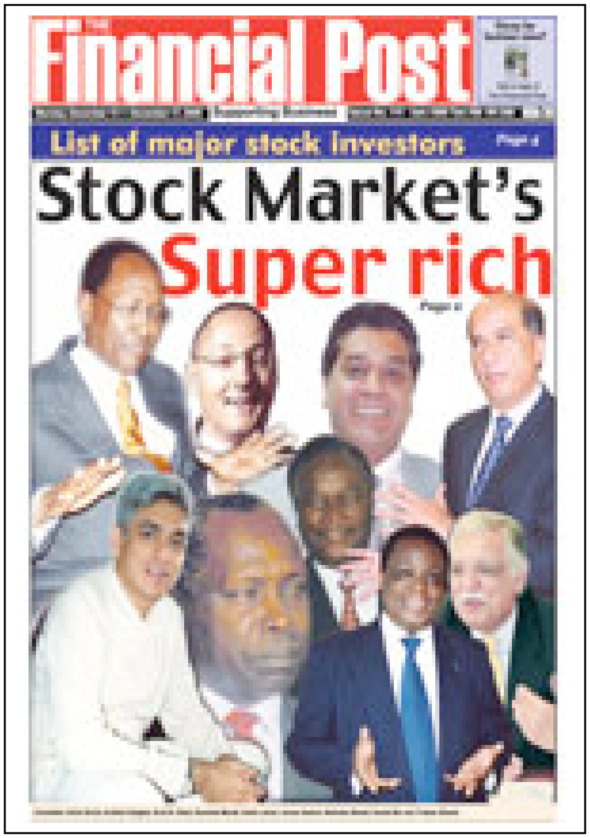
Kenya's top stock market billionaires



The queue of those waiting to snap up fresh shares offered through the Nairobi Stock Exchange (NSE) is still growing longer, months after the government offloaded its stake in Kenya Electricity Generating Company (KenGen), the country's largest power producer.

Following the huge response generated by KenGen's initial public offer (IPO), all the firms that issued an offer through the stock market, have had their shares oversubscribed.

The on-going sale of the government stake in Mumias Sugar Company, the largest producer of sugar in Kenya, is expected to be yet another success. A recent downswing at the NSE is a clear indication of a heightened selling activity, perhaps, as investors' position themselves to buy into the Mumias share issue.

As the NSE continues on its bullish run, companies as well as state-owned corporations are opting to use the exchange to raise capital. In the process, this translates into a huge amount of wealth being transferred from the public into private hands, creating billionaires in the process.

The Financial Post has carried out a survey on the top companies at the NSE, featuring some of the main shareholders and institutional investors listed at the exchange. The ranking is based on a sample of information on companies who have filed reports with the NSE on their shareholding structures. We have chosen the value of shares held by the top shareholders of each listed firm, either locals or institutional investors, whichever is higher. This data and tabulation is based on annual financial reports of listed companies, for the year 2006. The value of shares is based on prices at the end of trading on December 6, 2006. A number of individuals may have offloaded or bought more shares. Prices must also have changed, thus our figures are to be treated as estimates and provisional.

The list is arranged in a descending order, based on the highest value of shares owned in a single listed company by an individual or local institution.

We were not able to immediately establish the names behind the large volume of shares, worth millions of shillings, held through nominee accounts. For instance, the Barclays Bank nominee A/C NO. 9011 is listed with the highest value at Ksh. 2.7 billion.

Sources at the NSE disclosed that these nominee accounts are held on behalf of individuals who, for various reasons, cannot be able to deal directly with investment banks and brokers. Overall, over Ksh 8 billion worth of shares is held through nominee accounts.

Interestingly, Equity Bank, a newcomer at the NSE, also has its directors and major owners as one of the wealthiest, with shares running into billions of shillings.
Sameer Africa Limited-formerly trading under the name Firestone East Africa 1969 Limited- also pops up as one of the largest players at the exchange. Sameer Investment Limited has one of the largest blocks, over 117,904,896 million shares, in Sameer Africa. It is also closely associated with Yana Towers, which owns a large stake in Sasini Tea and Coffee, one of the most active shares in the agricultural counters.
A major shareholder and chairman of Sameer Group of companies is Naushad Merali, who is ranked as one of the wealthiest at the NSE. His interests spread out into various sectors including agriculture, construction, energy and power, export processing zones, finance, information technology and telecommunications.
Petroholdings Limited, which is ranked among the highest in our list, is the leading local institution, based on our criteria, owning over 75 per cent of the profit-making Kenol (separate from Kobil, a sister company which is private).
This company is believed to be associated with powerful individuals in the retired President Daniel Moi's administration, among them, Nicholas Biwott. Kenol Kobil has an international network spreading from Kenya to Tanzania, Uganda, Zambia, Tanzania, Rwanda and Ethiopia. Kobil is a heavy weight in the local oil business demonstrated by a recent agreement it signed to supply 120,000 M3 of fuel Oil worth over Ksh 3 billion to KenGen's Kipevu Power Station
Featuring as the largest local institutional shareholder is Gambit Holdings Limited; based on local individuals or institutions shareholding criteria. Gambit has this substantial holding in CFC Bank, a local financial institution listed on the NSE. The company holds over 71 million shares of the bank.
Among notable figures holding large stakes at the bourse include UAP Provincial Insurance Company Limited- Ksh1.7 billion. This company is closely associated with Joe Wanjui, a close confidant of President Mwai Kibaki and Christopher Kirubi, who is a major shareholder.

UAP Provincial Insurance Company Limited is one of the leading insurance companies in Kenya and, from its origins, has been operating in the Kenyan market for more than seventy years. The shareholders of UAP Provincial Insurance Company Limited include Wanjui, Kirubi and ICDC Investment Company.
Kirubi stands out as one of the top dogs at the NSE, with over 12 million shares at Industrial and Commercial Development Corporation (ICDC), the main investment arm of the government. The corporation holds government shares in a wide range of state corporations as well as unquoted firms. Its investments in unlisted firms include Aon Minet Insurance Brokers, Kenya Wine Agencies Limited (KWAL) holdings, UAP, Mt. Kenya Bottlers, Nairobi and Rift Valley bottlers.
ICDC has quoted investments in over 24 listed companies at the NSE, with a market value running into billions of shillings. Among these firms are Nation Media Group Limited, Total Kenya, Williamson Tea, Mumias Sugar, Standard Chartered Bank, Sasini Tea and Coffee, Kenya Airways, Sameer Africa and Barclays Bank of Kenya.
Another notable player at the NSE is Karim Jamal, who owns large stakes in Mumias Sugar, Kenya Power and Lighting Company (KPLC) Limited, TPS East African Limited, Jubilee Holdings and Kakuzi. He is estimated to be worth more than Ksh 1.7 billion, owning over 21 million shares in Mumias Sugar alone.
Another notable kingpin at the stock exchange is Paul W. Ndungu and Nelson M. Njoroge, ranking as one of the top local individuals appearing among the billionaires at the NSE. Amin Nalji Juma also joins the billionaires' league, estimated to be more than

Ksh 1.7 billion, owning over 5 million shares in the blue chip Nation Media Group Limited, one of the high fliers at the bourse.

Ndungu, in the big league of billionaires, is estimated by *The FP* survey to be worth more than Ksh 2.5 billion, with stakes in KPLC, Kenya Airways, CMC Holdings, Crown Berger, Express Kenya, Rea Vipingo and Standard Group.

Also among the big boys at the NSE is James N. Mwangi, the MD of Equity Bank, estimated to be holding shares of the bank estimated at over Ksh 0.8 billion. Also in the list of those close to hitting the billion shilling mark include investment company Trans-century, which owns large stakes in state-owned KPLC worth Ksh 0.27 billion and Equity Bank-Ksh 0.14 billion.

Also, soon to cross the billion shilling mark are Shah M.K Khetshi-Ksh 0.49 billion, John Mwangi-Ksh 0.76 billion and Joel K. Kibe, Ksh 0.4 billion.

Those with cross ownership, spread over several firms include Ndungu, Mulchand Narshi Shah, John Kibunga Kimani, Kibe, Jamal and Jubilee Insurance Company Limited. Jubilee has shares in Mumias Sugar, KPLC, Kenya Airways and Total, among other quoted firms, estimated at over Ksh 0.7 billion.

Ali M. Adam is also in this class of cross –owners, with shares in East African Cables, KPLC, Kenya Oil, Unga Group and Olympia Capital Holdings.

One of the most powerful family names, apart from those holding shares through companies and nominee accounts, is the Ndegwa family. An empire crafted by the late Philip Ndegwa, one of Kenya's foremost economists and financial managers, has leapt in leaps and bounds. The family's wealth is estimated at billions of shillings, with stakes in both listed and unlisted companies including Lion of Kenya, Mitchell Cotts and Insurance Company of East Africa (ICEA). The family is reported to be also having interests in African Mercantile Banking (Ambank), shipping and airline businesses.

It also has interests in international markets through the London Stock Exchange and Wall Street. The family has holdings in African Marine and Engineering and Riverside properties.

Other areas of interest include Unga Group, E A Reinsurance Corporation, Hogg Kenya, an insurance firm, NAS Plastics, Kenya Auto Chemicals, ICL Kenya, Sameer Investments, East Kenya Bottlers, First Chartered Securities Limited and Kilindini Travel Centre. Two Ndegwa siblings, Andrew and James, sit on the board of NIC Bank.

It is worth noting that a number of powerful and rich families have rich investments outside the quoted companies at the NSE and include Asian families as well as politically connected individuals, with links to the present and past administration. A lot of Kenyans also have invested billions abroad, through offshore accounts and companies.

Meanwhile, the government is presently offloading a further 92 million shares at Mumias Sugar Company, at a price of Ksh 49.50; the highest offer price ever by the government at the exchange.

This could be an indication of a shift by the government from other options, including Treasury bills and long-term bonds to the stock market, ostensibly to raise revenue. The oversubscription of IPOs presents opportunity to treasury for raise much needed cash for recurrent and capital expenditures.

Sources who talked to *FP* argued that wealth is clearly shifting from the traditional avenues to the stock market. For instance, individuals and institutional investors are finding investing in shares and stocks more attractive as the NSE continues on its bullish run. Such instruments as manufacturing, bank deposits, Treasury bills or real estate and commercial farming are no longer attractive.

Financial experts say that the government should consider using the bullish equity market to raise cash which can be used to finance construction and repair of roads, broken bridges and other capital expenditures.

Among corporations where the government could offload its shares include National Bank of Kenya, KPLC and Kenya Commercial Bank (KCB) Limited.

Others include Kenya Pipeline Company Limited, Pan African Paper Mills Limited and Industrial Development Bank. It can also offload more of its shares in Kenya Airways. Also in the list of state-owned concerns, which could benefit by listing thereby raising revenue to the exchequer and transferring wealth to the citizens are Nzoia Sugar Company, Kenya Chemical and Food Company, South Nyanza Sugar Company and National Oil Corporation.

As the Mumias Sugar share offer runs its course, it will be interesting to watch the movement of short-term retail investors and speculators as they rush in. It has been observed that as soon as trading begins and prices appreciate, most of them offload their stake. The floated shares are then mopped up by the large players, who target long-term gains and huge dividend yields.

With the conclusion of each IPO, a new millionaire at the NSE is created. Those with substantial stakes are able to edge out speculators and smaller retail investors from the market as they buy out all their shares, leading to a rise in price, thereby locking out any new buyers, sources told this publication.

Even after the huge success and public interest generated by the KenGen IPO, the NSE has been on a bullish run, leading to companies rushing into the market to list or raise capital. This powerful trend has been driven partly by positive economic growth figures and increased public awareness on the stock market as an investment option. Further, installation of an automated trading system has boosted trade volumes.

In early 1996, Kenya Airways rolled out one of the most successful IPOs, raising Ksh 2.6 billion from 235.4 million shares, selling at Ksh 11.25 each. Many of those who held on to their shares are millionaires, with KQ shares recording tremendous appreciation in value over the ten-year period.

KQ shares are no longer fodder for speculators but one of the top performers at the NSE. Those retail investors who sold out when the shares dropped to Ksh 9.00 must be green with envy at today's KQ shareholders.

At present, companies which are interested in listing at the bourse have attracted the attention of venture capitalists, who were looking to finance such moves.

Around 2003, with the entry of the then new Kibaki administration, prices at the NSE begun to rally, signaling a recovery and turnaround of the economy.

To date, the NSE index has been on an upward climb, presenting a new frontier for wealth creation. The traditional wealth indicators, including land, coffee and tea plantations and real estate are now under challenge as wealth shifts to the stock exchange. As the IPOs momentum gathers steam, company owners, shareholders and state corporations are growing financially.

Most initial shareholders and players who invested in the market in the earlier years have become millionaires.

The 'old economy' of land, coffee and tea farming, real estate, transport business and retailing is no longer attractive as the government offloads its shares from commercial activities, shifting this massive wealth to the public. The stock market is now considered sleek, sexy and exciting.

Ever since the KenGen IPO, the stock market has been a jackpot as state-owned corporations and companies, both local and international, either list or float shares at the bourse. These concerns move to the exchange in a blaze of headlines, speculation and envy. In the process, the next IPO or share issue creates a few millionaires whose improbable success sways the next generation of risk-takers to jump off similar cliffs.

In the most exceptional case, KenGen case stands out as the most successful IPO, creating an opportunity for Kenyans to own a stake in the country's biggest power

producer. Shareholders of the firm can now expect their wealth to grow in the long-term as the country's demand for power escalates, in tandem with anticipated economic growth.
The company has everything a shareholder would want-assured market, top-drawer technology, profits and promise.
Already, the KenGen IPO seems to be heralding a great new round of public offerings. IPOs are like dreams: sometimes happy, often irrational, usually quixotic'– and fraught with unexpected twists.

Entrepreneur

The art connoisseur

A passion for art and culture saw him establish an arts centre

By **Mwangi Maingi**

How many people know how important art and culture are to their lives?
Well, ask the experts.
"I believe the aim of every artist is to arrest motion, which is life, by artificial means and hold it fixed so that a hundred years later, when a stranger looks at it, it moves again since it is life," says Deepak Maru, the director of Galley Ethnic Limited.
The company deals with indigenous and contemporary arts, textiles, utilitarian items and utensils from various cultures across Africa.
He had a background in textile design to start with. The fact that he had affinity to traditional customs especially in Kenya and Africa in general, inspired him to learn and research in various cultures and their artifacts.
Deepak also got inspired by publications on Murumbi collections and the interest in African culture and customs. This led him to start collecting his own.
He extended the interests to traditional containers from diverse communities, used for food, water and milk storage.
"To protect the various community artifacts and traditional items, I ensure that what we put to sale is available in need to the community and have no significant to the community beliefs and customs."
His passionate interest in different cultures made Deepak to protect it.
Born in Nairobi 32 years ago, Deepak went to Canada at the age of 10.
"The much emphasis on culture in the lower level of study in the country learning system added more interest in my current venture."
He joined the Yorke University for a bachelors degree in textile design. During his study, he worked in various textile companies on contract.
After his study in Canada, Deepak returned to Kenya where he received informal employment in textile industries.
"Most of the textile industries had closed down by mid 90s due to liberalisation which brought imports of '*mitumbas'* (Swahili for second-hand clothes) and cheap raw materials from China and India."
This pushed Deepak out of employment.

From the few artifacts he had collected, he realised his friends were interested in them, thus giving Deepak motivation to try it as a business.

The director started collecting more traditional objects and products which he sold to friends at home.

“It was interesting to make the objects available to my friends, but more interesting telling the clients about their origin and uses. I learnt that information on products origin about a given product is a basic requirement in business,” avers the director.

This brought the establishment of Galley Ethnic Limited in 2001 though in a small way.

“There had been religious colonialism which had taken away the Africans pride in their customs as well as the need to appreciate their products in terms of use of traditional items, utensils and attires,” he says.

He thus took the pride in collecting these items from all over Africa and still makes a living out of it.

It was never a bed of roses for Deepak at the initial times of the business,

“Having to start from scratch was challenging especially in financing the business. The cost of living was high thus difficult to get people to spend on artifacts. Many viewed it as luxurious,” says the director.

With no tangible assets, Deepak agrees that accessing capital was hard, thus had to borrow from the family and friends.

Asked why he could not seek assistance from financial institutions, the director says that the institutions requirements on guarantees as well as high interest rates were unfavourable.

“The banks then intended to invest where there seemed to be tangible return and the uncertainty in the market at the time made it hard to access funds.”

In addition, the director says the market establishment and business development was a challenge too.

“The high cost of marketing considering the limited resources of a start up, stocks and other initial requirements was never easy,” he says.

However, through socialising and reference from friends together with word-of-mouth marketing, the medium sized entrepreneur managed to increase his clientele.

Public perception in relation to societal believes had been a challenge as many would associates their traditional objects with traditional misfortunes and omens.

To face the challenge, Deepak ensures that he learns the background of each product stocked in the business as part of personal interest and that of the clients.

From the director, it is the desire of everyone to express themselves in art and artistic activities, to express ones life and history, to record the reactions to the world one lives in.

“There are opportunities in art sector considering the global trend whereby people are moving away from commercialism. Almost all kitchenware and utensils had been from India or China. Locally, communities are becoming aware of lost skills and desire in their own objects and wares thus creating a potential market,” affirms the director.

On why few people make their ends meet in artistic ventures both in products and music at large, Deepak calls for patience.

“It depends on the main goal. If it is making quick money with no interest, then it means when hard times come on the way, it is easy to fall back.”

Appreciating culture and arts is part of the positive trends that Deepak believes give hope to art investors in Kenya today.

Citing the replication of *Kiondo* (Kikuyu for basket) by Chinese, Deepak calls for the policies to ensure the innovative skills and products are protected from being taken by other cultures.

“The government should get involved in terms of policies to protect innovative ideas and skills from being exploited without benefiting the community and the country as a whole,” he says.
The private sector, according to Deepak, has a role to play in ensuring the art sector penetrates and benefits communities in a big way, citing the move in revamping of National Archives and museums in Kenya as a positive trend.
“The know-how of certain cultural elements in every community and protection by Kenyans themselves could be another way to eradicate poverty as some could be their source of income.
His company which has more than 80 workers in both supply and production at has major clients.
He has also partnered with community centres as their marketer like Bombolulu in Mombassa and Kimuyu in Kitui as part of supporting the society.

Budding entrepreneur
“One should always be optimistic. If one has an idea, he or she should expect to face the challenges. Being self-employed guarantees one freedom in terms of time, finances and lifestyle,” he advices.

The advent of cheap packaging

Why plastic bags are ruling the market

By **Samwel Kumba**
About 20 years ago, one Sam Moturi was a much-vilified man. However, today, he is something of a hero.
Moturi, the Secretary-General of the Institute of Packaging (Kenya), had found himself on the spot for daring to come up with alternative methods of packaging milk and fruit juices.
After conducting a survey at the Kenya Industrial Research and Development Institute (KIRDI), he found out that the then the Kenya Co-operative Creameries (KCC) was spending about Ksh 1 million per month in milk packaging material alone.
His findings were collaborated by those of lead scientists, of which he was among, and another research that had been done at the University of Nairobi.
The two institutions were exploring alternative packaging methods that would make milk and fruit juices more affordable.
“Tetra Pak was on my case big time and so was the then KCC chairman. They argued that I wanted them to lose business because the research recommended that there was need for milk and other food processors to consider the use of sachets, bottles and plastic material like jugs and cups for packaging their products to make them cheaper. At that time, milk packaging was 100 per cent being packed on Tetra classic,” says Moturi.
Since then, to Moturi’s vindication, Tetra Pak, among other companies, has ventured into producing cheaper packages of milk. Currently 60 per cent of the New KCC’s milk in packed in polythene bags.
The New KCC chairman Matu Wamae confirms the introduction of these polythene bags which the company would like to expand to nearly 90 per cent of all its retailed milk.
“When you have a new technology which is efficient and cost-effective, you replace the old technology. Through a packaging process using polythene bags under a system

sourced from India, the company has been able to reduce the price of milk," Wamae says.

While revealing that the price of milk has reduced by about Ksh 10, Wamae argues that the move has enabled them to penetrate slum areas for the first time adding that, "This way, we have cut down on hawking of milk."

And Moturi proudly proclaims that this was exactly his idea 20 years ago.

"I knew too well that milk is a strategic food reserve and ought to be available to at least everybody."

Moturi continues: "Only recently the Tetra Pak president was in the country to commit the company's effort to invest over Ksh 200 million into processing cheaper alternative packaging materials to make products like milk cheaper."

However, while observing that Tetra Pak missed a golden opportunity to take advantage of the market way back in 1996, Moturi drums up support for alternative packaging methods for milk.

"First, it minimizes losses due to breakages widely experienced in the original Tetra classic. Secondly, the price is far much lower and affordable."

But Arfran Hussein, the Marketing Manager of General Plastics -in what might be construed as seeking market supremacy - contradicts Moturi arguing that during transportation, there are high chances of the bags bursting.

"It cannot be stored for long as could milk packed in other materials like the pyramid Tetra classic or plastic containers which we produce," Hussein says.

Hussein maintains that they have advantages over other milk packaging formats because, among other things, their packages are hygienic and can be re-used even as water containers, besides being recycled.

And Lydia Wairimu, the Officer Manager at SIG Combibloc Obeikan, has her take on the same.

"The only disadvantage of using polythene is that transporting the milk over long distances is not very safe and the packaging itself might not necessarily be 100 per cent safe. However, it makes the contents affordable to the low-income Kenyans who would have otherwise gone for hawked milk. But do not forget that the packages do have a serious environmental impact since they are hardly biodegradable," cautions Wairimu.

However, the man in charge of environmental standards- Maurice Mbegera- does not see any threat posed by the new packaging systems. Instead he roots for effective management systems with recycling of the waste as the viable way forward.

Mbegera, who is the Director, Compliance and Enforcement, at the National Environment Management Authority (NEMA), insists that all that needs to be done is stick to clean environment standards thus maximizing the use of such polythene packages.

Understandably, the low density polythene has been banned in the country and the Kenya Bureau of Standards (KEBS) and NEMA in consultation with polythene manufacturers are currently establishing guidelines on the size of polythene bags, a move that may signal that other polythene packages might not be in use for long.

The urgency on the low-density polythene arose because of the havoc they have so far caused by blocking sewers and negatively affecting animals.

Not long ago, industrial manufacturers and users of plastic packages were facing tough times ahead owing to increased pressure from politicians to introduce alternative packaging. Moving a motion in Parliament, the Kitutu Masaba Member of Parliament (MP) Mwancha Nyang'au Okioma had called for the banning of plastic packaging, adding that manufacturers of sugar, cereals and coffee should be compelled to use sisal packaging.

The motion reportedly received widespread support from MPs, including then Assistant Minister for Environment and winner of the 2004 Nobel Peace Prize Professor Wangari Maathai, who was earlier running a similar campaign to promote recycling of plastics.

Threatened by the potential trouble ahead, the Kenya Association of manufacturers (KAM) plastic sector approached the Ministry of Environment seeking to address the issue of plastic waste.

Subsequently, the Ministry referred KAM to NEMA. The two institutions have since collaborated and developed a strategy on plastic waste management. Some of the key agreements are the phasing out of flimsy plastic bags which are freely blown by the wind, clinging onto trees and blocking waterways.

This has been done through the development of a new standard for plastic bag thickness-KS 1974-raising the minimum polythene bag gauge up from 15 UM which is non-recyclable to 40 UM which is longer lasting and recyclable. The new standard was gazetted in October this year and aims at promoting re-use, recovery and recycling.

Mbegera, however, has a word of caution: “Certain food stuffs may not be packaged in recycled materials due to the level of hygiene required. This is because of the poor handling of the waste packages which can, however, be improved through proper administration.”

He reveals that currently, some entrepreneurs are investing in plastic and other polythene products recycling, noting that the move is crucial in waste management for waste material will end up being in demand.

“We need a workable mechanism of handling waste right from transportation to dumping. Come April next year- when the regulations on solid waste and clean water will come into force-we will be the authority registering garbage collection companies and, that way, we can be able to trace who is not dumping in the right place. The legislation was too gazetted in October this year.”

Mbegera crusades for the development of a sanitary field which is fenced for dumping arguing that, only then, vehicles into the site could be registered so that whatever they are dumping is recorded.

“After dumping, they should level the garbage and cover it with soil. That way, the site will have a longer life. NEMA intends to collaborate with lead agencies to make this a reality and conserve our environment.”

In the same light, Moturi observes that successful easy packaging processes takes into account 4Rs.

He explains: “The Rs include the ability to re-use the package as much as possible, being able to recycle the packages, reducing the amount of packaging material to a bare minimum so that the product therein can be affordable and, lastly, being able to recover the energy used while processing the packaging material. This is when the packs can be used to burn, say, boilers and produce energy to process other products like cement.”

This is what Moturi would recommend to the 29 or so licensed processors who produce almost 600,000 litres of milk everyday. Amongst these, the largest eight process over 80 per cent of total volume and they appear to be increasing their market share at the expense of the smaller ones.

Most of the processors use the Tetra-Pak system of packaging. However, most of them are now producing pasteurized milk in pouches. Their success is yet to be analyzed in the retail market, but bulk packs are common in the catering and institutional supply market. Considering that the Tetra-Pak package account for about 15 per cent of the cost of the end product, there is incentive to find cheaper packaging.

And Tetra Pak Managing Director Anders Lindgren says that their tetra classic pack costs only Ksh 2.34 and the closest long life pack is about Ksh 3 shillings. He adds that because of the protective feature of this packaging, it will always be a bit expensive that the normal packaging.

"Though we are working on minimizing the cost, we cannot bring it down to compete with the alternative packaging. It is just like you cannot buy a Mercedes at the price of a Toyota. There is always a premium cost to the product of higher quality," says Lindgren.

But the cheaper packaging may be holding the key to handling competition from milk hawking in the country whose area of operation is through many milk bars that supply milk to hawkers. In essence, hawkers incur lower fixed and variable costs and show higher returns to labour per litre.

"They make about 23 per cent of sale price than milk-bars where fixed and variable costs add up to Ksh 1.00 per litre with returns only at 10 per cent of sale price," explains Moturi.

Hussein reveals that they service about 30 per cent of the country's milk packaging which supplements other long-time packages like Tetra Pak classic. Among their customers are New KCC and Brookside Dairy.

He is of the opinion that although polythene is fast replacing the old packaging systems, it might not necessarily be the long-term solution since materials used have been banned in several countries including India and Uganda because of their diverse environmental impact.

Combibloc's Wairimu argues that whereas there ought to be a balance on aspects of affordability and environmental impact, the manufacturers should try to use a better plastic that is easy to destroy as opposed to the very thin ones.

"Alternatively the returnable bottles and plastic container is eventually the way forward," she says.

Wairimu sells packages for long life products including milk. However, locally they are unable to access the market because their products are expensive. This is because they import them from their factory in Saudi Arabia.

"Actually what makes our package expensive is the import duty which currently stands at 25 per cent. We have tried to lobby for its reduction through KAM but that is yet to be seen. Because of the duty, our prices are about Ksh 6 higher. Just compare the prices of milk in the two packages currently in the market; the prices vary by about Ksh 8. So, whereas we would like the milk consumers to make it affordable, we would also like to recover our cost of production," she explains.

Currently she supplies the markets in Tanzania and Uganda and is about to start supplying to Ghana. They are located in Kenya for strategic business reasons but they have not given up on the Kenyan market.

But the Tetra Pak boss is bothered by the milk price difference.

"We are working towards affordability and availability of our products. These two have been both our key challenges and driving factors. Of late, what we have also learnt is that packaging size has gone down. As you are aware, ours have become smaller economies. So to sustain our pocket economy, people are buying smaller sized products."

And today, Lindgren, who was part of the team that vilified -Moturi -seems to support his idea when he says, "I think it is a safety issue to see that more of the milk is of late becoming more and more pasteurized through cheaper packaging materials. However, there is also the environmental effect of the other packages which is equally threatening since most of them are not biodegradable."

This is thought to have stemmed milk hawking though not in totality. The official estimate by the Kenya Dairy Sector of the number of hawkers in Nairobi alone is around 4,000, selling an average of 50-70 litres/day at Ksh 25-30 per litre.

This is seen as an underestimation of the numbers, given the informal nature of this market. The figure may be at least three times this amount, based on anecdotal sources.
All the same, the Dairy Sub-sector is the second largest contributor to agricultural Gross Domestic Product (GDP) after beef, with an estimated 14 per cent of the total agricultural production.
Access, which can be increased through affordable packaging, is critical.

We are staying put, says key Biwott man

Nick Salat is among the most visible politicians in the leadership row currently raging in the Opposition party Kanu. **David Matende** spoke with him last week.

Question: Mr Salat, the Nicholas Biwott-led Kanu faction to which you belong has just had the good fortune of being recognised by the government and the Electoral Commission of Kenya. Now, what is your next plan of action as the dust settles?

Answer: The most important thing is we have protected the party from being swallowed by the Orange Democratic Movement (ODM). And because we followed all the constitutional procedures, we have been recognised by the Registrar of Societies and the Electoral Commission of Kenya, which is an achievement because we are now through with the politics of offices and can now go out to the grassroots to strengthen our party.
The best way to do that is to use the branches. There has been a weak link between the national office and the branches. The branches lack the capacity and the resources to reach out to the followers.
We want to prove that our party has support in every corner of the country.
We are also going to open our new national office here in Nairobi any time next week. We already identified a place.

Q: How would you defend your faction against claims that the conference that elected the new officials was not properly constituted?

A:It depends on which side you are. If the conference in Mombasa did favour you, you are bound to argue like that. In essence, we organised the Mombasa meeting in accordance with the procedures. What these people (those supporting replaced chairman Uhuru Kenyatta) failed to understand is that the Mombasa meeting did not just happen; it was as a result of other meetings, which is a requirement within our constitution.
What they are doing now is what they should have done before. You realise they have just held an NDC which recommended our expulsion.
When we were elected, they said they were not going to challenge us -they actually need not challenge us because they are in another party.
When they realised that we are still very much around, they called a kangaroo meeting in Yaya (Centre, Nairobi) and decided to take an illegal action against us. According to us, everything we did is legal, according to our constitution.

The expulsion does not hold water, because they are in ODM. We are not going to be swayed by their sideshows.

Q:Now that you are the people calling the shots in Kanu, we can assume you now have a free hand to work with the government, because that seems to be what you always wanted to do.

A:We have not reached a decision to work with anybody. As of now, we are following the laid down procedure. We will work with others yes, but according to the constitution. We are still open; we are not closing any doors.

Q: Former president Daniel Moi is being blamed for the split in Kanu. Is that correct?
A: The role of the retired president cannot be underestimated .You cannot wish him away. His role and participation cannot be wished away. He has a permanent place in the Kanu history.
Kanu could not be where it is without Moi. The same leaders who are saying he should stop involving himself in politics would be nowhere if it were not for him.
You cannot chop off the hand that has fed you. And you can't cut the tree you have sheltered under when the rain is over.

Q: *Mheshimiwa* you come from the Rift Valley where Ruto (former Kanu secretary general William Ruto) has considerable following. It is being said that some of you who have betrayed him may face the wrath of voters. Is that right?

A: We are not going to look at Ruto; we are going to look at what is in it for Rift valley. If we personalise politics and say that so and so is the person who is going to deliver us, we will be wrong. We want to look at the benefits of any arrangement we may enter into; what is there for us.
Ruto is an MP like all of us; he should not say that he is the one in charge of the Rift valley. I do not subscribe to the politics of personalities. The politics of 'if you are not with me, you perish', I do not subscribe to it. We are here to serve people, not individuals.

Q: But should he be nominated a presidential candidate, don't you think that you people will be doomed?

A: If Ruto is not going to be the ODM presidential candidate, he might as well forget the Rift Valley. He has support in the Rift Valley because he told the people he will be seeking the presidency. People rallied behind him because of that.
He has been saying that he will support whoever will be nominated in ODM. That means he has already given up. That also means that Rift Valley has given up on him.

Q: Now let me take you closer home. You have a strong opponent in Bomet; I mean Kipkalia Kones is....

A: Yes I have strong opponent. But the same opponent will have to face me so that is not something I fear.

Q:There is this talk that some of you are warming up to the powers that be in hope that you will be nominated to parliament in the event that you lose in next year's poll. Are these claims correct?

A: No, no, we would like to be elected. Nominations are for backroom assistants, *watu wa mkono*. Some of us believe in sorting ourselves out in the field.