Oil prices The inside story

By **Jackson Okoth**

Acartel of multinational oil firms could be in a scheme to manipulate the country's open tender crude oil procurement system in a bid to distort prices and keep their profits high.

Included in the list of uncompetitive practices among major oil companies is predatory pricing and signing of contracts between multinational and overseas suppliers, ensuring that new entrants into the oil importation business are locked out. Further, the lack of a common-user infrastructure, including a refinery, has also stifled competition in the local oil industry.

Mary Kimotho M'Mukindia, the Managing Director (MD) of the National Oil Corporation of Kenya (NOCK), blames the current high fuel costs in the country to an inefficient and uncompetitive Open Tender System (OTS) used to procure crude oil for the country's requirements.

According to Ms M'Mukindia, the upheavals in the oil market have been occasioned by an inefficient system used by the country to procure its crude oil requirements.

"The OTS is not the most efficient way to supply the country with oil. The country buys on-the-spot market every month. During this monthly bidding, it is always the same players engaging in the procurement of crude oil, making the system extremely uncompetitive."

She suggests that instead, the OTS should be discarded and consideration be given to such options as contracts, the futures (buying crude oil based on future prices in the market) and use of hedging (cushioning against price fluctuations by buying in bulk).

The NOCK MD explains further that the time the country goes into the market to procure crude is also not the right time to buy. Instead of going for the spot market, she suggests long-term bulk buying, with the supply or inventory covering between 6 and 12 months.

"At present, the spot market purchases cannot enable ease planning."

With NOCK controlling a paltry 2 per cent of the market, Ms M'Mukindia explains that without support from Treasury, the firm cannot have a significant impact in the local oil market.

In an interview with *The Financial Post*, Ms M'Mukindia states that despite the strategic importance of NOCK as a stabilizer and price leader in the oil market, the government has not provided the necessary support and recognition for the corporation to carry out its mandate.

“We need the corporation to be empowered through an Act of Parliament to enable it procure a significant portion of the country’s crude oil requirements,” she says.

Sources at the ministry of Energy, currently headed by Simeon Nyachae, confirmed that the Energy Bill has already been approved by the Cabinet and is awaiting debate by Parliament. When asked about the options the government has in forcing fuel prices down, a ministry official stated that the government is considering the long-term goal of introducing competition by encouraging the entry of other players into the market as well as improving the infrastructure in the industry.

While NOCK, which has 100 per cent government shareholding, presents the best option for the government to stabilize local fuel prices, the corporation has been crippled due to its paltry share of the market.

“All oil firms import crude oil through the open tender system. Each month, the ministry of Energy invites tenders for supply of crude and whoever wins the bid supplies everybody else in the market. We have not been able to bid successfully due to lack of financial ability to import a whole cargo shipment, estimated at between USD 50 and 60 million (Ksh 3.6-4.3 billion),” says Ms M ‘Mukindia.

The NOCK MD says that despite intense lobbying, the corporation is yet to be empowered to intervene in the local fuel market and stabilize prices.

Attempts by the corporation to get involved in the crude importation business have been hampered by lack of finances.

Recently, the corporation invited bids for a structured finance facility of USD 50 million (Ksh 3.6 billion) to enable it import crude oil under the OTS. Ms M’ Mukindia reveals that a number of financial institutions have responded.

“We already have international banks showing interest in this facility and we hope to import crude in the next month or so,” she says.

Apart from lack of direct funding from the government, NOCK is also considering other options, including listing at the Nairobi Stock Exchange (NSE).

“We have already met the various listing requirements and are seriously considering using the equity market to raise funds. We have received a nod from Kenya Revenue Authority (KRA) as well as other agencies and are gearing for possible listing.”

Felix Busienei, an investment assistant in charge of projects at Suntra Investment Bank Limited, concurs that the equity market is vibrant and, were the corporation to go to the bourse, is able to support NOCK in its plans to raise funds.

“The recent successful initial public offers (IPOs) by KenGen and Scangroup demonstrate that there is money in the equity market for any organization, business or company to tap into,” says Busienei.

Further, the analyst adds that with more Kenyans realizing the potential of investing in the stock exchange and the government’s development plan to raise over Ksh 18 billion through divestiture from key parastatals, NOCK and other state corporations have an opportunity to easily raise any money they need for their operations.

But funding may not be the only stumbling block that NOCK has to overcome to join the lucrative world of oil importation. It has now emerged that in the event that a local firm wins a tender to supply the country’s crude oil requirements, it may not necessarily procure the required cargo due to contracts signed between the oil firms and overseas suppliers.

For instance, NOCK officials have not been able to convince a major supplier of crude oil to put the corporation on its mailing list.

Kenya procures a large portion of its crude oil from the United Arab Emirates (UAE), estimated at over 85 per cent, through Abu Dhabi National Oil Corporation (ADNOC). ADNOC argues that it has already signed a contract with a local oil multinational, thus cannot include NOCK on its supply list.

“But we are still hopeful of getting another supplier once we have the necessary finances to import crude,” says Ms M’Mukindia.

In recent weeks, concerns have been raised over what appears to be reluctance on the part of NOCK to intervene in the market and bring down prices. Key players have been pushing for the government to allow NOCK to begin importing crude oil in competition with the multinationals.

The pressure for government intervention through NOCK comes in the wake of rising costs of fuel despite a fall in international price for crude. It is now estimated that the cost of fuel has risen by over 20 per cent since the beginning of the year. Among the key sectors affected include transport, agriculture, manufacturing and the services sector.

Economic analysts are already warning that unless fuel prices are brought under control, this threatens to slow down the economic growth already being projected.

The debate between oil firms, the government and stakeholders has centered on the fact that the cost of kerosene, petrol and diesel has not come down in line with a fall in international prices.

NOCK has now been in existence for 24 years. The company was incorporated in April 1981 under the Companies Act, Cap 481 and charged with the responsibility of participating in all aspects of the petroleum industry.

The formation of NOCK was precipitated by the oil crisis of the 1970's (1973/74 and 1979/80) and the corresponding supply disruptions and price hikes which resulted in the country's Oil Bill accounting for almost one third of the total value of imports and, therefore, making petroleum the largest single drain of the country's foreign exchange earnings.

In the national interest, it was felt necessary that to have greater control of this crucial factor of the performance of the economy, there was need to have a company, which would act as an instrument of government policy in matters related to oil.

NOCK became operational in 1984. Initial activities mainly consisted of exploration activities delegated from the ministry of Energy. It was not until 1988 that NOCK went downstream and started importing crude oil into the country.

Since it became operational, one of the major activities has been the spearheading of petroleum exploration on behalf of the government. Even though there has been no commercial discovery to date, a lot of data showing positive prospects has been acquired.

Ms M'Mukindia explains that at present, NOCK is a small outfit unable to have a major impact in the market.

"Unless we grow to a substantial size, we cannot be a price leader. We need a market share of between 15-18 per cent to be able to play this role of being a price leader," she adds

Ms M'Mukindia expounds on the history of the corporation thus: In 1994, after the industry was deregulated, when NOCK lost its mandate to import 30 per cent of the country's crude oil requirements, it was encouraged to go into the downstream business, thereby marketing petroleum products to the final consumers ever since.

"We were then encouraged to turn into a normal oil company to achieve the required market share size that would allow us to be a market price stabilizer. Unfortunately, we were only funded for two years. By June 1996, it was argued in the Finance Bill that NOCK stops receiving direct government funding."

"So where were we supposed to get funding from? We only had six stations during this period. It is commendable that we are still surviving in the market. Many indigenous firms who came in, especially independent operators, have all fallen by the way side. The few remaining are in the export business. We have not been able to grow because of lack of funding."

But the problem does not end with the procurement system. The country's loading capacity is 600,000 barrels, yet today's common ships carry over a million barrels.

"Therefore, the country ends up paying for an uneconomical volume of oil and someone has to worry about what to do with the 400,000 barrels. We buy small parcels because the big vessels cannot come into the port of Mombasa. We need to straighten the channel and dredge it well."

Other options that are worth consideration is allowing the corporation to invest in infrastructure that allows ships to offload and pump directly to the refinery without necessarily docking at the port, through a sea platform connected to the mainland refinery depots through pipelines.

On the yet to be tabled Energy Bill, the NOCK boss had this to say: "There has been a Energy Bill since 1999 and whether it will ever go through is in serious doubt. This has been the biggest disappointment in the country's oil industry. The Bill, which is a merger between the Petroleum and Power Acts, has been ready for the last two years."

While multinationals have been pulling out of the country in recent years, she says that this trend is not unique to Kenya; it is an African one. She says multinationals are now considering other destinations apart from Africa, putting into consideration issues of environment, safety, regulation and returns, amongst others.

Ms Mukindia's tenure at NOCK has seen it turn around from a loss maker to a profitable corporation, over the last six years, recording a profit of Ksh 37.8 million during the last financial year. It has also participated in bidding for outlets that are closing shop in Kenya, including Shell/BP, Exxon and others. It has, however, not been successful due to its small financial muscle.

In 1997, after the first three petroleum stations were completed, NOCK moved on to retail sales. It acquired 10 petrol station sites in 1995-1997 to build retail outlets. Out of these, six have been developed to fully-fledged stations.

NOCK has also acquired 19 filling stations with joint investment with the dealers/owners. For most of these, the investment is limited to supply of dispensing facilities but in a few cases, provision of petroleum storage tanks and in some limited cases extending to civil works, has been made.

NOCK is currently considering entry into market segments that include Export, LPG, Jet AI and fuel oil.

Meanwhile, the price of petrol, diesel and kerosene has not fallen in line with a reduction in international crude oil prices. While the cost of crude oil has dropped from USD 78 (Ksh 5,616) per barrel in July to USD 60 (Ksh 4320) per barrel at end of September, this has not been reflected at the pump.

A recent statement on fuel price reduction by Eng. Patrick Obath, the Kenya Shell and BP Kenya Limited MD, says that the figures- USD 78 (Ksh 5,616) per barrel in July to USD 60 (Ksh 4320) per barrel- are snapshot daily prices as reported by Platt's Oilgram, who monitor trading in Arabian Gulf.

"While Platts daily figures are useful in monitoring trends, the import of crude oil into Kenya is based on previous month average pricing. The latest stock in tanks of industry import crude cargo is based on August average price. The next cargo is being discharged now and is based on September average prices. The product from this lower September prices will only be available around end October/early November," explains Eng. Obath.

Platt's, an Italian based organization, monitors world oil industry activity including spot price movements and publishes them daily as the average prices for the previous day. The ruling average price of a barrel of crude oil during any month is only known at the beginning of the following month. This price is referred to as the ADNOC for the month. The Organization of Petroleum Exporting Countries (OPEC) is the largest supplier of petroleum products to Kenya and the ADNOC is, therefore, a major benchmark for price determination in the industry.

The Shell/BP MD adds that due to the requirement that oil companies maintain at least 21 days stock in the country at all times, and the fact that the procurement and refining process usually takes about one month, there is always a time lag of about 45 days between the ordering and the delivery of products into the market.

"Thus, the average price for unleaded gasoline today is Ksh 79.92, which compares with the June 2006 average of Ksh 76.63 (that is, taking into account the increase of Ksh 3.20 in fuel maintenance levy). Similarly for diesel, the average price for Diesel Extra today is Ksh 69.86, which is even lower than the May 2006 average of Ksh 66.85 (also excluding the fuel maintenance levy increase)."

"We would also like to note that the biggest jump in petrol price this year amounting to Ksh 4.70 was in July, mainly due to an increase in the fuel maintenance levy of Ksh 3.20. This tax remains unchanged, and hence the pump price will continue to show this difference compared to the period before June 2006," says the statement.

Eng. Obath refers to Finance minister Amos Kimunya's Budget speech last June in which he slapped a Ksh 3.20 per litre levy on oil and its products.

Still on the controversy over pricing at the local pumps, a brief from the Institute of Policy Analysis and Research (IPAR) says OPEC is highly influential and dominates the determination of the barrel prices in the market.

The brief argues that crude oil prices in the world market do not always have a direct relationship with consumer prices due to other domestic variables impacting on consumer price structure. The most significant of these domestic variables is the taxes levied by the government. Other components of the pump price include sea freight, superintendence, insurance, and refinery processing fee, storage, financing costs, inland transportation, exchange rates and the investors' return on capital.

Entrepreneur

Daring entrepreneur

He resigned from a Ksh15 million job at Microsoft to set up business in Kenya

If entrepreneurs could be defined by the amount of risks they take before they 'make it' in the cutthroat world of business, then Adam Jay Wehlie is an entrepreneur par excellence.

For, to plunge into the tumultuous calling of entrepreneurship, Adam literally gambled on the lives of his young family, a successful career and the comfort associated with his country- the United States (US).

A seasoned marketing and sales professional with a proven track record and sixteen years of experience in high-tech industry,

Adam left a well-paying job at Bill Gates' Microsoft Corporation in March 2004 to set up a business in, yes, Kenya!

Earning an annual package of over USD 200,000 (Ksh 15 million) as the head of Microsoft's OEM division, Adam was managing the US South Eastern region (Alabama, Georgia, Florida, North Carolina and South Carolina) responsible for a USD 30 million (Ksh 2.1 billion) business.

But he left all that behind to start a 'risky' business currently known as Technology Transfer Limited. Really, the entrepreneurial seed in Adam was planted by an IBM researchers' article he read way back in 1990.

The researchers, who have even won the Nobel Prize, predicted what they dubbed global citizenship, in that people born in developing countries (DCs) and educated in the West would become a transition bridge for technology from the West to the DCs, including Africa.

But his idea was frowned upon at first.

"Many of my close friends and colleagues thought I was out of my mind and some felt I should see a therapist before making the 'adventure'. Many would wonder: 'Why start a risky business when you have everything; a wonderful family, big house in the Atlanta suburb, beautiful cars and great job working for uncle Bill Gates? You give up all of that for Kenya? Why?' But I was determined," reminisces Adam, who doubles up as the company's chief executive officer (CEO).

Why Kenya?

Until he returned to Africa for the first time in 27 years in 2001, Kenya never appeared on Adam's radar at all. Despite making several trips for vacation every year, he found himself visiting Europe, South America, Asia and Middle East.

“Africa was never my first choice to travel even though I was born in Africa. When you are in America, you see Africa through the eyes of others and it is always negative. The mainstream media portrays Africa as place of wonderful animals, starvation, Aids pandemic, corruption and civil wars. You never see positive news. Many Americans know very little about the real Africa. That is why it attracts few American investments.”

But things would change that year when he made a trip to Nairobi, a fact that saw Adam move lock, stock and barrel into Kenya after meeting two Kenyans, among them a Richard Mwangi, from Strathmore University’s information technology (IT) department.

“I came to appreciate the resilience of the African people. For instance, despite the harsh economic realities, Kenyans try every day to feed their families, send children to school and the businessmen and women I met were as sophisticated as any I met in America,” the University of Denver (Colorado) Bachelor of Science (B.Sc) in Business Administration graduate avers.

Adam’s entrepreneurial radar sensed an untapped and enormous window of opportunities, especially in computer hardware.

“The laboratory and computers the students used at Strathmore University were really of high quality. But the PCs were really expensive, with prices ranging between USD 1,500 and USD 2,000 per piece.”

“I knew that a computer is a necessary commodity in the US and other developed world. In my house, for example, we have more computers than television sets. Yet here computers are still a luxury for most Kenyans; they cannot afford brand name quality computers. I felt there was a way to bring the prices down. That was the genesis of Technology Transfer.”

Citing Internet search engine Google which gets 1.5 billion hits per day, the CEO says much of those accessing the site are from Europe, Asia and North America, some from South America, few from Middle East and almost nobody from Africa.

In the current world, technology plays an important role in development and is one of the factors behind much of the brain drain, especially from Africa to Europe and North America.

“There is always a purpose beyond making money. I had a desire to help in any way I could to make computers available to a wider cross-section of consumers.”

Spurning the initial place of choice, Dubai, an elaborate planning process that took two years and an initial capital of USD 250,000 (Ksh 18 million) was to see Adam set base in one of the most expensive addresses in Nairobi, International Life House.

“Our goal is to make computers accessible so that anyone can afford a decent refurbished brand name computer for Ksh 15,000. The company is now working to bring new brand name of desktops and laptops from Zenith, the best selling brand in India, which are even more affordable.”

The company kept a low profile in its first year of operation, in Adam’s words, to prove the business concept and model as well as develop better understanding of the market.

“We are now in a transition period, focused to provide products and services to resellers, corporate and government customers. We are in the process of opening our second branch. Our plans are to expand in East and Central Africa, primarily Rwanda, Tanzania and Uganda,” explains Adam.

The company already boasts a rich stable of clientele, including the United Nations Development Programme (UNDP), Swift Global, Com21, small and medium sized businesses and a host of corporate clients.

Management

The company staff is a very small group and their management philosophy is to work together as a team by taking full personal responsibility in every decision or action they make.

“With clear goals and objectives, we allow each individual to be creative by fully participating in every way in the running of the business,” says Adam, a nominee for the 2002 ‘Top Performer of the Year’ and the winners of 2003 North America E Pluribus Unum Award’‘Out of many, one’.

The winner of the 1997 Golden Circle Award adds: “My management approach is similar to what I have learned both from Microsoft and IBM. It is critical that, as a CEO, I do not manage people, rather provide them with leadership. I create an environment where it is fun to work with opportunities to learn for the benefit of the company and individual growth.”

Challenges

He maintains that doing business in Africa has unique challenges and requires patience and long-term view.

"There are no clear-cut procedures on establishing business. To secure all licenses that will ensure that one is compliant, it takes a lot of time. For those who do not know their way around, the situation is even worse. I was fortunate to have an attorney who was well-versed with the local market."

"There is also the issue of logistical problems. For example, last year, we had problems with the port of Mombasa where our goods were delayed. We were forced to pay penalties, yet it was not our fault."

The entrepreneur feels the amount of paper work, a major hindrance to any investor, must be reduced at the country's ports of entry, be it the port of Mombasa or Jomo Kenyatta International Airport (JKIA).

While praising the government for waiving Value Added Tax (VAT) on computers, he calls for further reduction of duties on the IT infrastructure.

Delays and other logistical problems hurt and have a bearing on how businesspeople would structure pricing of their products or services.

And the 16 years he worked for Microsoft and IBM have taught him that there are no short cuts to success.

"Based on what I have seen in some of the best-run companies in the world, there are five prerequisite factors to running a successful business. They include unique products or services, proper timing, adequate capital and logistics capabilities, human resources (the right people doing the right task) and effective management."

Advisories

He feels the US advisories are based on wrong information.

"There are far more terrorist threats in, say, New York and London than Nairobi. Despite all the advisories, from what I have read, I understand that more and more Americans are visiting Kenya than ever before, with the numbers going up by 16 per cent in the first half of this year. That is very good news for Africa because as more Americans come to Kenya and tell their stories back home, the perception will change."

Admitting that separating from his wife and two sons based in Atlanta is the hardest part of his business venture, Adam hopes to move them to Kenya by early next year.

Budding

For foreign investors who would like to try their hand in Africa, Adam advises: "Do your homework to understand how things are done here because it is different from America or Europe. If you come with preconceived ideas on how to do things you will end up getting disappointed."

To the employed who may want to emulate him:

"Success or failure of a business depends on good or lack of plan and ability to withstand challenges. The first two years of any business are difficult. But most of the big business in the world today, including Microsoft, started small. For instance, it is documented that even Coca Cola in its first year of operation in 1859 made a paltry USD 55 (Ksh 3,960 at current exchange rates)."

Two years down the line, what does he think about his 'gamble'?

"It was one of the best decisions I have ever made. I am really excited," reminisces Adam, projecting that the company would generate revenue three times that of 2005-06 this year.

The jury is still out.

Human Resource

The strong link between pay and motivation

Susan M. Heathfield

Information online makes researching salary ranges easier than setting salaries has ever been in the past - but, also trickier. The role of salary in helping you create a motivated, contributing work force is inestimable. These tips will help you address pay and salary issues in a way that contributes to employee motivation in your organization.

Determine salary philosophy

Determine your organization's salary philosophy. Do you believe in raising the level of base salaries in your organization or do you appreciate the flexibility of variable pay?

A growing, entrepreneurial company, with variable sales and income, may be better off controlling the levels of base salaries. When times are good, the company can tie bonus dollars to goals achieved.

In lean times, when money is limited, the company is not obligated to high base salaries. A longer-term company, with fairly stable sales and earnings, may put more money in base salary.

Find comparison factors for salary

While I believe every organization can benefit from industry comparison studies, if conducted by reputable organizations, the bigger question is whether you are competitive within your local market for most of your positions. Research the salary range for similar positions and job descriptions. The job description is particularly important for comparisons but usually harder to find for comparison.

Determine whether you are competitive with similar positions with organizations of similar size, sales, and markets. If you can, find companies in the same industry, especially in your area or region that is another good comparison source.

What goals must salary help you achieve?

Pay must relate to the accomplishment of goals, the company mission and vision. Any system that offers an employee the "average" increase for their industry or length of service (usually 1-4 per cent) is counter-productive to goal accomplishment. Even an above-average increase that differentiates one staff person from another can de-motivate. One manager at a GM plant offered his star staff person a seven per cent increase because she had accomplished all of her goals and "walked on water." Motivating? Should have been, however it was not when the staff person knew others in the organization were receiving ten per cent increases and more.

Additionally, your pay system must help you create the work culture you desire. Paying an individual for his performance accomplishments alone will not help you develop the team environment you want. Thus, you must carefully define the work culture you want to create, and aim your best salary increases at those contributing to the success of that culture. If you want your organization to change, define the change, and pay employees commensurate with their support of, and contribution to, the change.

Finally, your salary strategy must align with your human resources goals and strategies. If the HR function is charged with developing a highly skilled, outstanding workforce, you must pay above industry or regional averages to attract the quality employees you seek. Paying less than comparable firms will bring you mediocre employees and fail to fulfill the desire to create an outstanding workforce. If, on the other hand, the HR strategy is to get cheap labour in the door quickly with little regard for turnover, you can pay people less salary.

Assess the competition and labour markets

We are currently experiencing a period of high unemployment. Many skilled people are available because of job loss, the economic downturn, the demise of many dotcom companies, and other reasons. Consequently, the economic reality is that you may be able to hire good people for less money than in the past.

This may be short-term thinking, however. Do not get too far out of line with what you would have paid that employee during better times. You risk losing her when the economy improves. She may never feel valued by your organization if her pay is out-of-line with her experience and contribution. She may never really stop her job search, using your company as a resting place until the right offer arrives.

You will also want to consider percentages of increase in salary in similar jobs in your local area.

Ask yourself if this is an employee you really want to keep? If so, pay the employee a salary that makes you the employer of choice.

Create salary ranges within your organization
People always talk about salary and pay issues. No matter how many times you ask them not to discuss their salary and other personnel issues at work, they do. Thus, grouping similar positions with similar responsibility and authority into pay ranges, usually makes sense. Nothing impacts morale as much as individuals who feel they are underpaid in comparison with others based on their contribution and that of other similar jobs.

Recognize your benefit package role in salary satisfaction
An organization that offers better than average benefits may pay less salary and still have motivated, contributing employees. If your health plan fees go up and you continue to pay the cost, this is the same as pay in your employees' pockets.

The range of benefits you offer, and their cost to the employer, is a critical component of any salary approach. The biggest mistake organizations make is failure to communicate the value of the benefits offered.

Determine bonus philosophy and potential
You may pay a bonus that is determined individually based on the value of the goals accomplished and the person to your organization. You may give all employees the same bonus, based on group goal attainment, across the board. You may use profit sharing in which a portion of company profits is paid out equally to every person who was employed during the time period.

Ways to address bonus, as part of your overall pay system, are limited only by your imagination. I recommend bonus structures that are fair, consistent, understandable, communicated up front, and tied to measurable, achievable goals. The better the shared picture of what constitutes eligibility for a bonus, by the organization and the employee, the more likely the bonus will result in employee motivation and success.

Communicate your salary philosophy and approach
In many organizations, who gets what and why is a cause for consternation, gossip, demotivation, and unhappiness. The more transparent you make your pay and salary philosophy and determinations; the more likely you are to achieve positive employee morale and motivation. Don't keep your salary philosophy a secret. Yes, individual compensation is confidential, but your methods for determining pay must be clear and understandable.

Conclusion
If you take these tips to heart and apply them within your organization, you increase the likelihood that you'll have happy, motivated employees. The alternative is to use your salary system to create disgruntled, grumbling, unhappy people. Which group do you think will do a better job of serving your customers? Increasing your profitability? Making you the employer of choice? Increasing your positive visibility in your community? Is there any question in your mind?

With a Bachelor's and Master's degree from the University of Michigan, the writer is a management and organization development consultant who specializes in human resource systems, issues and opportunities.

National
With the 2007 General elections now in sight and as poll shows President Kibaki on the lead, Naivasha MP Mrs. Jayne Kihara says…
Kibaki a potential big asset for Narc-Kenya

By Bosire Nyairo
When it comes to rhetoric aimed at marshalling support for the nascent Narc-Kenya party, few can give Naivasha Narc Member of Parliament (MP) **Mrs. Jayne Kihara** a run for her money. And apparently, she does not shy to speak openly what some of his compatriot Narc-Kenya troops speak only in whispers- or take for granted. For instance, in a Government of National Unity (GNU) meeting on October 2, 2006, she posed to President Mwai Kibaki the burning

question regarding which party the President would be running on in the upcoming General elections . (She admits as much). The effect was two-fold. While the President is reported to have made it unequivocally clear that he is firmly in the race, he- perhaps more significantly- left the country guessing on his party of choice come the elections. Predictably, the Narc-Kenya brigade was caught off-guard over what to them has hitherto seemed a foregone conclusion. And Narc-Kenya, the Democratic Party (DP) and Narc now seem to trip over each other as they court the President to their side. Of course, the President apparently remains above the fray. And as a recent Steadman Group poll shows Kibaki enjoying a more favourable rating among the Kenyan voter, Mrs Kihara says that to have him on the Narc-Kenya side would be a boon for the party's quest for power next year. Mrs. Kihara, who entered Parliament via a by-election following the passing of her husband Paul Kihara some time into the Narc government's assumption of the reins, meanwhile dismisses the Orange Democratic Movement (Party) of Kenya (ODM-K) as a power-hungry and frustrated lot. Her party, she says, has the interests of *mama mboga* at heart. A trained secretary and finance manager, the Naivasha legislator says her late husband, of whom she still has fond memories, influenced her to plunge into politics. 'Fifty-plus,' Mrs. Kihara is a member of three parliamentary committees: The Public Accounts Committee (PAC), Select Committee on the Constituency Development Fund (CDF) and Library Committee.
Each committee Member pockets a Ksh 5, 000 allowance per committee sitting.

Q: Who would be Narc-Kenya's presidential candidate in the General elections next year?
A: The person is yet to be identified.

Q: You are reported to have asked President Kibaki to state his party of choice for his second bid in a recent GNU meeting. Is it true that Narc-Kenya, DP and Narc are falling over themselves to have the President as their candidate next year?
A: (*laughs*) We are in a recruitment drive. There is no problem if we recruited Kibaki. If he agreed, we will be one up (*laughs*). There is no competition for the President between the three parties, though. One, the President has already disowned DP. And sincerely, it appears that the sole motivation of Narc coalescing was to remove Kanu from power, nothing else. For how could a few people sit in a hotel room and distribute among themselves positions (some of them not in the Constitution) without the mandate of Kenyans?

Q: Apparently, Narc Kenya is only intent on retaining power while the Orange Democratic Movement (ODM) Kenya is out to seize it- power seems to be the sole motivation and Kenyans are faced with a choice between the devil and the deep sea. Please react.
A: ODM is a frustrated and bitter lot. It comprises those who lost in the last General election and would want to do anything to get back. There is another lot that is bitter because they did not get the positions they wanted as per the hotel room arrangement. For example, just yesterday (Wednesday), (Lang'ata MP) Raila (Odinga) stood in Parliament to criticize the government for the (poor) state of roads in North Eastern Province. Yet Raila is a former Roads minister. This is the height of political dishonesty.
In Narc-Kenya, we are trying to address what Narc was initially supposed to do- unite Kenyans towards development and address issues of the common *Mwananchi*. In fact, Kenya's could be the only government (in the world) without grassroot support as far as parties are concerned. So Narc-Kenya seeks to fill that gap.

Q: How does Narc-Kenya seek to mobilize resources for its operations?
A: We have many ways of raising funds. For example, we recently had a dinner in which we raised money. Also, we are still devising more ways to ensure that the party is self-sustaining. We do not want anybody to say that we are using government resources because we support the government. It must come out clear that we are seeking financial and material resources from well-wishers. In fact, we have lined up a series of fund-raising activities.

Q: What is the genesis of the past insecurity problem in your constituency?
A:There has been a problem of insecurity in the constituency. When I was elected, Naivasha town police station had no single vehicle, for example. So my first assignment was to ensure there were means of transport. Second, I fought for the creation of a second police division with more personnel. Criminals escape to Naivasha from Nairobi because of the proximity of the two towns. Of course, insecurity also emanates in Naivasha. I have done a lot to bring about peace.

Q: What was the genesis of the recent Mai Mahiu clashes?
A: It was tribal clashes. Some problems were literally inherited from the previous regime. This is one of them. For example, the appointment of chiefs did not take into account the realities of the area. A chief of an area should be familiar with the region and the locals. But here you find some administration police officers in the last regime serving as chiefs. One, the people on the ground do not accept such chiefs; they see them as impostors. Also, there is the land question. In Mai Mahiu, there is land that was bought by Kiambu's Nyamakima Women Group from settlers but which - for some reason-they have not been able to subdivide. Of course, there are membership wrangles among the group. Some outsiders have settled on the land. In essence, the problem is land. But politicians provoke the clashes. In fact, leaders are known to fan tribal clashes in this country. This is true because the Maasai in our neighbourhood have always peacefully co-existed with my constituents. In fact, the culprits come from nowhere near the area. So it is pre-arranged and the government is already aware of it. In fact, it was a baptism of fire for me when I came in. But I was able to cool the tensions. It is unfortunate, though, that some lives were lost. That is why I feel let down because I had sounded the alarm early enough but someone somewhere did not arrest the situation in time. We have had sessions with our neighbours to try to reach an amicable solution. What did not come out earlier is that cattle rustling and land are the main problems in the area.

Q: What was your recent complaint about your neighbour Narok North MP William ole Ntimama interfering in your constituency?
A: The CDF Act allows for joint constituency projects but there is need for consultation among leaders. But if one takes a portion of CDF to my constituency there is bound to be conflict. Of course, members from both the Maasai and Kikuyu communities reside in the constituency.

Q: How would you, for instance, explain the curious coincidence of clashes in the pre-1992, 1997, 2002 General elections in some parts of the country and the ongoing, now that the country is going to another election next year?
A: There are various problems in various regions. But I can only talk of my area. However, Laikipia (where there have been clashes) is not far from my area. In fact, the issues of contention there are the same as in Mai Mahiu. The wealth of the Maasai is their livestock. But a person who owns one or two hectares of land cannot sustain 200 head of cattle on that land. So it has been the Maasai practice to graze their livestock on private land. But it is not right and should not happen.

Q: What would you as a member of the CDF Committee comment on allegations of misappropriation of the funds by MPs and nomination of cronies to constituency development committees (CDCs)?
A: An MP needs people that he can trust. There is an audit system and any misappropriation of funds at project level will be detected. I have had the chance to go round the country and I can assure you CDF has accomplished a lot of things for the country. The Fund engenders a great deal of development where there has been none before like in health, education and infrastructure.

Q: What are some of your committee's proposed amendments to the CDF Act for effective utilization of the Fund?
A: One, we have asked for an increment. The current portion of 2.5 per cent of government revenue is too little.

Q: Is your proposed increase of the national CDF kitty economically sustainable?
A: Yes, considering the potential benefits. Also, we want to charge the implementation of the fund to the ministry of Finance. And for the sake of transition and continuity, we propose to have constituency co-ordinators take charge of the money. There is need for a secretariat charged with the running of CDF.

Q: Evidently, contribution by some MPs on the floor of the House is not informed by extensive research on the issues at hand. What is your Library Committee doing to improve Parliament's library services?
A: Unfortunately, I have not been very active in the committee because PAC, of which I am also a member, is really involving. However, the committee is trying to improve the Library services.

Q: President Kibaki has in the past accused his ministers of lethargy as far as House work is concerned. Please comment.
A: I share the President's concerns. I do not know what ties down ministers in their offices that they cannot attend House sessions.

Q: What is the use of PAC reports churned out every other time whose recommendations are not implemented by government?
A: That is what we are pushing for at committee level. Generally, as a committee, we are not comfortable with the state of affairs. Sometimes, though, there is a lot of politics. For example, on the (former Ethics and Governance Permanent Secretary (PS) John) Githongo saga, the Committee said that the government was not willing to prosecute corruption suspects. Yet, some former ministers are being investigated and will be charged if found guilty. It is only that the process is slow.

Q: In that connection, the government is accused by some of waging a half-hearted war against corruption. Please comment.
A: The government has a very difficult time. But it must be appreciated that government alone cannot succeed in this war; all Kenyans must be involved. For corruption did not start the other day and it will take time to eradicate it.

Q: Do you trust the Kenya Anti-Corruption Commission (KACC) to successfully spearhead the war?
A: (KACC Director Aaron) Ringera (and his team) could be a bit faster in their work. Also, the courts should expedite the process. However, there is shortage of staff there.

Q: How tenable is Attorney General (AG) Amos Wako's continued stay in office, given that he has been interrogated by KACC over corruption cases he is supposed to prosecute?
A: It is unfortunate that the country has in office the same AG who served under a corrupt regime. I have my own reservations about Wako.

Q: Is the comprehensive constitutional reform that you support feasible before the next General elections?
A: The issue has been politicised beyond reason. The reforms can be done either before or after the next General elections. But is there the political will to do it? The Constitution is for posterity, not politicians.

Q: What would you comment on the fact that fuel prices are yet to go down locally despite the world reduction?
A: There is a trend in this country that needs to be controlled: multinational domination. It is not only in the oil sector. For example, BAT (K) Ltd is choking Mastermind; and East African Breweries is pushing Keroche Industries out of business. The government has to address this issue. We must let local businesses thrive. They have to be supported because they create employment and their proceeds are utilized here. The government must not be seen to be supporting multinationals whose profits are repatriated.

Q: But BAT tried to influence MPs to vote its way regarding the Tobacco Bill by sponsoring a Coast trip and reportedly greasing their hands?
A: I was not in the trip. It was an unfortunate thing for MPs to do. But I am not sure the company greased their hands.

Q: What drove you into politics?
A: It is very interesting the way I joined politics. One, my husband was a politician. I worked closely with him during his time. When you live with a politician, it is very difficult to avoid politics. My husband got very ill during the electioneering time in 2002 and was admitted in hospital. Actually, I took charge of his campaign; he campaigned for only three days. He challenged me to take charge. At first I hesitated but later I took the bull by the horns. It was not easy, though; I had to balance my being with him and in the constituency. I was my own driver then and would campaign the whole day. It was a very exhausting and difficult time. Yet he was elected from his hospital bed. I will never forget the trip that took us to South Africa for his treatment; it is the most difficult time I have ever undergone in my life and it is still so vivid in my mind. Actually, it was a nightmare. My husband's passing was such a loss for me, especially after I had won the seat for him while he was in hospital. It was too unfair. I said I could not lose the two. So I had the urge to soldier on, with encouragement from my constituents.

Q: How has the Kibaki Administration treated women in terms of public service appointments?
A: The government has tried but it could do better. Of course, there are several women PSs and other officers. However, we would think that the Cabinet position that was formerly occupied by (Marakwet East MP) Linah Jebii Kilimo should have gone to another woman after she and others were dropped. The mentality that women cannot perform must be done away with.

Q: So how would you describe your times in Parliament so far?
A: It has really been a big challenge but I am giving it my best shot. Indeed, it is a good exposure for me. Having lived with a politician, I knew the intrigues that politics sometimes entails. For starters, Naivasha is a complex constituency. One, it is expansive. In fact, we border ten other constituencies. Two, it is cosmopolitan because it hosts people from all the Kenyan tribes. So it calls for a balancing act because I have to accommodate and work with everybody. Yet there are so many problems. For example, when one is not in politics, they do not realize that there is need for a chief for administrative purposes. I like working with people but the challenge is when it becomes personal. Our society still cannot appreciate the proper role of a legislator. People want an MP to cater for their bills. An MP is seen as an ATM- the *alpha* and *omega* for the constituency.