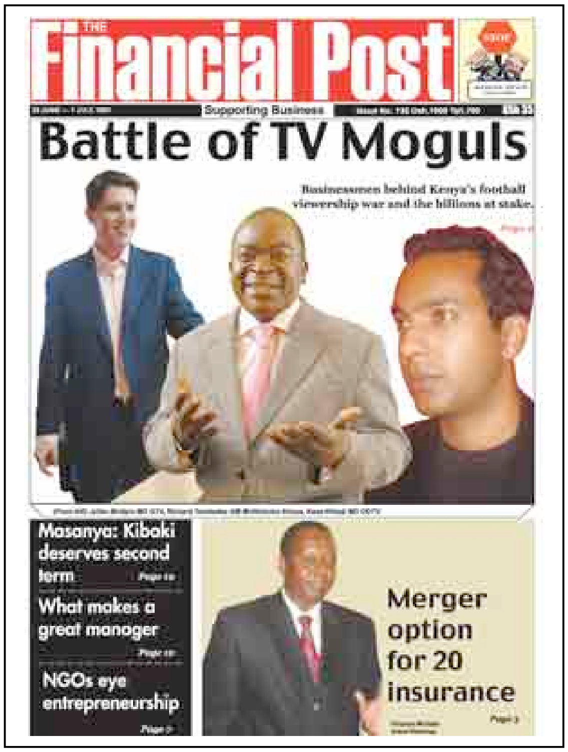

Men behind the screen war

By Samwel Kumba
and Guchu Ndung'u

The battle for attention in Kenya's sitting rooms and favourite stool in the bar has edged a notch higher following the entry of dollar loaded moguls in the Pay TV market in the country, previously dominated by DSTV.

Young, go-free and with the money to match, the new investors are seeking the attention and eyeballs of the burgeoning middle and high class of the society, a number that is growing in leaps and bounds mostly fuelled by the growing economy.

Pay TV is where a viewer pays a certain amount of money within a stipulated period for purposes of receiving agreed upon programmes or channels.

At the heart of the Pay TV's battles is the screening of the English Premier League (EPL), a major crowd puller and subscription pusher where it is estimated that most Pay TV markets in Kenya get their subscribers from and which was a preserve of DSTV until GTV entered the scene.

The new star in the Pay TV lineup-GTV-launched last week and has invested US $ 50 million(Ksh 3.3 billion) in Kenya, with the intent of using the country as a springboard and headquarters as it eyes the wider African market.

It joins Oxygen TV, Kenya's first terrestrial pay TV which was launched in September last year and has so far invested US $ 2 million (Ksh 132 million) in its operations in the country.

However it is GTV's entry -backed by its Irish Billionaire owner-Julian Mctyre- that is threatening to turn the tables on Kenya's premier Pay TV channel DSTV owned by Multichoice Kenya which itself is partly owned by Kenya Broadcasting Corporation (KBC) and Multichoice South Africa.

GTV, which officially goes on air this Friday, has won the rights to screen 80 per cent of the matches for EPL for three years .Previously, Multichoice had a monopoly of all the matches screened but starting this season, DSTV will show only 20 per cent of the matches.

The intrigues started in London, the headquarters of the EPL.'Due to the competitiveness of the EPL, the league decided that no one Pay TV company in Sub Saharan Africa will screen 100 per cent of the premiership. The English premiership was from this season, tiered into 3 packages; one with 80 per cent of the matches, the other with 20 per cent for Pay TVs. However, 10 per cent of the total will be offered to free-to-air channels.

So, how and why did DSTV lose rights to the lucrative league? According to Patricia Macharia- Mbatia, the PR manager at Multichoice, Super sport, the DSTV channel that shows football, the company was outbid six times despite putting what, in her own words, was a heavy bid.

"Although we put in a bid which was four times higher than our previous bid, somebody else got the rights to the 80 per cent package. We estimate that the winner paid six times what we paid previously," says Patricia.

The rights to the EPL are awarded through a closed tender process and are mostly done on a three year basis. The last time the bids were done was in 2004 and DSTV won the rights for Africa.

However, the list showing which game will be covered by the various packages is not yet out. There is a possibility that for instance, Manchester United football fans will watch one game on GTV at one week and on DSTV another week.

"I think we will have to wait and see which one of them is screening the 'important' matches. We usually double the patrons when matches involving Man U or Arsenal football clubs are played. So either we will have to subscribe to GTV and have both or whichever has the key matches," offers Henry, a manager at Savoy pub in Nairobi's City Centre.

Matches involving teams like Liverpool, Chelsea and other matches involving the European Championships are also among the major Kenyan crowd pullers.

Unfortunately, none of the Pay TV is willing to disclose the amount that each paid for the rights currently and three years ago, when the last bid was won by DSTV.

“It run into millions of dollars,” offers Julian Mctyre, proprietor of GTV.
But the magnitude of the monies involved when bidding for the English Premier League in other countries gives a glimpse of the multibillion dollar industry.
Irish sports TV, Setanta, for instance, won the rights to screen only one-third of all English Premiership soccer matches shown in the Republic from 2007 following a bid of €120 million (Ksh 15.8 billion).
All are, however, putting a brave face and downplaying their fierce competition.
“We are not actually getting into competition with any existing services. What we are launching is simply revolutionary,” says Ronnie Andrews GTV’s Regional Business Development Manager.
Ronnie further explains: “Having been the regional director of Multichoice-which I essentially started- I know the services they offer and we are not actually competing with them directly so to speak. Our services do not compete with any pay TV service provider in the country. If anything, the people we are directly competing with are the free to air broadcasters. We are appealing to middle income earners like those working in insurance agencies, banks, journalists and so on.”
Contradicting Ronnie is the GM of Multichoice Africa Richard Tembedza.
He explains:”“Indeed, we do consider GTV as a competitor – consumers in the market have a limited income to spend on lifestyle products such as pay TV so, in our view, we are competing for the same shilling.”
But Kass Khimji the Managing Director of Oxygen TV seems to be in a world of his own.
Listen to him: “We are different as we are targeting the middle class and we do not need a decoder for our services.”
Available statistics indicate that the penetration level is less than 1 per cent of TV ownership and that there must be more people who would like see these channels but cannot afford.
Indeed, the Permanent Secretary for Information and Communications, Dr Bitange Ndemo, who welcomed the entry of GTV to the Kenyan market says, “Since the airwaves were liberalized there has been good growth in the number of TV stations operating in Kenya. However, there have only been three new stations in the last five years and so the entry of GTV is most welcome. GTV’s financial investment in Kenya and Africa is a sign of its commitment and belief in our economy.”
As the competition between the three heats up research shows that there is still a huge market for Pay TV in Kenya.
So, does the” emerging competition spell doom for DSTV?
“We are growing strong. Whilst our competitors have modeled their business around the English League, DSTV has a lot more sport to offer – we have 10 dedicated sports channels and three spill-over channels. In soccer, our subscribers will watch more than 800 matches in the coming season from the EPL, La Liga, French League, and UEFA Championships, Euro 2008 qualifiers, World Cup 2010 qualifiers and others.”
Perhaps aiming to improve their ‘in Africa for Africa’ credentials, the pay TV war chest is also focusing on the screening of Africa movies with each angling to be seen as the final destination for African movies.
DSTV for instance is investing over $ 100,000 (Ksh 7 million) in the production of short films and is also seeking to commission an East African weekly drama series for broadcast early in 2008 at a cost of $ 900 (Ksh 54,900) per minute and whose total cost runs into over $1.1 million (Ksh 72.6 million).
GTV, according to Mcltyre, is also investing in local programmes to first build their capacity and help make their programmes while Oxygen TV is also working on a Kenyan sitcom.
Price wise GTV is offering two packages; a G base with a monthly subscription of Ksh 1,750 per month and the G Prime for Ksh 2,750 per month. The start up price for the dish and decoder are being offered at a special discounted price of Ksh 15,000 including installation and VAT.
The start up price for a new subscriber to the DStv service standard single view equipment is selling for Ksh 17,000 when fully installed with packages such as DStv Premium costing Ksh 4,800 for 50+ channels, DStv Compact cost Ksh 1,725 for 28 Channels and DStv Family Ksh 1,350 for 24 channels.
Meanwhile, Multichoice Kenya had earlier announced a new DStv Family Bouquet for Ksh1, 350 a month, effective May 25, hardly a month after GTV - announced it will launch family entertainment programmes in July.
Oxygen TV on the other hand, is offering sign up of Ksh 4, 999 including Value Added Tax after which subscribers pay a Ksh 999 per month subscription fee.
“Statistically, viewers only watch between 6-8 channels even if they have many. Our intention is to focus on providing 6-8 channels with quality entertainment as opposed to having numerous channels which are not viewed by many,” says Khimji.
Concurring with Khimji is McIntyre who explains: “We believe in delivering channels which the client can get value for. Not too many channels that the client ends up utilizing only 5 per cent and 95 per cent are paid for but not utilized.”
Asked whether the deal was too good, McIntyre had this to say:”“I think people have been conditioned to think the deal is too good. But this is Spanish La riga football league matches , which has been a preserve of DSTV while Citizen TV last season had rights to the English FA league, which though not as popular as the EPL is also a viewer puller especially when the ‘important’ teams are playing.

But as the scramble for television attention heats up, the satellite radio is at an all time low. For example, in announcing its latest financial results; World space revenue fell to $3 million (Ksh 198 million) for the first quarter compared to $3.5 million (Ksh 231) last year.
This was after it lost a contract with the Kenya Institute of Education on January 1, this year to broadcast primary education programmes throughout the country. The contract accounted for about 13,000 of World space's subscribers in Kenya. Pay TV's investors are hoping to go the Kenya way.

Julian McIntyre, Managing Director GTV

The 32 year old has been a major contributor to developing the telecommunications industry in Africa over the last 5 years. He co-founded Gateway Communications in 2001 and acts as a Director for all Group companies. He is also President of Gateway and focuses on the financial, commercial and business development areas.
He has been responsible for raising over $250 million (Ksh 17.5 billion) of capital for the business and managing the acquisitions of First Net, Link Africa and GS Telecom. In 2006 Julian founded Gateway Broadcast Services, the company's pay-television subsidiary.
Prior to joining Gateway, Julian was a vice-president in the Global Markets division of Deutsche Bank, where he was involved in various trading and research capacities within the Deutsche Bank's fixed income and leveraged finance groups from 1997 to 2000.
He started his career as an options broker for Chase Manhattan, where he worked from 1996 to 1997. Julian holds a B.Sc. (first class) in computer science and business from the University of London and resides in the United Kingdom.
He made a decision to quit from being a senior employee at the bank to co-founded Gateway Communications, a pan African telecommunications company-services blue chip companies.
Its clients include mobile and fixed line telecommunications operators and corporate customers including Barclays, Celtel, Coca-cola, Exxon Mobil, MTN, Procter and Gamble (P&G), Shell and Unilever. Well over 20 per cent of all African satellite cellular backhaul services are carried over the Gateways network.
Julian says that the new service offers fantastic choice and quality to a whole new audience - at an affordable price. From this Friday, June 29, viewers can access major international channels as well as GTV's own channels created especially to satisfy local tastes.
The unique GTV packages offer something for everyone, he says explaining, G Base will be available for just $25 per month and viewers will be able to enjoy the best of: G-Prime; BBC World; Sky News; Al-Jazeera; MTV Base; Kiss; Nickelodeon; E!; Fashion TV; Star Plus; God Channel; G-Africa. G Prime offers the full bouquet of G Base, plus G-Sports 1; G-Sports 2 and Fox Sports Africa for only $35 per month.
Among GTV's own channels will be "G Prime", an exciting entertainment and movie channel, and "G Sports", showing the best in live international and African sports including European football. And with a sincere commitment to offering local African content, GTV is keeping its customers at the heart of the action.

Richard Tembetza, General Manager, Multichoice Kenya

The Multichoice Kenya business is an agent of Multichoice Africa based in Kenya and owned in joint partnership by the Kenya Broadcasting Corporation (40%) and Multichoice Africa (60%). This means that members of the KBC sit on the board and the KBC receives dividends from the business.
Tembedza says that the market is growing fast fuelled by the current economic growth with more disposable income to previously tight budgeted households.
"We have been growing at an average of 14 to 20 per cent per annum for the last five years," says the Zimbabwean.
Acknowledging emerging competition from other pay TV channels and alternative entertainment, he is confident that Multichoice will shake off the competition.
DSTV, Multchoice's pay TV brand, currently offers consumers a Premium package with over 50 video and 20 audio channels.
He explains:'"We have also launched a Personal Video Recorder and Decoder (PVR) which is a state of the art innovation that allows you to watch two different DSTV channels on two different TVs at the same time, while recording a third. You can rewind and has slow motion playback functionalities and also the ability to pause live television."

Kass Khimji, Oxygen Digital TV Managing Director

The 28 year old MD and his three partners have invested $2 million (Ksh 132 million), from their own savings, in Oxygen Digital Television, arguably the first wireless digital pay TV service in East and Central Africa.

ODTV provides viewers in Nairobi and its environs with 7-8 digital channels of international television entertainment 24 hours a day while using one television frequency.

“The digital signal allows viewers to watch television with DVD like picture quality and CD like sound,” says the MD.

Subscribers purchase a decoder at Ksh 4, 999 and pay Ksh 999 per month in subscription fee. The decoder is then connected to the UHF antennae. Viewers do not have to install equipments like satellite dishes but use their normal UHF or other receiving materials.

The company, which is wholly owned by Kenyans, is targeting the middle income segment of the market. Since its inception last year, ODTV has netted over 2,000 clients and is growing at a rate of 200 clients per month.

Merger option for 20 insurance companies

By Jackson Okoth

Faced with a three-year deadline within which to improve their capitalization base beyond the minimum requirement or face deregistration, an estimated 20 insurance companies are expected to consider either merging, making acquisition deals, raising extra capital or quitting the business altogether, *The Financial Post* has established.

The new capital requirement rule is effective immediately for the new entrants while existing players are allowed a three year period to comply, up to 14th June 2010.

Insurance companies in the general business will be required to raise their minimum capital requirements from Ksh 100 to Ksh 300 million while those in the long term life business will have to top up their capital from Ksh 50 to Ksh 150 million. Those composite insurance companies undertaking both will have to raise their capital from Ksh 150 to Ksh 450 million.

A source at AKI disclosed that the organization is still sorting out the legal problems that arise from the changed status of insurance companies due to the new capital requirements.

Statistics obtained from financial reports of insurance companies indicate that over 20 insurance companies fall below the Ksh 450 million, for those underwriting both general and life business.

Given that majority of insurance companies are in the general business, over 18 insurance companies have their share capital falling below the Ksh 300 million levels. Assuming that all companies were to turn composite, 20 companies will have to top up their capital to the Ksh 450 million levels. A set timetable has been made for the insurance companies to meet these new capital requirements on a yearly basis, over a span of three years.

Kenya’s Commissioner of Insurance, Sammy Makove says that while the move to raise capital requirements for insurance companies threatens several companies with closure, it is meant to strengthen the sector.A recent report by Deloitte titled *2007 East African Budget insight* mentions that many insurance companies in Kenya are currently well below the revised capital requirements and that substantial merger and consolidation activities among existing non-compliant players over the next two years is anticipated.

The analysis mentions that the move is expected to address the long running problem of an overcrowded market.

Further, in a bid to improve the liquidity of insurance companies, finance minister Amos Kimunya has also put forward a proposal to extend the ‘cash and carry rule’ that was introduced for motor and fire business to all types of insurance business. This implies that all insurance premiums will have to be paid upfront before cover can be provided to a client.

The industry continues to be plagued by the problem of outstanding premiums. As a result many companies have had cash flow and liquidity problems.

It is anticipated that in view of the foregoing, the government has amended the Insurance Act to require cash and carry for all classes of insurance. This will go a long way in alleviating the problem of cash flow and liquidity experienced by the insurers.

An extension of the cash and carry requirement to include all classes of insurance is also bound to cut out powerful brokers who have in the past withheld huge premiums belonging to insurance companies, sources in the industry say.

The report says, however, that there are practical implementation challenges that the industry must be prepared to deal with at least in the early days of implementation of the rule.

Whether those undercapitalized institutions will take the merger option remains to be seen.

Analysts say that although profitability is still high in the insurance sector, only 17 insurance companies have shareholders' funds above Ksh 500 million, with UAP Provincial Insurance being the most heavily capitalized at Ksh 4.5 billion, well above the industrial average.

Those insurance companies with a capital base above the Ksh 1. billion may consider acquiring profitable but undercapitalized players.

Available figures indicate that the insurance sector accounts for 2.6 per cent of the country's Gross Domestic Product (GDP. Life assurance in Kenya still attracts only 30% of the total premiums written.

"Insurance companies should consider newer distribution channels like telemarketing, banc assurance, partnerships with building societies and hospitals. Improvements in the ICT sector and the lowering of costs of mobile telephony means those customers can start using the money transfer facility in mobile telephony to pay their premiums thus reducing administration costs for insurance companies," says Finance Minister Amos Kimunya.

NO.	COMPANY NAME	SHAREHOLDERS' FUNDS (Kshs)
1	UAP Provincial Insurance	4,534,781,000
2	Apollo Insurance	2,528,476,000
3	Heritage A.I.I	2,097,477,000
4	APA Insurance	1,669,915,000
5	Insurance Company of E.A	1,501,829,000
6	Jubilee Insurance	1,476,922,000
7	Phoenix of East Assurance	1,395,437,000
8	Kenindia Assurance	1,363,464,000
9	Old Mutual Life Insurance	1,302,203,000
10	CFC Life	1,047,406,000
11	Cannon Assurance	991,628,782
12	Lion of Kenya	949,192,000
13	The Monarch Insurance	604,281,398
14	General Accident Insurance	569,255,000
15	Blue Shield Insurance	564,285,000
16	The Co-operative Insurance	536,019,000
17	Madison Insurance	488,259,000
18	British American Insurance	439,767,000
19	AIG Kenya Insurance	401,900,000
20	Directline Assurance	273,066,652
21	Mercantile Insurance	267,812,000
22	First Assurance	264,497,000
23	Geminia Insurance	255,409,869
24	Fidelity Shield Insurance	234,246,000
25	Gateway	211,858,662
26	Real Insurance	199,359,000
27	Africa Merchant Assurance	195,683,014
28	Trinity Life Insurance	186,841,342
29	Trident Insurance	182,182,304
30	Corporate Insurance	174,428,000
31	Standard Assurance	165,704,612
32	Metropolitan life Kenya	162,306,000
33	Intra Africa Assurance	158,796,430
34	Concord Insurance	151,371,998
35	Occidental Insurance	150,065,657
36	Mayfair Insurance	148,646,527
37	Tausi	139,824,730
38	Kenya Orient Insurance	132,694,706
39	PACIS Insurance	105,832,000
40	Pioneer Assurance	54,480,890

NB:-The above table does not include figures for Kenya Alliance Insurance and Royal Insurance of East Africa.

Inspiration from a mental patient

By Patrick Githinji

Call him crazy, but Ngala Mwachondo says that his current business was inspired by an idea from a patient at Mathari Mental Hospital.

Ngala, who holds a degree in psychology, says a chat with a patient during his internship turned his life around.

“The man kept on talking about timber and how much money there was in the business. I would have dismissed the man as a ‘psycho’ but I paid attention to him and his ideas”, says Ngala, who is now the proprietor of Palmers International.

Currently, the company supplies furniture and stationery to offices in Nairobi and has extended its wings to Juba. Also, it has extended its services to cleaning, distribution, car hire and tours.

Apart from being an intern at Mathari Mental Hospital, Ngala worked as an office administrator at Chege Wainaina advocate while studying. “I had strong inter personal skills and office ethics while at the company and decided to set up my company naming it Palmers International,” he says.

If it were not the scarcity of jobs Palmers would have gone up like smoke. And the strong conviction that he wanted to be his own boss pushed him to put into practice the patient’s idea.

Ngala sees himself as a person who operates and thinks outside the box. After his graduation from the University of Nairobi last year, his peers, parents and relatives expected him to seek employment in the relevant field.

“My parents were disappointed that I did not seek ‘lucrative’ employment but I think now they can appreciate what I have been able to achieve”, Ngala explains.

Ngala who grew up in Mombasa says that he was innovative and was never afraid trying new things; a trait he says comes in handy in his business. “I remember while attending St. Augustine Preparatory School, I liked playing kites and made sure that I went an extra mile to make things different from those of others.”

After he enrolled at the University Of Nairobi, Ngala quickly looked for available business opportunities. “Nairobi is a big city and there are plenty of opportunities and within no time I started dealing in cars, of course legally,” he explains laughing.

“From the car dealing business, I earned handsomely and my initial capital came from the business. It requires proper planning to juggle business and studies.”

About the growth of the company, Ngala says, “At first it was difficult looking for business. I had to wake up very early every morning and walk from office to office looking for business.” He confesses that this was not an easy task especially because he had to convince some of the big companies that he could deliver.

“I did this knowing that there were other big companies bidding for the job and they had the money, job, staff and the means of transport.”

He applied the ‘hawking tenders’ kind of marketing strategy and according to him, it worked.

“I was not afraid of bidding for work with big companies so I moved from one company to another looking for tenders to supply office stationery and furniture. After several visits, I got several deals and since then I have never looked back”, he says.

He got several channels to sell his products and they did well and he managed to rent a house in town where he operates from. However, he is planning to relocate to a new place.

“My biggest challenge is unscrupulous business people who try to kill your business by tricking you into shoddy deals,” Ngala explains.

Poor infrastructure and insecurity is his second largest challenge.

“I remember there is a day I lost a client because he feared that he was going to be robbed of his expensive jewellery,” he says, adding that the insecurity factor needs to be addressed.

Money to run the company is also a challenge, but he is hoping to turn his ideas into a multi-million shillings company though he still has a long way to go.

“Success is built on ideas,” he explains.

Ngala says that as he steers his business to success, another challenge is to learn how to fly an airplane because he is already driving.

He expresses concern on the prevailing high cost of fuel and taxation of commodities, especially imports as they are hindering the growth of young entrepreneurs.

Ngala’s biggest inspiration is Bishop T. D Jakes, “Jake is a musician, a preacher and a business person and is also credited for shaping many gospel artistes. He is many things at once and I like that,” says Ngala.

His advice to young people is: “Don’t dream about doing well, do something about it and listen to others who have made it.

“Nurture the spirit of working hard because business is a tough journey and do not give up no matter what comes through, because no one has the key to success,” he concludes.

Kenyan ace at centre of Africa's food politics

By Martin Kamau

He is not a new face in Kenya's scholarly circles having, for many years, lectured at the schools of science at both the University of Nairobi and Moi.

In fact, he currently serves as the deputy Vice-Chancellor in Charge of Planning and Development at the Moi University (DVC-P&D), based in Eldoret.

What is new about him is what he is telling African nations to apply in their quest to solve the food insecurity situation ravaging them.

And for this professor of genetics, there is no limit as to the extent he can go to prove his point about genetically modified(GM) foods and the transgenic technology that produces them, even if this means making the sacrifices himself.

For sure, it is not every other day that a man wakes up and decides to set up a world-class scientific research laboratory. This event is even rarer when it happens and the person behind it shows no interest in the benefits accruing from the lab.

Well, according to the CEO of Moi University, a scholar who has in the past attracted a record "15 externally funded competitive research projects" in genetic engineering across international boundaries, has done exactly that.

"Professor Gudu has used part of the grants (received from the research projects) in building a new bio-technology laboratory and procuring for its equipping for Moi University," said CEO Richard Mibey recently.

The man in point is Prof. Sam Gudu Odundo and the laboratory referred to is at the university's Chepkoilel Campus in Eldoret. In his early fifties and a man who of late has dominated the local debate on the adoption of genetically modified (GM) foods in Africa; this development has catapulted the professor into an enviable position in Moi University where he is a model for emulation. His multi-million shillings laboratory project at the university's schools of science has been highly acclaimed by stakeholders.

There is expectation that the laboratory will play a role in creating awareness on the transgenic technology which produces GM crops and whose introduction has raised controversies amongst the Kenyan public.

Recently, the professor launched a book on this science, further increasing the level of debate on GM crops in Kenya.

The book entitled *"From Genes to Genetically Modified crops,"* tries to answer the myths circulating while highlighting the capacity of GM crops in solving the food security problem in Africa.

But with his change of stage- from the lecture-room to the public stage of crusade for GM crops, the Professor is increasingly being seen as the staunchest voice of the transgenic science in Eastern Africa.

Professor Gudu agrees that he indeed has been put on stage: "I continually have to answer out of the-science-context questions. Questions like: 'Was the introduction of GM foods a plot by the West to make Africa consumers of commercially produced 'clone crops?'' or "Is Africa's food problem in distribution or in production and 'Will GM crops solve food insecurity at the expense of disease and human health?"

These questions, he says, have sent him to the research chambers again. "I can say it is an indication that Kenyans want to know more of the science and its place in the Africa context."

Whatever the arguments for and against the new science, one thing is indisputable. And this is that irrespective of cost, this food technology might just be the solution to the African food security problems.

So just who is Prof. Sam Gudu? And beyond this, what account would he give for his unrelenting sacrifice on the altar of public education?

Soft spoken Prof. Gudu says that his walk in the world of Genetics and bio-engineering did not start in college years as happens in most cases. The zeal to study inheritance was planted in his heart back in teenage life at the Karungu bay in the shores of Lake Victoria. "People used to call me a 'carbon-copy' of my late father who I never saw because he died when I was only two," narrates Gudu. Naturally this planted zeal in me to understand the resemblance and by extension inheritance amongst living things."

As it turned out in 1979, when the University of Nairobi invited him to study for a Bachelor of Science degree, he had already decided on his option. "I pursued genetics with a special interest," Gudu remembers.

Later after completion of his Masters degree program, he served the same university as a graduate assistant in the same area of study before changing base, a flight of years later to Moi University. It was while at Moi that Prof. Gudu secured a Canadian scholarship that he says changed his dreams to reality. "I was one of the two Africans picked then to undertake this new exciting -yet immensely challenging area." That is- a Ph. D programme in plants Genetics and Bio technology at the University of Guelph, Canada.

Now a genetic engineer of international rating, Prof. Gudu is dedicated to developing crops that he says will change the landscape in food production once and for all.

Africa, he says is in dire need of food. "In the horn of Africa only, over 71 million people are facing hunger. With this and the alarming rate of population increase being experienced, Africa might not be able to feed its people. In some parts, the soils are fertile but the factors are not enabling for production. We can overcome this if we modified crops to harsh climatic conditions, PH situations and to give high yield," he says.

In his quest to see this happen, Prof. Gudu is not about to let misinformation downplay initiative.
This perhaps explains his motivation and philanthropic drive in the laboratory project. Vice Chancellor Richard Mibey observes that the facility is now very useful: “The laboratory is enabling practical teaching in molecular biology locally and abroad.” But what does the professor say of the laboratory project. To him, the big gesture is in social responsibility. “This laboratory will help bio-technology researchers be able to help the food situation in Africa-when this happens, it will be my joy.” Prof. Gudu is of the mind that the opponents of GM crops need access to more information in order to get a better picture of the good the foods can offer as alternatives. Somehow hinting that his latest moves are initiatives geared towards populating the knowledge pool in the area and eventually somehow getting rid of the negative attitude the GM foods are facing, Gudu is convinced that the “African debate on GM crops is currently suffering from misinformation and awareness by general public on what these crops really are.”
Prof Gudu is a member of a number of international organizations on science and research which include the prestigious American Biographic Institute of Research, the East African Environmental Network, Plant breeding Association of Kenya and the Regional Service Group (TSG) in the association for Strengthening Agricultural Research in Eastern and central Africa (ASARECA). He was amongst a group of scientist working in Brazil, Kenya and the USA that was involved in the development of high yielding maize varieties in low pH stress zones.
So what is the contention in the GM foods debate?
In the words of this geneticist, supporters of the debate hail these foods as essential to addressing food insecurity and malnutrition in Africa. “Their opponents on the other hand are worried that the GM foods are harmful to human health,” he says.
The bespectacled scientist refutes these claims however, “Truth is that GM crops are not identical and therefore should be treated specifically on a case-by-case basis and each either accepted or rejected on the basis of potential risks posed or the benefits that may accrue in use.”
Further, Prof. Gudu informs that some people involved in solving the food insecurity situation have not yet agreed that Africa has a problem of food production.” Social scientists tend to argue towards solutions based on food distribution as opposed to alternatives in food production. I think that’s a big mistake.”
Recently, he was involved in developing pH resilient (GM) maize and sorghum varieties in Brazil, Kenya and the USA. This and the publication of his book demystifying GM crops and detailing his research may transform this deputy vice chancellor to the next world ace of bio-engineering.

Kenya’s public service receives UN recognition

By Samwel Kumba

Attention shifts to Kenya’spublic service as its head, Francis Muthaura, leads a delegation to receive the coveted United Nations (UN) Public Service Award in Vienna, Austria, this week.
The event is expected to take place during the plenary session of the 7th Global Forum on Reinventing Government.
Richard Ndubai, Secretary of the Performance Contracts Steering Committee says that the ultimate goal of the ongoing government reforms initiative is to create and compound the competitive advantage of Kenya and its industries.
Kenya won in the category of improving transparency, accountability and responsiveness in the Public Service for introducing Performance Contracts, in countries that have fast-tracked their economies from the third world to the first and second, this started by improving the performance of the public service.
This is true of such countries as China, South Korea, New Zealand, India, Thailand and Malaysia. The Director, Division for Public Administration and Development Management, United Nations Department of Economic and Social Affairs, Guido Bertucci announced the award in a letter sent to the Kenyan government.
The director had stated: “Your outstanding achievement has demonstrated excellence in serving the public interest and I am sure it has made a significant contribution to the improvement of public administration in you country. It should be an inspiration and encouragement for others working for the public service.”
The theme of the event, to take place from June 26 to 29 is, ‘Building Trust in Government.’ Over 1,000 participants, including Heads of State, ministers, high ranking government officials, international experts, representatives of non-governmental organizations (NGOs) and other organizations working in the field of governance from around the world are expected to attend.
Kenya’s minister of State for Public Service Moses Akaranga says that the award is a testimony that the result-oriented reform program is working and critical in re-engineering the delivery of services in the Public Sector.
He further explains: “I am particularly proud in recognizing that this award is due to the dedication, professionalism and passion with which the performance contracts Secretariat headed by the secretary to

the Cabinet and Head of Public Service has performed its duty in implementing the performance contracts in the public service."

Since 1999, the Global Forum has facilitated the exchange of strategies that improve governance, strengthen state capacities, and earn the trust of citizens. This is the Seventh time for the UN to host the Global Forum. Previous conferences have been hosted by the Governments of United States of America, Brazil, Italy, Morocco, Mexico, and the Republic of Korea.

The biennial event is supported by the UN in accordance with a General Assembly resolution and aims to directly contribute to the achievement of the Millennium Development Goals.

Winners of the UN Public Service Awards are celebrated every year at the UN Headquarters. The celebrations are set aside to mark the value and virtue of public service to the community, highlight the contribution of public service in the development process, recognizing the work of public servants, and encourage young people to pursue careers in the public sector.

The winners of the UN Public Service Awards receive a United Nations certificate of recognition and they are awarded with the prestigious UN Awards Trophy. No monetary compensation is given for this award.

The Kenya Government introduced the performance contracts in the public service in 2004. The need to make Public Service more effective, efficient and ethical in facilitating economic recovery and wealth creation led to the establishment of the Public Service Reform and Development Secretariat.

"It is this secretariat that spearheads the implementation of the Results Based Management (RBM) in the Public Service to improve performance and service delivery and governance," says Akaranga.

The Performance contract is an agreement between the Government and a manager of a public institution that specify expected levels of performance to be achieved. It is a management tool for ensuring accountability for results by public officials, because it measures the extent to which they achieve targeted results.

Upon the signing of Performance Contract, a public official commits to perform to, or beyond, the specified levels. This holds public officials accountable for results and therefore helps in converting tax shillings into goods and services effectively and efficiently. It also creates transparency in the management of public resources.

"When fully implemented, every person holding public office or managing public resources shall be placed on a performance contract", says Ndubai.

Currently, only public officials working in the Civil Service, State Corporation and Local Authorities are on Performance Contract while those in Parliament, Judiciary, Constitutional Offices and Commissions are expected to sign up soon.

As the former Prime Minister of Malaysia Mohathir Mohamad once said, "The quality of an effective Government cannot be lower than that of its clients- specifically the private sector."

Competitive advantage is determined by an efficient and effective public sector. While, therefore, resources endowment may be useful in many ways, it is by no means an overriding requirement. Public sector efficiency is, instead, the critical condition for the economic development.

"We should have started this journey in early 1990s but we did not. Kenya Railways, Kenya Airways and Mumias Sugar Company were slated for performance contracting and indeed even prepared drafts during this period. Attempts were also made to introduce performance contracts in Kenya Ports Authority and Kenya Power & Lighting Company," explains Ndubai.

According to him, the initiatives did not materialize because the primary infrastructure and the key ingredients to the successful introduction of accountability were lacking.

"Later, the just ending Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) provided the environment necessary for implementation of the process of performance contracting. The strategy recommended sweeping reforms in the management of the public service key among them placing of all Permanent Secretaries and Chief Executives of State corporation on performance contracts," he reiterates.

Earlier, a secretariat set up in August 2003 to spearhead implementation of the public contracts visited South Korea, China, India, USA, United Kingdom and Morocco in 2004 to learn the best practices in implementation of the contracts.

Following in-depth study of the systems in these countries, the committee domesticated practices best suited to Kenya, taking into consideration differences in culture, ethics, and level of development.

"However, there are a number of unique attributes that make the Kenyan system unique. For example, unlike performance agreements in, New Zealand, Malaysia and USA the Kenyan system of evaluating performance allows ranking of institutions in order of their performance," expounds Akaranga.

According to him, this has been possible because Kenya uses a methodology that permits conversion of the performance of an institution into a composite score with a range of 1 to 5, where '1' stands for excellent and '5' for poor, performance.

Akaranga further explains: "While this methodology (known as the signaling system) has been used by Korea, India, Pakistan, Philippines and Thailand for their public enterprises, only Costa Rica has used it for evaluating performance of government departments."

Ndubai adds that the Kenyan system also differs from similar systems elsewhere in the degree of ownership.
He explains: “Unlike many other difficult reforms tried in developing countries (including Kenya), this initiative is not only home grown but has also been implemented without external help, and at relatively low cost. It is therefore seen by Kenyans as a completely indigenous product fully suited to the needs of Kenya. This explains why there has been hardly any serious resistance to its adoption.”
The system is also unique by its coverage as it spans through 38 ministries, 130 state corporation and 175 Local Authorities. It also incorporates the development and implementation of customer service delivery charters as distinct performance indicator.
The Financial Post has established that the Kenyan version of the performance contract is each year subjected to international scrutiny by several countries from all over the world at the Boston Institute for Developing Economies. It has constantly emerged with bruises in form of suggestions for continued improvement. Besides the UN Award, the process has been nominated for the IBM Innovation Award in transforming Government. This award is sponsored by the IBM and administered by Ash Institute at Harvard University, USA.

NGOs eye entrepreneurship

By **Guchu Ndung’u**
Adecade ago, Non Governmental Organizations (NGOs) had in their sights on issues like Aid, political reforms and human rights as their main agendas.
One could hardly read two paragraphs of their goals and mission without a mention of several keywords like torture and human rights.
Currently the tide has changed as NGOs hear and respond to the siren call of entrepreneurship. In fact, according to Henry Ochido, a programme officer at the NGO coordination board, the number of NGOs registered in the microfinance and enterprise category is at an all time high of 200 and the number is rising.
“We have had to introduce this category in our registration criteria as the number rises,” adds Ochido.
And if statistics from the whole sector are anything to go by, the NGOs going into entrepreneurship will have a large war chest in terms of funds and other logistics.
According to the NGO bureau, the NGO sector received Ksh 42 billion from donors last year and the figure is expected to increase this year as more than 1,027 NGO’s have been registered.
But that is where the similarity between the services the different NGOs are offering end. For while some are going full throttle into training and eventual funding, others are tittering between the two.
Project Baobab, for instance, is targeting the young and has introduced entrepreneurship courses for students in Form three and four, targeting mainly rural schools which have formed entrepreneurship clubs.
“We are targeting mainly students who have minimal chance of proceeding to high school,” says Jane Kunyiha, the country director at Project Baobab.
The students then participate in a business writing competition in Form four and by the time they clear their high school education, the organization will have sorted out the best business plans.
“The best 30 business plans are then evaluated for funding. However, other factors like the viability of the business are considered.”
The director adds that the winners are funded to the tunes of US$ 100 (Ksh 6,600), monies which they are not expected to repay back.
While the model has come under a barrage of criticism for encouraging a culture of free things, a supposed deviation from the tenets of entrepreneurship, Jane is not daunted.
“We are dealing with some of the underprivileged groups like young girls who have no chance of advancing to universities and colleges and need a kick start in life,” notes Jane.
Since 2001, the project has educated over 500 students and funded approximately 200 new business ventures and the model is now being replicated in prisons with a success rate of 50 per cent, says Jane.
Kick start, an internationally recognized non-profit organization, is another outfit whose approach is based on the self-sustaining concept where it designs models and sells them to entrepreneurs at low prices.
Its founder, Nick Moon, says that if you want to be in the bad books of the organization, just refer to it as an NGO.
“We do not like to be referred to as an NGO. It describes what you are not rather than what you are,” says Moon.

It has developed oil-processing technologies, micro -irrigation technologies and building technologies which it sells to farmers and other entrepreneurs at a subsidized fee.
So far the organization prides itself in being directly involved in the creation of over 50,000 new businesses, generating over US $52 million(Ksh 3.5 billion) a year throughout Africa, barely nine years since it was founded.
The co founder points out that for every one dollar (Ksh 66) they spend, KickStart helps create wealth worth 10 dollars (Ksh 660).
Andrew Moraa of Centre for Entrepreneurship is betting on training for entrepreneurship as the way to go.
TechnoServe, on the other hand, has initiated a number of projects in the area of entrepreneurship encompassing agriculture youth entrepreneurship and women enterprise programmes.
According to Moses Kimani, a programme officer with the organization, over 62,091 people have so far benefited from the organization.
But the NGO seems to have concentrated on and popularized the concept of business plans, entrepreneurship education and for the well-funded ones, even funding.
But why the entry of the NGO's in entrepreneurship?
Nick Moon, for instance, offers that KickStart, which was formerly known as Approtech, was set up as a result of their fatigue with mode of operations of other Non-governmental organizations.
Nick and the co founder Martin Fisher witnessed 'the effect of Aid where the NGO they were working for perpetuated the concept of Aid instead of development.'
"Instead of people working, they were always expecting handouts. This model was unsustainable and we quit to venture into entrepreneurship," recalls the founder, who has been awarded by the *Time* magazine and Cable News Network (CNN) as among Africa's innovators.
Project baobab was founded by Gee Gee Williams, who came to Kenya on a safari trip in 1996. What prompted him was the unexploited potential and natural resources possessed by the Kenyan people as the fact that the country still lagged far behind in development.
This organization has had an overall success rate of 50 percent which is still a pale number compared to the average microfinance repayment rate of 98 percent and success rate of almost the same percentage.
Mwangi Wanjumbi, a management and entrepreneurship consultant opines that NGO's have made a foray into entrepreneurship due to the changing circumstances and global trends.
"Bodies like the World Bank lead the way in implementing global trends which are driven by changing circumstances.
Their line of thinking is immediately followed by (international donors and NGO. Currently, this thinking is in entrepreneurship and we are going to see more of it until something else comes up," adds Wanjumbi.
However others attribute the focus on entrepreneurship by NGOs to an improvement in areas like human rights, which was seen as the major donor-funded area by the government.
In fact, when the NARC government came to power in 2002, it raided the civil society and poached some of the best brains including the likes of Gichiira Kibara, then NGO council chairman, current minister for Environment Prof Kivutha Kibwana and Maina Kiai, current chair of the Kenya National Human Rights Commission (KNHRC).
This had the effect of not only eroding the civic society's intelligentsia but also their coffers as many donors opted to fund government projects like the Governance, Justice and Law reforms and the Kenya National Human Rights Commission.
"The civil society has had to either reinvent itself or die off. Entrepreneurship was one of the ways to go about this. The only fear is that these NGOs could introduce the culture of handouts in business. That is not entrepreneurship," observes James Maina, a microfinance consultant.
Their cause has also been boosted by the government, which also used the civil society to distribute part of the Ksh 1 billion Youth Fund.
With the fund set to increase this year, NGO's are positioning themselves to take a huge chunk of the money.
The increased entry of NGO's into entrepreneurship is also seen as an upfront on an area seen as the preserve of microfinance institutions and now being eyed by banks.
Mwangi however feels that there is room for all of the players in entrepreneurship.
"Entrepreneurship is not an exhaustive process and it is working well throughout the world. The American economy for example is entrepreneurship-driven, with entrepreneurs contributing 58 per cent of the country's Gross Domestic Product. In Kenya, it is now around 25 per cent, so there is still room for growth."
How the civil society changes and impacts the field of entrepreneurship still remains to be seen.

The 2007 Budget reflects vision 2030

By Mwangi Maingi

This year's Budget speech by Finance Minister Amos Kimunya's might not have been sensational, but it was different.

The budget was characterized by proposals to buttress specific sectors in line with the 2030 vision, which clearly provides the theme for the budget: 'Working together on the path to prosperity'. A comparison between the themes and the goals of the vision shows that the vision clearly laid the basis for this year's budget speech.

It is based on the Economic Recovery Strategy Paper, which underscores the Vision 2030 with the key objective of transforming Kenya into a middle-income nation and substantially expands her share of the global market.

However, experts warn that the country's inflation may rise as the economy starts responding to the massive spending spree contained in the budget for the new financial year.

Dr David Ndii, an economics lecturer at the University of Nairobi, says that there will be a strain on the capability of the economy to absorb the huge development outlay of about Sh200 billion budgeted for in the current financial year.

"From the past records, the economy is only able to absorb about 60 per cent or two third of its development budget, owing to a lack of implementation capacity. This is likely to reduce the projected budgetary deficit of over Ksh100 billion, which the Finance minister proposed to finance using domestic borrowing, donor funding and privatization income," Ndii says.

The World Bank country director Collin Bruce, on the other hand, says that this year's budget is well balanced, but that strong structures need to be put in place in place to further contain corruption in the country and maintain strict fiscal discipline as well as adhere to macro economic policy put in place.

"Though a recommendable budget, the remaining task is in the implementation of the budget proposals tabled in Parliament," Bruce offers, adding that the policies the government has put in place will go a long way in helping the country achieve the desired development goal of realizing a GDP growth of 12 percent by 2010.

Investment confidence, according to WB official, is critical to both local and foreign investors, with the need remaining for the government to safeguard the image and reputation of the country.

"A country needs proper infrastructure, security and good governance policies that will be favorable and attractive to investors," Bruce says. Insecurity, particularly in urban areas, is a worrying trend that may adversely affect economic growth.

In this year's budget, an additional 25,000 police officers are set to be hired in an attempt to stem insecurity in the country. Bruce says that a fundamental cause of insecurity continues to be the high levels of poverty, which can only be addressed in the long run.

"Security is vital to sustained economic growth and can be achieved if deep-rooted institutional reforms are implemented. This has been lacking especially in areas of governance," he says.

Joe Wangai, a manager at Delloite East Africa says that it may be too early to establish whether the Minister's approach will be different from his predecessors or not.

He observes that this year's budget aims to harmonize and co-ordinate changes in all revenue acts with reference to particular sectors.

The World Bank country boss warns that unless deep-rooted institutional reform is undertaken to enhance and address issues of governance, it will be difficult to substantially improve on Kenya's economic growth prospects in the future and achieve much needed poverty alleviation.

"Evolution of governance issues also affects long-term relations with the Kenya's development partners in particular bilateral donors and international financial institutions."