TREND

Consumers defy inflation, go for old brands over prices

BY ALFRED ONYANGO/ Consumers in Kenya are going for traditional brands perceived to be of high quality over price, despite the rising cost of living.

The latest consumer survey by market research agency, Kantar TNC shows 85 per cent of Kenyan consumers will purchase a brand based on its perceived quality, price notwithstanding.

This trend tends to defy the high cost of living coping mechanism that could otherwise see buyers save on expenditure by opting for affordable products.

According to the survey, this trend saw brands like Jik, Colgate, Bamburi Cement, Dasani and Dettol voted among the top brands in the latest consumer ranking. Jawad Jaffer, Superbrands project manager said knowledgeable Kenyan consumers now prefer brands that deliver value and purpose. Mobile money transfer service, M-Pesa retained its leadership for the fifth year in a row. The digital wallet owned by Safaricom Plc commands over 80 per cent of mobile money transfer business in the country.

The latest data by Communications Authority shows 36 million users have subscribed to the platform since its inception in 2007.

"This solidifies the platform's positioning as being integral and essential to the functioning of small and medium-sized enterprises (SMEs)," Kantar said. The service industry dominated the top five list, outdoing the Fast Moving Consumer Goods (FMCG) for the first time in the series. Survey was conducted in the first three months of the year in Nairobi, Mombasa and Kisumu.

Superbrands project manager Jawad Jaffer/HANDOUT

CONCERN

Dock workers demand probe on planned Kenya–UAE ports deal

National Treasury is in talks with DP World on key harbor, rail and cold chain projects

Dock Workers Union general secretary Simon Sang addressing journalists outside the Port of Mombasa /LABAN WALLOGA

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Dock Workers are demanding transparency in the planned transfer of the Kenya's port operation and development to United Arab Emirates firm DP World.

Kenya has invited the Dubai-based firm to tender a proposal that will include an implementation plan for six projects.

This includes operating the first three berths at the new Lamu Port, constructed at a cost of about Sh40 billion, and any other subsequent expansion.

The UAE firm is also expected to develop a 500-hectare Special Economic Zone (SEZ) next to the port, focused on agriculture value addition and servicing the Lamu corridor into Ethiopia and South Sudan.

At the Mombasa port, the firm is expected to re-develop four berths that will see the conversion of berths 11-14, that are currently unable to handle container operations, into a modern multi-purpose container terminal with a capacity of one million containers.

Also on offer are the cold chain logistics operations in Naivasha.

The rail linked cold chain will be connected to the Inland Container Depot, and will serve Central Kenya, National Treasury notes.

The projects are under an "Economic and Technical Cooperation Agreement" signed between the Kenyan government and the UAE, on March 1 this year, with a "non-disclosure agreement", which means it is not open for public scrutiny.

In a letter by the National Treasury Cabinet Secretary Ukur Yatani, to Sultan Ahmed Bin Sulayem, chairman DP World, Kenya is awaiting a proposal from UAE that will include an implementation plan.

"DP World is expected to sign a non-disclosure agreement with the government of Kenya to enable access to information and documents to facilitate preparation of the detailed commercial proposal," Yatani says in the letter.

The Attorney General, who is the legal advisor of the government, has already cleared this, according to Treasury.

The Dock Workers Union says it is not opposed to any proposed development but such contracts need to be made public.

It raises concern that DP World is not known for being a good employer in terms of working conditions of services.

"If the government or those parties who have engaged DP World feel that DP World will be useful in developing Special Economic zones, they should subject it to public participation and a task force made up of Kenyans who have the expertise of such investments put in place to look into it," the union's general secretary Simon Sang said in a statement.

He said politicians should not use the matter as a campaign tool.

The union called for the prioritisation of Dongo Kundu as a Special Economic Zone saying it is a critical economic facility that can create more than 100,000 direct jobs.

"This is the facility which will be supported by the seamless SGR operations, free port facilities and efficient port," Sang said.

Meanwhile, the union has supported the revival of the Kenya National Shipping Line (KNSL) which it terms a "golden opportunity" for Kenya to share freight business with major shipping lines.

Mediterranean Shipping Company is keen to operate the Second Container Terminal AT Mombasa port, which could however give it an edge over competitors such as Maersk, French container transportation and shipping company-CMA CGM and Evergreen Line, key users of the facility.

The union also called for the passing of the Government Owned Entities Bill of 2014 (GOE), which it says, will protect government entities.

There are concerns the non-disclosure clause in the ports deal will leave Kenya in the dark similar to the Sh450 billion SGR contract with the Chinese, that the government has refused to make public amid questionable terms and beneficiaries.

In January this year, Transport Principal Secretary Joseph Njoroge said making the deal public would be in breach of contractual terms of the agreements.

EXPERT COMMENT

KAREN KANDIE

Affordable energy: catalyst for economic growth

Energy access is a key indicator of socio-economic development. However, despite the developmental strides made in Africa, and more specifically in Sub-Saharan Africa (SSA) over the last two decades, access to energy remains a key challenge in the African region. According to the International Energy Agency (IEA), 600 million people in SSA, and approximately 650 million in the wider Africa do not have access to electricity as at 2018. This translates to a meagre electricity access rate of roughly 45% throughout Africa – unfortunately giving credence to Africa's label as the Dark Continent.

Unsurprisingly, Africa's abysmal energy access rates have a direct correlation to the continent's economic growth narrative. Economic growth in SSA, for instance, has plateaued at 2.8% as at 2018 per IEA; however, South Asia, which records electricity access rates of 97% has attainted growth of 7.1% within the same period. While the differential arises as a result of numerous factors, access to electricity remains a key determinant. This is resultant of the catalytic effect of access to reliable electricity.

Specifically, reliable electricity, and energy in general, significantly reduces the cost of doing business, unlocks previously untapped economic potential thereby creating much needed job opportunities in the process, and enables the attainment of quality and competitive health and education access. In addition, access to energy affords inclusive growth by creating opportunities for women, youth, children, and persons with disabilities.

A key challenge in the effort to secure universal energy access within the African continent, and therefore propel the continent's development forward is the capital investment required. Per IEA, investments amounting to USD 27 billion per year would be required through 2030 to electrify the continent.

Estimates from African Development Bank, however, indicate the need for even higher capital investments of up to USD 90 billion per year through 2025. Given the financial constraints faced by cash strapped African governments, the significant investments required are indeed a tall order.

Achieving this level of investment would require innovative efforts, including reorienting Official Development Finance, leveraging on Public Private Partnerships and reliance on sustainable yet affordable finance models such as the pay-as-you-go schemes being spearheaded in East Africa.

In addition to the above, a key pillar to be considered in the strides to achieve universal electricity access is the implementation of policies geared at supporting utility companies within the continent.

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