

## NEWS BUSINESS



## MARKET REPORT

ALY KHAN SATCHU

## Opportunity knocks for Kenya's mini sector

Recent events in both Tanzania and South Africa's Mining sectors are tipping both jurisdictions into an "uninvestable" and "Twilight" zone.

Tanzania's Parliament passed The Written Laws Act; Its provisions include granting the government stakes of at least 16 per cent in mining companies operating in the East African country, with the option to acquire up to 50 per cent. The Tanzania Chamber of Minerals and Energy had warned in a submission to parliament that the legislation would make Tanzania an "unattractive destination for mining investment." The law enables the government to renegotiate contracts with mining and energy companies.

"The proposed legislation isn't providing sufficient rights, nor the framework shareholders and investors expect when investing in the exploration and production sector," the Oil & Gas Association of Tanzania said in a letter sent to lawmakers before they began debating the legislation. "Sanctity of contracts, a competitive stable fiscal framework and international arbitration are a keystone to the investment decisions."

The Australia Stock Exchange has basically asked listed companies with operations in Tanzania's mining sector to request a trading hold until the content of Tanzania's new legislation is better understood! Acacia Mining [the biggest Gold Producer in Tanzania has seen its share price halve in 12 months.

The Tanzanian mining sector other than those like Acacia who are in situ] is now shuttered. There is no insane enough Investor I am sure there are some because there always are but at what price, who would even contemplate an investment now.

Similarly, South Africa which has entered the twilight zone in President Zuma's twilight moments of his Presidency. The Economist in its latest edition said

"South Africa's mining industry is shrinking. At its peak in 1980, mining accounted for a fifth of the country's GDP; the number now stands at 7.3 per cent.

Mining firms are also being hurt by government policies. A new mining charter introduced last month by South Africa's mining minister, Mosebenzi Zwane, would force companies to ensure that at least 30 per cent of their shares are in black hands, up from the current minimum of 26 per cent. Under the new charter, companies would be required to maintain this level of black ownership regardless of whether black investors sell out. They would also have to pay out at least 1% of their turnover each year to their black shareholders. Had this rule been in effect in 2016, black shareholders would have got 5.8bn rand of the total of 5.9bn rand paid as dividends, leaving almost nothing for anyone else, notes the Chamber of Mines of South Africa"

Therefore, this has now become a unique "Open Sesame" moment for CS Dan Kazungu and Kenya's nascent Mining Sector. We need to shout from the rooftops

"Kenya Mining, Inc. is open for business and we believe in the sanctity of contracts."

In this political silly-season, there has been plenty of "fake news" about the mining sector from all sorts. Base Titanium's Kwale Mineral sands Mine represents 60 per cent of Kenya's mining sector. It's been a rip-roaring success. And allow me to put some facts out there. Base made a 26b shilling investment and the Mine is expected to contribute close to KES100B to GDP over the life of the mine. In 2016 earned Kenya KES13B in export revenue. The workforce is 65per cent from Kwale and 95% Kenyan. 640 Folks are directly employed. 1,400 jobs indirectly. For every direct job 4.3 additional jobs are supported in the wider economy. KES3.7B is spent annually with local businesses. Significant investments have been made in community programmes focusing on livelihood development, health, community infrastructure and education. Currently Base has a program with over 1,000 local farmers involved in agriculture focusing on cotton, potatoes, sorghum, cow pea. Base has partnered with Kwale County Government to investment in health infrastructure including medical centres and dispensaries and the Kwale Blood Bank (Kenya's first blood bank outside a major urban centre). There are Over 950 beneficiaries from scholarship and bursary programmes. Base will hand legacy infrastructure like the Berth at Likoni to Kenya Inc at the end of the mine life. I am from the Coast, Kwale was a dead economic zone. Please go take a look yourself. If you were to look all round the World, there has not been as effective an intervention. Base is top of class. What Base has achieved in Kwale will be its calling Card if it were to come calling in any other country in the World. This is therefore a unique moment for Kenya when it can leap frog old mining like Tanzania.

Aly-Khan is a financial analyst

## DAIRY

## Narok farmers make Sh705 M from milk

**STAR REPORTER** /Milk production in Narok county rose 10 per cent last year as more farmers took to the enterprise as a generator of regular family income. A local dairy processor said the mainly small-scale farmers earned Sh705 million from raw milk supplied while others adopted productive animal husbandry practices.

"Many farmers in the county have also taken to commercial dairy farming due to assured payment for milk delivered to processors," said Brookside director of milk procurement John Gethi (pictured) in

a statement.

He said the processor is willing to partner with dairy groups in the area on bulking of raw milk delivered by farmers in all the sub counties in Narok.

"Milk is now a source of regular family income in the county compared to the past when dairy farming was practised more as a subsistence undertaking," Gethi said.

Milk cooling stations have been set up in Ololulunga, Sogoo, Kilgoris and Enoosaen to enable farmers sell their milk before it goes bad.



Safaricom CEO Bob Collymore with firm's director Corporate affairs Stephen Chege Nicholas Ng'ang'a during the firm's Annual General meeting in Nairobi on September 3, 2016. /ENOS TECHE

## SECURITY

## Safaricom to curb illegal simcard use

M-pesa agents will be able to compare the photos in their database and the person



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Safaricom has begun digitization of customer identity information in bid to boost user security and curb money related fraud by taking photo Identifications for new subscribers.

According to the firm's Director of corporate affairs, Stephen Chege, they have already distributed 25,000 special phones to 25,000 agents across the country that are used to collect and store the new information at the point of purchase of a SIM card.

"By digitising how information is collected and stored we will be able to exploit this benefit and eventually translate this to other services such as M-Pesa" Chege told the star via mail.

He attributed the move to the ease

of storing digital records and its flexibility to link to other services hence making transactions efficient and frictionless.

According to him, the information taken during this new registration resembles that collected by the registrar of persons while issuing National identification cards.

Following this move, M-pesa agents will be able to compare the photos in their database and the person carrying out an M-pesa transaction.

This is the second time the Telco is introducing measures to boost its security and protect its users, following the introduction of Hakikisha in 2015, an M-pesa service that allows customers to confirm the name of recipients before transacting funds or paying bills.

The introduction of this new registration of SIM Cards is also expected to reduce M-pesa fraud that has been rampant in the country.

## THE DATA

# 103.84

## The indicative value of the shilling to the dollar

The Kenyan shilling was steady on Monday, with hard currency inflows from remittances matching dollar demand from oil and merchandise importers, traders said.

## FINANCIAL MARKET

## FOREX EXCHANGE RATES

Currency	Buy	Sell	Mean
US DOLLAR	103.8350	103.7350	103.9350
STG POUND	133.7781	133.6339	133.9222
SA RAND	7.7684	7.7588	7.7781
KES / USHS	34.7186	34.6370	34.8002
KES / TSHS	21.5439	21.4750	21.6128
JPY (100)	90.9358	90.8363	91.0353
INDIAN RUPEE	1.6089	1.6072	1.6106
EURO	118.3489	118.2228	118.4750
CHINESE YUAN	15.2644	15.2495	15.2792
AE DIRHAM	28.2690	28.2380	28.3001

## NSE BIGGEST WINNERS

	Price	Change (%)
UMEME	13.50	9.76
OLYMPIA CAPITAL	2.80	7.69
TPS EA SERENA	24.50	6.52
KAPCHORUA TEA	85.00	6.25
FLAME TREE GROUP	5.30	6.00

## NSE BIGGEST LOSERS

	Price	Change (%)
SASINI	25.00	5.66
CARBACID	12.95	5.47
CAR & GENERAL	20.00	4.76
MUMIAS SUGAR	1.05	4.55
HOUSING FINANCE	10.00	3.85



## TIP OF THE DAY

## DON'T LET PRESSURE TURN INTO STRESS

**Pressure and stress are not the same thing.** But the former is converted into the latter when you add one ingredient: rumination, the tendency to keep thinking about past or future events in a negative way. When you start ruminating (you'll notice that your attention gets caught in an unproductive loop, like a hamster on a wheel), redirect yourself toward areas in which you can take useful action.

**Try this exercise:** Draw a circle on a page. Write down all of the things you can control or influence inside the circle and all of the things you cannot outside it. Remind yourself that you can care about externalities (your work, your team, your family) without worrying about them. You can also put things in perspective by comparing a past stress with a current one — i.e., a major illness versus a missed sale — or by asking yourself "How much will this matter in three years' time?" or "What's the worst that could happen?"



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