

NEWSLETTER

WELCOME TO OUR BUSINESS NEWSLETTER

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Because we do it right



From the Director's Desk

A warm Gas Africa welcome to 2024. We trust you enjoyed the festivities of the Christmas and New Year's period with friends and family and are refreshed and ready to dive back into it. As noted in the previous newsletter, we had completed the MGPS projects that were due for handover in Q4 2023 and the medical facilities are to come online in Q1 2024 – which is really exciting news not only for us a participating stakeholder, but also the medical fraternity and ultimately the patients who will make use of the facilities that are becoming more localized and accessible

We saw an approximate further 3.7% devaluation of the Kenyan shilling against the USD in the prior quarter (though as you shall read later in the newsletter,



there could be some easing off of this 'freefall'). For now, however, the rising costs really hampered the bottom line of businesses reliant on dollar imports when having to recharge local clients on the shilling. Forex adjustment on KPLC bills were also a factor affecting cost of sales for manufacturers alike

One major area of concern, outside of cost, was access to the electricity utility in its entirety. The third power outage, on the 11th December, was witnessed in just 3 months – sparking outcry from the public and the Transport Minister, Kipchumba Murkomen, who visited one of the country's major transport hubs, Jomo Kenyatta international Airport

(JKIA), affected by the downtime, and said that evening 'we are making a formal request to the National Police Service to investigate possible acts of sabotage and cover up.' The state-run utility, Kenya Power, blamed the blackout on a 'system disturbance' and said the problem was being addressed by technicians. 'We have lost electricity supply to various parts of the country due to suspected fault affecting the power system,' a Kenya Power statement said

We are hopeful of a fruitful 2024 without such major interruptions to any businesses, with productivity at its highest for all

– Rajesh Ram, Managing Director

The Kenya Livestock Commercialization Project, that aims to increase small-scale farmer incomes, got a huge boost in December 2023, upon the announcement that 110,000 vulnerable households are set to benefit from a program that shall help them acquire livestock feeds and veterinary products

This initiative shall be through authorized dealers via an e-voucher system and is likely to support an estimated 495,000 people



Kenyan Shilling Freefall Finally Slowing up?

Following a depreciation of 19.5 percent since the beginning of the year, the burning question is around whether we are to see a prolonged period of sustained settled value of the Kenyan Shilling vs the USD. 'The shilling has seen its rate of weakening against the dollar fall to its slowest pace since the beginning of the year, reflecting reduced demand and improved supply of the dollars in the economy.' (www.Businessdailyafrica.com)

Current CBK Governor, Dr Kamau Thugge has suggested that the country's foreign debt and inflation had given rise to this higher-than-expected depreciation coupled with regulatory measures put in place by the previous Governor, Patrick Njoroge, which perhaps historically had the impact of artificially strengthening the shilling vs the dollar

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I am delighted to have the privilege of leading the people of our nation in celebrating the important milestone in our journey to national independence. Sixty years ago, on a day like this, Kenya took its final step of the freedom struggle to become a sovereign Republic.

According to the vision of our forefathers who fought for this country's freedom, independence as intended to bestow on us the gifts of political as well as economic self-determination

This anniversary gives us the opportunity to gather as a family and reflect together on how we have fared over the course of six decades

- H.E. President Ruto's, 60th Jamhuri Day speech

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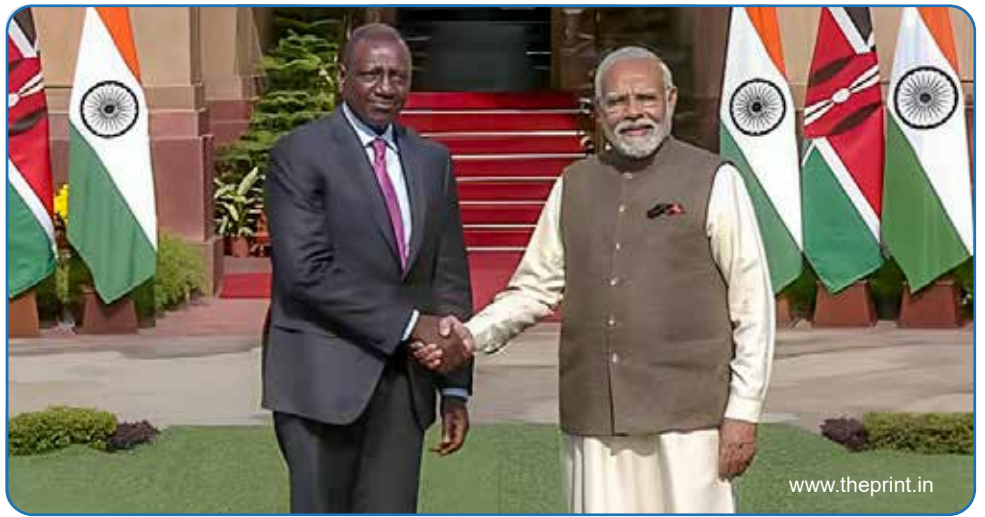
Reduction in Fuel Prices Over the Festive Season

The mid-December fuel review saw the Government announce a reduction in pump prices on the back of falling global crude prices. In the notice on the 14th of the month, Energy and Petroleum Regulatory Authority (EPRA) Director General, Daniel Kiptoo, noted 'the maximum allowed petroleum pump price for super petrol, diesel and kerosene decreased by Ksh 5 per litre, Ksh 2 per litre and Ksh 4.01 per litre respectively.'



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This is the largest drop in pump prices since October 2021, when Super Petrol dropped from 134.72 to Ksh 129.72 and Diesel fell from Ksh 115.6 to Ksh 110.6. Kiptoo went on to add 'The price of diesel has been cross subsidized with that of Super Petrol and in order to further cushion the economy, the government has opted to stabilize the resultant diesel price. Treasury has identified resources within the current resource envelope to compensate our marketing companies'



www.theprint.in

What to expect from President Ruto's State visit to India

President William Ruto's first state visit to India, aimed to strengthen ties between the two nations and served as a testament to their shared future of friendship and cooperation. The three-day visit that took place between the 04th and 06th December focused on collaboration in rural development, agriculture and technology. Various Memorandums of Understanding (MoUs) are expected to be signed surrounding these sectors, specifically vaccine manufacturing and genomics.

One major positive to come out was the announcement that India would provide a line of credit of USD 250 million to Kenya for modernizing its agricultural sector. Whilst there would no doubt be many opportunities for economic cooperation in various projects, and this was expressed during the days, Prime Minister Modi noted India's role as a trusted development partner for Kenya (www.currentaffairs.adda247.com)

During the joint statement on 05th December, H.E. President Ruto 'invited

Indian companies to take advantage of the conducive and attractive environment to invest in Kenya, especially in agriculture and value addition, manufacturing, pharmaceutical, health, ICT, green energy and green mobility, affordable housing, water sectors, among others.' (www.mea.gov.in)

Healthcare appeared to get a great boost with special mentions in regards manufacturing and service and trade and opportunities with India. The joint statement went on to discuss the 'possibility of facilitating increased Indian investments into Kenya in these healthcare and pharmaceutical sectors, including for development of health infrastructure and medical equipment production. This would greatly augment access to affordable healthcare for Kenyans.'

This a great forward step for Kenya and we hope that introducing bilateral agreements with India, as our partner, our existing operations can be scaled and new opportunities can be explored

Privatization of Parastatals – Opportunity for who?

On 27th November 2023, the GoK announced, it would be offering for sale stakes in 11 companies (from a total of 35), with an asset value of circa. Sh 190 billion, in a bid to raise funds. 'Privatization and restructuring is geared towards the government's efforts for fiscal consolidation and spurring economic development,' the ministry added.

The concern now surrounds what value the investors can unlock from the shareholdings. 'Listed companies in which the government has a controlling stake or major influence have shed Sh 408.5 billion in value this year, raising fears of undervaluation when the State offers additional parastatals for listing under its recently announced privatization plan.' (www.businessdailyafrica.com)

If shares are transferred to new strategic owners, who can turnaround the fortunes of the likes of Kenya Airways and Mumias Sugar Company, which remain suspended from trading at the Nairobi Securities Exchange (NSE), perhaps value can be unlocked. If the burden of future losses likely to be borne by taxpayers can be relieved by such an intervention now, perhaps this there is a two-way opportunity - private and state



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