Workers prepare flowers for export. FILE

Flower sector stares at a not-so-rosy Valentine's day as freight costs soar

EXPORT: Kenya Flower Council (KFC) is projecting a gloomy Valentine for farmers due to the sharp rise in freight charges and fertiliser prices.

This has been worsened by lack of cargo flights and support from the national government which has adversely affected production.

Data from the council indicate that flower exports dropped to 160,000 tonnes of flowers last year compared to 173,000 tonnes in 2020.

Clement Tulezi, KFC chief executive said freight charges had shot up by over 300 per cent in the last two years, adversely affecting the shipping of flowers. He said flower demand stood at 5,000 tonnes per week but farmers could only export 3,000 tonnes due to lack of cargo planes.

"We are facing a major challenge in export of flowers due to lack of cargo planes and this has pushed the freight cost from $1.9 to $5.8 per kilo," he said.

Tulezi said the sector recorded a slight decline in flower exports last year but it is hopeful this will change once it gets support from the government. "Floriculture sector is second after tea in terms of foreign exchange earned from export but there is little support from the government."

He said that President Uhuru Kenyatta in his address to the nation last year promised the farmers Sh1.5 billion economic stimulus package to deal with the high cost of freight. "Months after the promise we are yet to hear from the Treasury and high freight and fertiliser charges continue to be the biggest challenges for the sector," he said.

Fresh produce

Tulezi added that stakeholders in export of fresh produce had held a meeting in which several recommendations including direct flights from the country to the market had been discussed.

One of the leading farmers in Naivasha, Jack Kneppers admitted that high fuel and electricity charges coupled by rising freight prices remained a major challenge.

Kneppers, who is the owner of Maridadi flower farm, noted that prices in the European Union (EU) market had stagnated for years despite the rising cost of production.

"Many of the farmers are yet to fully recover from the pandemic and the only way forward is through waiver of taxes on some farm inputs by the State," he said.

Many small-scale farmers and agricultural workers have been devastated as foreign demand has plummeted for commodities such as flowers as flowers, coffee and fish, leading to mass layoffs and pay reductions in key export industries.

– Kirera Mwiti

Safaricom ranked Africa's second most valuable firm

Online capital markets tracking platform lists telco as second largest listed company on the continent outside South Africa by market cap

by John Otini
@PeopleDailyKe

Safaricom has been ranked the second largest listed firm on the continent outside South Africa in a list dominated by Moroccan companies. [INSET] Safaricom CEO Peter Ndegwa. FILE

Safaricom emerged the second largest listed company on the continent outside South Africa by market capitalisation as Morocco dominated the listing with eight firms in the top 20.

Data from African-markets.com, an online capital markets tracking platform shows that the country's leading telecommunications service provider was valued at Sh1.4 trillion on the last day of trading last year.

However, Safaricom's valuation was a far cry from Botswana's Anglo American which was valued at Sh2.9 trillion making it the largest listed company on the continent outside South Africa.

The performance of Safaricom was boosted by foreign investors due to its visibility as the most profitable firm in the East Africa region. Due to the Covid-19 pandemic, Safaricom was also seen as a key safe haven as retail traders dumped other companies in favour of Safaricom, Equity and KCB Bank.

Safaricom was the only Kenyan company that featured in the top 20 biggest counters on the continent, opening a wide a gap with KCB, Equity and East African Breweries Ltd (EABL).

The top 20 companies on the continent are dominated by telcos, banks and manufacturing, a stark contrast to the other continents at a time when the biggest companies in the largest economies of the world are internet companies. This shows that Africa is lagging behind the information age.

Mobile termination fees

Safaricom, regarded as a monopoly by its competitors, is currently in a battle with the regulator following the slashing of the mobile termination fees which the telco was using as part of its arsenal to keep competition at bay. The telecommunications firm has opposed the lowering of interconnection rates by the Communications Authority of Kenya. The Authority cut the rate mobile phone operators charge each other for interconnecting customers by Sh. 0.87 or 87.7 percent, signalling lower call tariffs.

The East Africa's most profitable company has made an entry into Ethiopia, the second most populous nation on the continent in what could propel it to the top of the continent despite its limited footprint on the continent. Safaricom controls 87 per cent of telecom revenue and 99 per cent of mobile money deposits. More than half of Kenya's gross domestic product (GDP) is transacted on Safaricom services. The third and fourth largest companies in Africa are all in Morocco's telcom and banking sectors. These are Maroc telcom and Attijariwata Bank.

Dangote Cement is fifth while MTN and Airtel all in Nigeria close the top eight market leaders with manufacturing and telcom still in the lead.

Morocco has eight companies in the 20 most capitalised companies, a major statement on the role of Morocco in Africa's economic standing despite its limited geographical size.

Four big counters

Nigeria has five companies at the top while Egypt has four big counters. Kenya, Botswana and Ivory Coast have only one company in the top 20 perhaps underlining poorly diversified economies of the mother countries.

South Africa's Naspers, Standard Bank and BNP Paribus and Anglo Gold are perhaps among the biggest players on the African market.

MARKET VALUE

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Indian firm, KfW unveil Sh28.2b ESG First Fund

by Noel Wandera
@PeopleDailyKe

India-based venture capitalist Aavishkaar has unveiled a Sh28.2 billion green fund to assist emerging mid-capital businesses scale up in the global market through value addition.

The green fund, known as Environmental, Social and Governance (ESG) "First Fund" is a venture with KfW, a German State-owned investment and development bank focused on strengthening the ESG practice of the targeted businesses, while offering them flexible capital to scale to new markets. Ashis Patel, ESG First Fund managing partner, said Kenyan and Ugandan firms with a bias in agro-processing and the manufacture of apparel will draw Sh14 billion from the fund. "Our focus is to help the businesses scale up by allowing them to participate in the significant growth of consumer demand for 'socially-conscious products," said Patel at a press briefing yesterday.

Patel said ESG First Fund's will help businesses which may not be ready for an all-equity or all-debt solution, or where shareholders may not wish to dilute.

Rubis launches 'enjoy' convenience store

Oil marketer Rubis Energy Kenya has launched its convenience store brand dubbed enjoy, that offers a world-class shopping experience, with fully stocked stores at select service stations countrywide.

Jean-Christian Bergeron, Group Managing Director and CEO East Africa said "enjoy" is part of Rubis strategy to redefine customer convenience on the go and bring maximum value to them. Bergeron added that the brand will provide excellent experience to clients by offering convenience, quality products and excellent services even as it offers a wide variety of high-quality products for quick purchase, saving them time and money. "The 'enjoy' store provides an ambient space with fully stocked shelves and excellent customer service, offering a one-stop solution to customer shopping needs," Bergeron said in a statement. With over 230 stations countrywide and over 40 "enjoy" stores open within Rubis retail network countrywide.

Rubis Energy Kenya seeks to be the most sought-after oil marketer in the region because of its vibrance and youthfulness.

Through its ambitious modernisation plan to comply with international standards, especially in terms of safety and environmentally friendly practices, the oil marketer continues to grow with the rebrand of outlets.

– Bernard Sigei