

KenGen Media Report

September 23-26, 2011



KenGen News

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TAIFA LEO

Mabina Corbero • Mkwafu Kiprot • Mwalimu

Kudhoofika kwa shilingi ni pigo kuu

WIKI iliyomalizika Jumamosi ilikuwa ya kutamasha nchini kutokana na thamani ya Shilingi kufika kiwango cha chini zaidi kushuhudiwa dhidi ya Dola.

Mnamo Alhamisi soko la Hisa la Nairobi (NSE) lilieneyuka kuwa Dola moja ilikuwa ikuzwa kwa \$99.20 za Kenya.

Kupungua huko kwa thamani ya Shilingi kunaweza kuwa na marufaa kwa nchi kama tungalikuwa tunauza nje ya nchi bidhaa nytingi kama tunavyopokea watalii.

Lakini tuna bidhaa zipi mbali na majani chai, kahawa na maua ambayo tunauzuu mara kwa mara?

Zaidi, sisi ni nchi ya kuigiza kutoka nje magari, dawa, mafuta, stima na bidhaa nytingine nytingi.

Kwa hivyo, Mikeya anayefanya kazi lisyofikisha hata Dola mbili kwa siku, anakuwa mwenye kuumia kila anapotaka huduma muhimu. Tuchukue mfano wa bili ya stima ambayo katibu katika wizara ya Kawf Bw Patrick Nyoye amesema itapanda kuanzia mwezi ujao.

Kenya inategemea mabwawa ya maji kutengeza stima. Wakati huu wa kiangazi, kampuni za Kenya Electricity Generating Company (KenGen) na ile ya kusambaza ngvu za umeme (Kenya Power), zinatengeza stima kutumia jenereta. Na jenereta hutumia petroli au dizeli ambayo hununuliwa kwa Dola.

Viwanda vinvayosaga unga navyo mbali na kununua mahindi kutoka nje kutumia Dola, hutumia stima iliyopandishwa bel. Kwa hivyo mweishowe, hata sheria aliyopitisha Rais Kibaki ya kusimamia bel ya bidhaa muhimu haitawanafutisha wananchi.

Tunahimiza Serikali ilibue sera ya kuhakikisha inatumia kila mbinu kuepakana na utumizi wa Dola ikiwezekana. Kwa mfano, kila siku tunasikia upepo ukidng'oo mapaa ya shule au nyumba. Mbona tustengeze stima kutumia upepo au jua ambalo pia ni la bure?

Sera kama hizi zitaisaidia kukabiliana na kudhoofika kwa Shilingi.

Hi Gazette la Kampuni ya Nation Media Group
Mkurugenzi Mkuu: LINDA GITAH
Mkurugenzi wa Uhariri: JOSEPH ODINDO
Mhariri Msimamizi: NICHOLAS MUEHA

Mataaa yaongoze magari

Wenye magari hudai maafisa wa trafiki hutatiza kwenye mizunguko ya barabara

Na PETER MWANI

IDARA ya Trafiki imekuwa ikiangaziwa karibuni hasa kutokana na ajali za barabara ambazo zimeongezeka sana.

Fa, kama msongamano wa magari ambao unekua jambo la kawaida katika miji mingi mikoju na hasa Nairobi.

Mafisa wa idara hiyo wamekuwa wakilazimika kusinana katika kila mzunguko wa barabara kuelekea magari kuhakikisha kuna ntririko.

Lakini mafisa huu uneshafika na wengi na wamekuwa wakiumiwa kwa kuitidisha msongamano badala ya kuleta nafuu.

Mara kwa mara hasa katika mzunguko maarufu wa Nyayo, katika barabara ya Uhuru, Nairobi, wamekuwa kwa kubagaa magari kutoka baadhi ya barabara.

Jambo la kusanganya ni kwamba mafisa wa trafiki walikuwa wakutumia katika mizunguko hiyo katika bado na ta za barabara ambazo kila dereva anafaa kufuata. Lakini katika hatua ya kuridhiisha, Kaimama wa Trafiki Joseph Ole Tito hili hili alitoa agizo kwa mafisa wote waondoke katika mizunguko na makotano ya barabara.

Ni hatua ambayo itaruhusu ta za barabara zilizoekwa kusongota magari na akiria zifanyika kazi yake. Anafaa kuifika kwa kugundua kwamba majira yanabadilika na nchi sharti isingie mbele.

MIZUNGUKO

Derturi ya kuwaa mafisa wa trafiki katika kila mzunguko wa barabara inekuwa ikinyesha kubali nyuma kwa taifa lita kimaendeleo. Mataifa mengine yanazoeza kufuata ta na huwa ni jambo linaloleta wageni wanayofika nchini na kukata kua ta ambazo hazifutwi.

Ni jambo lililokuwa lilikomesha maana masomo kuhusu utii wa ta za barabara ambazo hutolewa hata kwa watoto wa shule za msingi.

Kiondolewa kwa mafisa kutufuta wata kuhakikishi ta hizi, wa wakazi wa jiji watakuwa wataarabi kama inavyopasa.

Kuna walolalimika msongamano uliadhira sana mafisa walipocodolewa, na kukana na vurugu barabarani. Lakini najaa hili ni tatizo la muda ambalo liliabababisha na kutohamasishwa vyema kwa wenye magari. Wengi hawakujua kwamba mafisa waliozoeza walikuwa

Misongamano ya magari iliyanguka kama mafisa ya kuwaongoza madereva babarani yatumia vizazi.

PC/Na/MAK/TA/BA



wametoweza na kwamba walifika kutii ta za barabara. Kuna wale ambao walieledeza kuizikiza kwa walivyozoeza awali. Wananchi wanafaa kukumbatia mabadiliko haya na kuhakikisha wanafuata ta hizi. Lakini katika hili, sharti idara ya trafiki ilihakikie ta zote zinafika kazi ipasavyo na kwa kufuata mifrado unaoita haki kwa wote.

Iliwa kwamba, ta si kama mtu eti utona amezai au kulala ndipo uchukue hatua. Ikiwa ta ziharibika, sharti mafisa wote walikuwa hata hata kuzimba au kutoa mwongozo kwa madereva.

Katika mwenzo ambayo hakuna ta za barabara barabara kuu ya Taika ambayo hadi sasa inajengwa mafisa wa trafiki bado watahitajika. Ni pendelezo langu kwamba mafisa ambao awali walikuwa wakutumia kuelekea magari sasa wotumwe kufanya kazi inayowafaa, nayo ni ya kuhakikisha sheria za trafiki zinafutwa.

Hili litasaidia kutatiza la pili ambalo kufika sasa halijapata dawa, ambalo ni utovu wa nidhamu barabarani ambao unotokeka wilo vya maana ya wata na kuacha wengine wakiva vilena.

Ni kweli kwamba sheria ziko za hali ya juu za kuhakikisha shughuli barabarani lakini pengo huwa katika uoteleleaji. Alikwama wazazi wa uchukuzi baada ya Bw John Michuki, Bw Chirau Ali Mwakwete wakati mmoja alijitena kuwa jukumu la kutoleza sheria si lake. Alikuwa akilalamika baada ya kudawa kuwa amezoeza akilinganishwa na Bw Michuki ambaye amaitika kwa kutumia utovu wa nidhamu na uhayamini kutoka barabarani.

Ulimwengu unemendelea na ningewatala mafisa wa trafiki watenbe na majira. Nchi nytingi zilizotawizi zineweza mifumo ya kina ya kilekoleleja ya kukabiliana na wahalifu, moja ikiwa mifumo na kama za siri za kuchukua kazi ya magari. Hii ikiweka katika barabara zetu itazima madereva wanaoenda mwendo wa kasi.

Aidha, itanfanaya kila mmoja kuwa mwangalifu hata kama haoni afia yeyeite aliyevalia rangi ya buluu au jaketi la trangi ya majano.

Hii kufanikwa, sharti Bw Ole Tito abakikiche kwamba anaangamiza utofsi na ulaji rufwa miongoni mwa mafisa wote.

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Wachapishaji bandia watavuruga elimu shuleni

KWA muda mrefu waandishi wa maadaka wamekuwa wakilalamika kwamba kazi zao zinazoeza na wachapishaji.

Kadi kubwa pia wamekuwa wakidai wachapishaji wanazingatia sana mifwada ambayo inatela faida za kifedha kama ile ya vitabu vya masomo ya kawaida huku vitabu vya kubuni vijipewa nafasi ndogo.

Mada ya baadhi ya waandishi hao kwa kiasi fulani yana uweleli kwa kuwa wengi wa wachapishaji hupenda mifwada yeye kuyokea madirika yao faida za kifedha.

Hata hivyo, kuchapika kwa wachapishaji wengi wa vitabu kumeweza waandishi pamoja na wale wanacipifuza uandishi nafuu lakini kwa kiasi kikubwa kumemhariri sekta ya elimu nchini.

Na PAUL LETWIN

Uchunguzi wa Chama Cha Wachapishaji (KPA) uneoonyesha kwamba sasa ni rahisi sana kuandikwa dhifika la kuchapika vitabu nchini Kenya. Kile unachohitaji tu ni mtaji wa kumrua tenakilihi kadhaa na mitambo mingine michache pamoja na watu kadhaa ambao watakuadika kuendesha shirika lako la uchapishaji.

Katika baadhi ya madirika bandia ya uchapishaji, mifwada hukuguliva na wahariri ambao wengi hawajabaini au hata kusomen kazi ya uhariri. Wobariti ambao wengi ni wanafunzi wa vyyuo viliku au vyyuo vya uwalimu wanajawiza na kulipwa msabaha wa chini sana.

Aidha mashirika mengi ya kibainiti



DUKA la vitabu PC/Na/MAK/TA/BA

yanasimamiwa na wakurugenzi ambao pia ni waandishi wachapishaji vitabu vya ta za barabara. Wengi wa waandishi hao waliana kuandikwa madirika yao baada ya wachapishaji wengine kuchapishaji wachapishaji kazi zao.

Katika madirika haya bandia ni nadra sana kwa mifwada kakuguliva au hata kuchunguza kama kiwango cha uandishi, mategu, sarafu na masaniti hayatilivni maanani.

Wanafunzi wanaozoeza vitabu hivyo hata bendelevi maana ya baadhi ya masaniti unaozotamika, misaniti inayodauiwa kutungwa na waandishi hao.

Kutokana na hali iliyoko katika soko

la vitabu, wachapishaji wengi wanatilia maanani sana vitabu vya kiada pamoja na vitabu vya watoto ambavyo vitawezamekana kununuliwa kwa wingi. Ni kutokana na hali hii ya soko ambapo wachapishaji wengi wanatoa vitabu vingi vya lugha na sarafu pamoja na hadithi za watoto bila kuzingatia kamuni zinazohitajika.

Ni naopenta mwezi uliopita tu ambapo chama cha KPA kiliangaza kuwa madirika ya kuchapika vitabu iliyoteleza zaidi ya shilingi lilioni mbili kila mwezi kutokana na kuanakiliwa kwa vitabu halisi, ulaghai pamoja na uchapishaji bandia. Suala hiki linafaa kuchunguwa sana na Wilaya ya Elimu na Taasisi husika, la sivo kiwango cha elimu nchini kitaendelea kudidimiza zaidi.

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Business Daily 26th September, 2011

Better rains in the last quarter of the year will not have impact on the power bills before the end of the year, energy officials have said, dashing hopes of falling charges soon.

Energy permanent Secretary Patrick Nyoike said drought in the first eight months of the year reduced the water in main reservoirs drastically, slashing the country's hydro-electric power generation by 10 per cent.

ECONOMY & POLITICS

High input prices hurt flower earnings

CURRENCY Firms say weak shilling has pushed up fertiliser cost by up to 28pc

BY JOYCE KIMANI AND GEORGE OMONDI

The depreciating shilling has brought mixed fortunes to flower exporters who say they are in a delicate balancing act.

While earnings have improved, firms are on the other hand feeling the pinch of rising input costs.

Because of the weak shilling, earnings from the Dutch auctions have gone up by at least 30 per cent but the gains were being cancelled out by high input prices and erosion of forex gains.

"It is an delicate balancing act. Earnings from European countries are up because the shilling is weak but so are the input prices," said Dorcas Ngure, a manager at the Nalusaba-based Oserian Flower Farm.

She said the strengthening of the dollar against

the shilling has raised input prices by between 14 per cent and 28 per cent.

This means that a farmer who buys fertiliser, whose price has a heady game up alongside those of other commodities in the international market, loses up to 28 per cent in currency conversion.

Fertiliser which was selling at \$4.5 per kilo in December last year when the exchange rate was Sh74 (meaning Sh249 per kilo) now costs around \$4.25 per kilo at an exchange rate of Sh97 (meaning Sh412.25 per kg).

"A weaker shilling is not necessarily beneficial to the flower exporter," June Nggio, CEO of the Kenya Flower Council, told the *Business Daily* in an earlier interview.

Flower contributes at least 20 per cent of the annual horticultural exports. Last year, Kenya earned Sh78 billion from export of horticultural crops.

The local exporters are following keenly the economic turbulence in Europe, the source of 80 per cent of their annual earnings. Players fear that a widespread economic crisis in Europe could in the long term lower the demand for fresh produce from Kenya.

Ms Ngure said the Kenya Revenue Authority has also not relaxed its levies to the sector in the last three months, compounding cash flow problems.

Players who have turned to the local commercial banks to raise additional cash for operations said they face additional interest costs of up to three per cent. But workers, saddled with high cost of living are, however, piling pressure on the firms to share some of the currency exchange gains in form of higher wages.

The workers said a stronger dollar translates into higher incomes, but the managers were reluctant to pass on the benefits.

Mr Francis Wanyange, the chairman of Kenya Allied Workers and Planters Union, said the flower workers were



Sector earnings

Flower contributes at least 55 per cent of the annual horticultural exports. Last year, Kenya earned Sh78 billion from exports.

The weak shilling has improved earnings by at least 30 per cent but the gains were eroded by high input prices.

Flower firms say the cost of inputs like fertiliser has gone up by between 14 per cent and 28 per cent since last December.

grappling with poor pay and extra hours of work.

"Despite the huge profits that flower firms are making due to the fluctuations of the shilling, a worker is still being paid Sh100 per day," said Mr Wanyange.

Mr Wanyange said the firms backed

down from the collective bargaining agreements (CBA) reached with unions to raise wages by at least 14 per cent.

The CBA, he added, provides for a 10 per cent increment. This includes retirement allowances and life insurance required under the new Labour laws.

Nalusaba MP John Mutitho has drafted a Bill that seeks to raise the wages of the flower firm workers by 160 per cent.

"I am particularly interested in flower firms because the disparity between their revenue earnings and exports is unacceptably wide," Mr Mutitho told the *Business Daily*.

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Improved rains will not lower power charges, says Nyoike

BY GEORGE OMONDI

Better rains in the last quarter of the year will not have impact on the power bills before the end of the year, energy officials have said, dashing hopes of falling charges soon.

Energy permanent Secretary Patrick Nyoike said drought in the first eight months of the year reduced the water in main reservoirs drastically, slashing the country's hydro-electric power generation by 10 per cent.

"Even if heavy rains were to continue throughout the year, the earliest they will make impact on energy prices is December 2011," Mr Nyoike told journalists on Friday.

Under normal conditions, the low cost hydro-electricity often contributes 60 per cent of the country's generation, reducing exposure to the expensive thermal power.

Weak shilling

The country's capacity has been partly offset by increased global thermal generation at the time the weaker shilling and high fuel prices are eroding incomes fast.

The losing streak of shilling peaked at 100 per dollar last week, adding additional Sh20 for every unit of dollar spent on oil imports compared to exchange rates at the beginning of the year.

"As long as we have to rely on close to 40 per cent oil-based generation, fuel adjustment cost will continue to be a critical element of bills to the consumer," said Mr Nyoike during a briefing on the second national energy conference to be held in Nairobi next week.

Kenya Power has proposed to raise its fuel cost adjustment to Sh8.2 per unit up from the current Sh6.7 from next month to reflect international fuel cost and impact of the depreciating shilling.

Food prices

This component rose by 10 per cent between July and August, raising overall inflation to 16.67 per cent.

Earlier, the Central Bank of Kenya's governor Vijiwan Ngunjiri said that the enhanced rains would lower inflation by increasing food supply.

Most of Kenya's agriculture which holds a quarter of the country's GDP is rain fed. Food and non-agricultural beverages account for 36.04 per cent of CPI's overall weight.

While food prices have fallen by close to 20 per cent since the rains started late last month, the fuel component of electricity generation still accounts for 46 per cent of the bill.

Tight cost controls raise tea farmers' earnings

BY ALLAN OOHAMBO

Cost management and favourable exchange rates earned small-scale farmers affiliated to the Kenya Tea Development Agency a record payout during the last crop year despite sharp increases in the cost of fertiliser and fuel.

The agency said earnings increased by 5.6 per cent for the season ended June 2011 to Sh54.6 billion from Sh51.7 billion the previous year, marking a third successive season of record earnings.

KTDA group chief executive officer, Lerionka Tiampati said farmers would be paid Sh40.8 billion for

their leaf which is an equivalent of 75 per cent return on the total revenue generated.

"We managed to keep our operational costs flat at 25 per cent of revenue through improved efficiency in factory operations," Mr Tiampati said.

In the 2009/10 season KTDA paid out Sh38.2 billion to farmers from a turnover of Sh51.7 billion, an equivalent of 75 per cent return for growers.

An aggressive drive to automate factory operations has helped to boost efficiency, helping KTDA to cut down on cost. A depreciating shilling has also boosted earnings from tea ex-



Earnings

Favourable exchange rate and keeping costs at 25 per cent of revenue pushed their earnings to Sh54.6bn for season ended June 2011 from Sh51.7bn.

ports since payment is made in the dominant dollar denomination. Mr Tiampati said that following the improved performance farmers will earn a record Sh48.40 per kilo of leaf compared to Sh43.76 realised the previous season.

The performance by KTDA defied a raft of challenges including failed

weather that cut production of leaf and high cost of fuel and related by-products such as fertiliser that are critical in running the supply chain.

Data by the Tea Board of Kenya (TBK) showing that the country's tea production for the first half of the year fell 16 per cent year-on-year due to hot and dry weather and poorly distributed rainfall in tea growing areas, sending exports lower.

Output of the commodity dropped to 174.4 million kg compared with a similar period of 2010, with the east of the Rift Valley more affected than other growing areas.

The effects of this thinned output reflected on the export side where shipments fell to 211.7 million kg from 216.9 kg.

Global prices of fertiliser, which is also in-pit in tea production, shot up substantially in this year to an average Sh42, 194 (\$426.21) per tonne compared to Sh34, 600 (\$350) in 2009.

Kenya gets Sh49 billion to fund roads, energy projects

ADB's loan to finance construction of a highway from Nairobi to Addis Ababa, support geothermal production to boost power supply
By RONALD NGORGE

The African Development Bank (AfDB) has loaned Kenya \$49 billion (US\$500 million) to help it finance infrastructure projects in the next three years.

The bank's Resident Representative in Kenya Jeremiah Mutonga said on Friday the bulk of the funds will be used to finance road and energy projects. "In the first year we have earmarked between US\$170 and 200 million of the funds on projects that have been identified by the Kenyan Government," he noted.

One of the road projects will be construction of parts of the highway that connects Nairobi and Addis Ababa, Ethiopia. "In the next two to three years, the highway will be completed and paved to increase the number of passengers and freight transport between the two capitals," the resident representative said.

Thika Highway which is currently under construction, is getting most of its funding from the AfDB. The project is expected to be completed by March next year, he added.

In the energy sector, AfDB said it will fund upstream activities which are capital intensive in order to spur private sector investment in the industry. "Kenya has abundant geothermal potential but drilling costs are prohibitive for the private sector. We will fund the establishment of well heads for geothermal as well as purchase two drilling rigs for use in the Rift Valley which is rich in geothermal resources in order to enable more investment in the sector," he added.

"The Pan African Bank will also assist the Government's efforts in construction of electricity infrastructure. "We have identified the Mombasa to Dar es Salaam transmission line as well as the line that will connect Eldoret to neighboring Uganda and Rwanda electricity grids," Mutonga said.



Upgrading of Thika Highway is one of the projects being funded by the African Development Bank. The superhighway is set for completion next year.

"The cross-border lines will enable Kenya to tap into the regional electricity markets in order to help bridge the power deficit in East Africa's large economy," he added.

AfDB Bank's Transport Manager Amadou Oumoussou said the Bank is also involved in the development of the Mass Rapid Transit system for the Nairobi metropolitan area. "We have completed the first phase and now we are in the process of procuring consultants who will provide the detailed designs of the systems in a month's time," Oumoussou said. AfDB offered a grant of 4.5 million dollars for the feasibility study.

AfDB will be one of the financiers of the Lamu Transport Corridor project which seeks to connect Kenya's coastal town with South Sudan and Ethiopia. "Kenya will make a presentation to the Bank in the coming months, as the vastness of the

Sarova Stanley scoops the world luxury hotel award

By PEOPLE REPORTER

Sarova Stanley edged out several top notch hotels across the globe to win the World Luxury Hotel Awards at a ceremony held in Zagreb, Croatia last week.

The award comes after the hotel completed a major facility to the five-star property and could be a major attraction point for visitors at a time the country is preparing for a massive rise in tourist numbers.

The weakening shilling has made Kenya a cheaper tourist destination compared to other countries like South Africa and Sarova Stanley, which was also named the country's leading hotel at the World Travel Awards in Dubai at Sheikh, Egypt to now in pole position to benefit. "Evidence is growing that entrepreneurs are increasingly using the portfolio of World Travel Awards winners to help them make their personal choices for travel and leisure and we hope the award will attract more visitors to the hotel and also showcase our excellent customer-oriented service offerings," says the hotel's General Manager David Gachuru.

Competition and optimism over a potential boom in tourism business and increased focus on tourists in the Kenyan market has driven several hotels across the country to renovate their facilities in readiness for more visitors given Nairobi's expected new status as key business hub.

Executives at Sarova Stanley say the hotel has invested millions of shillings in what they refer to as product improvement and hope the new look and improved service offerings will help shepherd more visitors to the facility.

"As far as has been done in the interior to improve the bars and meeting rooms and we are sure that it has worked well for us by increasing our competitiveness," says Gachuru.

EXCEPTIONAL

World Travel Awards' aim has been to encourage world-class competition, to stimulate innovation and creativity, and to ensure travellers receive exceptional value, while the World Luxury Hotel Awards celebrate the world's finest hotels committed to the highest standards of quality service.

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BUSINESS BRIEFING

Ministry donates 4 tonnes of seeds to farmers in Mwatate

THE Ministry of Agriculture has donated four tonnes of traditional high yielding seeds to farmers in Mwatate District, Deputy Director General of Olduvai District Mwalongo said the drought resistant seeds would improve food security in the area. The seed contingent consists of sorghum, cowpeas, green gram and beans. Mwalongo said the area had been identified as the one with high potential for drought resistant crop varieties in the county. The official said the same time cautioned residents against selling the little harvest indiscriminately to avert frequent food shortages. He also announced that the ministry was offering tractor services at a fee of Sh5,000 per acre for land preparation in readiness for planting during the short rains season.

KNA

Toyota Kenya opens branch in Kisumu

TOYOTA Kenya Limited in partnership with Cater Automotive has opened a branch in Kisumu City. The partnership will see Cater Automotive handle the sale of new Toyota vehicles, genuine spare parts as well as offering quality after sales services. Speaking in Kisumu during the official launch of the new branch, Toyota Kenya Managing Director Hyron Barcon said the new branch will serve the lake side region including the surrounding areas of Mbarot, Siaya, Marsabit and Kakamega. Barcon said prior to its official launch, the new branch in Kisumu has undergone both facility and technical skills upgrade to handle Toyota vehicles prominently in accordance with the Toyota standards. The MD said the company has identified the potentials and needs of Toyota customers in Kisumu and its environs hence the opening up of the new branch. —JACKSON ODHAMBE

Britain's BAE to axe 3,000 jobs as governments cut defence budgets

BRITISH arms manufacturer BAE Systems is to axe up to 3,000 jobs as European governments cut defence budgets, reports said on Sunday. The job losses, which could be announced in the coming weeks, will focus on the company's military aircraft division based at two locations in northern England, Britain's Sunday Telegraph newspaper and Sky News reported. A trade union described the move by BAE, which employs around 30,000 staff across the country, as a "hammer blow" to Britain's defence industry. BAE is concerned about the time it is taking to secure export orders for the Eurofighter Typhoon aircraft as defence budgets are cut by European governments, the Sunday Telegraph said.

-AFP

The East African 26TH September, 2011

BURUNDI, RWANDA and Tanzania have agreed on a 106-megawatt hydroelectric project on Tanzania's Rusumo River in a bid to tame perennial power blackouts and boost electricity generation in the region. Tanzania Ministry of Energy and Minerals spokesman Aloyce Tesha said that representatives from the three countries met in Kigali a fortnight ago and agreed to expand the dam.

FORECAST

Global turmoil to hit EAC economies

Crisis in Europe and a possible slowdown in China could affect region, says IMF, World Bank

By BERNA NAMATA
The East African

East African Community countries could be hit hard by the current global economic turmoil and rising food and fuel prices, the World Bank has warned.

Bringing threats to the global economy, including the European crisis and a possible slowdown in China, could dim the outlook of economies in the region.

"The outlook for East African countries is slightly below the African average," said Shanta Devarajan, the World Bank's chief economist for Sub-Saharan Africa, during the annual meetings of the World Bank and the International Monetary Fund in Washington, US.

"The crisis in the Horn of Africa has brought down growth rate in big countries like Ethiopia, Kenya. By about 0.5 per cent of GDP," she said.

According to the IMF in its World Economic Outlook report released last week, Gross Domestic Product (GDP) in sub-Saharan Africa may increase by only 0.3 per cent this year, less than the 4.3 per cent estimated in April.

Economies in the region are forecast to grow by an average of 4.8 per cent in 2012, down from the previous forecast of 5.9 per cent.

According to Devarajan, the crisis in Europe and slowdown in growth in advanced countries could also hurt private financing flows.

At least 37 per cent of sub-sa-



Dhs allowed its currency to hit a series of record highs against the dollar in mid August in a move analysts say may signal a new strategy to combat the growing threat of inflation. Picture: Fik

haran Africa's non-oil exports go to the EU, estimates by the World Bank show.

"The Eurozone links are tighter with West Africa, particularly the Francophone countries, but there are some exceptions. Kenya, for instance, exports flowers and other types of horticulture to the EU and we are already seeing a slowdown in horticulture exports," he said.

While the region had weathered

the global economic crisis in 2008/2009, Devarajan said the countries may not be in a strong position to deal with another crisis.

"African countries in the last recession actually used the fiscal space that they had built up in the previous five to six years to cushion themselves from recession. This time as they have less fiscal space, which to respond to a new crisis.

"For instance, Kenya is one of the few low income countries that did not even need debt relief in the IMFIC (highly indebted and poor countries) initiative. But it has now been running fiscal deficits of about 3-6 per cent a year and the debt to GDP ratio is over 50 per cent. That

leaves less room to manoeuvre," he observed.

The said countries should give priority to putting in place policies to protect the most vulnerable and promote diversity economics and identify new sources of growth.

"The safety nets helps avoid the temptation to slap on price controls and other types of policies that could be quite unproductive. It gives governments some room and political space to respond to the crisis." According to the IMF, potential risks to growth could also stem from inflation, driven by rising food and fuel prices.

Consumer prices rose on average 10 per cent in the year to May 2011, up from 7.5 per cent a year earlier, IMF estimates indicate.

"There has been an uptake in inflation as a result of pressure on food prices, increasingly from the impact of the drought and food supplies in the region," said Antonietta Savini, the IMF director for Africa in a parallel meeting session.

Policy measures need to tread a fine line between addressing the challenges posed by strong growth and preparing to ward off the adverse effects of a potential global slowdown.

"The world is interconnected. Even if Africa has been successful in diversifying its trade partners, it will so much be impacted adversely by a slow-down in advanced countries," Ms Savini said.

She warned that the global slowdown could undermine prospects for export, remittances, official aid and private capital flows to the region.

"Should global growth remain robust, policies in sub-Saharan Africa will need to focus on restoring the fiscal buffers that served countries so well during the last downturn. Where inflation is rising fast on the back of growth, there is need for tightening in policy stance, particularly in monetary policy."

New power plant for Tanzania and neighbours

By DOROTHY NDEKETELA
Special Correspondent

BURUNDI, RWANDA and Tanzania have agreed on a 106-megawatt hydroelectric project on Tanzania's Rusumo River in a bid to tame perennial power blackouts and boost electricity generation in the region.

Tanzania Ministry of Energy and Minerals spokesman Aloyce Tesha said that representatives from the three countries met in Kigali a fortnight ago and agreed to expand the dam.

The investment costs for both generation plant and transmission lines is estimated at \$340 million including compensation of families evicted.

Subsequent implementation and financing takes effect in 2012 while the project will run from 2013 to 2016.

Funding

Mr Tesha said funding will come from the three countries as well as the World Bank and European Union.

According to Abdallah Mataka Assistant Director Economic Infrastructure in the Ministry of East African Cooperation, power utilities in the three countries—Energy, Water and Sanitation Authority of Rwanda, Regie de Production et de Distribution deau et d'electricite of Burundi and Tanzania Electric Supply Company Ltd—will be responsible for the power supplied from Rusumo, Mr Mataka said.

Meanwhile, Tanzania and Uganda have signed an agreement to build a 180MW hydro power plant at Kagera.

The plant is expected to be constructed next year at Kikagati-Murungu on Kagera River on the Tanzania-Uganda border.

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Nile Basin countries to speed up power trade

By Christopus Oniar

African countries sharing the Nile waters have agreed on a regional integration of their electricity grids to facilitate the establishment of a strong cross-border power market.

The countries meeting in Nairobi under the Nile Basin Initiative have also earmarked several transboundary power projects to be completed by 2014.

Energy Ministry Permanent Secretary Patrick Nyolika who closed the three-day meeting in Nairobi said countries in the Nile basin have low access to electricity that currently stands at 6 per cent.

Full integration of power systems and markets is a viable pathway to achieving energy security in the region. There is need to promote power trade to meet growing energy demands as the countries industrialise," Nyolika said.

The upstream Nile member states including Kenya, Uganda, Rwanda, Burundi, Tanzania and the Democratic Republic of Congo agreed that access to electricity is a priority among them noting they are currently grappling with energy insecurity.

They said increased cross-border sharing of energy and power among Nile member states will spur economic growth and regional harmony.

Nyolika told technical experts who met in Nairobi to resolve projects on interconnection projects that Nile member states have initiated cross-border power trade to reduce energy costs and expand access to the underserved.

He added, "The overriding goal of power trade is to improve living standards of populations through greater access to affordable energy."

Kenya has played a major role in the establishment of a vibrant regional power market.

Richard Mutitu, the Chief Engineer in Charge of Power Development at the Ministry of Energy, said the government has reactivated regional power exchange projects with Uganda and Tanzania.

Kenya has established a large scale



Energy Ministry Permanent Secretary, Patrick Nyolika

power trade project with Uganda where we are obtaining 220 KV from Bukachi Hydro-power station, Tanzania is supplying 90 KV to the border town of Luoga Luoga in a small scale arrangement," Mutitu said.

Greater access to electricity creates a big priority within Nile basin countries and is a catalyst to economic growth, regional cooperation and environmental sustainability.

The interconnection of the Electric Grids project falls under the Nile Equatorial Lakes Sub-Action Programme (NELSAP).

According to Grania Rosetta Rubombwa, the project manager of Nile Equatorial Lakes Sub-Action Programme (NELSAP), demand for electricity in the region has surpassed supply and cross-

border trade can provide long-term solution to this challenge. "An integrated power market in the Nile basin holds the promise of increasing access, improving reliability and reducing the costs of power supply to each member country."

Rubombwa revealed that only small-scale interconnections between Uganda and Kenya, and between Northern Tanzania and Kenya exist.

Cross-border power trade in the region has not been exploited fully. Rwanda, Burundi and the Democratic Republic of Congo have initiated inter-utility projects at low scale. The current situation triggered the need for countries in the Nile basin to commit themselves to regional integration of their electric grids.

Rubombwa said interconnection of Electric Grids Project for the Nile Equatorial countries will create a platform for the operation of an East African Community power pool.

The Nile Basin Initiative (NBI) has mobilised 95 million U.S. dollars from the African Development Bank (AfDB), the World Bank as well as the governments of Japan and Germany to finance development of cross-border power grids.

Kenyan Investors flock Juba

FROM PAGE 4

steel and foodstuffs among others," Di Kiplangat said. The envoy added that financial services, construction, clearing and forwarding, transportation, petroleum products supply, health and pharmaceutical services, education, aviation and tourism services are some of the activities expected to trigger the boom of economic activities in S. Sudan. "We are talking of people who have been living as refugees away from home for years. About three million were in the North. Sudan in Khartoum, 240,000 lived as civilians in Uganda and more others in Ethiopia, Eritrea and Kenya," said Matibho.

Being a neighbour and one of the IGAD member countries that have worked with the S. Sudan in the long road to independence, Kenya is not to miss out on the opportunity to partner with the country in realising its social, political and economic dreams.

Josh Matibho said upon inauguration of S. Sudan on July 2, this year, Kenya pledged technical and capacity building assistance.

In April 2009, Kenya provided \$3.5 million dollars for technical assistance and for capacity building and some more \$2.8m in 2009. After independence, Kenya has pledged \$2m to be dispatched with effect from July 2011 year for the next three years," said Matibho.

"We have trained 2,000 civil servants at the Kenya Institute of Administration who by June this year were inducted with skills in public administration and financial management, project management, public procurement, human resources development, aviation and security, fire safety and census, ground truth and security among others." Kenya has provided technical assistance for two years under the UNDP/IGAD Initiative which is funded by Norwegian Government. Under the programme, Kenya, Uganda and Ethiopia have seconded staff to the government of S. Sudan.

Remarked Matibho, "S. Sudan has shrewd leaders who have been exposed to what is happening around the world. We are not engaging the S. Sudanese to go through an era simply that we went through, rather, we want to grow with them where we are."

S. Sudan may have to immerse again for food security because of the huge number of people who were displaced during conflict years with the North. "The people will spend some time before settling down, and then they will need to develop their own domestic food security before venturing into commercial farming that would guarantee national food security," Matibho said.

Yet, the country's population is put at between 10 and 15 million.

It is argued that such a population may not be adequate to meet the market for consumption, but that the consolation for this is laid out in the large East Africa Community market. S. Sudan is expected to be a welcome member into the EAC market thereby boosting the regional market since it has its structures in place.

The Financial Post
26th September, 2011

African countries sharing the Nile waters have agreed on a regional integration of their electricity grids to facilitate the establishment of a strong cross-border power market. The countries meeting in Nairobi under the Nile Basin Initiative have also earmarked several transboundary power projects to be completed by 2014.

"An integrated power market in the Nile basin holds the promise of increasing access, improving reliability and reducing the costs of power supply to each member country."

• XINHUA

Electronic Media

Media House	Date	Link	Topic
CITIZEN Radio	23 rd September,2011	http://bit.ly/nYLDNW	Power price to go up
CLASSIC FM	23 rd September,2011	http://bit.ly/nG83tU	Energy sector plans to generate power across the country
GBS	23 rd September,2011	http://bit.ly/nSpnVP	Kiraitu: Challenges affecting local energy sector
GBS	23 rd September,2011	http://bit.ly/oK5mg4	Kiraitu: Challenges affecting local energy sector
KBC	23 rd September,2011	http://bit.ly/pkAwab	Electricity tariffs to rise
NTV	23 rd September,2011	http://bit.ly/nslpc6	Ministry moving towards nuclear energy
Classic FM	24 th September, 2011	http://bit.ly/pt6X81	ERC to find ways against rising cost of electricity.

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