# Troubled State firms pile up burden on taxpayers

Report says firms expose consumers to high cost of living despite gobbling up billions to remain afloat

**by Herald Aloo**
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Poor performance of State-owned enterprises (SEOs) continues to expose taxpayers to high cost of living and miserable service delivery despite the government pumping billions of shillings to keep them afloat.

The latest report by the Public Service Performance Management and Monitoring Unit targetting ministries, State Corporations and tertiary institutions for the financial year ending December 2021, shows that some of the SEOs, which have been charged with critical roles in spurring economic growth, are among the bottom five in service delivery.

### Evaluation results

"Further analysis of the performance results for the State Corporations and comparison with the performance evaluation results for FY 2019/2020, it is noted that three State Corporations continue performing dismally and are still among the bottom 10," the report read in part.

The report points out the poor performance of National Oil Corporation of Kenya (NOCK), Special Economic Zones Authority, and Sony Sugar, and University of Nairobi Enterprises and Services limited, bringing to light some of the financially troubled state corporations which have been spared structural reforms.

**SERVICE DELIVERY**

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Performance indicators comprised of, among others, the core mandate which had highest weight of 60 per cent, the absorption of allocated funds, absorption of externally mobilized funds, completion rate, and pending bills.

The report comes at a time when the International Monetary Fund (IMF) have been pushing the government to implement turnaround measures, downsize the public service, and tame rife corruption at key State corporations like Kenya Power and Kenya Airways to aid in cutting wage bills and reducing debt burden which is currently in excess of Sh8.2 trillion.

NOCK, which had a composite score of 4.0698 against average score 3.4158, is charged with a core mandate of distribution of petroleum products especially at the fur flung areas but has always failed to deliver and compete with its private peers who are raking billions in profit.

Instead, the State-owned oil firm is plummeting into deep losses but the Treasury keeps on pumping more cash. The government has mulled plans to grant NOCK exclusive rights to import 30 per cent of all fuel products into the country to reduce dependence on multinational oil majors in the latest effort to steer it back to profitability.

With NOCK's questionable service delivery, it is not clear how the firm will execute the importation rights as it seeks a Sh13.5 billion bailout from the National Treasury to meet its operating costs and pay bank debts.

### Development expenditure

The report linked the dismal predominance of sugar companies to inadequate supply of sugar for milling and low factory capacity utilization as a result of aged equipment. It further observed that budget cuts and late release of exchequer on development expenditure affected the implementation of capital projects and other performance indicators.

In the 2022-23 budget, the National Treasury allocated about Sh6.35 billion for various special economic zones, down from Sh9.67 billion allocated in the current 2021-22 financial year ending June.

The budget cuts comes even as the government continues to bank on the spurring industrial growth and economic recovery through various projects.

The African Emergency Food Production Facility will provide 20 million African smallholder farmers with certified seeds. FILE

# Kenyan farmers to gain from AfDB's Sh174.95b emergency food facility

**PRODUCTION:** Kenyan farmers will be among 20 million African growers to benefit from African Development Bank (AfDB) $1.5 billion (Sh174.95 billion) emergency production facility to tackle the food crisis sparked by the Russian-Ukraine conflict.

The African Emergency Food Production Facility approved by board of directors last week will help smallholder farmers access certified seeds and fertilisers to enable them rapidly produce 38 million tonnes of food.

Akinwumi Adesina, the bank's president said the continent's food import bill has increased since Russia attacked Ukraine, adding that most of the countries rely on food imports, for example wheat, seed oil from the Asia continent.

"With the disruption of food supplies arising from the Russia-Ukraine war, Africa now faces a shortage of at least 30 million metric tonnes of food, especially wheat, maize, and soybeans mostly imported from both countries," he said in a statement by the bank.

The statement said African farmers urgently need high-quality seeds and inputs before the planting season begins in May to immediately boost food supplies.

The move by the bank comes at a time most households in Africa face high food prices, a situation worsened by declining stocks and depressed purchasing power.

In Kenya, a 2kg packet of wheat is currently retailing at between Sh180 and Sh200 in the local supermarkets outlets and over Sh200 in the estates and rural areas.

The emergency food production package comes as the bank gathers in the Ghanaian capital of Accra for its 2022 Annual Meetings this week.

Delegates are expected to take stock of the bank's projects, which have impacted the lives of 335 million Africans in the last five years, while looking ahead to new challenges and opportunities.

### Economic impacts

Overcoming Africa's challenges includes building back from Covid-19. Early in the pandemic, the bank provided a crisis response facility of up to $10 billion to African countries to help overcome its social and economic impacts.

It also launched a $3 billion Covid-19 social bond on the global capital markets, at the time, the highest ever US dollar-denominated social bond providing social protection to about 30 million vulnerable people.

Adesina said: "Our rapid Covid-19 response facility helped stabilize African economies. It helped train 130,000 health workers, and provided advisory support for 300,000 small and medium sized businesses."

## Going green

**Jiten Kerai, General Manager of Purple Dot International (right) and Pravin Pindoriya, a director engage during the launch of the firm's brand new EDGE Certified, Purple Tower to industry stakeholders in Nairobi. Investors and tenants are set to make material savings on utility costs in the Sh2.5 billion mixed-use commercial project on Mombasa Road.** PD/NJENGA KUNGU

# Recession fears cast shadow over Davos 2022 gathering

The fear of recession is stalking the World Economic Forum in Davos, Switzerland from May 23 to 26. It has been two years since the world's business and political elite have been allowed to attend the summit in person, thanks to Covid. But the reunion has been marred with warnings of "dire human consequences" of global slowdowns as the war in Ukraine exacerbates rising inflation. Central banks have been raising interest rates to try and dampen the rising cost of living but many wonder what the knock-on effect of this will be. "There's the big question, are the central banks going to have to raise interest rates so much it actually snuffs out the growth of the economy? Or are they going to be able to finesse this and generate a soft landing? Many of the conversations here at Davos have been what percentage likelihood do you attach to a recession? Let's say 5050," the CEO of Standard Chartered bank Bill Winters told me. Russia's attack on Ukraine has also led to a severe disruption of key food supplies of wheat and sunflower oil. The supply shock is expected to last into next year. **– BBC**

# Bamburi boosts women entrepreneurs

**by Jacktone Lawi**
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Cement manufacturer Bamburi and International Finance Corporation (IFC) have signed a value chain financing deal for women owned businesses.

The programme is aimed at supporting Bamburi Cement increase procurement opportunities for women-owned small and medium enterprises (WSMEs) in Kenya. IFC revealed that through the partnership it is targetting 1,300 Women owned SMEs. Seddiq Hassani (*pictured, right*), Bamburi Cement Managing director said the programme is a realisation that there is a huge gender gap in access to procurement contracts and WSMEs continue to face challenges while navigating complex corporate value chains.

"Supporting WSMEs to access private contracts will promote healthy competition and change the view that the construction sector is male dominated,' he said. Amena Arif, IFC Country Manager for Kenya, said that by helping businesses to work with more women-owned SMEs and supporting women entrepreneurs to be procurement ready, we can break down barriers and support more small businesses to grow. Under the deal, Bamburi will develop and implement a gender-inclusive sourcing strategy, collect gender disaggregated procurement data, and invest in a targetted supplier outreach plan.