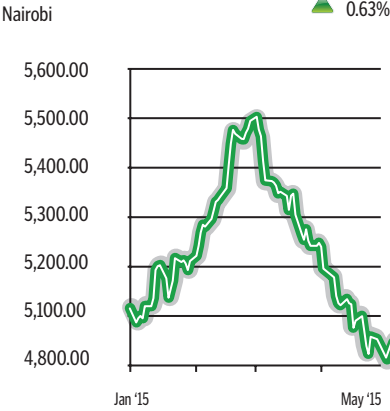




MARKET DATA

Nairobi Stocks

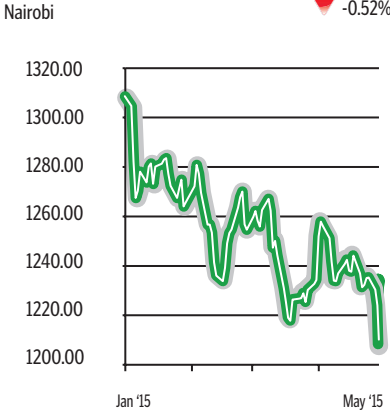
NSE 20 Share Index



All Share Index (NASI)



FTSE Pan Acan Index



Active Counters

Counter	Price Last	Price Prev	% Change	Total Shares Traded
Barclays	15.40	15.35	0.33%	4,015,000
Equity	47.75	47.25	1.06%	3,172,100
KCB	57.50	56.50	1.77%	2,482,800
Safaricom	16.50	15.85	4.10%	2,441,700
KenolKobil	8.50	8.60	-1.16%	1,249,600

Gainers

Counter	Price last	Price Prev	Net Change	% Chng
Kakuzi	300.00	273.00	27.00	9.89%
CFC Stanbic	112.00	103.00	9.00	8.74%
Transcentury	14.00	13.00	1.00	7.69%
Sasini	16.30	15.35	0.95	6.19%
Eveready EA	4.65	4.45	0.20	4.49%

Losers

Counter	price Last	price Prev	Net Change	% Chng
Jubilee	531.00	574.00	-43.00	-7.49%
Pan Africa	75.00	80.00	-5.00	-6.25%
Sameer	4.80	5.10	-0.30	-5.88%
Scangroup	37.00	39.00	-2.00	-5.13%
Stan. Chart.	289.00	302.00	-13.00	-4.30%

African Indices

NAME	LOCATION	LAST		NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
NSE 20 - SHR IDX	KENYA	4,816.66	▲	29.92	0.63%	4,786.74	4,786.74	4,786.74	4,786.74
LUSE ALL SHARE INDEX	ZAMBIA	5,922.62	▲	3.96	0.07%	5,922.62	5,922.62	5,922.62	5,918.66
JSE ALL SHARE INDEX	SOUTH AFRICA	51,925.39	▼	-148.49	-0.29%	51,935.03	51,963.44	51,334.39	52,073.88
ALSIUG	UGANDA	1,889.00	■	0.00	0.00%	1,889.00	1,889.00	1,889.00	1,889.00
ZSE INDUSTRIAL	ZIMBABWE	152.93	▼	-0.15	-0.10%	153.08	153.08	153.08	153.08
CFG INDEX	MOROCCO	20,441.92	▲	186.26	0.92%	20,494.62	20,508.64	20,435.68	20,255.66
MALAWI ALL SHR	MALAWI	16,142.05	▲	0.54	0.00%	16,141.51	16,141.51	16,141.51	16,141.51
DSE ALL SHR IDX	TANZANIA	2,718.53	▲	8.39	0.31%	2,710.14	2,710.14	2,710.14	2,710.14
NSE ALL SHARE/D	NIGERIA	34,050.51	▲	5.86	0.02%	34,044.65	34,060.04	33,969.82	34,044.65
EGX 30 IDX/D	EGYPT	8,847.59	▲	102.55	1.17%	8,745.42	8,847.78	8,725.92	8,745.04
TUN MAIN INDEX	TUNISIA	5,650.18	▲	16.95	0.30%	5,633.99	5,650.18	5,626.81	5,633.23
RSE ALL SHARE IND	RWANDA	136.06	▼	-87.70	-39.19%	136.06	136.06	136.06	223.76

Daily Share Report

	52 WK	52 WK		VWA	VWA	DAILY	DAILY	SHARES		EPS			DPS	TOTAL
	HIGH	LOW	YTD	LAST	PRICE	PRICE	SHARES	ISSUED	MKT CAP.	LATEST	P / E	PBV	LATEST	DIVIDEND
			%	PRICE	PREV	CHANGE	TRADED		KSHS	12MNTH	TRAILING	TRAILING	12MNTH	YIELD
AGRICULTURAL														
EAAGADS	100.00	26.00	-23.81%	32.00	32.00	0.00%	100	32,157,000	1,029,024,000.0	-1.30	-24.62	2.56	0.00	0.00%
KAKUZI	346.00	110.00	51.67%	300.00	273.00	9.89%	1,600	19,599,999	5,879,999,700.0	8.17	36.72	2.03	3.75	1.25%
KAPCHORUA TEA	180.00	120.00	-5.11%	130.00	130.00	0.00%		3,912,000	508,560,000.0	32.21	4.04	0.37	5.00	3.85%
LIMURU TEA	1185.00	620.00	23.22%	950.00	950.00	0.00%		1,200,000	1,140,000,000.0	-0.28	-3392.86	4.63	1.00	0.11%
REA VIPINGO	2750	2750	0.00%	2750	2750	0.00%		60,000,000	1,650,000,000.0	5.85	4.70	0.74	0.00	0.00%
SASINI	18.50	11.50	19.46%	16.30	15.35	6.19%	5,600	228,055,500	3,717,304,650.0	0.54	30.19	0.59	0.25	1.53%
WILLIAMSON TEA	319.00	240.00	10.48%	274.00	274.00	0.00%		8,756,320	2,399,231,680.0	81.36	3.37	0.38	7.00	2.55%
AUTOMOBILES & ACCESSORIES														
CAR & GEN	62.00	31.00	-23.15%	41.50	41.50	0.00%	500	40,103,308	1,664,287,282.0	6.57	6.32	0.80	0.60	1.45%
MARSHALLS	13.60	8.00	21.43%	11.90	11.90	0.00%	-	14,393,106	171,277,961.4	-11.90	-1.00	0.44	0.00	0.00%
SAMEER	9.40	4.75	-15.00%	4.80	5.10	-5.88%	16,100	278,342,393	1,336,043,486.4	-0.24	-20.00	0.57	0.00	0.00%
BANKING														
BARCLAYS	18.45	15.00	-8.08%	15.40	15.35	0.33%	4,015,000	5,431,536,000	83,645,654,400.0	1.54	10.00	2.58	1.00	6.49%
CFC STANBIC	155.00	104.00	-16.94%	112.00	103.00	8.74%	6,500	395,321,638	44,276,023,456.0	14.38	7.79	1.92	6.15	5.49%
DTBK	280.00	216.00	-3.83%	225.00	226.00	-0.44%	204,800	242,110,105	54,474,773,625.0	21.92	10.26	2.36	2.40	1.07%
EQUITY	63.00	31.00	-5.50%	47.75	47.25	1.06%	3,172,100	3,702,777,020	176,807,602,705.0	4.55	10.49	3.43	1.80	3.77%
HF	55.00	29.00	-33.33%	29.25	30.50	-4.10%	7,800	352,416,667	10,308,187,509.8	4.21	6.95	1.13	1.50	5.13%
I&M HOLDINGS	147.00	117.00	-4.88%	118.00	117.00	0.85%	2,000	392,362,039	46,298,720,602.0	13.56	8.70	2.11	2.90	2.46%
KCB	65.50	42.25	-0.88%	57.50	56.50	1.77%	2,482,800	2,984,227,692	171,593,092,290.0	5.63	10.21	2.68	2.00	3.48%
NBK	34.00	19.75	-15.15%	21.50	21.00	2.38%	2,500	308,000,000	6,622,000,000.0	3.11	6.91	0.49	0.00	0.00%
NIC BANK	85.00	51.00	-10.43%	51.00	51.50	-0.97%	98,200	639,945,603	32,637,225,753.0	7.07	7.21	1.57	1.00	1.96%
STAN. CHART.	357.00	286.00	-9.85%	289.00	302.00	-4.30%	1,900	309,159,514	89,347,099,546.0	33.21	8.70	2.47	17.00	5.88%
CO-OP BANK	25.00	17.10	10.00%	21.75	22.00	-1.14%	1,209,200	4,889,316,295	106,342,629,416.3	1.64	13.26	2.48	0.50	2.30%
COMMERCIAL														
ATLAS DEV & SPPT SERVS LTD	13.75	10.00		11.00	11.10	-0.90%	600	433,063,193	4,763,695,123.0	-0.04	-275.00		0.00	0.00%
EXPRESS (K)	8.50	4.15	-9.68%	5.60	5.60	0.00%	1,300	35,403,790	198,261,224.0	-2.18	-2.57	1.00	0.00	0.00%
HUTCHINGS BIEMER	27.50	27.50	0.00%	27.50	20.25	0.00%	-	360,000	7,290,000.0	-18.34	-1.10		0.00	0.00%
KQ	13.50	6.40	-18.97%	7.05	7.05	0.00%	15,700	1,496,469,035	10,550,106,696.8	-2.25	-3.13	3.37	0.00	0.00%
LONGHORN PUBLISHERS	30.75	6.80	-24.86%	7.05	6.95	1.44%	16,500	243,750,000	1,718,437,500.0	1.62	4.35	0.95	2.00	28.37%
NATION MEDIA	325.00	195.00	-25.86%	195.00	195.00	0.00%	1,500	188,542,286	36,765,745,770.0	13.10	14.89	4.49	10.00	5.13%
SCANGROUP	247.00	37.00	-13.81%	37.00	39.00	-5.13%	632,400	378,865,102	14,018,008,774.0	1.50	24.67	1.71	0.00	0.00%
STANDARD GRP	47.50	26.25	-4.32%	33.25	33.25	0.00%	-	81,731,808	2,717,582,616.0	2.57	12.94	1.50	0.50	1.50%
TPS EA	49.50	32.00	-9.46%	34.00	33.50	1.49%	100	182,174,108	6,193,919,672.0	1.35	25.19	0.56	1.35	3.97%
UCHUMI	15.60	8.00	6.97%	10.80	10.75	0.47%	11,900	364,959,616	3,941,563,852.8	1.45	7.45	0.98	0.30	2.78%
CONSTRUCTION & ALLIED														
ARM CEMENT LTD	95.00	72.00	-15.12%	74.00	73.00	1.37%	406,200	495,275,000	36,650,350,000.0	3.01	24.58	4.51	0.60	0.81%
BAMBURI	206.00	135.00	5.76%	147.00	147.00	0.00%	-	362,959,275	53,355,013,425.0	9.80	15.00	1.84	12.00	8.16%
CROWN BERGER	170.00	83.00	45.05%	160.00	161.00	-0.62%	1,400	23,727,000	3,796,320,000.0	9.01	17.76	2.79	1.75	1.09%
EA CABLES	17.00	13.50	-8.33%	14.85	14.85	0.00%	18,200	253,125,000	3,758,906,250.0	1.37	10.84	1.56	1.00	6.73%
EAPC	110.00	51.00	1.72%	59.00	59.00	0.00%	-	90,000,000	5,310,000,000.0	-4.30	-13.72	1.10	0.00	0.00%
ENERGY & PETROLEUM														
KENGEN	13.15	8.70	-11.17%	9.15	9.15	0.00%	309,500	2,198,361,456	20,115,007,322.4	1.29	7.09	0.29	0.40	4.37%
KENOLKOBIL	10.50	7.90	-1.15%	8.50	8.60	-1.16%	1,249,600	1,471,761,200	12,509,970,200.0	0.74	11.49	1.88	0.20	2.35%
KENYA POWER	18.50	12.85	11.76%	16.05	16.15	-0.62%	56,100	1,951,467,045	31,321,046,072.3	3.31	4.85	0.72	0.50	3.12%
TOTAL	32.00	21.00	-2.08%	23.00	23.50	-2.13%	3,200	175,028,706	4,025,660,238.0	2.26	10.18	0.79	0.70	3.04%
UMEME	23.00	13.00	-15.24%	17.80	17.80	0.00%	-	1,623,878,005	28,905,028,489.0	1.34	13.25	3.16	0.90	5.07%
INSURANCE														
BRITISH AMERICAN	40.00	16.40	-25.21%	22.25	22.25	0.00%	107,600	1,938,415,838	43,129,752,395.5	1.31	16.98	2.49	0.30	1.35%
CIC INSURANCE	12.40	7.50	-13.54%	8.10	8.30	-2.41%	268,700	2,615,538,528	21,185,862,076.8	0.43	18.84	2.62	0.10	1.23%
JUBILEE	599.00	301.00	27.56%	531.00	574.00	-7.49%	900	59,895,000	31,804,245,000.0	48.00	11.06	2.98	8.50	16.0%
KENYA RE	21.00	15.45	-0.59%	17.20	16.95	1.47%	109,800	699,949,068	12,039,123,969.6	4.48	3.84	0.67	0.70	4.07%
LIBERTY KENYA	26.00	15.10	6.45%	24.75	24.75	0.00%	28,600	535,707,499	13,258,760,600.3	2.14	11.57	2.51	0.50	2.02%
PAN AFRICA	142.00	75.00	-33.33%	75.00	80.00	-6.25%	3,700	96,000,000	7,200,000,000.0	9.07	8.27	2.16	0.00	0.00%
INVESTMENT														
CENTUM INVEST.	84.50	35.00	-0.82%	60.00	60.50	-0.83%	65,900	665,441,775	39,926,506,500.0	4.54	13.22	1.97	0.00	0.00%
HOME AFRICA	5.80	2.80	-25.61%	2.95	3.05	-3.28%	214,300	405,255,320	1,195,503,194.0	-0.04	-73.75		0.00	0.00%
KURWITU VENTURES LTD	1500.00	1500.00	-	1500.00	1500.00	0.00%	-	102.272	153,408,000.0	-62.40	-24.04		0.00	0.00%
OLYMPIA	10.85	2.50	-3.85%	5.00	5.00	0.00%	11,500	40,000,000	200,000,000.0	0.38	13.16	0.25	0.00	0.00%
TRANSCENTURY	30.00	12.50	-32.82%	14.00	13.00	7.69%	-	280,284,476	3,643,698,188.0	-8.53	-1.64	0.74	0.00	0.00%
INVESTMENT SERVICES														
NAIROBI SECURITIES EXCHG	28.00	15.00		21.25	21.25	0.00%	261,900	194,625,000	4,135,781,250.0	2.13	9.98	5.67	0.38	1.79%
MANUFACTURING & ALLIED														
A. BAUMANN	11.10	11.10	0.00%	11.10	11.10	0.00%	-	3,840,066	42,624,732.6	-2.02	-5.50		0.00	0.00%
BOC GASES	165.00	120.00	-4.00%	120.00	120.00	0.00%	-	19,525,446	2,343,053,520.0	11.76	10.20	1.61	5.20	4.33%
BAT KENYA	1050.00	521.00	-14.98%	785.00	772.00	1.68%	202,200	100,000,000	78,500,000,000.0	42.55	18.45	10.37	42.50	5.41%
CARBACID	37.00	17.50	-16.32%	17.70	18.20	-2.75%	2,200	254,851,988	4,510,880,187.6	1.93	9.17	2.73	0.30	1.69%
EABL	355.00	250.00	-2.60%	304.00	300.00	1.33%	153,400	790,774,356	240,395,404,224.0	8.21	37.03	8.80	5.50	1.81%
EVEREADY EA	5.35	2.65	20.27%	4.65	4.45	4.49%	84,000	210,000,000	976,500,000.0	-0.85	-5.47	3.02	0.00	0.00%
FLAME TREE GROUP HOLDINGS	14.00	7.15	-	8.70	8.70	0.00%	4,600	161,866,804	1,408,241,194.8	0.99	8.79		0.00	0.00%
K. ORCHARDS	192.00	4.40	-4.55%	105.00	105.00	0.00%	-	12,868,124	1,351,153,020.0	0.15	700.00	552.63	0.00	0.00%
MUMIAS	3.85	1.35	2.56%	2.00	2.00	0.00%	944,200	1,530,000,000	3,060,000,000.0	-1.77	-1.13	0.29	0.00	0.00%
UNGA	56.50	22.00	11.32%	45.50	44.25	2.82%	300	75,708,873	3,444,753,721.5	3.65	12.47	0.73	0.75	1.65%
TELECOMMUNICATION & TECHNOLOGY														
SAFARICOM	1790	11.75	12.81%	16.50	15.85	4.10%	2,441,700	40,065,428,000	661,079,562,000.0	0.80	20.63	8.25	0.64	3.88%



## MARKET DATA

## Equities & Bonds

## Share Price Performance Scorecard

SCORECARD AS AT JUNE 2 2015								
NAME	PREVIOUS	CLOSE	% ID	% 5D	% 1M	% 3M	% 6M	% 1Y
A BAUMANN	11.10	11.10	0.00	0.00	0.00	0.00	0.00	0.00
ATLAS DEVPT & SPPT SERV	11.10	11.00	-0.90	-0.45	2.33	-4.35	#DIV/0!	#DIV/0!
ATHI RIVER MINING	73.00	74.00	1.37	0.00	-2.63	-15.43	-12.43	-9.20
BAMBURI	147.00	147.00	0.00	0.00	-2.00	-6.96	-5.16	-14.53
BARCLAYS KEN	15.35	15.40	0.33	-0.65	-3.45	-10.47	-9.68	-6.67
BAT KENYA	772.00	785.00	1.68	9.03	9.18	-9.35	-12.97	30.83
BOC KENYA	120.00	120.00	0.00	-6.98	-11.11	-11.76	-11.76	-15.49
BRITISH AMERICAN	22.25	22.25	0.00	1.14	1.14	-23.93	-14.42	26.78
CAR & GENERAL	41.50	41.50	0.00	-9.78	-14.87	-12.17	-15.31	3.75
CARBACID INV	18.20	17.70	-2.75	-6.84	-13.66	-26.25	-19.55	-44.25
CENTUM INV	60.50	60.00	-0.83	-4.00	-5.51	0.00	-0.83	55.84
CFC STANBIC BANK	103.00	112.00	8.74	-2.61	-9.68	-13.85	-10.40	-15.15
CIC INSURANCE	8.30	8.10	-2.41	-5.26	-11.96	-28.00	-16.92	0.00
CO-OP BANK	22.00	21.75	-1.14	-1.14	4.82	-2.25	16.00	1.16
CROWN BERGER	161.00	160.00	-0.62	2.56	56.86	11.89	32.23	71.12
DIAMOND KEN	226.00	225.00	-0.44	-2.17	-2.17	-9.64	-8.91	-5.46
EA CABLES	14.85	14.85	0.00	0.68	-6.31	-8.62	-5.71	1.71
EA PORT CEM	59.00	59.00	0.00	0.00	7.27	-1.67	-9.23	-33.71
EAAGADS	32.00	32.00	0.00	0.00	-3.03	-18.47	-30.43	6.67
EA AFR BREW	300.00	304.00	1.33	1.67	-5.30	0.33	-1.62	7.42
EQUITY BANK	47.25	47.75	1.06	0.53	-3.05	-10.75	-4.50	14.37
EVEREADY EA	4.45	4.65	4.49	16.25	12.05	13.41	25.68	25.68
EXPRESS KEN	5.60	5.60	0.00	0.90	-2.61	-11.81	-15.15	-20.00
FLAME TREE HLDNGS	8.70	8.70	0.00	2.35	-7.45	-6.45	6.10	#DIV/0!
G WILLIAMSON	274.00	274.00	0.00	0.00	-2.14	-8.67	-1.44	-1.79
HUTCHINGS BIEMER	20.25	20.25	0.00	0.00	0.00	0.00	0.00	0.00
HOME AFRICA LIMITED	3.05	2.95	-3.28	-3.28	-4.84	-19.18	0.00	0.00
HOUSING FIN	30.50	29.25	-4.10	-4.10	-13.33	-25.48	-40.61	-23.53
I&M HOLDING	117.00	118.00	0.85	1.72	-7.09	-6.35	-7.81	0.00
JUBILEE HLDS	574.00	531.00	-7.49	-7.49	-6.84	-1.67	17.22	56.64
KAKUZI	273.00	300.00	9.89	0.00	5.63	-9.09	37.61	105.48
KAPCHORUA	130.00	130.00	0.00	0.00	4.00	-7.80	-14.47	-16.67
KEN ORCHARDS	105.00	105.00	0.00	0.00	-4.55	-8.70	-16.00	101.11
KENGEN	9.15	9.15	0.00	-1.61	-8.04	-25.31	-15.28	-10.73
KENYA AIRWAYS	7.05	7.05	0.00	-0.70	-0.70	-28.79	-15.06	-38.96
KENYA COM BK	56.50	57.50	1.77	-4.17	-8.00	-3.36	-1.71	17.35
KENOLKOBIL	8.60	8.50	-1.16	-3.41	-10.05	-17.07	-9.09	-5.56
KENYA POWER	16.15	16.05	-0.62	-1.83	-6.14	-10.08	4.90	13.83
KENYA RE	15.90	17.20	1.47	1.47	-3.37	-5.23	2.38	-10.88
KURWITU	1500.00	1500.00	0.00	0.00	0.00	0.00	0.00	#DIV/0!
LIBERTY HOLDINGS	24.75	24.75	0.00	3.13	10.00	0.00	8.79	43.90
LIMURU TEA	950.00	950.00	0.00	0.00	-0.21	-14.72	-13.64	41.79
LONGHORN	6.95	7.05	1.44	-0.70	-11.88	-21.67	-40.76	-49.64
MARSHALL	11.90	11.90	0.00	0.00	-0.83	-0.83	19.00	26.60
MUMIAS SUGAR	2.00	2.00	0.00	0.00	-2.44	-25.93	2.56	-32.20
NAIROBI SECURITIES	21.25	21.25	0.00	2.41	8.42	9.54	-2.30	#DIV/0!
NATION MEDIA	195.00	195.00	0.00	-2.01	-16.67	-24.71	-33.90	-37.90
NATL BANK KEN	21.00	21.50	2.38	4.88	-2.27	-14.85	-12.24	-28.33
NIC BANK	51.50	51.00	-0.97	-4.67	-13.56	-20.31	-19.69	-14.29
OLYMPIA CAPITAL	5.00	5.00	0.00	-7.41	-1.96	-19.35	-9.91	3.09
PAN AFR INS	80.00	75.00	-6.25	-7.41	-38.52	-41.86	-34.21	-42.31
REA VIPINGO	27.50	27.50	0.00	0.00	0.00	0.00	0.00	0.00
SAFARICOM	15.85	16.50	4.10	5.43	-5.17	5.43	18.28	27.41
SAMEER AFRICA	5.10	4.80	-5.88	-6.80	-13.51	-22.58	-24.41	-43.53
SASINI	15.35	16.30	6.19	2.52	-0.91	5.16	17.69	2.52
SCANGROUP	39.00	37.00	-5.13	-8.07	-15.43	-26.73	-15.91	-22.51
STANDARD GRP	33.25	33.25	0.00	0.00	-5.00	-25.70	-11.92	-2.21
STD CHART KEN	302.00	289.00	-4.30	-3.99	-15.99	-17.90	-14.24	-7.37
TOTAL KENYA	23.50	23.00	-2.13	5.75	-4.17	-20.00	-9.80	-11.54
TPS (EA)	33.50	34.00	1.49	0.00	-1.45	-1.45	-6.85	-7.48
TRANSCENTURY	13.00	14.00	7.69	5.66	-11.11	-22.22	0.00	0.00
UCHUMI SUPER	10.75	10.80	0.47	0.47	6.93	6.40	16.76	-15.63
UNGA GROUP	44.25	45.50	2.82	1.68	-7.14	-4.71	13.04	42.19

## Kenya Treasury and Infrastructure Bonds

BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE					JUNE 2, 2015		
	ISSUE	MATURITY	ISSUED VALUE	COUPON	TRADED	PREVIOUS	TOTAL
	DATE	DATE	IN MILLIONS	(%)	YIELD	PRICE	VALUE TRADED
ISSUE NO.						%)	(KSHS)
TWO YEAR BONDS							
FXD 3/2013/2YR	26-AUG-13	24-AUG-15	17,927.40	12.9390		101.1252	
FXD 4/2013/2YR	24-DEC-13	21-DEC-15	25,251.00	11.5530		100.6244	
FXD 1/2014/2YR	24-MAR-14	21-MAR-16	20,000.00	10.8030		100.2806	
FXD 2/2014/2YR	26-MAY-14	23-MAY-16	20,130.15	10.7930		100.0504	
FXD 3/2014/2YR	25-MAY-15	22-MAY-17	20,223.35	10.8900	11.7000	98.8530	67,000,000
FXD 1/2015/2YR	23-JAN-15	20-FEB-17	23,592.55	11.4700		101.0594	
FIVE YEAR BONDS							
FXD 2/2010/5YR	30-NOV-10	23-NOV-15	14,973.10	6.6710		98.2609	
FXD 1/2011/5YR	31-JAN-11	25-JAN-16	22,083.10	7.6360		98.1667	
FXD 1/2012/5YR	28-MAY-12	22-MAY-17	31,079.55	11.8550		101.4429	
FXD 1/2013/5YR	29-APR-13	23-APR-18	20,240.75	12.8920		104.5928	
FXD 2/2013/5YR	1-JUL-13	25-JUN-18	26,340.05	11.3050		100.3825	
FXD 3/2013/5YR	25-NOV-13	19-NOV-18	14,937.80	11.9520		103.1543	
FXD 1/2014/ 5YR	28-APR-14	22-APR-19	25,540.95	10.8700		98.6378	
FXD 2/2014/ 5YR	23-JUN-14	17-JUN-19	16,418.25	11.9340		101.3943	
TEN YEAR BONDS							
FXD 1/2006/10YR	27-MAR-06	14-MAR-16	3,451.05	14.0000		102.1563	
FXD 2/2006/10YR	29-MAY-06	16-MAY-16	5,028.10	14.0000		102.8875	
FXD 1/2007/10YR	29-OCT-07	16-OCT-17	9,308.80	10.7500		99.3880	
FXD 1/2008/10YR	29-OCT-07	16-OCT-17	2,992.75	10.7500		99.3434	
FXD 2/2008/10YR	28-JUL-08	16-JUL-18	13,504.70	10.7500		99.3210	
FXD 3/2008/10YR	29-SEP-08	28-SEP-18	4,151.60	10.7500		99.2873	
FXD 1/2009/10YR	27-SEP-09	15-APR-19	4,966.85	10.7500		96.5948	
FXD 1/2010/10YR	26-APR-10	13-APR-20	19,394.15	8.7900		89.3712	
FXD 2/2010/10YR	1-NOV-10	19-OCT-20	18,849.90	9.3070		90.0522	
FXD 1/2012/10YR	25-JUN-12	13-JUN-22	16,803.75	12.7050		100.5718	
FXD 1/2013/10YR	1-JUL-13	19-JUN-23	12,643.05	12.3710	12.8750	100.8015	100,000,000
FXD 1/2013/10YR	1-JUL-13	19-JUN-23	12,643.05	12.3710	12.8500	100.8015	200,000,000
FXD 1/2014/10YR	25-MAY-15	26-MAY-25	5,063.88	12.1800		96.9851	
FXD 1/2014/10YR	25-MAY-15	26-MAY-25	5,063.88	12.1800		100.1185	
FXD 1/2014/10YR	25-MAY-15	26-MAY-25	5,063.88	12.1800		92.2667	
FXD 1/2014/10YR	25-MAY-15	26-MAY-25	5,063.88	12.1800		97.0205	
FXD 1/2014/10YR	25-MAY-15	26-MAY-25	5,063.88	12.1800		96.3918	
ELEVEN YEAR BONDS							
FXD1/2006/11YR	25-SEP-06	11-SEP-17	4,031.40	13.7500		97.6357	
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	13.0000		105.6743	
FIFTEEN YEAR BONDS							
FXD1/2007/15YR	26-MAR-07	7-MAR-22	3,654.60	14.5000		109.0397	
FXD2/2007/15YR	25-JUN-07	6-JUN-22	7,236.95	13.5000		105.5567	
FXD3/2007/15YR	26-NOV-07	7-NOV-22	17,568.00	12.5000		99.4295	
FXD1/2008/15YR	31-MAR-08	13-MAR-23	7,830.90	12.5000		100.6070	
FXD1/2009/15YR	26-OCT-09	7-OCT-24	9,420.45	12.5000		102.7808	
FXD1/2010/15YR	29-MAR-10	10-MAR-25	20,823.73	10.2500		88.1557	
FXD2/2010/15YR	25-APR-11	8-DEC-25	13,513.10	9.0000		77.1491	
FXD1/2012/15YR	24-SEP-12	6-SEP-27	21,089.45	11.0000		89.0921	
FXD1/2013/15YR	25-FEB-13	7-FEB-28	40,886.33	11.2500		90.3123	
FXD2/2013/15YR	29-APR-13	10-APR-28	17,385.85	12.0000		95.4528	
TWENTY YEAR BOND							
FXD1/2008/20YR	30-JUN-08	5-JUN-28	20,360.95	13.7500		105.7572	
FXD1/2011/20YR	30-MAY-11	5-MAY-31	9,365.80	10.0000		79.8372	
FXD1/2012/20YR	26-NOV-12	1-NOV-32	43,082.72	12.0000		13.0550	
FXD1/2012/20YR	26-NOV-12	1-NOV-32	43,082.72	12.0000		91.2510	
FXD1/2012/20YR	26-NOV-12	1-NOV-32	43,082.72	12.0000		91.2510	
FXD1/2012/20YR	26-NOV-12	1-NOV-32	43,082.72	12.0000		91.2510	
TWENTY FIVE YEAR BOND							
FXD1/2010/25YR	28-JUN-10	28-MAY-35	20,192.50	11.2500		91.8177	
THIRTY YEAR BOND							
SDB 1/2011/30YR	28-FEB-11	21-JAN-41	23,888.95	12.0000		90.8646	
INFRASTRUCTURE BONDS							
IFB 1/2009/12YR	23-FEB-09	8-FEB-21	19,726.85	12.5000		105.1593	
IFB 2/2009/12YR	7-DEC-09	22-NOV-21	18,897.65	12.0000		102.4081	
IFB 1/2010/8YR	1-MAR-10	19-FEB-18	15,908.05	9.7500		98.2874	
IFB 2/2010/9YR	31-AUG-10	19-SEP-19	32,871.55	6.0000		90.2634	
IFB 1/2011/12YR	3-OCT-11	18-SEP-23	43,447.35	12.0000		100.4505	
IFB 1/2013/12YR	30-SEP-13	15-SEP-25	38,841.68	11.0000		98.4354	
IFB 1/2014/12YR	27-OCT-14	12-OCT-26	35,060.55	11.0000		101.2526	
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	25,695.35	11.0000		97.1405	
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	25,695.35	11.0000		97.9981	
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	25,695.35	11.0000		97.1379	



# MARKET DATA

Currencies

Kenya Shilling

CURRENCY	BUY	SELL	MEAN
US DOLLAR	97.44	97.65	97.55
STG POUND	148.18	148.50	148.34
EURO	106.42	106.67	106.54
SA RAND	7.95	7.97	7.96
KES / USHS	31.36	31.53	31.44
KES / TSHS	21.61	21.76	21.68
KES / RWF	7.00	7.10	7.05
KES / BIF	15.98	16.21	16.10
AE DIRHAM	26.53	26.59	26.56
CAN \$	77.85	78.05	77.95
S FRANC	103.00	103.28	103.14
JPY (100)	78.12	78.31	78.22
SW KRONER	11.35	11.38	11.37
NOR KRONER	12.24	12.28	12.26
DAN KRONER	14.27	14.30	14.28
IND RUPEE	1.53	1.53	1.53
HONGKONG DOLLAR	12.56	12.59	12.58
SINGAPORE DOLLAR	71.91	72.10	72.01
SAUDI RIYAL	25.98	26.04	26.01
CHINESE YUAN	15.72	15.76	15.74
AUSTRALIAN \$	74.84	75.03	74.93

US Dollar

BACKGROUND	BID	ASK
EURO	1.10	1.10
JAPANESE YEN	124.75	124.76
BRITISH POUND	1.53	1.53
SWISS FRANC	0.94	0.94
CANADIAN DOLLAR	1.25	1.25
AUSTRALIAN DOLLAR	0.77	0.77
SWEDISH KRONA	8.54	8.55
CHINESE YUAN	6.20	6.20
NORWEGIAN KRONE	7.90	7.91
BOSNIAN MARK	1.76	1.81
DANISH KRONE	6.79	6.79
RUSSIA ROUBLE	53.29	53.30
TURKISH LIRA	2.68	2.68
ICELAND KRONA	134.23	134.51
INDIAN RUPEE	63.87	63.88
POLISH ZLOTY	3.76	3.76
CZECH KORUNA	24.95	24.99
HUNGARIAN FORINT	281.41	281.86
UKRAINE HRYVNIA	20.90	21.10
ISRAEL SHEKEL	3.86	3.87
ALBANIAN LEK	127.83	128.62
BULGARIAN LEV	1.78	1.78
SERBIAN DINAR	59.99	60.19
CYPRUS POUND	0.40	0.40
ESTONIAN KROON	11.70	11.71
GEORGIAN LARI	2.29	2.31
THAI BAHT	33.78	33.80
GIBRALTAR POUND	1.52	1.52
CROATIAN KUNA	6.90	6.90
KAZAKHSTAN TENGE	186.01	186.06
LITHUANIA LITAS	2.85	2.85
LATVIAN LATS	0.51	0.51
MOLDOVAN LEU	18.10	18.30
MACEDONIA DENAR	55.75	56.32
MALTESE LIRA	3.41	3.42
ROMANIAN LEU	4.04	4.05
SLOVAK KORUNA	21.55	21.60
SERBIAN DINAR	109.53	109.96
ARMENIAN DRAM	475.70	478.70
UAE DIRHAM	3.67	3.67
ANGOLAN KWANZA	109.88	110.98
BURUNDI FRANC	1,545.00	1,595.00
BOTSWANA PULA	0.10	0.10
CONGO FRANC	909.00	939.00
CAPE VERDE ESCUDO	98.84	100.34
DIJIBOUTI FRANC	176.30	177.30
ALGERIAN DINAR	99.14	99.94
EGYPT POUND	7.63	7.63
ETHIOPIAN BIRR	20.48	20.68
GHANAIA CEDI	4.09	4.11
GAMBIAN DALASI	42.60	43.60
ERITREA NAFKA	15.00	15.50
GUINEA FRANC	7,000.01	7,500.01
RWANDA FRANC	685.00	696.00
KENYA SHILLING	96.95	97.15
COMORO FRANC	441.00	442.00
LIBERIAN DOLLAR	82.00	87.00
LESOTHO LOTI	12.29	12.32
LIBYAN DINAR	1.37	1.37
MOROCCAN DIRHAM	9.81	9.86
MALAGASY ARIARY	3,177.43	3,214.00
MAURITANIAOUGUIYA	308.00	318.00
MALAWI KWACHA	428.68	446.98
MOZAMBIQUE METICAL	36.72	38.19
NIGERIAN NAIRA	198.00	198.10
SC RUPEE	12.81	13.45
SUDANESE DINAR	200.02	201.02
SUDAN POUND	2,025.50	2,035.60
ST HELENA POUND	1.53	1.54
SIERRALEONLEON	4,350.00	4,450.00
SAO TOME DOBRA	21,626.00	22,968.00
SOMALI SHILLING	702.00	709.00
SWAZILAND LILAGENI	12.29	12.33
TUNISIAN DINAR	1.96	1.96
TANZANIA SHILLING	2,120.00	2,130.00
UGANDA SHILLING	3,077.00	3,087.00
CFA FRANC	596.92	601.92
CFA FRANC	596.92	601.92
MAURITIUS RUPEE	35.45	35.65
SOUTH AFRICA RAND	12.30	12.31
ZIMBABWE DOLLAR	378.00	381.00

Europe’s Blue Chips

Based on one day performance in local currency

% PERFORMANCE IN LOCAL CURRENCY									
COMPANY	COUNTRY	INDUSTRY	LAST	CHG	% CHG	1-WK	YTD	52-WK	
HSBC HLDGS	UNITED KINGDOM	BANKS	620.6	6.1	0.99	0.6	2	0.73	
GLAXOSMITHKLINE	UNITED KINGDOM	PHARMACEUTICALS	1464.5	14	0.97	3.24	6.4	-10.21	
BNP PARIBAS	FRANCE	BANKS	57.01	0.54	0.96	0.48	15.7	10.36	
DIAGEO	UNITED KINGDOM	DISTILLERS&VINTNERS	1813.5	13	0.72	1.54	-1.9	-5.77	
LVMH MOET HENNESSY	FRANCE	CLOTHING&ACCESSORIES	166.4	0.8	0.48	4.82	25.8	28.62	
RECKITT BENCKISER GRP	UNITED KINGDOM	NONDURABLE HOUSEHOLD PRODUCTS	5870	24	0.41	2.1	12.7	16.47	
UNILEVER CVA	NETHERLANDS	FOOD PRODUCTS	39.45	0.16	0.41	3.26	20.8	24.1	
BHP BILLITON	UNITED KINGDOM	GENERAL MINING	1408.5	4	0.28	83.76	102.9	45.54	
UNILEVER	UNITED KINGDOM	FOOD PRODUCTS	2881	7	0.24	1.27	9.6	7.98	
STANDARD CHARTERED	UNITED KINGDOM	BANKS	1059.5	2.5	0.24	0.76	10	-20.9	
ING GROEP	NETHERLANDS	BANKS	15	0.03	0.2	3.41	38.5	50.51	
LLOYDS BANKING GROUP PLC	UNITED KINGDOM	BANKS	87.98	0.14	0.16	-1.15	16	17.6	
ZURICH INSURANCE GROUP	SWITZERLAND	FULL LINE INSURANCE	308.4	0.4	0.13	3.11	-1.1	15.94	
NESTLE	SWITZERLAND	FOOD PRODUCTS	73.45	0.05	0.07	2.23	0.7	4.48	
NOVARTIS AG	SWITZERLAND	PHARMACEUTICALS	98.1	0.05	0.05	3.37	6.2	22.01	
AXA	FRANCE	FULL LINE INSURANCE	23.94	UNCH.	0.02	5.05	24.6	36.81	
BP PLC	UNITED KINGDOM	INTEGRATED OIL&GAS	457.75	-0.25	-0.05	1.18	11.4	-9.93	
ENI	ITALY	INTEGRATED OIL&GAS	16.85	-0.01	-0.06	-0.59	16.1	-8.32	
SANOFI SA	FRANCE	PHARMACEUTICALS	92.3	-0.08	-0.09	4.79	22	19.24	
BASF	GERMANY	COMMODITY CHEMICALS	87.9	-0.08	-0.09	2.23	25.8	5.9	
L'AIR LIQUIDE	FRANCE	COMMODITY CHEMICALS	118.55	-0.15	-0.13	1.07	15.3	11.52	
SIEMENS	GERMANY	DIVERSIFIED INDUSTRIALS	98.15	-0.16	-0.16	2.37	4.7	3.11	
TOTAL	FRANCE	INTEGRATED OIL&GAS	47.73	-0.09	-0.19	2.71	12.3	-8.3	
UBS GROUP	SWITZERLAND	BANKS	20.33	-0.04	-0.2	5.01	19	13.83	
PRUDENTIAL	UNITED KINGDOM	LIFE INSURANCE	1654	-3.5	-0.21	1.66	10.9	18.14	
ALLIANZ SE	GERMANY	FULL LINE INSURANCE	152	-0.4	-0.26	3.44	10.7	24.69	
BANCO BILBAO VIZCAYA ARGN	SPAIN	BANKS	9.29	-0.03	-0.27	2.46	19.5	4.98	
DAIMLER	GERMANY	AUTOMOBILES	89.7	-0.27	-0.3	5.49	30.1	32.85	
BRITISH AMERICAN TOBACCO	UNITED KINGDOM	TOBACCO	3621	-12	-0.33	0.81	3.5	2.2	
BARCLAYS	UNITED KINGDOM	BANKS	270.15	-0.9	-0.33	3.25	10.9	10.94	
BANCO SANTANDER S.A.	SPAIN	BANKS	6.76	-0.02	-0.35	1.75	-1.4	-3.94	
ANHEUSER-BUSCH INBEV	BELGIUM	BREWERS	111.35	-0.4	-0.36	3.63	18.6	37.25	
GLENCORE PLC	UNITED KINGDOM	GENERAL MINING	292.4	-1.1	-0.37	-0.31	-2.1	-11.07	
SAP	GERMANY	SOFTWARE	68.02	-0.28	-0.41	0.8	16.8	25.01	
SCHNEIDER ELECTRIC SE	FRANCE	ELECTRICAL COMPONENTS&EQUIPMENT	70.11	-0.3	-0.43	2.49	15.7	5.05	
ROCHE HOLDING PART. CERT.	SWITZERLAND	PHARMACEUTICALS	277.9	-1.3	-0.47	1.57	3	3.5	
BAYER	GERMANY	SPECIALTY CHEMICALS	137.1	-0.65	-0.47	5.1	21.3	33.3	
ABB	SWITZERLAND	INDUSTRIAL MACHINERY	20.45	-0.13	-0.63	0.54	-3.3	-3.49	
TELEFONICA S.A.	SPAIN	FIXED LINE TELECOMMUNICATIONS	13.22	-0.09	-0.64	1.69	10.9	10.31	
ROYAL DUTCH SHELL A	UNITED KINGDOM	INTEGRATED OIL&GAS	1970.5	-14.5	-0.73	-1.05	-8.5	-16.8	

Global Indices

NAME	LAST	NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE	
DJ INDU AVERAGE	18,040.37	29.69	▲	0.16%	18,017.82	18,105.83	17,982.06	18,010.68
FTSE EUROTOP 100	3,157.26	-15.37	▼	-0.48%	3,170.25	3,179.21	3,133.32	3,172.63
XETRA DAX PF/D	11,333.47	-102.58	▼	-0.90%	11,467.07	11,467.07	11,270.57	11,436.05
CAC 40 INDEX/D	4,996.15	-29.15	▼	-0.58%	5,051.68	5,051.68	4,960.72	5,025.30
FTSE MIB/D	23,494.73	59.06	▲	0.25%	23,520.63	23,586.01	23,264.64	23,435.67
SMI PR/D	9,230.39	-37.05	▼	-0.40%	9,263.10	9,290.94	9,205.39	9,267.44
HANG SENG INDE/D	27,466.72	-130.44	▼	-0.47%	27,473.45	27,602.88	27,348.13	27,597.16
NIKKEI 225 INDEX	20,543.19	-26.68	▼	-0.13%	20,604.67	20,619.61	20,470.26	20,569.87
ALL ORDINARIES	5,639.93	-94.03	▼	-1.64%	5,734.00	5,752.30	5,639.90	5,734.00
STRAITS TIMES /D	4,267.07	-65.60	▼	-1.51%	4,310.88	4,310.88	4,267.07	4,332.67
SSE COMPOSITE/D	4,911.57	82.84	▲	1.72%	4,844.70	4,911.57	4,797.55	4,828.74
S&P SENSEX/D	27,157.69	-691.30	▼	-2.48%	27,890.73	27,902.53	27,152.91	27,848.99

FTSE 100

NAME	LAST	CLOSE	NET.CHNG	PCT.CHNG
ANGLO AMERICAN/D	996.30	1003.00	-6.70	-0.67%
ASSOC.BR.FOODS/D	2960.00	3001.00	-41.00	-1.37%
ADMIRAL GROUP/D	1478.00	1491.00	-13.00	-0.87%
ABDN.ASSET.MAN/D	436.80	440.20	-3.40	-0.77%
AGGREKO/D	1564.50	1582.00	-18.00	-1.14%
ANTOFAGASTA/D	736.00	743.00	-7.00	-0.94%
ARM HOLDINGS/D	1149.00	1158.00	-9.00	-0.78%
ASHMORE/D	329.80	331.20	-1.40	-0.42%
AVIVA PLC/D	515.50	520.50	-5.00	-0.96%
ASTRAZENECA/D	4343.50	4366.50	-23.00	-0.53%
BAE SYSTEMS/D	511.40	516.50	-5.50	-1.06%
BARCLAYS/D	265.50	266.40	-0.90	-0.34%
BRIT AM TOBACC/D	3504.48	3592.50	-88.00	-2.45%
BG GROUP/D	1116.00	1121.00	-5.00	-0.45%
BR LAND CO/D	862.88	872.00	-9.50	-1.09%
BHP BILLITON/D	1331.50	1359.50	-28.00	-2.06%
BUNZL/D	1889.00	1898.00	-9.00	-0.47%
BP/D	444.25	447.40	-3.15	-0.70%
BURBERRY GRP/D	1684.00	1693.00	-9.00	-0.53%
BT GROUP/D	438.75	443.55	-4.80	-1.08%
CARNIVAL/D	3155.00	3166.00	-11.00	-0.35%
CENTRICA/D	274.60	276.80	-2.20	-0.79%
COMPASS GROUP/D	1143.00	1157.00	-14.00	-1.21%
CAPITA PLC/D	1235.00	1250.00	-15.00	-1.20%
CRODA INTL/D	2907.00	2920.00	-14.00	-0.48%
CRH/D	1797.00	1804.00	-7.00	-0.39%
DIAGEO/D	1788.34	1818.00	-29.50	-1.62%
MAN GROUP/D	182.00	183.20	-1.20	-0.66%
EVRAZ PLC/D	168.00	168.50	-0.50	-0.30%
EXPERIAN/D	1231.00	1238.00	-7.00	-0.57%
FRESNILLO/D	738.00	754.50	-17.00	-2.25%
G4S/D	293.60	296.00	-2.40	-0.81%
GKN/D	365.90	367.00	-1.10	-0.30%
GLENCORE/D	277.00	281.75	-4.75	-1.69%
GLAXOSMITHKLIN/D	1443.50	1456.00	-12.50	-0.86%
HAMMERSON/D	664.50	673.00	-8.50	-1.26%
HARGREAVES LS/D	1261.00	1275.00	-14.00	-1.10%
HSBC HOLDINGS/D	622.60	624.20	-1.60	-0.26%
ICAP PLC/D	555.00	554.50	0.50	0.09%
IAG/D	558.00	560.50	-2.50	-0.45%
INTERCONT HOTE/D	2730.00	2765.00	-35.00	-1.27%
IMI PLC/D	1249.00	1251.00	-2.00	-0.16%
IMPERIAL TOBAC/D	3249.00	3306.00	-57.00	-1.72%
INTERTEK GROUP/D	2528.00	2524.00	4.00	0.16%
ITV/D	269.40	271.20	-1.80	-0.66%
JOHNSON MATTHE/D	3482.00	3497.00	-15.00	-0.43%
KAZ MINERALS/D	243.50	244.70	-1.20	-0.49%
KINGFISHER/D	364.50	366.00	-1.50	-0.41%
LAND SECS GROU/D	1308.00	1323.00	-15.00	-1.13%
LEGAL & GENERA/D	261.00	262.40	-1.40	-0.53%
LLOYDS BNK GRP/D	88.28	88.66	-0.38	-0.43%
MEGGITT PLC/D	504.50	506.00	-1.50	-0.30%
MARKS & SP/D	573.50	582.00	-8.50	-1.46%
MORRISON SUPMK/D	171.20	169.40	1.80	1.06%
NATIONAL GRID/D	921.60	929.70	-8.10	-0.87%
NEXT/D	7501.50	7515.00	-15.00	-0.20%
OLD MUTUAL/D	214.70	218.50	-3.80	-1.74%
PETROFAC/D	886.50	890.00	-3.50	-0.39%
POLYMETAL INT/D	553.00	557.50	-4.50	-0.81%
PRUDENTIAL/D	1598.00	1611.50	-13.50	-0.84%
PEARSON/D	1306.00	1309.00	-3.00	-0.23%
RECKIT BNCSR G/D	5795.25	5879.00	-84.00	-1.43%
ROYAL BANK SCO/D	339.74	341.40	-1.70	-0.50%
RDS 'A/D				



# LIFE

HEALTH



» **HEALTH:** Just be yourself during a job interview  
Page 29



» **SPORTS** Toure rules out move from Manchester City  
Page 31



## Breastfeeding may lower leukaemia risk in children

**STUDY** WHO estimates that about one million children could be saved annually if scaled up

BY SARAH OOKO

**M**others who breastfeed their babies may offer them protection against childhood leukaemia (cancer of the red blood cells).

A new study - published in the current issue of JAMA Paediatrics journal - found that children breastfed for six months or longer had a lower risk (19 per cent) of developing the disease compared with those who never breastfed or did so for a shorter time.

The authors of the study, titled "Breastfeeding and Childhood Leukaemia Incidence: A Meta-analysis and Systematic Review," note that breast milk contains many active components that boost immunity and prevents inflammation of body cells, minimising the risk of leukaemia in breastfed children.

"Because the primary goal of public health is prevention, healthcare professionals should be taught about the potential benefits of breastfeeding and given the tools to assist mothers with breastfeeding," notes the researchers from the University of Haifa in Israel.

The findings of this study add to the body of previously published research papers that have documented the significance of breast milk to young children.

This has since consequently led to the World Health Organisation (WHO) recommending that mothers exclusively breastfeed their children for six months, then gradually complement the milk with other foods up to two years of age and beyond.

"We have included this in our national guidelines and are encouraging mothers to do so as it will improve the health of their children," notes Terry Wafwafwa, head of Nutrition at the Ministry of Health (MoH).

Recent statistics from the Kenya Demographic and Health Survey (KDHS 2014) show that 61 per cent of Kenyan children are exclusively breastfed (receiving no other food for the first six months of life).

This is an increase from the 32 per cent figure recorded in the previous survey (KDHS 2009). But health experts concur that the rates should be way above 90 per cent.

Ms Wafwafwa states that breast milk contains the right amount of key vitamins and minerals essential for intellectual development.

Without them, some damages done to the brain before a child reaches two years of age would remain irreversible.

"So we will have children with below average intelligent levels yet we need them to promote our economic development."

Studies have also shown that breastfeeding guards against malnutrition which is an underlying contributor (30 per cent) to all major childhood killers such as pneumonia, diarrhoea and malaria.

If optimal breastfeeding was enhanced,

WHO estimates that close to one million children lives could be saved each year in Africa.

During breastfeeding, a mother continually passes antibodies to the child. The colostrum (a thick yellowish substance produced immediately after birth) is especially rich in those antibodies.

The milk therefore protects the newborns against deadly disease-causing organisms such as rotavirus and pneumo-

coccus bacteria which cause severe diarrhoea and pneumonia respectively.

Breastfed babies also have a reduced risk of contracting juvenile diabetes, multiple sclerosis, heart disease and cancer before the age of 15.

In the past, HIV positive mothers shied away from breastfeeding for fear of infecting their children. However, a WHO 2009 study conducted in Malawi showed that the risk of transmission reduced to just about two per cent for infants given the antiretroviral drug Nevirapine daily while breastfeeding exclusively for six months.

Another study by a team of researchers from the US-based Cincinnati Children's Hospital Medical Centre discovered that breast milk contains a protein known as Adiponectin that could prevent obesity, type 2 diabetes and coronary heart disease in adulthood.

For mothers, breastfeeding minimises their chances of developing ovarian and breast cancers. This is because it stalls the production of oestrogen hormones that are linked to the two cancers.

Despite these benefits, it is often challenging for the modern career woman to breastfeed frequently due to work pres-



**A mother breastfeeds her baby. A new study shows that breast milk cuts chances of developing cancer.**

FILE

sures. They can address this hurdle by expressing the breast milk and leaving it for the baby during their absence.

The milk can stay fresh at room temperature for up to eight hours. And in case the mother plans to be away for long, storing the milk under refrigeration in special bags can preserve it for about two weeks.

Organisations are also encouraged to reserve suitable hygienic rooms that mothers can use to express milk while at home.

There are several myths about breastfeeding emystifying such as; breast milk is insufficient for the child and especially twins.

This is true since the milk alone is enough food for the baby during the first six months. And the more a mother breastfeeds, the more milk is produced. She also needs to be stress free and psychologically prepared to be successful. From the seventh month onwards, mothers can now begin complementing the milk with other foods.

Others also believe that breast milk makes the baby thirsty. Research has debunked this myth and shown that it provides sufficient water to the child during the six months following delivery.

Yet still, other mothers perceive formula as being better than breast milk. But breast milk is always the best for the baby. Whereas formula is bought, breast milk is produced for free. It contains all essential child nutrients and has antibod-

ies that protect the child from deadly diseases. Indeed, UNICEF estimates that formula-fed children in least developed countries are more likely to die of diarrhoea and pneumonia than their breastfed counterparts. Breast milk is also easily digested.

It today's modern society, it is also believed that breastfeeding makes the mother fat. On the contrary, it reduces the 'fat stores' accumulated during pregnancy and enables the mother to shed off the excess weight.

Similarly, that breastfeeding makes the breasts fall and sag is also a widely held view in the modern society. But these are changes that gradually take effect as women grow older, irrespective of whether they breastfed or not.

Some women also think that over-eating increases the production of breast milk. But experts disagree and advise that the mother should just eat what is enough. The mentality of "eating for two" is misguided.

Another myth holds that if a man suckles a woman's breast, she should discontinue breastfeeding until special herbs are used to clean the breast, or the child will die. (This is a belief in most African societies).

However, it has been proven that nothing will happen to the baby, so the mother should not stop breastfeeding.

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# Uganda launches HIV testing plan targeting 90 per cent of population

## PROGRAMME

New strategy hopes to curb disease by 2030 using good management

Uganda's government is aiming to launch an ambitious campaign of HIV testing for its citizens.

According to the country's Health minister, the goal is that more than 90 per cent of Ugandans will know their HIV status.

The Minister, Dr Elioda Tumwesigye, spoke of the plan on 'The Truth About Aids' on the BBC World Service.

"We want to give an opportunity to every Ugandan, at least one round to say yes or no to an HIV test," he said.

"We will go to every home, every village, and test."

Dr Tumwesigye claimed this door-to-door approach to testing counselling had worked well in the Western Ugandan district he represents as a Member of Parliament.

If the East African country can establish the HIV status of nine out of every ten people, it will have achieved the first of three targets of a new grand initiative led by UNAids (the Joint United Nations programme on HIV/Aids).

The 90-90-90 strategy is aimed at effec-



A Ugandan scientist in a lab. The state is targeting Aids elimination by 2030. FILE

If nations can achieve this, computer modelling shows that the rate of new infections would be curbed drastically by 2030.

The expense of ramping up services might be high in the short-term, but economic benefits are reaped later on as the cost of treating far fewer new patients plummets.

Joshua Musinguzi, head of Uganda's Aids control programme said that his country has some way to go to reach the targets, but that they are achievable.

"I like them because they are setting a stage for the country to move towards epidemic control."

### Tipping point

"The idea now is to move towards an Aids-free generation for Uganda."

"In the last three consecutive years, we have actually enrolled more people on treatment each year than the number of new infections in those years. This is a tipping point in the epidemic."

That is a significant milestone.

However, Professor Vinand Nantulya, head of the Uganda Aids Commission, points out that currently the number of infected people on treatment is outnumbered by those who are not.

"In Uganda, it's about 1.7 million people who should be on treatment and so far we are reaching about 800,000," said Prof Nantulya.

"So we will need [more] money and

[more] staff in the hospitals and clinics to put people on treatment, and then we need to follow up those on treatment to be sure that the treatment is having impact on the viral load in the blood."

Monitoring viral load requires expensive laboratory equipment that is not available in most Ugandan hospitals and clinics.

More than doubling the number of people on medication will more than double the antiretroviral drugs bill.

Currently about 80 per cent of Uganda's HIV medication is paid for by international donors while the rest comes from the country's own coffers.

Both overseas funders and the Ugandan government will need to dig much deeper to meet UNAids' 90-90-90 targets.

According to Dr Medard Bitekyerezo, deputy chairperson of the Parliamentary Aids committee: "We are looking at levies on bank transactions and interest."

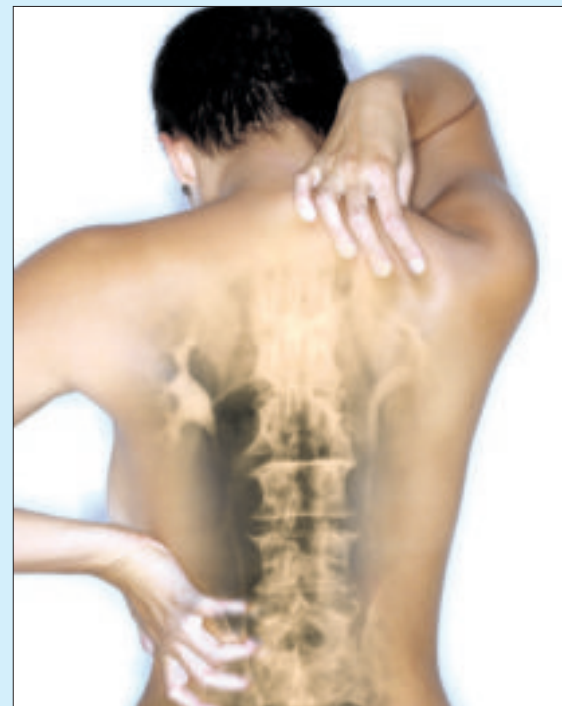
"We are looking at air tickets, beer, soft drinks and even cigarettes," as examples of goods and services which could be taxed to feed the AIDS fund.

Dr Bitekyerezo stressed: "This money is going to be specifically targeted for HIV-related issues."

Zimbabwe and Ghana are the only other African countries with similar HIV-dedicated funding mechanisms.

-BBC

## TRIALS



## Research study shows spinal cord injuries may respond to cancer drug

A group of drugs being tested for cancer could also be used to treat spinal cord injuries, a study in mice suggests.

Mice treated with cancer drugs called nutlins recovered much more movement than those left untreated.

The Imperial College London researchers said the drugs should now be tested in rats and could be tested in human patients within 10 years.

There are currently no proven effective treatments for spinal cord injuries.

Such injuries can affect patients' ability to feel or move parts of their body below the injury.

The damage is often permanent because it is very difficult to make spinal cord nerves regrow.

The study, published in the journal *Brain*, used drugs which have been found to be safe in early cancer trials.

### Walking again

In the research on adult mice, the drugs stopped a particular series of proteins from interacting to restrict nerve growth.

Normally used to suppress tumours, in the mice with partially severed spinal cords they were able to make nerves regrow in the affected area.

This meant that 75 per cent of the mice went from being paralysed to being able to walk on a ladder.

Mice which were not treated with the cancer drugs only made a slight recovery in their movement.

Prof Simone di Giovanni, from the department of medicine at Imperial College London, who led the study, said: "Unlike in the limbs, nerves in the spinal cord don't regenerate after an injury."

"We're only just beginning to understand the fundamental reasons for this striking difference."

"We have identified a mechanism that controls nerve regeneration, and there are already experimental drugs that target this pathway, suggesting an opportunity to translate these findings into the clinic."

He went on to say that although the results in mice were "very encouraging", they now had to be replicated in studies in rats, whose spinal cords more closely resemble those of humans.

-BBC

### HIV/Aids in Uganda

- An estimated 1.7 million people in Uganda are living with HIV
- In 2014, 127,000 people became infected with the virus
- Every hour, seven people in Uganda die because of HIV/Aids and therefore these providers can make more efficient use of their resources.

tively ending the pandemic by 2030, by exploiting the preventative potential of well managed HIV/Aids treatment.

If a patient takes their antiretroviral drugs properly, the amount of virus in the blood and other body fluids is lowered to a level where it is essentially undetectable.

At these levels, the risk of transmitting the virus to other people is much reduced.

The second 90 of the UNAids formula requires that 90 per cent of those identified as HIV positive should be on antiretroviral therapy.

The final criterion is that 90 per cent of the patients on treatment must maintain complete virological suppression.

In other words, therapy must be well enough administered and managed that the virus is unable to replicate in the body.

UNAids has set a goal for countries to implement this regime by 2020.



# Just be your normal self during a job interview



LIFE COACHING

DR FRANK NJENGA

**I** am scheduled to attend an interview for a job I have really longed for.

As part of the preparations for the interviews one of my cousins urged me to improve on my body language and drop the casual manner in which I always approach serious matters.

**What is the ideal body language expected of one during a job interview?**

**I**t is clear that your cousin knows a number of things about you that you have not disclosed to us.

A critical link missing in your question relates to the nature of the job that you are looking for. It would also help a great deal if you had disclosed your age as well as giving us some idea as to whether this is your first job, and also if you have been to other interviews or indeed if this is the first one for you.

All these facts matter a great deal if the answer we are going to give will have any meaning to your specific concerns.

If, for example, you are looking for a job at the local theatre for the performing arts, then some evidence of the ability to act might not be a bad thing. On the other hand, at an interview for a job to the Court of Appeal, the same skills brought at the interview would be a major liability!

As you can see, each job interview has its own style and character. This then brings us to another point you may wish to consider.

Given the extent of the apprehension that is evident from your question, are you



really qualified for the job that you have applied for? Are you – in your heart of hearts – sure that if you got the job you could do it? Is it possible that part of the reason your cousin is concerned is because he does not have the confidence that you are suitable for the job?

## Out of the box

Related to the foregoing, but substantially different is the whole question of one's personality and the type of job they are best suited for.

In the creative media world, for example, the personality types that seem to thrive are mostly free thinkers who are at the best of times free spirits and work best "out of the box".

They do not allow things like dress

codes to get in their way. They occupy their space with confidence and conviction and to the casual observer, seem too casual in their workplace.

If one was to go to a job interview for a position in a bank dressed other than in a dark suit, the interview panel might be excused for thinking you had gone to the wrong interview. A lady dressed in a short, brightly coloured, pink flowery dress would only have herself to blame if the interview panel for a job at the bank thought she was dressed to go to the beach!

As you can see, there are clear traditions in society that have stood the test of time that prescribe the modes of dress and body language for particular occupations.

The statement "sober as a judge" has a deeper meaning in society beyond the expectation that the judges refrain from too much drink.

It brings to mind many attributes of a judge that include the way he presents himself to the public, including his body language at the job interview. For these reasons, if the interview is for a clown at a circus, banker, or judge, then the body language must be congruent.

There are other matters that you may wish to take into consideration as you prepare for the interview.

For example, if you have applied for a job in Mombasa and you know very well that you cannot stand the heat of the Coast then you must know that you

are not being truthful either to yourself or to your prospective employer.

Sadly for you, this fact might come out in your body language at the interview.

In the alternative, if you have applied for a job in information technology while your heart has always been in human resource, then you will have a real problem at the interview, a fact that could easily be detected from your lack of enthusiasm.

You might be a young person who has become a doctor because your parents insisted that you go to medical school, just like they both did. Even if you have become a doctor, and are about to be posted to Murang'a, your heart could still be in tourism where you have always wanted to be!

Your body language at the interview will tell volumes about you.

## Objective testing

Psychometric testing seeks to help both the prospective employer and the candidate by bringing some of the issues we have raised to formal and objective testing. Such tests try to find a fit between the individual and a particular job.

Perhaps like you, many people try to answer the questions in psychometric tests "correctly" so that they can get the job. In the process they forget that there is no such thing as the right answer. The test is like a photograph of you in that it seeks to see you as you truly are.

Cheating in these tests is foolish in the extreme and often leads to frustration for both you and the prospective employer.

As you go to the job interview, carry your normal self and to the extent possible be your true self, including your body language.

## Bottom Line

## Scientists say sleep training 'may reduce racism and sexism'

**L**evels of unconscious racist and sexist bias have been reduced by manipulating the way the brain learns during sleep.

A team at Northwestern University, Chicago, played sounds while people slept to trigger and enforce memories of an exercise earlier in the day.

The trial on 40 people, published in the journal *Science*, showed the changes lasted at least a week.

Experts said the findings had potential in many situations, but also raised ethical questions.

Sexual and racial prejudice are common but may often be unintentional, says the Northwestern team.

They cite studies in computer

games when people chose to shoot black characters more often than white ones or men being favoured over women despite having identical job applications.

## Counter-bias training

People's prejudices were assessed with a series of publicly available tests at the start of the study.

They were then given "counter-bias training". During the session, pictures of faces were paired with words that were the opposite of widely-held stereotypes.

So female faces were paired with words like "maths" or black faces with positive words like "sunshine".

Distinctive sounds were played

during the counter-bias training and were played again at low volume during a 90-minute afternoon nap.

The result was a reduction in sexual and racial bias scores, which persisted for at least a week.

So could this really make someone less sexist or racist? Prof Ken Paller, the director of the cognitive neuroscience programme at Northwestern University, told the BBC News website: "We didn't have people interact with or make decisions about other people, so that sort of experiment is needed to know the full effects of the methods we used."

"But we suggest that modifying unconscious social bias is likely to influence the extent to which deci-

sions are influenced by racist or sexist attitudes."

He argues the technique may have potential in tackling addiction or unhealthy eating.

In a commentary, Gordon Feld and Jan Born from the University of Tübingen praised the study saying: "This is the first to demonstrate that this method can be used to break long-lived, highly pervasive response habits deeply rooted in memory."

But they cautioned that sleep was a vulnerable state in which people did not have "wilful consciousness".

They added: "However, Aldous Huxley's description of a dystopian 'brave new world' where young children are conditioned to certain val-

ues during sleep reminds us that this research also needs to be guided by ethical considerations."

Prof Paller said there were similarities to subliminal advertising and that there was an ethical discussion to be had.

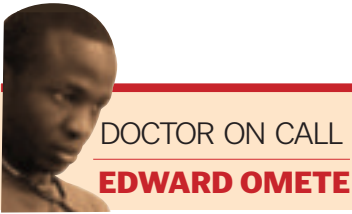
However, he continued: "More importantly, perhaps, is the question of whether people in positions of authority in society, such as judges and police officers, and perhaps people who make hiring decisions, should have their unconscious bias evaluated and perhaps trained to some standard."

-BBC



Life: Health

Healthy medical schemes do not coerce workers into insurance covers



DOCTOR ON CALL  
EDWARD OMETE

Philosophers argue that autonomy is a critical component of any happy life. Most people don't like being coerced into doing things. The idea that an individual has a say in what they want to do means they do what they choose. In our work places this is lacking and could be the reason for the push and pull being experienced in the ongoing bid to deduct pay for health insurance.

On one hand we have no less than five unions "purportedly" representing workers' interests that have gone to court to challenge deductions for health insurance. On the other hand stands employers trying to push through such schemes arguing they are "for the benefit of employees". This seesawing will continue for a while in the near future.

At the heart of the problem could be confusing human resource terminologies. Some employers call this money earmarked for employee medical uses as "medical allowance" lumped under allowances. Others classify it under "benefits" implying an extra bonus. Depending on how your employer puts it, it has two connotations and the interpretation is perhaps what is contributing to some of the problems.

The Teachers Service Commission (TSC), Kenya National Union of Teachers (Knut), Kenya Union of Post Primary Education Teachers (Kuppet) and AON Insurance saga is an example.

If the proper interpretation is that it is an allowance, then it is at the discretion of the employee to decide how it should be used. If on the other hand



Employers should create awareness on the importance of medical insurance to overcome the current resistance being witnessed. FILE

it is a benefit, does it imply it is part of the salary or a "gift" from the employer? The latter means the employee should accept whatever terms they are given by the employer.

Employment contracts however are varied. Some say "medical benefit". Others have medical allowance making the employees' interpretation difficult.

A discussion with workers enrolled into medical schemes by employer reveals a lot of discontent.

Many would rather not have it. One employee questions why employers should "force" them to have medical insurance if it is an allowance and not dictate on their other allowances like the mode of commuting for the transport allowance component of the salary.

This isn't the only complaint employees have; some question who between the employee and the employer should decide which insurance companies or eligible medical facilities the scheme should run under? A few would rather they were in a different insurance scheme all together.

At my last employment, to get rid of this ambiguity we decided to just have a salary for everyone. Save for the statutory deductions, employees would then

decide if they wanted to have their own medical insurance or not, walk to work or cycle etc.

Employers however argue that left to employees many would not use the funds for health insurance.

Liberal philosophy however holds that if the money is the employees', then they should have the say in its utilisation.

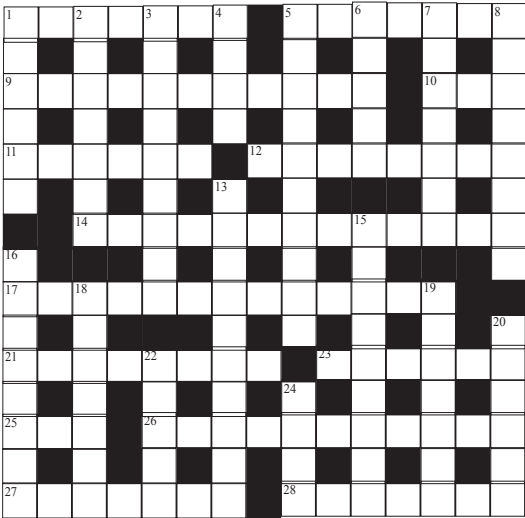
No employer designates funds for the worker's meals or transport expenditures yet workers travel every day to work and many waste their salaries drinking alcohol to the consternation of their families. Is it any of the employers' business?

What we should instead have is awareness on the importance of medical insurance. This way choice is made out of autonomous decision and we shall have less bickering regarding the subject.

It is also a way of reducing medical fraud engaged in by employees who feel they are "coerced" into medical insurance. We are better off having fewer insurance clients who value its importance.

Feedback: [info@healthinfo.co.ke](mailto:info@healthinfo.co.ke)  
Twitter: @edwardomete

» TIMES CROSSWORD 24,078



- Across**

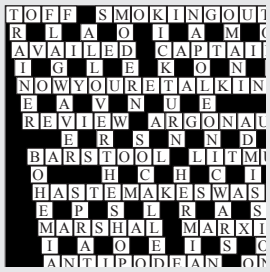
  - 1 Fizzy drink so flat sent back before work (4,3)
  - 5 Preliminary work on track, dressed with commercial investment (7)
  - 9 Regarding work details, list OK (11)
  - 10 Person having vanished, no good (3)
  - 11 Trouble feeding seagull in field (6)
  - 12 Injection in pints, blimey O'Reilly! (8)
  - 14 First and only success, second down the toilet? (5,2,3,3)
  - 17 At the office computer, not working, affected by single crack (13)
  - 21 A measure of liquid is put in for one keeping fish (8)
  - 23 Domestic god after timber, finding masonry (6)
  - 25 Haircut which goes all the way round! (3)
  - 26 Pound down, also per ounce (4,7)
  - 27 Reserve energy to equip vessel (7)
  - 28 Framework where letters written out (7)
- Down**

  - 1 Group jostling to get first of pippins — swipe them? (6)
  - 2 Princess superior to men, as female (7)
  - 3 Use raptor to tear apart very old flier (9)
  - 4 Spread for loaf (4)
  - 5 Slow to see accident as British capital involved in fight (10)
  - 6 Some mistake lawyer for Cub Scout leader (5)
  - 7 Rowdy occasion where Betty punched by God, endlessly (5-2)
  - 8 Saucy bedroom procedure? (8)
  - 13 Son having nightmare with hair, bringing trauma (5,5)
  - 15 Welcomes air with bit of cold weather (9)
  - 16 Struggle to make breakfast? (8)
  - 18 Weep, being fat (7)
  - 19 Face soldier that's brave (7)
  - 20 Where four hands are needed, groom initially grabbed by partner? (6)
  - 22 A brilliant thing to promote king for black believer (5)
  - 24 Digs, though not deep? (4)

» SUDOKU PUZZLE 007

**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

	7				1		9
		8		3	9	6	5
6				1			
7					5	2	
9		6			7		3
	8	2					1
				6			7
	2	4	3	7		9	
5		7				3	



SUDOKU 0068	2	6	3
8	6	1	3
7	3	2	4
4	7	3	8
9	1	8	5
2	5	6	9
1	8	5	6
3	2	9	1
6	4	7	2

Pixie piper

Turkey president's golden toilet seat challenge

Irritated by accusations of lavishness, Turkish President Tayyip Erdogan has vowed to resign if the leader of the main opposition can find a single golden toilet seat in his vast new palace.  
Kemal Kilicdaroglu of the Republican People's Party (CHP) has repeatedly criticised Erdogan's profligacy in campaign speeches ahead of a June 7 parliamentary election.  
"Gentlemen in Ankara, palaces have been built for you, planes bought, Mercedes cars purchased ... golden seats have been bought, that's how you use the toilet," Kilicdaroglu said at a rally in the Aegean city of Izmir on Saturday.  
Erdogan, who moved into the controversial

new 1,000-room palace complex after winning a presidential election last August, challenged Kilicdaroglu to prove his assertion.  
"I invite him to please come and take a tour ... I wonder if he will be able to find such a golden toilet seat in any of these washrooms," Erdogan said in an interview with state broadcaster TRT late on Sunday. "If he finds it, I will resign from the presidency."  
Brightly illuminated at night and sitting on a hilltop, the complex - nicknamed Ak Saray or the White Palace - dominates the skyline on the western edge of the Turkish capital.  
Previous heads of state used a more modest old palace.



# THE Business OF Sports

► **RESOLVE** Midfielder hopes to bring major honours to the Etihad next season

## Yaya Toure now rules out move from Manchester City as he eyes silverware



Manchester City player Yaya Toure. He told fans not to be worried about his future. AFP

Midfield lynchpin Yaya Toure has cooled speculation surrounding his future at Manchester City, the Ivorian saying he will “definitely stay” because he wants to win more silverware at the Premier League club.

Toure’s agent Dimitri Seluk said last month his client was “90 per cent certain” to leave the Etihad Stadium but backtracked last week and suggested the player would remain in Manchester following a meeting with the club.

The 32-year-old Toure, who joined City in 2010 and played a dominant role in two Premier League title wins in 2012 and 2014, endured a frustrating season after suffering a loss

of form as City failed to claim any trophies.

“I will definitely stay. The fans don’t have to be worried,” Toure told the Manchester Evening News.

“My target this year is to try to do everything possible to make this team improve well.

“I am sure with my experience, (and) maybe I hope, with the players coming in a couple of weeks, a couple of months, definitely it is going to be a strong City next year.”

City finished runners-up to Chelsea in the Premier League and were knocked out of the Champions League by treble-chasing finalists Barcelona in the round of 16.

Toure is targeting an improvement of his

own form as well as European success in the Champions League next season.

“I will start working again, because last season there has been a lot of football for me,” he said. “Now is a good time to rest and next season you are going to see the top one.

“What I want for the fans is the Champions League. I will do everything that’s possible.”

Meanwhile, Former Arsenal and Manchester City midfielder Patrick Vieira is on a four-man shortlist of candidates to take over as manager at Newcastle United.

Steve McClaren, sacked by Derby County last week, is also on the list.

### Before retiring

The interview process will begin this week with 38-year-old Vieira, manager of City’s Under-21 squad, keen to test himself in the Premier League.

Vieira, a World Cup winner with France in 1998, won three league titles and four FA Cups in nine years at Arsenal.

He moved to Juventus in 2005 but returned to the Premier League in 2010 when he signed for Manchester City and helped them win the 2011 FA Cup before retiring from playing two months later.

If successful, Vieira, who turns 39 on June 23, will be the fourth youngest in the list of current serving Premier League managers.

However, Vieira’s lack of top-flight managerial experience may count against him.

Newcastle have been without a permanent head coach since Alan Pardew joined Crystal Palace at the turn of the year.

Caretaker manager John Carver, previously Pardew’s assistant, is expected to be retained by the club in some capacity.

Carver, 50, had stated previously he wanted the job permanently.

Newcastle, who finished 15th in the 2014-15 Premier League table, hope to make an appointment in the next fortnight.

-AGENCIES



Jurgen Klopp, outgoing Dortmund manager. AFP

## Klopp announces break from soccer

Jurgen Klopp says he will take a break from football after stepping down as Borussia Dortmund manager.

The 47-year-old had been linked with a move to Liverpool since announcing he would leave at the end of the season.

“After seven intense and emotional years, I think it’s a good idea to let the numerous memories settle in before I take on a new challenge with my team refreshed and motivated,” said Klopp.

“I’m going to take a break until further notice,” he added.

Klopp lost his last game in charge of Dortmund on Saturday as Wolfsburg claimed the German Cup with a 3-1 victory.

The German had previously stated he did not intend to take a sabbatical. When announcing he was to step down in April he said: “It’s not that I’m tired. I always said that when I believe I am not the perfect coach anymore for this extraordinary club I will say so.”

Klopp won two Bundesliga titles and one German Cup in the seven years following his appointment as Dortmund manager in 2008, also reaching the Champions League final in 2013 where his side were beaten by Bayern Munich.

Former Mainz manager Thomas Tuchel is to take over from Klopp at Dortmund, who recovered from being bottom of the German league in February to finish seventh and qualify for the Europa League.

-BBC

## SPORTS BRIEFING

### FA member withdraws from Fifa role after graft charges

Football Association board member Heather Rabbatts has withdrawn from Fifa’s taskforce against racism and discrimination with immediate effect. Rabbatts, the FA’s only female board member, said it had “not been an easy decision”. But she added her desire to try to tackle racism and discrimination was “outweighed by the disastrous effect on Fifa’s reputation of recent events”. Fifa re-elected president Sepp Blatter last week despite corruption claims. Seven top officials of world football’s gov-

erning body were arrested in Switzerland two days before last week’s election as part of a US prosecution that indicted 14 people.

A separate criminal investigation into how the 2018 and 2022 World Cups were allocated has also begun.

Blatter, 79, has faced calls to resign from Uefa and the FA but was still voted in for a fifth term in his role.

He has received support from Brazilian three-time World Cup winner Pele but John Whittingdale, Britain’s Secretary of State for Culture, Media and Sport, says the government will “do all in its power to help bring change about” at Fifa.

The decision of Rabbatts comes in the wake of FA vice-chairman David Gill rejecting a place on Fifa’s executive committee while Blatter is president.

“Like many in the game, I find it unacceptable that so little has been done to reform Fifa,” said Rabbatts.

### Harriette Thompson, 92, sets marathon record in San Diego

A 92-year-old cancer survivor has become the oldest woman to finish a marathon. American Harriette Thompson ran the Rock ‘n’ Roll Marathon in San Diego in seven hours, 24 minutes and 36 seconds. Having survived three bouts of oral can-

cer, Thompson crossed the line accompanied by her son Brenny, 56.

Aged 92 years and 65 days, Thompson took the record of 92 years and 19 days set by Gladys Burrill in the Honolulu Marathon in 2010. Despite her training woes, she nearly matched her finish time of last year, which was 7 hours, 7 minutes, 42 seconds. That set a record for a woman 90 or older, shattering the old one by more than an hour and a half.

A classically trained pianist who played three times at Carnegie Hall, Thompson says she mentally plays old piano pieces she had performed to help her get through the 26 miles, 385 yards.



Harriette Thompson, 92, takes part in a full marathon. AP





# MARK TO MARKET

MARKET ANALYSIS *With Rufus Mwanyasi*



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## NIC holds promise despite the bank's unimpressive Q1

► **PERFORMANCE** Why it will remain a good buy if it diversifies its business into new areas

Financial stocks have been selling off at quite a pace lately. Fears of a possible policy rate increase, sluggish economy, strict regulatory environment and high "bad-book" provisions are spooking investors.

Losses in banking heavyweights such as Equity, Barclays and Standard Chartered are impacting other listed banks, with NBK, CFC Stanbic, DTB and NIC shares down by 17 per cent, 19 per cent, five per cent and 13.3 per cent respectively year-to-date.

Investors could be questioning the major banks' prospects following a below par first quarter results. As these factors continue damaging investor sentiment, the banking sector may be in for a substantial correction.

In this article, I focus on NIC stock whose fall has been exaggerated by the excess 42.6 million new shares introduced via the Sh2 billion cash call/bonus issue last year. Primarily,

disappointing quarter one reported results have seen its popularity dwindle amongst investors. The seeds are evident: 14 per cent drop in earnings per share to Sh1.55 shillings, escalating expenses and rise in provisions all painted a gloomy picture.

In addition, 50 per cent rise in non-performing loans, an unattractive dividend yield (1.8 per cent) and declining net margins pointed to the on-going punishment of NIC's share price.

For a maligned stock, the mid-tier bank has a pretty return on equity of 18.4 per cent (although the sector's average stands slightly higher at 19.46 per cent).

The bank's focus and efforts to diversify its business into new areas especially where it lacks scale is a prudent one.

Its recent ranking by CBK's index of average risk premiums on loan products as the cheapest provider of personal resident mortgage loans is evidence of an attempt toward a new balanced direction. Such a move is

**For a maligned stock, the mid-tier bank has a pretty return on equity of 18.4 per cent**



An NIC Bank branch in Nairobi. SALATON NJAU

good for revenue generation. Moreover, planned capital deployment activities toward deepening presence in retail and SME segments will help it gain investor confidence.

Even as the stock gets smoked, continuing a downward trend since touching a three-year high at Sh79 in August (2014), investors should remember that the stock is an attractive play. It has one of the lowest cost-to-income ratios at 46 per cent and trades cheaper than 76 per cent of the banking stocks, presenting an attractive risk-reward skew at current valuation.

The Chaikin Volatility, a measure of volatility in prices, sits at around 18, meaning that the stock is near the bottom and that the sell-off is start-

ing to wane. Nonetheless, investors are best advised to wait until the tide turns before initiating any positions. Key supports at the Sh58 area have been violated and newer supports are yet to be established.

Perhaps if NIC can build on its quarter one results and generate a growing stream of diversified earnings, market concern over return compression should begin to subside. As this happens, I believe stock performance will follow suit and as multiples expand, so will injection of fresh momentum into the stock.

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## Dollar stands tall as Asian shares slip

The dollar ascended to a new 12-1/2-year peak against the yen yesterday, while Asian shares fell for a second day as the stronger greenback pressured commodity prices.

But financial spreadbetters predicted a brighter day in Europe, with Britain's FTSE 100 and Germany's DAX both seen opening up as much as 0.2 per cent, and France's CAC 40 as much as 0.3 per cent.

"Ahead of European trade we are calling the major bourses firmer, with Greece headlines likely to remain the dominant theme," IG market strategist Stan Shamu wrote in a note.

The dollar rose as high as 125.07 yen, its loftiest since late 2002, before retracing to stand at 124.66 yen, down about 0.1 per cent on the day, after a spate of mostly upbeat U.S. data reinforced expectations that the Federal Reserve would raise interest rates this year.

"The rise in the dollar against the yen has been steep but sentiment favors testing new highs rather than consolidating," said Kyosuke Suzuki, director of forex at Societe Generale in Tokyo.

MSCI's broadest index of Asia-Pacific shares outside Japan was down about 0.8 per cent, falling for the second day and touching its lowest intraday level since April 3, while Japan's Nikkei stock index erased earlier gains and slipped 0.1 per cent, snapping its 12-day winning streak that was the longest since February 1988.

- REUTERS

### GLOBAL MARKET WATCH

DJ INDU  
18,040.37  
29.69

FTSE 100  
3,157.26  
-15.37

XETRA DAX  
11,333.47  
-102.58

CAC 40  
4,996.15  
-29.15

FTSE MIB  
23,494.73  
59.06

SMI PR  
9,230.39  
-37.05

HANG SENG  
27,466.72  
-130.44

NIKKEI 225  
20,543.19  
-26.68

ALL ORD.  
5,639.93  
-94.03

SSE COMP  
4,911.57  
82.84

S&P SENSEX  
27,505.72  
-138.16

### CURRENCY RATES

\$: 97.44  
€: 106.42  
£: 148.18

TSh 21.61  
US\$ 31.36  
SAR 7.95

### Market Activity

	LAST	PREVIOUS
MARKET CAP IN SH BN	2,297.46	2,267.71
TOTAL SHARES TRADED	18,636,900	58,151,500
EQUITY TURNOVER IN SH	773,915,431	2,034,287,489
BONDS TURNOVER	396,400,000	2,004,300,000
TOTAL DEALS (BONDS)	7	24
TOTAL DEALS (EQUITY)	1,459	1,855
NSE 20 SHARE INDEX	4816.66	4786.74
NSE ALL SHARE INDEX	164.25	162.13
PINEBRIDGE INDEX	845.50	835.62
FTSE NSE KENYA 15 INDEX	218.46	214.53
FTSE NSE KENYA 25 INDEX	218.09	214.39
FTSE NSE KENYA BOND INDEX	92.40	92.40
FTSE ASEA PAN AFRICAN INDEX	1,214.34	1,220.63



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### HE SAID



"An organisation, no matter how well designed, is only as good as the people who live and work in it."

Dee Hock  
American businessman

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