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Jobarasa

28/8/2013

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Western Development Initiative Association

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23rd AUG 2013

PETITION

28 AUG 2013
PARLIAMENT OF KENYA
LIBRARY

ON

IMMINENT COLLAPSE OF THE SUGAR INDUSTRY IN WESTERN KENYA DUE TO RAMPANT SUGARCANE POACHING CRISIS AND SMUGGLING OF CHEAP SUGAR IMPORTS.

FROM

THE WESTERN DEVELOPMENT INITIATIVE ASSOCIATION (WEDIA)

TO

1. PRESIDENT, THE REPUBLIC OF KENYA
2. CABINET SECRETARY, MINISTRY OF AGRICULTURE
3. THE PARLIAMENTARY COMMITTEE FOR AGRICULTURE
4. THE DIRECTOR, ETHICS & ANTI-CORRUPTION COMMISSION
5. THE DIRECTOR, NEMA
6. THE CHIEF EXECUTIVE, KSB

*NIJOSI PDLKP
Please process as it
does not involve
removal from office*

All correspondence to be addressed to jobarasa@gmail.com/wediasociety@yahoo.com/0722126860

29/08

PREAMBLE: PROBLEM STATEMENT

The Western Development Initiative Association (**WEDIA**) and the sugar industry stakeholders in Western Province wish to state that as we press for a permanent solution to this industry's problems and crisis thus: -

SUGARCANE POACHING

That there is an urgent need to immediately revoke licenses of the companies, cartels and individual personalities who are implicated or involved (directly or indirectly) in the sugarcane poaching crisis, the smuggling of cheap sugar imports into the country and other malpractices in the sub-sector.

That the rampant sugarcane poaching crisis in the former Western Province has degenerated into a national disaster that is threatening the very survival of the country's sugar industry, but worse still the total destruction of the region's economic backbone.

That to date billions of shillings have been lost and more continues to go down the drain as a result of the ongoing sugarcane poaching crisis that has gripped the former Western province region for more than two years running.

It is estimated that Mumias Sugar Company which has borne the brunt of the poaching crisis has been losing more than Kshs. 3 billion annually over the last two years yet it had invested more than Kshs. 3 billion in sugarcane development per annum of the same period.

That operations of the recently constructed ethanol distillery plant, sugar, electricity and production of other by-products have been adversely reduced due to in-adequate raw materials as a result of sugarcane poaching and the said problems – consequently reduced revenue from these products not only accruing to the companies involved but also the Kenya Revenue Authority(KRA).

That although President Uhuru Kenyatta took issue with the poor performance of the sugar companies, especially the country's leading sugar producer Mumias Sugar Company during a recent meeting with MPs from the region, the genesis and core of the problem is deeply rooted in the sugarcane poaching crisis and the associated challenges that the KSB and the ministry of agriculture have failed to resolve to date.

That the poaching crisis has also resulted into violence between those who are involved or abetting the catastrophe and those who are opposed to it to protect the region's only cash crop and economic backbone in which scores of lives have been lost and injured including police officers as well as destruction of property.

That the worst hit sugar companies by the crisis since 2011 are the country's leading sugar producer, Mumias Sugar Company in Kakamega County, Nzoia Sugar Company in Bungoma County and Butali Sugar Company also of Kakamega County – but the centre of it is Busia County.

That the worst aspect of the whole business is the fact that the most affected sugar producing companies have contracted farmers to supply them with sugarcane while West Kenya which

triggered and remains at the centre of the whole mess has no single contracted farmer to its name especially in Busia County where cane poaching is rife.

INVESTIGATIONS DEMANDED

That is despite the fact that apart from Nzoia and Mumias, West Kenya is the third oldest sugar company in the region with more than three decades since it was established, yet Butali sugar company which is the youngest established slightly more than ten years ago has contracted farmers within its region of operation – why not West Kenya?

That the role of the Kenya Sugar Board (**KSB**), the National Environmental Management Authority (**NEMA**) and West Kenya Sugar Company in triggering and sustaining this crisis should be investigated and remedial action taken immediately.

That NEMA's advertisement in the Daily Nation of August 16, 2013 on page 56 on (*see advert attached*) West Kenya and Olepitoo proposed 1250 TCD Sugar Plant in an area where West Kenya has no contracted farmers and invested nothing in sugarcane development demands interrogation of West Kenya, **KSB** and **NEMA** intentions.

That collusion and complicity of these organizations in the crisis facing the sugar industry in this region demands for immediate government action and **NOT** hiding behind the legal instruments that they are abusing as per the above mentioned advert.

That how can a license issued for construction of a sugar factory by **KSB** in a different location and environment - Matayos on Busia – Kisumu highway give **NEMA** authority as per the above advert state for a totally different location and environment at Olepito on the Busia – Mumias/Kakamega highway on a wetland where construction of a weighbridge authorized by **KSB** and **NEMA** is still contested?

That why has **NEMA**, **KSB** and the ministry of agriculture failed to interrogate and analyse the history of West Kenya's activities in the sub-sector before giving it credibility where it is **NOT** deserved as the Companies which deserve that are consigned to doom by their erroneous decisions and actions? (See below for more details on the same)

CRITICAL

That indeed contracted sugarcane farmers are squarely at the centre of the cane poaching and industry performance crisis since they are the ones who are been duped to sell their crop to buyers with whom they do not have any contractual commitments because of their raw materials' critical role and in the process break their contractual obligations to the sugar companies they signed contracts with to supply sugarcane – in the process risk losing their lands and other properties.

That the end result has been that well established sugar companies in the region led by Mumias Sugar Company, Nzoia and Butali Sugar Companies have been consistently performing poorly because of rampant poaching of sugarcane from their contracted farmers.

That since poaching touches on the backbone of the sugar industry be it in white and brown sugar production, ethanol, molasses, spirits, electricity and other by production that is sugarcane – a permanent solution that would see the performance of the companies return to their original status and even better is total eradication of the cane poaching problem.

That since its inception in 1976 over the decades Mumias Sugar Company proved itself to be the best performing company in the country even when it was a state corporation producing more than half of the country's sugar needs, a fact that highly qualified it for privatization – then why should its performance suddenly drop when it is faced with a sugarcane poaching crisis from its contracted farmers that the **KSB** and the government have failed to stamp out?

WHY SMUGGLED SUGAR MUST BE BANNED

That there is an urgent need to immediately ban the smuggling of cheap imported sugar into the country's markets.

That the cartels who are involved in the smuggling process must be broken and if in possession of any import licenses, they should be immediately revoked and the licensing authority put to account.

That because of these imports, stockpiles of unsold sugar in the country's sugar millers is reaching alarming proportions standing at more than 20, 000 tonnes as at the beginning of August and increasing daily.

That unless these cheap smuggled sugar is effectively prevented from flooding the Kenyan market by all government law enforcement agencies, they are a dangerous threat to the survival of the country's sugar industry

That the outlook of the sub-sector threatened with smuggled cheap imports, faced with a wide range of other regular operational challenges, without high sucrose and fast maturing cane, high costs of production and a looming expiry of the **COMESA** safeguards – the survival of the industry is bleak.

That the smuggled sugar is benefiting profiteering cartels and personalities behind it but also a deadly threat to the government's tax revenue from the sub-sector and the livelihood of millions of Kenyans who depend on it both directly and indirectly.

That the other direct beneficiaries of the smuggled sugar are the economies of the countries' of origin and **NOT** the Kenyan economy that must be protected at all costs.

VESTED INTERESTS

That Corporate organizations, personalities and public figures with vested interests should be made to come clean and publicly declare their interests

That they should be forced not to use their positions to adversely influence the smooth operations of the sugar sub-sector for their individual gain or corporate profit.

That licenses issued to such corporate organizations or individual should be immediately revoked and the individuals or corporate organizations indicted for legal action and eventual ban from involvement in any business in the sub-sector.

BACKGROUND

The Genesis of the cane poaching crisis in Western Kenya region became public in August 2011(see *newspapers cuttings attached*) when the **WEDIA** blew the whistle that there were secret plans to sell more than 800 acres of land meant for the construction of a sugar factory and a nucleus sugarcane estate in Busia County.

The land was purchased by the government in the 1990s at Nasewa area of Nambale district with the express intention of constructing a sugar factory which so the creation of Busia Sugar Company that was supposed to implement the construction plans but collapsed ten years later before anything was done.

It emerged that Mumias Sugar Company which took over receiver management of the collapsed Busia Sugar Company wanted to sell the more than 800 acres meant for the Busia Sugar Factory in a bid to recover more than Kshs. 100 million it had loaned to the defunct Busia Sugar Company.

Busia Sugar Company which had spearheaded sugarcane development and production in Busia County but failed to spearhead the construction of a sugar factory and had no option but enter a deal with Mumias Sugar Company to purchase and process sugarcane produced by farmers in Busia County.

That after the collapse of Busia Sugar Company, Mumias took over the contracts of the farmers from Busia and neighbouring Siaya Counties that had been expected to supply their cane to a factory in Busia County had it been constructed.

KSB COMPLICITY AND DUPLICITY

When attempts to sell the land meant for this factory in Busia was exposed little was it known that the stage was being set that would trigger the ongoing sugarcane poaching crisis. The worst aspect of the whole business is the fact that **KSB** approved West Kenya to build a sugar factory and sugarcane buying weighbridge in Busia County when it did not qualify out of the five companies that had applied nor did it have any contracted farmers in the county.

Though before this, the poaching had been going on targeting farmers contracted to Butali and Nzoia Sugar Companies, this was the opening for West Kenya to target Busia Sugar belt farmers who were contracted to supply their crop to Mumias Sugar to poach their sugarcane because the company has no contracted farmers and there was no way it can survive without sugarcane.

Other companies which had applied to construct a sugar factory in Busia County included, Africa Polysac Limited, Cherry Sugar Investments Limited/Mundika Sugar Company, Kaplony Limited and Pan African Millers.

According to a **KSB** letter dated January 5th, 2012 (*see letter attached*) Africa Polysac Ltd which was the first applicant on May 27th, 2011 had qualified but was instead muscled to construct a sugar factory in Siaya County by powerful politicians with political and business interests, though it had never applied to construct a factory in that county - it meant the company starting all over from square one

It states that the applications were made in this order: -

- 1 African Polysac Limited - May 27th, 2011
- 2 Cherry Investments Limited – August 18th, 2011
3. West Kenya Sugar Company – August 29th, 2011
- 4 Kaplony Limited - September 2nd, 2011
- 5 Pan African Millers October 3rd, 2011

It is in this letter and the accompanying Busia Sugar Zone Miller Registration Applications Appraisal Report (*see copies attached*) that KSB disqualifies West Kenya Sugar Company among others as having failed to meet the Board's requirements to qualify for the above.

Stating that. "The applications by West Kenya and Kaplony were incomplete and did **NOT** satisfy the requirements for Mill registration. The successful applicant is expected to make quick progress with Environmental impact assessment and other legal requirement before obtaining full registration"

Then why does NEMA in the above mentioned advertisement in the Daily Nation give West Kenya credibility in consideration of the factors stated here to which NEMA and the KSB are completely aware of? Who is fooling who?

DAMNING QUERIES

The critical questions here are why did the **KSB** go ahead to act contrary to its own regulations? Why has it failed to act decisively against and to end the sugarcane poaching crisis? Why has the board failed to act against West Kenya when it knows that since inception the company does not have any contracted farmers to supply it with sugarcane for processing as required by the Sugar Act?

Why did the **KSB** give West Kenya Authority to construct a sugar Mill at Matayos area of Busia County knowing its questionable background in the industry? Why it had to leave the National Environmental Management Authority (**NEMA**) to intervene to save the situation? Why the Board and NEMA are still entertaining the same company for consideration to secure license to "allegedly" construct a factory at Olepito where it has a weighbridge that is constructed on a natural wetland?

LICENSE NULLIFICATION CALL

That the government's recent move to ban the issuing of fresh licenses in the sugar industry is welcome, but it must be sustained and some old existing licenses issued by the **KSB** and the ministry of agriculture cancelled with immediate effect

That for instance, there is the thorny equation of the **KSB** approving/registering three companies to construct sugar factories in Busia County - with an open ended option as to who builds one first contrary to the Sugar sector regulations. This brings into question the Board's competence as such a move only adds fire to a critical situation that desperately needs to be salvaged

This must be immediately nullified and new applicants called for from which only those impeccably qualified must be short-listed and the **KSB** recommend a single applicant to do the job, and **NOT** leave the option wide open as to who puts up the mill first.

The issue here is that stakeholders in the Sugar industry not only in Busia County, but also throughout the region want investors who have highly substantial investment portfolios and commitment to invest in the business as a serious entity that can survive the **COMESA** imports after the expiry of the safeguards

That a company like West Kenya Sugar, despite having **NO** contracted sugarcane famers to its name in Bungoma and Busia Counties it acquired three licenses for sugar factory construction in Kiminini, Matayos and now looking for the third for Olepito all in Western Kenya under

questionable means and one for weighbridge construction to purchase sugarcane in Busia County from sugarcane farmers contracted to Mumias Sugar.

It is also paramount that stakeholders on the ground must be involved in these processes to ensure transparency, accountability and ownership since without their commitment to supply the required raw material – there is not factory that will survive.

WHY LICENSES MUST BE CANCELLED

That apart from the licensed West Kenya Sugar factory at Kabras in Kakamega County, the license to construct a factory at Kiminini in Bungoma County has not been honoured more than five years after it was issued – therefore it becomes null and void

That the third license issued for construction of a sugar factory at Matayos area and NOW Olepito area in Busia County the company completely failed the minimum standard requirements including those of the National Environmental Management Authority (NEMA) on environmental impact assessment and resettlement programmes

That the license for weighbridge construction must also be cancelled for it is constructed on an important natural wetland in a County where Mumias Sugar has had contracted farmers for more than 20 years whereas West Kenya has none to date even in Kabras area of Kakamega County where its parent plant is located.

That any sugar company without contracted farmers to supply it with raw materials for processing and production including investment commitments in sugarcane development of/for its envisaged sugar plant(s) must have its licenses revoked for lack of commitment to do business in the sub-sector

That any company that has completely failed to invest in sugarcane development programmes in the country does **NOT** qualify to operate in the sub-sector, therefore its licenses must be immediately revoked

That what business does any company have to be involved in the sugar industry if it does not have any contracted farmers to supply it with the pre-requisite raw material to survive or commit any investments in the development and production of the said raw material?

That what business does any company have to hoard operating licenses which are Not being put to productive use, when deserving companies are denied the same?

That despite a standing High Court Orders issued to some of the companies to immediately stop poaching sugarcane from farmers contracted to competitors, the problem continues to spiral with underage sugarcane of less than 7 months being targeted – hence destruction of the core backbone of the sub-sector

ESCALATING DEGENERATION

As things continue to degenerate, West Kenya was awarded license by the **KSB** to construct a sugarcane weigh bridge at Olepito near Tangakona on the Busia – Kakamega high way that became and remains the nucleus for handling poached sugarcane on transit to West Kenya's factory in Kabras in Kakamega County more than 100 kms away.

The situation has become so bad that has violence erupted repeatedly in which several people have lost their lives and others injured including policemen in Kakamega, Busia and Bungoma Counties as the battle for high stakes in the country's sugar sub-sector takes centre stage.

Brokers have not been left out of the fray and indeed they were quick to jump onto the gravy bandwagon to make a quick killing by buying sugarcane at throw away prices from the farmers and selling it out at a profit – thus leaving the farmers straddled with loans they secured to produce the crop begging to be paid.

) July 31, 2013 the poaching crisis had degenerated to the extent that poachers are targeting under-age sugarcane of less than seven months after the apparent depletion of mature cane of 18 months and above. This clearly spells doom to the sugar industry in the region since there will be completely no mature sugarcane for processing since under-age cane is being destroyed at the moment.

Ironically despite the obvious threats that could lead to the total collapse of the sub-sector rage on, the **KSB** which is supposed to assert its authority in maintaining sanity in this area has remained silent.

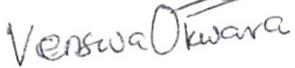
Also on the spot are leaders from Kakamega, Busia and Bungoma Counties whose residents' only major economic backbone and cash crop is sugarcane with farmers warning that as the poaching threatens the sub-sector with collapse their future as leaders is also at peril for failing to protect the industry.

It is from this background, knowledge and the ongoing escalating activities on the ground that **VEDIA** and sugar industry stakeholders from the region are appealing through this petition to the highest authorities of the land in the Republic of Kenya to intervene and save this very critical and highly important sector of the country's economy from total collapse because of just a few errant institutions and organizations.

Hereby officially signed by,

1. MR. JOSEPH BARASA-VICE CHAIRMAN (WEDIA) 0722126860 

2. MR. LAMBART OGOCHI-BUSIA OUTGROWERS DIRECTOR 0721892472 

3. MR. VENSWA OKWARA- BUSIA FARMERS REP 0723088215 

CC:

1. DEPUTY PRESIDENT
2. THE CLERK, THE SENATE
3. THE CLERK, THE NATIONAL ASSEMBLY
4. THE INSPECTOR GENERAL, KENYA POLICE
5. THE GOVERNORS, BUSIA, BUNGOMA, KAKAMEGA & VIHIGA COUNTIES
6. THE DIRECTOR GENERAL, KRA
7. ALL MEDIA HOUSES
8. TO ALL MEMBERS OF PARLIAMENTARY COMMITTEE FOR AGRICULTURE

7th February, 2013



PRESS STATEMENT

WEST KENYA SUGAR COMPANY

I wish to correct some reports appearing in our local dailies that NEMA has rejected the proposal by West Kenya Sugar Company to set up a sugar factory in Busia County as totally false and misleading. The facts are as follows:-

1. That West Kenya Sugar Company is in the process of preparing full study report as requested by NEMA
2. That the Mr. Joseph Musiele who is purported to have made the remarks in stakeholder forum (Busende) as the county director was not me(**Ezekiel Moseri**) since I was attending a different forum in Kisumu on water hyacinth

From the foregoing, I wish the information be treated with the contempt it deserves and also urge the media houses to authenticate their sources of information stories before they are published.

Thanks

EZEKIEL MAHANYA MOSERI
COUNTY DIRECTOR OF ENVIRONMENT,
BUSIA COUNTY.

WEST KENYA SUGAR COMPANY

5	Nyandarua Sugar Company Ltd.	3000 TBD	Kirima, Nyandarua District, Central province	This is the first expression of interest in Tropical Beet. There is need to establish the potential in Nyandarua and elsewhere in the country.
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* Does not include jaggery mills cane demand

** May increase if investor 4 makes an application

3.0 KEY FACTORS THAT DETERMINE ISSUANCE OF REGISTRATION APPROVAL FOR NEW SUGAR MILLS.

- i. Demonstrated Human Resource and financing capacity by the applicants.
- ii. Availability of adequate potential for cane production to support intended investment.
- iii. Approval for the project by District Development Committee at the minimum.
- iv. A positive Environmental Impact Assessment Study and accompanying licensing.
- v. General concurrence with the MoA that the proposed growing of cane in the target area is in harmony with the agriculture land use policy for the area. Such concurrence is obtained through a joint review of the application on cane production matters.
- vi. Capacity and potential of existing sugar millers in a given area already registered by the Board

WORK DONE

The Board has initiated consultations with the MoA with a view to preparing a joint detailed report on the cane production potential of Western, Nyanza and Central Provinces (and the suitable adjoining areas) to support additional capacity for sugar milling. The joint report is expected to inform Board decision on the applications to set up new sugar mills in the area. The study will be conducted during April 2011.

5.0 REQUEST TO THE BOARD

To note the ongoing efforts by Management to address the unprecedented interest by investors to set up new sugar mills in Western, Nyanza and Central Province and give further guidance on the matter.



S O ODERA
AG. CHIEF EXECUTIVE OFFICER

BUSIA SUGAR ZONE MILLER REGISTRATION APPLICATIONS

APPRAISAL REPORT

1.0 PREAMBLE

The Busia sugarcane zone covers the entire Busia district, parts of Siaya, Teso and lower Bungoma districts. The zone can provide for 25,000ha of cane out of which the area developed under the original Busia Sugar Company and now annexed to Mumias Sugar Company zone is estimated at 9,946 Ha, and is only 40% of the potential area for sugarcane production. Approximately 14,851 Ha is still available for immediate exploitation. This cane zone is about 40 km away from Mumias Sugar Factory.

An evaluation team composed of officers from the Ministry of Agriculture and the Kenya Sugar Board revisited the proposed project area in May, 2011. Meetings to confirm the current status of this cane zone were held with representatives of the Provincial Director of Agriculture in Western Province and Agricultural Officers from Busia, Butula, Bunyala, Teso North, Teso South & Nambale. It was confirmed that the estimated available cane potential on the balance of land in this zone is only 2,750 TCD out of the initial potential of 4,600 TCD. The status of arable land was established as shown below.

Table1: Status of arable land in the area

ITEM / DISTRICT	TOTAL AREA(HA)	ARABLE LAND(HA)	AGRIC LAND(HA)	MAX ACHIEVABLE AREA FOR CANE(1/3 RULE) (HA)	CURRENT AREA UNDER CANE(HA)	POTENTIAL FOR EXPANSION TO MEET 1/3 RULE(HA)
				X	Y	X - Y
Busia	19,600	16,400	14,100	4,700	2,000	2,700
Butula	24,000	23,600	17,350	5,750	3,500	2,250
Nambale	23,780	21,200	14,100	4,700	3,788	912
Teso south	15,990	11,857	8,851	2,947	1,171	1,776
Teso north	26,300	21,563	20,600	6,700	10	6,690
TOTAL	109,670	94,620	75,001	24,797	10,469	14,328

The failure of Busia Sugar Company limited (1990) to take off led to other failed initiatives that have resulted into a debt of over ksh.500 million.

4.1 Africa Polysack Limited (APL)

This was the earliest applicant entity among the four. Africa Polysack Limited is a private limited liability company, which was incorporated on 11th Dec, 2003. The principle activities of the company were to carry out the business of growing cane, manufacturing and refining of sugar and processing of residues of sugar and sugarcane. The Company was to also be involved in the wholesale and retail of such products. The Company was incorporated with a share capital of Kshs. 100,000 divided into 1,000 shares of Kshs 100 each. The current shareholders are Ms Ali Ahmed Taib and Abubakar Salim who each hold 50% shares.

4.1.1 APL's Tentative Development

The company has submitted a copy of their Feasibility study report and a year 2000 Busia sugar company development plan drawn by Booker Tate in which they expect to start producing sugar in the second half of 2013 at a crushing rate of 2,500 TCD at a conversion ratio of 9 tonnes of cane for a tonne of sugar which is better than the industry target of 10. The amount of sugar produced is expected to be 90,000 tonnes per year. This development plan is based on the following assumptions:

- Government will approve and issue necessary approvals by December 2011,
- Although the Company will provide about Kshs. 1,000,000 million to farmers for cane development, cane development shall be left in the hands of outgrowers who will be expected to gradually increase cane supply in response to the factory's capacity.

4.2 Mundika Sugar Company Limited - Ownership and Management

The second applicant, Mundika Sugar Company Limited, is promoted and sponsored by Cherry Sugar Investment Limited who claim to have their origin in Mauritius. The applicant's shareholders are Cherry Sugar Investment Limited (99.9%) and Mr Elka Motanya (0.1%). The principle activity of the company will be to carry out the business of growing cane, manufacturing and refining of sugar, generation of power and production of Kraft paper from bagasse.

purchasing from MSC the land LP No Bukhayo/Nasewa/1500, belonging to Busia Sugar Company Limited.

5.0 SUGAR BUSINESS OPPORTUNITY RATIONALE

The applicants have seen an opportunity for a new sugar mill in the target area based on it's favourable weather and available land for cane growing, farmers willingness to support their own cane growing, current long haulage distances to existing mills and the future positive prospects for the Sugar Industry.

The promoters of the first 2 applicant entities believe that the new sugar mill if approved will provide better and more cost-effective services to the farmers and manufacture sugar competitively to sustain the new business resulting in the overall improvement of the local economy.

6.0 EVALUATION OF APPLICATIONS

This is the first of a series of evaluations to ensure that the approved applicant entities are legally entitled to carry out business in Kenya and that they have access to resources and sufficient capacity to implement the Busia Sugar Project as demonstrated in their respective feasibility studies.

6.1 APL's Busia Project Feasibility

It was confirmed that the applicant entity is a Company incorporated in Kenya with local share holding and whose feasibility study report projects the following tentative outcomes for the project.

- Conversion of cane to sugar at a ratio of 10% over 300 days in a year
- The Company has a positive Internal Rate of Return (IRR) of 15% under the worst-case scenario. This IRR is acceptable to the investors because their average cost of funds is 11%.
- Pay-back period is 5years

These results shall be expected after investing ksh. **5,761,407,842** over a 2 year period. The investment is broken down as shown below.

Total financing required (including initial working capital requirements) on a 60:40 basis between owner's equity and debt. It is noted that the project costing and availability of funding has not been conclusively demonstrated in Draft Feasibility Report

6.3 West Kenya Sugar Company Limited

This applicant has yet to submit a formal application

6.4 Kaplony limited

This applicant has yet to submit a formal application; moreover the transactions on the land identified for this project are under legal objection. Indeed attempts were made to irregularly transfer the land to the applicant.

7.0 CONCLUSIONS

AFRICA POLYSACK LIMITED

- The feasibility study presented by APL to produce mill white sugar demonstrates the viability of the Busia Sugar Project
- The sourcing of raw materials may have an effect on the operations of Mumias Sugar Factory given their (APL) expansion plans.
- The project if implemented will deliver on the objectives of the failed BSCL and will uplift the economic standards of the farming community in the zone by providing a ready and nearby market for their cane crop while creating additional employment

MUNDIKA SUGAR COMPANY LIMITED

- The Draft business plan presented by CSIL for Mundika Sugar Company to produce mill white sugar demonstrates viability of the project has not been finalised.
- The sourcing of raw materials may affect on the operations of Mumias Sugar Factory
- The project if implemented will uplift the economic standards of the farming community in the zone by providing a ready and nearby market for their cane crop while creating additional employment.

WEST KENYA SUGAR COMPANY LIMITED AND KAPLONY LIMITED

The applications by West Kenya and Kaplony were incomplete did not satisfy the requirements for Mill registration



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KSB/ST/CP/PS/Vol.1/23

5th January 2012

Romano Kiome, PhD, CBS
Permanent Secretary
Ministry of Agriculture
Kilimo House
NAIROBI

Dear

Sir,

RE: APPLICATIONS FOR SETTING UP A SUGAR MILL AT BUSIA

The Board is in possession of five current applications to set up a sugar mill at Busia near Nambale. Four applications are by local investors while the fifth is by a Mauritian Company, Cherry Sugar Investment Ltd. The local investors are African Polysack Ltd (APL), Kaplony Ltd, Pan African Millers and West Kenya Sugar Company Ltd.

The applications were received in the following order: -

- | | | |
|-------------------------------------|---|--------------------|
| 1. African Polysack Limited | - | 27th May 2011 |
| 2. Cherry Sugar Investments Limited | - | 18th August 2011 |
| 3. West Kenya Sugar Company | - | 29th August 2011 |
| 4. Kaplony Limited | - | 2nd September 2011 |
| 5. Pan African Millers | - | 3rd October 2011 |

A technical team comprising officers from the Board and the Ministry of Agriculture reviewed the potential for Busia zone to support a sugar milling operation and established that a 2500-3000 TCD factory is viable.

All inferences at this stage are based on a desk top review of the documents presented. Given the number of applicants, it is advisable that detailed review including independent verification of information be conducted on each party to ensure the greatest good for the industry.

The tables overleaf summarize the key highlights of each application.

*3 miles
for Busia
County*

		the project would be renamed Nasewa Sugar Mills Limited.		
Pan African Millers Limited Locally incorporated Company owned by Rishi & Kaushik Ramiklal Panchmalta on 50/50 basis.	3 rd October 2011.	Formal KSB application forms submitted supported with: Brief Feasibility Report. Certificate of Incorporation Indicated site (Bukhayo/Matayos/287/3071/3070/2812/289 not supported by title copies but about 7km from Nasewa on Tarmac Road	3000 TCD Sugar Company expandable to 5000 TCD Total investment placed at Ksh.7 4 billion Cane development programme not clearly spelt out.	Was the latest applicant to show interest for Busia

APPLICATION BY	DATE APPLICATION RECEIVED	DOCUMENTS SUPPORTING APPLICATION	BRIEF DESCRIPTION OF PROJECT	ADDITIONAL REMARKS
<p>Africa Polysack Limited. Local company involved in the making of polypropylene bags wishing to diversify into the sugar business. Owners: Ali Ahmed Taid & Abu-Baker-Salim</p>	<p>27/05/2011</p>	<p>KSB application form supported with Feasibility Report, Certificate of Incorporation, periodic company returns, and details of Directors.</p>	<p>3000 TCD sugar mill using conventional milling technology and vacuum pan system. Products to include sugar ethanol and cogeneration on full expansion. Land identified as LR Bukhoyo/Nasewd (714) <i>Formus</i> 9.27.</p>	<p>Although the 1st applicant to KSB their application has been followed by a flurry of others which is unusual and unprecedented.</p>
<p>Cherry Sugar Investment Ltd. Mauritian Company with an address cyber city Ebene with PKF consulting Ltd. Of Kenya. Intends to set up a fully owned local subsidiary "Mundika Sugar Company Ltd" as the investment vehicle.</p>	<p>18/08/2011</p>	<p>Application letter and draft Feasibility report by PKF Consulting. Formal application forms not included initially. Additional documentation submitted on 21st November 2011. Including:</p> <ul style="list-style-type: none"> Sale agreement of 12 Ha land LR. Bhukayo/Matayos/ 262. Tentative cane development plan for 10,000 Ha 	<p>1250 TCD expandable to 2500 TCD sugar mill using conventional milling and vacuum pan technology.</p>	<p>Company has also written to MoA and the PM's office about their intentions vide their letters dated 30/06/2011, 20th, 27th and 31st May 2011.</p> <p>As at 16th December 2011 no formal application forms had been submitted to reveal actual directors of Cherry Sugar Investment or its subsidiary Mundika Sugar Company Ltd. Documentation is to PKK</p>

West Kenya Sugar Company.	29/08/2011	<ul style="list-style-type: none"> costed at Ksh. 407 million. Feasibility Report 	<ul style="list-style-type: none"> Single page letter as at 29/8/2011. Subsequently on request of KSB the following documents were submitted on 14/11/2011: <ul style="list-style-type: none"> Formal application documentation. Feasibility Report 	<ul style="list-style-type: none"> TCGD initially based on 1250, old plant replaced at West Kenya Sugar Company during its expansion programme. Further expansion to 2500 TCD and finally 5000 TCD to be undertaken gradually. 20 MW cogen plant to be installed after attainment of 2500 TCD. 	<ul style="list-style-type: none"> West Kenya Sugar Company has 2500-3500 plant in west Kenya at Malava. Or nominee lawyers for the land purchase.
<p>Kaplony Limited</p> <p>Locally incorporated company owned by Harmindar S Saini and Sukhwinder S Chatthe who are associated with Kibos Sugar & Allied Industries in Kisumu.</p>	02/09/2011	<ul style="list-style-type: none"> Formal KSB application forms, Supported with brief, Feasibility report, Certificate of Incorporation, Articles of Association, Draft EIA Study, Land Sale Agreement with MSC for Bukhoyo/Nasewa/1500 In a subsequent letter dated 9/11/2011 principals advised that 	<ul style="list-style-type: none"> 2500 TCD Sugar Company. Products stated as sugar fortified sugar and molasses. Land indentified LR Bukhoyo/Nasewa/1500 upon sale from Mumias Sugar Company. *It is noted that the land has since been reverted back to old Busid Sugar Company and title now held by Sugar Board. 	<ul style="list-style-type: none"> Kaplony Ltd has been at the centre of false sale of Bukhoyo/Nasewa/1500 entrusted to MSC but is deemed Government Land. 	



WEST KENYA SUGAR COMPANY LTD.

P. O. Box 1101, KAKAMEGA, KENYA

Telephone : +254 - (0)20 - 2036320 / 30 / 40

Fax: + 254 - (0)20 2036370 / 80

Mobile : +254 - (0)722 - 786084 / 786404

E-mail: info@wksugar.com

Factory:- Sotia Kabras, Kakamega North District

Ref: WKS/MD/KSB/08/ 299.

25th August 2011.

The Ag. Chief Executive Officer
Kenya Sugar Board
Sukari Plaza, Waiyaki Way
P.O. Box 51500
NAIROBI

Dear Sir

RE: APPLICATION FOR A SITE FOR A NEW SUGAR MILL & AN OPERATING MILLER LICENCE

We are interested in investing in a Sugar Mill in Busia County.

We are aware of the potential in the Busia County and its environs and the plight of the people who have been yearning for a Sugar Factory for a very long time.

We are also aware that there is public land which was earmarked for a Sugar Mill around Nasewa Area. We are willing to abide by the Legislations and Policies that are in place regarding acquisition of such land for private investment purposes.

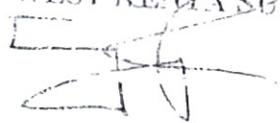
Initially we would start with a capacity of 1500 TCD which would start operation within one year of approval. Essentially we require an area that could support a 5000 TCD factory and above.

If approved, we are ready to commence the necessary formalities.

We look forward to receiving your positive response.

Yours faithfully

For: WEST KENYA SUGAR COMPANY LTD


Tejveer S. Rai
MANAGING DIRECTOR

Copies to: ✓ Busia County Community
BUSIA

Busia County Council
BUSIA



nema

National Environment Management Authority

Popo Road, off Mombasa Road, P.O Box 57839-00200, Nairobi, Kenya, Tel: (254 020) 605522, 601949, Fax: (254 020) 608997
 E-mail: dnema@swiftkenya.com, Website: www.nema.go.ke

NOTICE TO THE PUBLIC TO SUBMIT COMMENTS ON AN ENVIRONMENTAL IMPACT ASSESSMENT STUDY REPORT FOR PROPOSED 1250 TCD SUGAR PLANT AT OLEPITO VILLAGE, TANGA KONA AREA IN BUSIA COUNTY

Pursuant to Regulation 21 of the Environmental Management and Coordination (Impact Assessment and Audit) Regulations, 2003, the National Environment Management Authority (NEMA) has received Environmental Impact Assessment Study Report for the above proposed project.

The Proponent, (West Kenya Sugar Company Limited), is proposing to construct a sugar factory comprising of the following: Mill House, Boiling House, Clarification House, TG Hall, Boiler area, Workshop, Store, Spray pond/Cooling Tower, Sugar Go-down, Generator Room, Molasses Tank, HR office, Sales office, Engineering office, MFG office/Lab, AC/Cooling, Auto Workshop/Auto store, Switch Board, Bagasse store, Fire Station, Medical Centre, Car Parking, Time office, Agricultural office, Administrative office, Cane Yard, Canteen, Distillery, Water Treatment Plant, Raw Water Tank for Sugar Plant, Raw Water Plant for Co-gen, Weighbridge/Transport office, Diesel Tank, and an Effluent Treatment Plant.

The following are the anticipated impacts and proposed mitigation measures:

POSSIBLE IMPACTS	MITIGATION MEASURES
Noise pollution & vibrations	<ul style="list-style-type: none"> Adherence to manufacturer's specifications and use of modern technology machines. Provide ear protection devices for the workers operating the machines.
Off-site Impacts when transporting machinery	<ul style="list-style-type: none"> Transport the machinery in serviced vehicles. Pour water continuously to reduce the dust levels on the road heading to the factory or make a more permanent road. Transport where possible off-peak to avoid traffic inconveniences and possible high risk accidents. Use of qualified and experienced driver to transport the machinery to the factory.
Dust pollution	<ul style="list-style-type: none"> Provide and enforce the use of dust masks by workers at the site.
Occupational health and safety hazards	<ul style="list-style-type: none"> Observe occupational health and safety measures. Train workers on Occupational Health and Safety and enforce use of Personal Protective Equipment (PPE) Install First Aid kits at the premises Maintain data-base for material safety data sheets for all inputs. Make it available to key personnel. Install emergency showers.
fire hazards	<ul style="list-style-type: none"> Install fire extinguishers and fire hydrants at high risk zones at the factory premises. Formulate fire evacuation procedures Come up with a fire assembly point Conduct regular fire drills
solid generation	<ul style="list-style-type: none"> Segregate the wastes Use bagasse from the cane as fuel for steam and power generation Use filter and dry lime from the juice clarification processes to make a soil conditioning product for agricultural land. Use compost organic solids from press mud to make high quality organic manure for agricultural production. Come up with proper waste management strategies such as incineration of waste papers, recycling of waste water and composting of vegetative wastes. Convert beet pulp into cattle feed
accidents and insecurity	<ul style="list-style-type: none"> Employ day and night security guards; install security lights, alarms and a strong perimeter fence (preferably electric). Build capacity on safe working procedures Have first aid kits
air generation and particulate matter	<ul style="list-style-type: none"> Determine inventory of cane mill dust generation to determine surplus dust available. Use wet scrubbers to remove dust from drying and cooling of sugar Reduce fugitive dust from roads and areas by cleaning and maintaining a sufficient level of humidity Install ventilation systems with filters on transport systems for dry sugar and on sugar packaging equipment.
noise pollution	<ul style="list-style-type: none"> Conduct noise mapping Provide workers with noise protection gear Observe the frequency of the sound, time of the day and time duration especially if it affects the areas surrounding the factory.
indoor house keeping	<ul style="list-style-type: none"> Ensure the floor is dry at all times and proper drains are made for the waste water after cleaning or even in case of a spill during operation. Areas should be well labeled and designated to give direction to the visitors and even serve as a reminder to the workers and even storage areas There needs to be proper lighting in the work area to avoid accidents due to poor visibility of the room.
air pollution	<ul style="list-style-type: none"> Undertake fuel gas analysis for the boilers Increase number of trees on the site as carbon sequestrators Conduct continuous stack gas analysis Undertake volatile organic carbons (VOC) measurement
effluent water discharge	<ul style="list-style-type: none"> Apply for effluent discharge license from NEMA Install a waste water pre-treatment facility Treat and reuse the waste water generated Construct a proper wetland Protection of aquifers and the water table from ingress of pollutants.
oil spills	<ul style="list-style-type: none"> Provide oil interceptors along the drains from probable sources of oil contaminants Ensure all machinery is in top condition to avoid leakage Bund and roof all hazardous chemical storage areas Install central waste oil collection system for safe disposal Keep records for waste oil disposal Install oil interceptors. Bund all oil containers and store them away in a safe room
energy consumption	<ul style="list-style-type: none"> Conduct an energy audit to yield an efficiency enhancement program Develop performance indicator for energy consumption Use waste fiber from the cane as fuel for steam and power generation. Ensure that the bagasse moisture level is below 50% before is used as boiler fuel Reuse vapor from vacuum pans for heating water and juice Ensure even energy consumption by management of batch processes (e.g. centrifuges, vacuum pans) to schedule energy demand and equalize steam demand on the boilers.

report of the proposed project is available for inspection during working hours at:

1. Permanent Secretary, Ministry of Environment, Water and Natural Resources, IF Building, Community Area, P.O Box 30126 - 00100, NAIROBI
2. Director General, NEMA, Popo Road, off Mombasa Road, P.O Box 57839-00200, NAIROBI
3. County Director of Environment, KAKAMEGA COUNTY

If the EIA report can be downloaded from www.nema.go.ke

invites members of the public to submit oral or written comments within thirty (30) days from the date of publication of this notice to the Director NEMA, to assist the Authority in the decision-making process for this project. Kindly quote Ref. No. NEMA/EIA/S/2/1015
 It can also be e-mailed to dnema@nema.go.ke

Signature: *[Handwritten Signature]*

Name: **Director General** (Seal)

Cost of advertisement is sponsored by the proponent.

INVESTOR PROFILE-LOOKING AT THE RIGHT INDICATORS

Indicator	Attarapadiyach, K. S. N. Charly Investments Ltd	Kibos Sugar & Allied	West Kenya Sugar Company
Experience:Current Business	Gunny Bag Manufacturing	Unknown	West Kenya Sugar Company
Stakeholders-Farmers	Not known	Unhappy	Unhappy
Prior Commitment-Cane Devt	Not known	Unfulfilled	Unfulfilled
Current Performance	Not known	Below 60% Capacity-Lack of Cane	Below 60% Capacity-Lack of Cane
Directors	Alli Ahmed Taib/Salim Said	Unknown	Harminder Saini/Sukhwinder Chalte
Proposed Initial Inv Capacity	3000TCD	1250TCD	2500TCD
Products	Sugar,Molasses,Cogen,Paper	Sugar	Sugar,Molasses
Date of Introduction letter to K5B	7th March, 2011	2nd September 2011	2nd September 2011
Date of Formal Application to K5B	6th May, 2011	By 16th DEC Not Done	14th November, 2011
Bukhayo/Nasewa 1500 Land	TO LEASE	TO PURCHASE	TO PURCHASE

FAIRPLAY

Turf wars expose Sugar Board as incompetent

Caught out:
The wrangles
between Mumias
and West Kenya has
exposed weaknesses
of the KSB to
manage the sector

By LUKE ANAMI

Turf wars between West Kenya Sugar Company and Mumias Sugar Company Ltd over who should harvest cane in Busia Zone has exposed the inadequacy of the Sugar Act. It has also unearthed the weaknesses hampering the Kenya Sugar Board from governing and addressing issues affecting the sub-sector, even as the farmers pay the ultimate price.

The debacle began when High Court overturned a Sugar Arbitration Tribunal ruling allowing West Kenya to harvest cane in Busia — a ruling that favoured Mumias. On September 11, High Court issued a temporary injunction restraining West Kenya, their agents and employees from soliciting for sugarcane, posing with lorries for purposes of purchasing sugarcane and ferrying any such sugarcane from Busia Zone to West Kenya mills.

In the ruling, West Kenya was also warned against running, operating and activating any weighbridge of sugarcane within the Mumias Outgrowers Zone. But in what looks like a shifting of goalposts, West Kenya has trashed the High Court Order restraining its operations in Busia. In paid up media reports, West Kenya contends that only the Sugar Arbitration Tribunal had the exclusive juris-

dictions to hear and determine such cases.

The tribunal had earlier on July 20 made a ruling that granted West Kenya a blank check to continue operations in Busia without necessarily seeking to address the underlying issues of unease between the two millers.

NOT EXIST

West Kenya insists it operates on the basis of the position of the regulator (KSB) that zones do not exist.

"Accordingly, there is neither a Mumias Out grower zone nor a Busia Sugar zone and according to that position by the High Court and the KSB. The sugar industry has been liberalised... allowing millers to compete with each other for cane supply," reads an ad-

Stalemate

Mumias insists they are the rightful millers to harvest cane in the Busia zone as per an agreement reached at in 2006.

Farmers recruited by Mumias

20,000

vertisers announcement West Kenya placed in *The Standard* on October 11.

As a result of this state of affairs, Mumias Sugar Company, through its lawyer Gregory Ombito has filed an application asking the High Court to hold the management of West Kenya to be in contempt of the court.

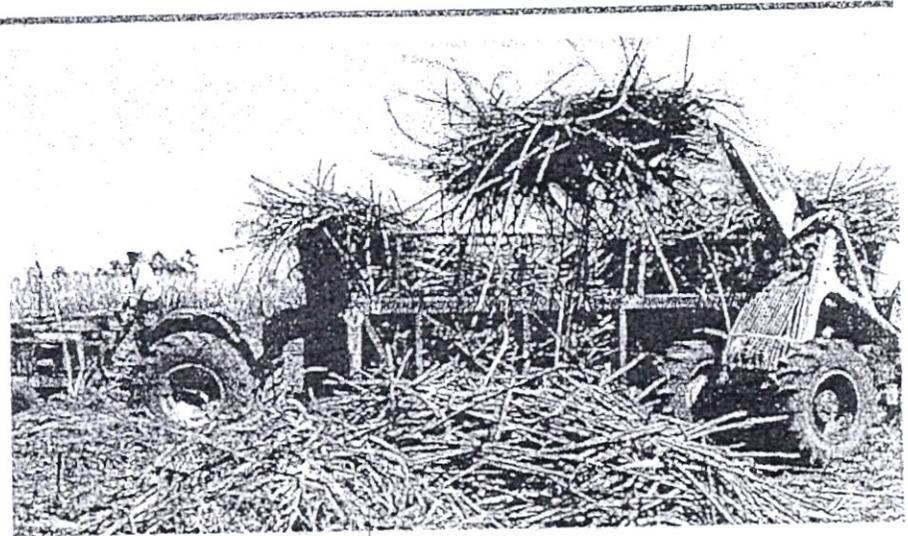
In a sworn affidavit, Mumias insists they are the rightful millers to harvest cane in the Busia zone as per an agree-

ment reached at in 2006.

According to the affidavit, the arrangement was necessitated by failure to construct a milling plant in the region as had been planned. This left farmers in the region with no market for their crop.

As Mumias says it filled the gap in the interim, by recruiting more than 20,000 farmers, who have active and running contracts with the miller to date. While all this drama plays out, the Kenya Sugar Board (KSB) has been seen as incompetent and somewhat at odds with the Sugar Act. Specifically, the Board is on the spot for not following the guidelines about the distance between one miller from the other.

Kenya Sugar Board (KSB) has been seen as incompetent and somewhat at odds with the Sugar Act. Specifically, the Board is on the spot for not following the guidelines about the distance between one miller from the other.



DOMINIC ODIPPO'S SECTOR CHAOS

Unmask shadowy face(s) behind sugar woes

"Take notice that the National Environment Tribunal (NET) has received an appeal from Mumias Sugar Company Ltd., Musa Mahero, Columbus Shindui and John Weire against your decision to operate a weighbridge at Olepio without the benefit of an EIA licence from NEMA."

"Take further notice that Section 129(4) of EMCA states that upon any appeal to the Tribunal under this section, the status quo of any matter or activity, which is the subject of the appeal, shall be maintained until the appeal is determined."

"The purpose of this letter; therefore, is to direct that all activities relating to the appeal in question must be stopped until the appeal is heard and determined by the Tribunal."

This letter from the National Environment Tribunal (NET), dated October 18, 2012 was addressed to the managing director, West Kenya Sugar Company Ltd of Shambere, South Kabras, Kakamega. Its contents are, as you can see, self-explanatory.

Yet, by yesterday morning, anyone who passed by Olepio near Tangi Kona on the Busia-Mumias road, will have noticed that the weighbridge, which is the subject of this stop order, was fully operational. None of the activities relating to the appeal in question had been stopped pending the hearing and determina-

tion of the appeal by the Tribunal.

Four inter-related questions arise here: First, how was West Kenya Sugar, a company based almost 100 kilometres from this spot, allowed to set up a weighbridge for the collection of sugar cane here?

Two, how did this company which was originally disqualified by the Kenya Sugar Board from setting up a sugar factory in Busia County, later mysteriously allowed to set up a weighbridge here, without even the mandatory licence from the National Environment Tribunal?

Three, why has this sugar company been openly and publicly defying orders duly issued by this tribunal?

And last but probably most important: If West Kenya Sugar Company can openly and publicly defy the orders of this tribunal at this stage, what guarantee can anyone have that, should the situation arise, it will obey any orders handed down by the High Court or any other court or tribunal?

Impunity in this country manifests itself in many different ways. Most of the time when we hear the word, we quickly begin thinking of its political dimensions. Yet what is now happening in the sugar sector in western Kenya is undoubtedly unbridled economic impunity of the worst and most dangerous kind. Unless our courts move in a

quickly as possible to stamp it out, other companies within or outside the sugar sector, will take a leaf from West Kenya's book and take off on their own rogue tangents.

Since we wrote about this matter in this column at the beginning of September, at least one person has been killed and scores seriously injured as rowdy youths pushing the West Kenya agenda battle with all and sundry to forcefully transport sugar cane, which they never developed, all the way from Busia to the West Kenya mill in Malava.

ORDINARY FARMER

At least 30 tractors transporting sugar cane have been destroyed or impounded in this region and millions of shillings worth of sugar cane lost as the Kenya Sugar Board, the industry regulator, either haplessly or strategically watches from the sidelines. Only our courts, it now appears, stand any chance of bringing back any semblance of order and sanity in this sector.

To so openly defy a lawful stop order such as the one issued by the National Environment Tribunal, one needs to have some very powerful people in the background pulling and shoving for him.

Over the eight months during which the Olepio weighbridge has been operational, it has become clear that there are, indeed, a num-



"Only courts, it now appears, stand any chance of bringing back any semblance of order, sanity. To openly defy a lawful stop order such as the one issued by the Tribunal, one needs to have some very powerful people in background."

ber of heavy hitters, both at the local and national levels, who are playing on West Kenya's side of the court in its sugar warfare with both Mumias and Nzola sugar companies.

Who are these people and why are they being allowed to directly or indirectly push West Kenya into openly defying lawful orders? What is their real interest in this unfolding sugar sector chaos? Do they stand to make millions of shillings for themselves as the ordinary sugar cane farmer in western Kenya, especially Busia County, is crucified at the cross of a few brokers and intermediaries working in cahoots with West Kenya?

As we wrote in our last piece on this subject, COMESA protective sugar tariffs will be abolished in 2014, only slightly more a year away. Instead of streamlining and rationalising our sugar sector's production costs so that we can compete with the likes of Zambia and Mozambique, we are letting chaos rule in the sector, thus driving up production costs and making Kenyan sugar uncompetitive in the region.

Since no one else appears to be acting, let our courts step in and sort out this mess as the Constitution mandates them to do. ■

The writer is a lecturer and consultant in Nairobi.

dominicodippos@yahoo.co.uk

Palaver

Politics and politicians' utterances provide fodder that make columns such as this one thrive. Remember Kalonzo Musyoka who landed at JKIA only to find a storm over some of other imaginary sore throat? He then vehemently denied having lost his voice and wondered why he had a new 'spokesman' defending a real or imagined MoU? Then



comes fellow presidential aspirant Peter Kenneth who has always sought to chart his own political course, away from the euphoria-laden mainstream. Hear him: "Why is a certain unnamed fellow offering me jobs I have not applied for? Read my lips: Kenneth For Prezoi!" Hope the headhunters hear him clearly this time round.

Psst...apparently there is no longer a so-called Luo Nation. They now prefer to be referred to as Luopeans and posit that a Gor Mahia win in the Kenya Premier League broadcast by SuperSport will be closely followed by a Nyangoma Kogelo triumph in the US ballooning tomorrow. Then only one more win will be awarded in March next year. Indeed, optimism knows no bounds.

Good morning Mr Wamala E. I have read with consternation reports that...

DOMINIC ODIPO } WAY FORWARD

Busia, Mumias sugar wars misplaced, unnecessary

When you combine limited policy options, managerial myopia, indifferent and inconsistent regulatory supervision and generous doses of high-level corruption in one economic sector or zone, the effect can be devastating.

Official policies or directives are abandoned mid-stream, court rulings are ignored in broad daylight and sugar milling outfits with limited manifest capacity to produce sugar on a large scale and at the lowest costs, are given the green light to operate in zones in which they have not developed or planted any sugarcane of their own.

That is exactly what is happening in the sugar sector in Western Kenya, especially in Busia County. West Kenya, a miller almost 100km away from the zone, has been mysteriously given the green light to operate in the county even though almost all the sugarcane in that county has been planted by the farmers contracted to Mumias Sugar Company.

The results, predictably, have been chaotic. Lawless goons are being hired to transport uncontracted sugar cane all the way to the West Kenya mill in Malava, Kakamega County while the industry regulator, the Kenya Sugar Board, and the police stand by the sidelines.

Last week, when the High Court in Kakamega finally moved to put a temporary halt to this managerial nonsense, matters predictably came

sugar cane were set on fire and one of the controversial sugar cane weighbridges forcefully removed.

As a result, scores of youth were injured and millions of shillings worth of sugar cane lost.

What exactly is going on behind the scenes in the sugar sector in Busia County? Why has a sugar miller based 100km away been allowed to operate in the county when Mumias, the largest and most efficient sugar miller in the country, has already contracted most of the sugar farmers in this county? Is it just basic economics at play here or do we smell impunity and high-level corruption in this disagreeable mix?

Word within the county now is that there are at least two very senior government officials who are pushing the West Kenya agenda for their own personal interests at the expense of Mumias Sugar and all the other prospective millers. It is apparently because of the backing of these influential individuals that West Kenya has continued to operate with such impunity in this region.

Speaking at a function in Busia County last month, Prime Minister Raila Odinga promised to identify an investor who would put a sugar factory in the county. Did he have a particular investor or company in mind that could come in and put an end to this escalating chaos, especially now as the country's sugar industry prepares for the end of the Comesa protective tariffs in 2014?

five companies applied to set up a sugar mill in Busia County.

These are African Polysack, Cherry Sugar Investments acting as Mundika Sugar, West Kenya, Kaplony and Pan African Millers.

After all the necessary reviews and appraisals were completed, the Board recommended to the Permanent Secretary, Ministry of Agriculture that two firms be given a letter of comfort to allow them "develop their projects further for final registration."

MANIFEST CAPACITY

The two companies recommended by the Board were African Polysack and Mundika Sugar. West Kenya was apparently dropped at this stage because it was not proposing to set up a state-of-the-art sugar mill in Busia. It was merely proposing to transfer one of its old, already decommissioned plants from Malava to the county.

So, then, given these recommendations by the industry regulator itself, where is West Kenya's newly reloaded impunity in Busia County coming from?

The Busia sugar cane zone which covers Busia District, parts of Siaya, Teso and the lower Bungoma areas, can provide for about 25,000 hectares of cane, out of which about 40 per cent or about 9,000 hectares have already been developed by Mumias Sugar Company.



"Why is a sugar miller based 100km away allowed to operate in Busia when Mumias, the largest and most efficient miller, has already contracted most of the farmers here? Is it just basic economics at play here or impunity and high-level corruption?"

Given the very urgent need for the sugar industry in this country to streamline its operations in preparation for the removal of the protective Comesa tariffs in 2014, what should be the best way forward here?

Should we take a risk with new, untested companies, or should we go with the one which we already know can produce large quantities of sugar while benefiting from its in-built economies of scale?

It would appear that, given Mumias Sugar's manifest productive, financial and general managerial capacity, it is the miller which both the Ministry of Agriculture and the Kenya Sugar Board should be encouraging and facilitating to set up a new, modern sugar mill in Busia County.

Since the firm already has the know-how, experience, the required land and has already developed 40 per cent of the sugar zone, wouldn't it be logical for it to be given the first priority to set up a factory in this county if it wishes to do so?

If we propose to deal with the looming Comesa tariff realities most effectively, we need to go with a company that can produce the largest quantities of sugar at the lowest price per tonne. And that is where Mumias Sugar fits the bill and all the others already on the table do not. That way, we shall also end the chaos now bedeviling the sugar industry in Busia County overnight. ■

Palaver

Can Presidential seat hopefuls decide once and for all whether or not there is a creature by the name G7 Alliance. Some have dismissed it as a creation of media that makes life easier for editors to write headlines and spin conspiracy theories, but one

major league contender swears that it is intact even though he is busy raising funds for his



own party. Meanwhile opponents like ODM's Raila Odinga have given it a December 2012 deadline to disintegrate from G-7 to G-1. And even before we recover, someone is pushing for an alliance within an alliance known as the Alliance National Coalition. But frankly, even a fleeting acquaintance with the psychology of egos, do you, Dear Reader, see The National Alliance, Party of Action, New Ford-Kenya, United Republican Party, Wiper Democratic Movement, Alliance Party of Kenya, and United Democratic Forum working together?

Ati North Dakota in the US is the only state without voter registration. Voters are not required to register. Did Isaac Hassan know this little fact when he was being pummeled left and right about some stuff called BVR?

Shughuli za kawaida zajelewa bandarini

hilo ambalo lilikuwa ngome ya magaidi hao huku wakazi wakionmba marutuku ya makaa iliyowekwa na Umoja wa Mataifa iondolewe.

Na MASHRIKA
SHUGHULI katika bandari ya Kisumu, Somalia, zimeanza kurudi katika hali ya kawaida baada ya wanajeshi wa Kenya kuutoka mji huo kutoka kwa Al Shabaab majuma mawili yaliyopita.

Wanajeshi wa Kenya wamesema kuwa kuna auhani kiasi katika eneo

Mwanafunzi aaga dunia kabla ya kufanya mtihani

Na TIJUS OMINDE

HALI ya huzuru ilianzika katika shule ya upili ya Friend, Biny-enge wlayani Likayani baada ya mtahiriwa wa kutafiti hana shuleri hano kuzui na kutariki.

Mwanafunzi huyo alianika siku moja tu kabla ya kuanza mtihani wake wa kitalifa wa KSCJE.

Hadidawa kwanba mwanan-

hilo ambalo lilikuwa ngome ya magaidi hao huku wakazi wakionmba marutuku ya makaa iliyowekwa na Umoja wa Mataifa iondolewe.

"Shughuli katika bandari zimeanza kurudi kama kawaida huku marufuku ya biashara ya makaa iondolewe," ahsa wa KDF alisema.

Kulingana na Umoja wa Mataifa, biashara hiyo ya makaa ndilo lilitumika zaidi na Al Shabaab kuji-patia mapato.

funzi huyo amekwa akiingua ugonjwa wa moyo na hueda kupanda kwa mskumo wa damu kutokana na maandazi ya mthani kulichangia mauni yake.

Kulingana na mwalimu wa somo la Kiswahili shuleni hano Bw Walter Omindekocho ni kwanba kifo cha maridhemu kiliwatibiri wafunzi wenji kitalifa.

Bw waminotokoleo alisema idadi wafunzi haswa watahriwa wa kutafiti cha mne kutariywa wabari taraha

Visa vya wizizi wa miwa vyakithiri

Na JOHN SHILLITSA

WAKUZAJI miwa katika Kaunti ya Kakamega wanapata hasara kubwa kutokana na wizi wa mazao yao yakiti mashambani.

Uchunguzi uliofanywa na Taifa Leo ulioryesha kuwa wezi hao wanawalaghai wakulima kwa kujifanya kuwa maalumi wa kwanza kimoja cha sukari eneo hilo.

Mmoja wa wakulima hao, Bw Bernard Wanzala Obila kutoka kijiji cha Lwanyange, Wilaya ya Nambale alisema aliwatunama wezi hao wakikata miwa shambani mwake.

"Nilifahamishwa na jirani alijaji Jumatano kwanba kulikwa na watu waliokuwa wakivuna miwa shambani mwanaga. Nilipofika huko nilipata wamekata kiasi kikubwa cha zao hilo Nilikumbia polisi kupiga ripoti na ndipo wezi hao wakatoroka," alisema.

Kufuatia wizi huo, Bw Obila na wakulima wengine wamitelea hofu ya kushindwa kulipa mkojo wanayodalwa na kampuni ya sukari ya Mumias na hivyo mali yao kulivalwa.

"Mumias walifihama shamba na baadaye



MKULIMA wa miwa, Bernard Wanzala Obila kutoka kijiji cha Lwanyange, Nambale akiongea na wanahabari katika shamba lake ambako miwa ililipwa. Picha/JOHN SHILLITSA

wakanipa mbegu na mbolea, gharamba ambayo ningeipa baada ya kuza miwa ambayo imebwa," alisema Bw Obila.

Naye Bw Philip Alukaka Ocheng pia kuto-ka kijiji cha Lwanyange alishangaa baada ya watu waliokuwa wamemtaka awauzie miwa yake kulwanja shamba lake na kukala miwa hiyo bila kumulissha tena.

"Nilishangaa kupata miwa imesakwa na fahari imekwa kwenye lori kubwa la karibu

tani 30, na nilipojaribu kubishana walinitu pia Sh8,000 na wakondoka," alisema Mzee Ocheng.

Alisema alitarajia kupata Sh12,000 kewa anguza miwa hiyo kwa kampuni ya Mumias.

Wakazi hao sasa wanawataka maafisa wa polisi kuchukua hatua za kuzuia wizi zaidi wa miwa.

Walisema huenda wakatazimitika kuacha kukua miwa iwapo visa hivyo vilendeka.



HABARI hif mwanawa wa...
tu kutoka MAORI

Wednesday, September 7, 2011 / The Standard

QuickStop

petite for Rwandan
are offers rise

Investors are expected to support initial public offerings of Rwandan firms by the government due to high valuations, economic fundamentals and political stability. The landlocked central African nation of 11 million people has been gripped by IPO fever this year, with offerings from brewer Birwa and Bank of Kigali, the country's biggest by assets, among subscribers for almost 100 times the shares on offer. The government plans to sell a 5 per cent stake in the country's biggest insurer Sonarwa (Société Nouvelle d'Assurance du Rwanda), which Nigerian firm IGI owns a 5 per cent stake. It will also have a stake in telecom operator MTN Rwanda, a unit of South Africa's MTN Group, as well as stakes in an unidentified cement firm. "Being a government exit, the government is able to offer a discount which will attract investors," said Nkoregamba webesa, managing director of C Stanbic Financial Services in Kenya.

targets 20 per cent
global 3-D TV sales

An executive of LG Electronics said Sunday that it aims to take 20 per cent of global 3-D TV sales by the end of this year. In a press conference with the Korean media on the sidelines of the global trade show IFA 2011, Kwong Se-won, the company's TV chief, said it was aiming for more than 20 per cent of the world's 3-D TV market with the firm's Cinema 3D TV line on "passive glasses" technology. "As of now, the share of 3-D TVs in the world's liquid-crystal display TV industry is soared 7-10 percent and the portion is rising," he said. "LG's market share is on the increase very day and we believe the situation will even get better by mid-October."

Kenya may issue power
linked securities in 2012

Kenya Electricity Generation Co. is considering issuing asset-backed securities to finance geothermal exploration, as the country aims to install 4,700 megawatts of team-driven power over the next two decades, KenGen may be ready to offer the bonds linked to geothermal resources as early as next year should the authorities allow it, Managing Director Eddy Jorjorge said last week. "We are considering asset-back securities, they would trade on the Nairobi Stock Exchange," Njorjorge said. "We can use steam as an asset to raise funds for drilling. The idea is in the development stage, but we could be ready in six months, a year." Kenya's state-run Geothermal Development Co. estimates the extent of its unexploited resources ranges from 7,000 to 10,000 megawatts.

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Business

Controversy

Mumias on the spot as State denounces sale of land

The sugar miller sold the 841-acre piece of land earmarked for Busia Sugar Factory to recover a debt

BY JOEL OKWAYO

The sale of land at Nasewa in Busia County by Mumias Sugar Company is illegal, the Ministry of Agriculture has said.

The ministry said the 841-acre piece of land in Nambale is Government property.

The State is now working with the Kenya Sugar Board (KSB) to find an investor to build a sugar factory on the disputed land.

"We do not understand how the land was sold as the ministry was kept in the dark," said the Western Provincial Director of Agriculture, John Cheruiyot.

Mr Cheruiyot said the Ministry of Lands should explain the controversial sale.

The sugar miller sold the piece of land to recover a Sh100 million debt owed by Busia Sugar Company.

But the residents have since disputed the amount and the eventual sale, arguing the land did not belong to the defunct Busia Sugar Company, but Government, which acquired it in 1990s at Sh90 million from residents as part of its percentage with investors.

Led by the Western Development Initiative Association vice-chair Joseph Barasa, the residents have peti-



Mumias Sugar Company sold the piece of land to recover a Sh100 million debt owed by Busia Sugar Company. (PHOTO: FILE/STANDARD)

tioned the Government and the Kenya Anti-Corruption Commission, to help repossess the land under dispute.

Mumias MP Ben Washiali has also called on the Parliamentary Committee on Natural Resources and that of Agriculture to probe the matter, saying it was illegal for MSC to sell public land without getting relevant authorisation from Government.

Sugar board directors Billy Wanjala and Mohammed Mukhwana have termed the sale illegal, saying Mumias bypassed the board in the sale.

They also said the miller had exaggerated the debt owed, adding that MSC was only required to recover Sh69 million and not Sh100 million.

"Audits show that Mumias recovered its money from the cane it cultivated on the farm," said Wanjala.

LAND TUSSELE

Civil society groups have joined cane farmers from Busia to fight off the sale of an 841-acre public land by Mumias Sugar Company. The group has warned anyone against buying the controversial piece of land until all the legal hurdles are resolved.

They claimed those behind the sale of the land are individuals closely associated with top management of Mumias Sugar

He urged the Minister for Agriculture Sally Kosgey to call an urgent KSB meeting to discuss the matter.

West Kenya is willing to relocate to Busia to put up a factory if the board clears it.

PRIVATE INVESTMENT

This, the management of West Kenya says, will enable it serve over 40,000 cane farmers in the zone.

"We are aware that there is a public land which was earmarked for a sugar miller around Nasewa region.

"We are willing to abide by legislations and policies that are in place regarding acquisition of such land for private investment purposes," read part of the letter to KSB acting Chief Executive Officer Solomon Odera.

But Barasa has asked on Government to make an advertisement inviting investors on the said land without any political interference.

Kenya interbank, discount window rates extend fall

Kenya's weighted average interbank lending rate and the Central Bank's discount window rate extended their fall, while the shilling eased on improved liquidity.

The weighted average interbank lending rate fell to 12.1424 per cent from 14.0887 per cent on Monday, while the discount window rate fell to 12.68 per cent from 13.71 per cent previously.

The new discount window rate is what commercial banks borrowing from the Central Bank yesterday will be charged.

The rates have been falling after the bank started using a moving average of interbank rates over an unspecified period to compute its discount window rate, in a move aimed at boosting shilling liquidity, after a sharp squeeze.

In a rare intervention last month, Finance Minister Uhuru Kenyatta challenged the central bank to restore monetary stability after interbank rates rocketed. The central bank said on Monday it would hold an unscheduled Monetary Policy Committee meeting on September

14, which analysts said could be used to push up benchmark rates and give the shilling some respite.

At 0642 GMT, leading commercial banks quoted the shilling at 94.75/95, weaker than 94.70/80 it closed at on Monday.

"There is not much activity at the moment. But we expect it to be range bound with a bias to weakening," said Peter Mutuku, head of corporate trading at Bank of Africa.

Improving liquidity was seen weighing on the shilling, with charts showing it could target 97.00 and

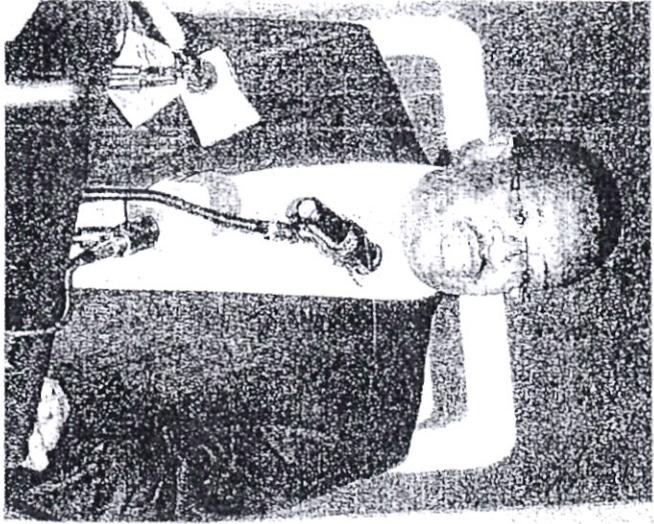
98.00 against the dollar, should it weaken through the 95.00 level per dollar.

Traders said they expected the shilling to trade in the 94.50-95.50 range as the market awaits the MPC decision next week.

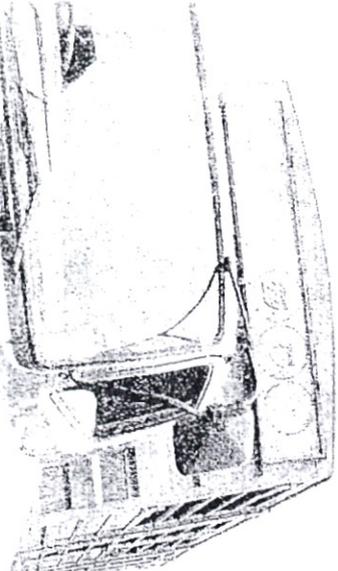
"There is a likelihood of the shilling touching 95.00 in the next two days, especially with the market awaiting the MPC meeting next week," said Mutuku.

—Reuters

GOOD NEWS: Co-operative Bank of Kenya Managing Director Gideon Muriuki addressing the press on the firm's profitable performance for the first six months of the year.



PROTEST: Civil Rights activist Okiva Omtatah (left) flanked by the Vice-Chairman of the Western Development Initiative Association Joseph Barasa address the press at the National theatre where they objected the sale of Busia Sugar Company/land by Murimas Sugar Company claiming that it was public land.



Wednesday, September 7, 2011 / The Standard

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Business

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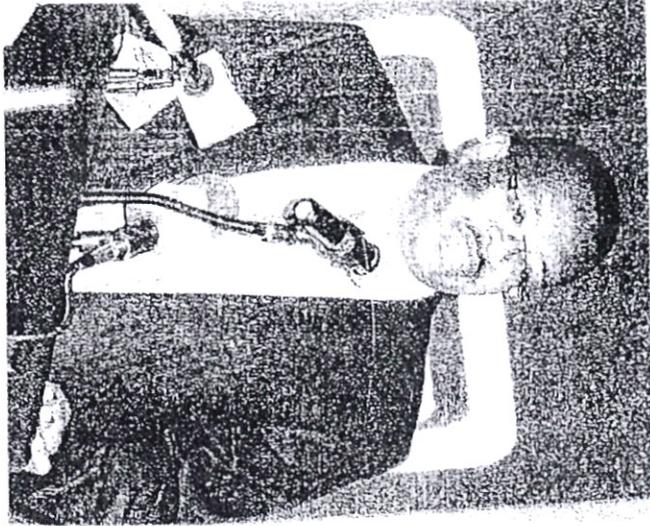
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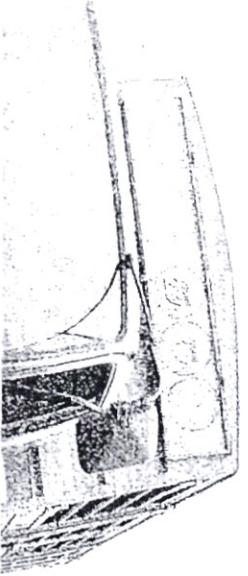
P24

BUSINESS • PICTURE SPEAK

GOOD NEWS: Co-operative Bank of Kenya Managing Director Gideon Muriuki addressing the press on the firm's profitable performance for the first six months of the year.



PROTEST: Civil Rights activist Okiya Omtatah (left) flanked by the Vice-Chairman Joseph Barasa address the press at the National theatre where they objected the sale of Busia Sugar Company land by Mumias Sugar Company claiming that it was public land.



New factory

Battlelines drawn as investors jostle to build sugar factory

Four firms are vying for the right to put up the facility in Busia

By PATRICK GITHINJI

The Busia sugar zone in Western Kenya has become a battleground, as investors jostle for the right to construct a sugar factory.

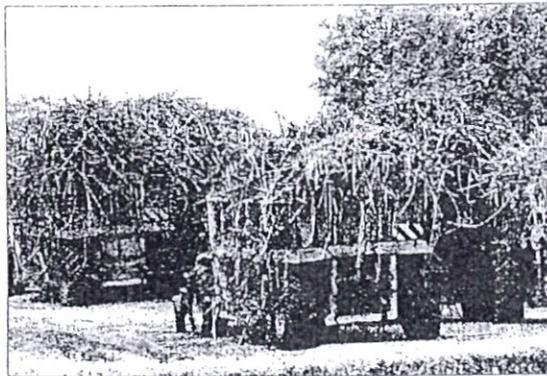
The scramble, which is pitting four companies against each other, has already attracted Sh5 billion investments from one of the companies that is determined to construct the factory at Nasewa in Nambale constituency. The Government bought the land more than 20 years ago for that purpose.

The Managing Director of Kaploony Enterprises, which is the highest bidder, Birey Singh, says his company has already secured necessary funds to invest in the multi-billion shilling facility.

"We are only waiting for clearance from the Kenya Sugar Board (KSB) then we move into action," says Singh.

Other companies vying for a chance to construct the long-awaited sugar factory in Busia county include West Kenya that has a factory in Kakamega county, Cherry Sugar of Mauritius and Africa Polysac. All these firms are yet to declare the amount of cash they have set aside to invest in the proposed facility.

The Western Development Initia-



The scramble for Busia's fertile soils comes amid fears the country's sugar sector could collapse with the expiry of Comesa safeguards.

tive Association Vice Chair Joseph Barasa hailed the competition, saying it was good for the Busia economy.

OWNERSHIP OF LAND

Barasa, however, called for caution in dealing with investors, saying there are bound to be numerous court cases over the ownership of land and the manner in which any investor is cleared to commit their investment in the area.

The scramble for Busia's fertile soils comes amid fears that country's sugar sector could collapse with the expiry of Comesa safeguards. The tariffs were scheduled to fall to zero next year, opening up the Kenyan

market to sugar from regional producers, some of whom are far more efficient and therefore make cheaper sugar.

Some of the countries in the Comesa region with cheaper and more sugar output include Sudan, Mozambique, and Uganda.

Currently, the country continues to experience a sugar deficit of more

“We are only waiting for clearance from the Kenya Sugar Board (KSB) then we move into action.”

THE COMESA ISSUE

- Government plans to seek a two-year extension of the commodity import safeguards.
- Agriculture Permanent Secretary Romano Kiome said reforms aimed at making its sugar industry competitive failed to move fast enough.
- Kenya is expected to fully open up its market to imports from the Comesa states after years of an arrangement that allowed it to charge steep tariffs to protect its sugar farmers.

than 300,000 tonnes annually.

SEEKS EXTENSION

This has complicated matters for the sector, even as Government seeks a two-year extension of sugar import safeguards from the Comesa region to give more room for the country's millers to boost their capacity to compete effectively.

Previous attempts by the Government to make the sector more competitive, including the stalled privatisation of state-owned sugar millers have fallen short.

To cope with the growing competition and costs of production, some sugar millers have started investing in other related businesses including production of ethanol, electricity, bagasse, alcohol, spirits, fertiliser and bottled water.

STANDARD SPECIAL REPORT
SUGAR WOES

Civil society tests over an to sell -acre farm

analyse Mumias in order the Busia

NGO

ns have joined sia to fight off 1,841-acre pub- gar Company. ent Initiative evnans for Jus- (Kejude) Trust, city Congress day threatened at the factory if any fails to va-

lists in Nairobi, ple against buy- piece of land is are resolved. used public ly acquire the ple establish a npany.

RS not purport to hich is public," Vedia vice chair-

He argued that Mumias has only been using the Nasewa land following an agreement between the two companies for a duration of five years, which ended on the June 30.

"We are surprised that Mumias Sugar Company claims ownership of the land and is in the process of selling it off to third parties without following the due process of disposing public assets," said Barasa.

The civil society members claimed those behind the sale of the land are individuals closely associated with the top management of Mumias Sugar, senior civil servants and influential politicians.

"This is prime land for Busia County and yet they want to sell it for a paltry Sh100 million.

"We promise to resort to all legal means to force them out including mobilising farmers to paralyse their operations in the area," said Okiya Omtata of Kejude.

GOVERNMENT

The Busia Sugar Company was formed and allocated the land by the Government with the directorship granted to Japheth Lijodi and Richard Kemoli of Booker Tate who held 33 per cent shareholding and the Government the remaining 67 per cent.

Booker Tate withdrew prompting the Government to relinquish its ownership to Busia Sugar Company.

But it soon encountered fiscal and operational problems before the Ke-



THEIR DEMANDS

Farmers and civil society members warned people against buying the controversial piece of land until all the legal issues are resolved

They claimed those behind the sale of the land are individuals closely associated with top management of Mumias Sugar, senior civil servants and influential politicians.

They said the land in question is prime and important for Busia County and should not be sold for 'a paltry Sh100' million.

nya Sugar Board appointed Mumias Sugar to manage it.

Farmers became suspicious when

Mumias Sugar Company says the decision to sell the land was arrived at by the board to recover over Sh100 million loaned to Busia Sugar Company. [PHOTO: FILE/STANDARD]

a commissioned search last month at the Busia Lands Office confirmed that the ownership had been registered under Kaplong Company Limited.

A second search later revealed that the land was still the property of Busia Sugar Company.

The farmers then commissioned an investigation that further deepened their suspicion and prompted them to take the matter to KACC.

In July after going to court, the farmers lost a civil case at the Bungoma High Court which granted leave to Mumias Sugar Company to sell the land to recover its money.

BUYER

When reached by phone, the Mumias Sugar Company CEO Evans

Kidero said the decision to sell the land was arrived at by the board to recover over Sh100 million loaned to Busia Sugar Company.

He said they were in the process of selling the land although they are yet to get a buyer.

"We are exercising our statutory right to recover the money we loaned to the sugar company.

"If anyone gives us that much we will walk away," said Kidero who also denied that there was corruption involved.

He claimed that during the four years Mumias Sugar was in charge of the land, farmers in the area had resorted to burning the sugar cane before maturity and so the factory never managed to recover its money.

Lawyer speaks out on controversy-ridden sale of defunct Busia Sugar Company land

By ROBERT WANYONYI

The saga surrounding the controversial sale of Busia Sugar Company land has taken a new twist.

A law firm representing Mumias Sugar Company maintained that the sale followed due process and is still on course after all.

Wetang'ula, Adan and Makokha Advocates Company emerged to state its side of the story, accusing political leaders from Western Province of "commenting on an issue that they have little knowledge about".

In an exclusive interview with *The Standard* at the firm's offices in Bungoma town, lawyer Amos Makokha stressed that the firm acted on orders from its client.

Mumias Sugar Company was seeking buyers for the land (Bukhaya/Nasewa) 15000 measuring 614 acres after its owners, Busia Sugar Company

defaulted to repay a loan. "Between the years 2005 and 2006, Busia Sugar Company which we still believe is a purely private company was unable to pay its farmers payment for cane deliveries totalling to Sh100 million. The company approached Mumias Sugar Company to be given a loan totalling the same amount and placed the land as its only security.

"Now, almost six years down the line, the borrower has failed to repay the amount and we are simply following the legal process to recover our client's money from the sale of the listed security," explained Makokha.

He added that as at February 28 this year, the money loaned to Busia Sugar Company had accrued some interest and the total stood at Sh119, 608, 839. On claims that Mumias had recovered almost all its loan after harvesting cane on the land for the past six years, Makokha claimed that noth-

ing had been recovered from the land since arsonists have been burning down the cane every time it neared maturity.

"Mumias has instead been incurring heavy losses from the whole deal because after preparing the land and applying all the requisite input over the years, arsonists have been coming in at the last stage to set the cane on fire. So, anyone saying that we've recovered anything from the land is not getting facts rights here," said the lawyer.

INSTRUCTIONS

Makokha insisted that Mumias approached his firm with instructions to seek a buyer for the land after a company board meeting resolved that Busia Sugar Company was unable to repay the debt.

"Four companies bid for the purchase but Kaplong Company Limited

emerged as the highest bidder after bidding for the land for Sh100, 500, 000," said Makokha.

He threatened to take legal action against political leaders who have accused his firm of acting improperly in the matter. Lugari MP Cyrus Ironge and his Ikolomani counterpart Bonny Khalwale over the weekend castigated the firm, associated with suspended Foreign Affairs Minister and Sirisia MP Moses Wetang'ula, for allegedly trying to take away the land in controversial circumstances.

The MPs called for investigations into the matter and tough action against those behind the scandal that was brought to the fore by *ITN*.

But Makokha clarified that Wetang'ula resigned from the law firm after he was appointed as the Assistant Minister in the Ministry of Foreign Affairs in 2008 and that currently the MP has no stake in the firm.



January 14, 2012 / STANDARD ON SATURDAY

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NEWS

Villagers block road

Environmental problems

Residents of Kapkiam in Ainamoi have blocked the road because the company that is supposed to rebuild a stretch of the road had failed to sprinkle water to prevent dust.

The county branch office in Ainamoi, who was contacted, said the road was blocked.

When asked what to do, the county branch office said it will spend the money to clear the stretch," he said.

The district Public Health Officer issued a notice to the company to sprinkle water to prevent dust diversion.

The health official said the dust was a public health nuisance that should be addressed.

Residents of Chagaik, Kapsaos and Tendwet have suffered air pollution since the construction works began on the road.

The notice was issued after the local community threatened to hold demonstrations against the company.

It was copied to all public health officials in the affected areas, OCS Kericho Police Station, National Environmental Management Authority and the Kericho Law Courts.

The construction of the 140km road funded by the World Bank at Sh14.8 billion is behind schedule by more than one year.

The construction of the Kericho-Mau Summit section was expected to take 24 months while the Kericho-Nyamasaria section was to take 30 months.

Court stops construction of weighbridge

By ALLAN KISIA

A magistrate has stopped the construction of a weighbridge in Busia County by a sugarcane miller.

Cane farmers from Busia moved to court to stop the project by West Kenya Sugar Company under a certificate of urgency.

Busia Principal Magistrate EH Keago issued a temporary injunction stopping the construction, operation or commissioning of the weighbridge at Olepito area along Busia-Mumias Road.

"Failure to obey, you will be in court for contempt and liable to punishment either by your personal arrest and committal to a civil jail for not less than six months or by attachment and sale of your movable property," the court order read in part.

Three farmers— Venswa Okwara Mutoka, Emmanuel Wandera Ombworo and Alfred Okiring Juma filed the application. The application will be heard inter partes on January 26.

Sugarcane wars turn nasty as farmers threaten rival miller

By STANDBARD REPORTER

Matharua and Busia counties in western Kenya state an alliance to curb sugarcane-poaching by farmers in their respective sugar growing regions of the region.

The farmers want the State to force Kenya Sugar Company to stop poaching cane belonging to Mathias Sugar Company (MSC), Kenya Sugar Company and Bururi

Sugar Company. They say cane poaching has adversely affected sugar development and production. They threatened to call for demonstrations and block link roads in the region.

"We are angry and tired of a single operator trying to kill the only economic backbone," said Ali Faach Mirimo. West Kenya is a private miller located near Kakamega town. The farmers said after a meeting in Muiyas town that a

senior politician is involved in the activities of the offending firm and want a presidential intervention.

FIRM'S DENIAL

Recently, West Kenya argued that it gets cane from independent farmers who grow the crop. It also rubbished cane-poaching claims and asked rival millers to prove. "There are private cane farmers in Busia and Bungoma Counties who are not contracted

to any mill and are free to sell their crop to a miller of their choice," said Michael Mochumo, the human resource manager at West Kenya. Mochumo added that the millers should not force private farmers to sell cane to them.

Last week, MSC announced it is set to lose about 72,000 tonnes of sugar a year due to cane poaching from its contracted farmers. The farmers are concerned that cane poaching is likely to af-

fect sugar firms operating in the region.

"We are not prepared and we are not going to let a single private company play a leading role in the collapse of the country's leading sugar producer in which we also invested millions like we witnessed it happening to Pan Paper Mills Ltd," said Mirimo.

They want West Kenya to invest in its own cane instead of poaching from rival millers.

THE UNTOLD STORY OF BUSIA AS LOCALS PURSUE



CONTRIBUTORIAL-The expansive Naseswa Farm with a sugarcane plantation.

FRUITFUL: A peasant farmer who lost land in Naseswa Village.

BY KIANGA OGWEMBA

I'll begin by a brief press release sent by human rights campaigner Okiya Otiiso. Otiiso like him, Ombaka was at the Kenya National Theatre, a facility he is reputed of having, from being imprisoned in the 1990s when he participated in the Mau Mau rebellion.



good to neighbouring Uganda African countries. Naseswa Farm is an expansive land of 843 acres or 341.2 hectares that was purchased by the Government of Kenya from SAS of Busia. The Naseswa, 1990s their families were sold out and their land bought to set up a sugar factory called Busia Sugar Factory that would mitigate poverty in the area by providing employment, good roads, market benefits associated with the economies of scale. Every acre was bought at \$100,000.

...ing good, imported through the Kenya port of Mombasa to landlocked East African countries such as Uganda, Rwanda, Burundi, and DR Congo.

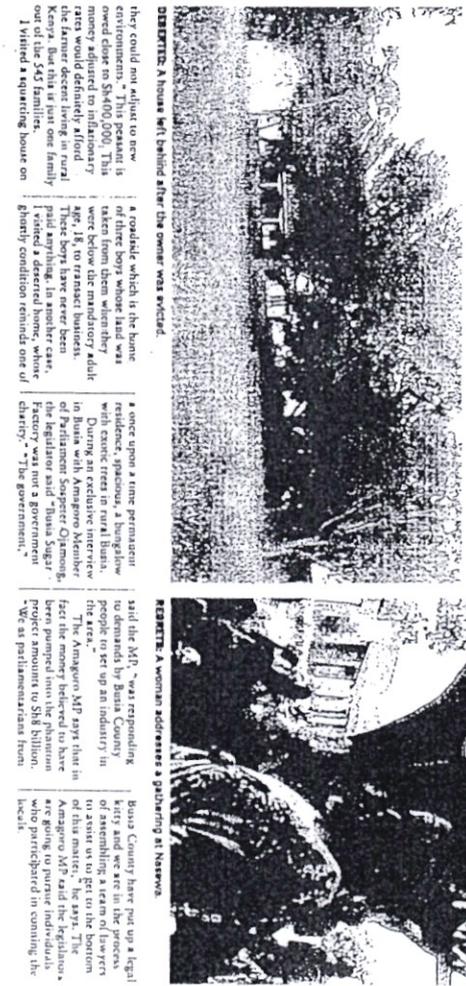
...the town, a night would I could not read, write or venture outside to sample Busia at night. The town center is just torn with no remarkable streets. The town center is just torn with no remarkable streets. The town center is just torn with no remarkable streets.

...the upshot is that there are families which were interested in land acquisition and today they have become pauper. It is now about 20 years since these people were evicted from their ancestral lands. There is no sugar factory in this country. There is no sugar factory in this country.

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NASEWA FARM IN THEIR 'STOLEN' LAND



DEBRIETS: A house left behind after the owner was evicted.

RESISTANCE: A woman addresses a gathering of Naseswa.

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August 12, 2012 / STANDARD ON SUNDAY

Mumias cries foul over increased cane poaching

BY JAMES ANYANZWA

Mumias Sugar Company (MSC) says it stands to lose about 72,000 tonnes of white sugar annually due to cane poaching from contracted farmers.

"We are talking of a serious problem that is threatening to escalate into a crisis unless it is tamed immediately," said Moses Nyongesa, the company's director-in-charge of agriculture, adding that the problem was hurting the industry.

In a statement, yesterday, the country's largest sugar miller said it was losing more than 500 tonnes of sugarcane daily due to poaching by its competitors in western Kenya.

It accused the competitors of unfair business practices.

MSC expressed concerns that the company, government and cane farmers stand to lose millions of shillings in annual revenues unless the Government intervenes.

"We want the Government to in-

tervene because it is getting out of hand," said Jacob Mirimo Makokha, cane farmers' spokesman.

Nyongesa singled out Busia County as the most affected. "I am appealing to farmers contracted to us to resist selling their sugarcane to companies to which they are not contracted to," he said.

SIMMERING ROW

Last month MSC moved to quell a simmering row between private

farmers growing sugarcane within its zone and the company's anti-cane poaching unit, which deals with cases of sugarcane theft from contracted farmers.

Chief executive Peter Kebati said MSC would not tolerate jaggeries and other rival millers who are preying on sugarcane developed by Mumias.

"We have invested a lot of money in cane development and that is why we are safeguarding what be-

longs to us. We do not intend to harass any private cane developer though," he said.

Kebati said MSC incurs huge costs on inputs and ploughing and that the company risks losing huge investments if a contracted farmer sold the produce to another miller.

"The seedlings and fertiliser are given to farmers on credit to be recovered during harvesting. We will lose a lot of money if our farmers sold to other millers," he said.

FARMERS CLAIM THEY HAVE WAITED FOR ABOUT THREE TO FOUR MONTHS FOR THEIR DUES

Farmers to get pay for cane deliveries

against falling prey to individuals out to cause confusion and chaos in the sugar sector in the area.

"You must refuse to be intimidated and support our efforts to assist you expand sugarcane acreage for your own good," he told the farmers.

A section of growers had called upon the company to pay them without further delay having waited for at least three to four months.

"I have not been paid for my crop delivered at the factory early March," said Mr Patrick Ogutu Atitwa from Kholera village in Matungu district.

Mr Kebati attributed the delay to minor hitches at the sugar miller which according to him, had already been addressed.

"We want farmers to enjoy fruit of their labour and as a

He said unlike the tea and coffee sub-sectors, the farmers and processors of the crops have time and again been bailed out of persistent problems by the government to keep them going while the sugar industry which has

been grappling with a wide range of challenges has been abandoned to predators.

Mr Barasa said measures must be put in place to ensure that sugarcane poaching menace is eradicated.

Bishop Beneah Salala

of the Anglican Church of Kenya said farmers continue to suffer due to the government indifference towards sugarcane farming.

"It is a cash crop just like others and must be promoted so that farmers can realise

profits," said the cleric.

He said sugarcane just like coffee and tea must be categorised as a food crop since the sugar industry supports many livelihoods in Kenya.

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Leaders to blame for the sugar industry crisis

Joseph Manyasa jmanyasa@westfm.co.ke

10:45:00

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The current elected leaders from the country's sugarcane belts are to blame for the crisis that is raging and threatening the survival of the country's sugar industry with total collapse.

They totally failed to lobby for, craft and enact legislation that protects sugarcane millers and farmers from the government like that enjoyed by tea and coffee farmers throughout the country.

The Western Kenya Sugarcane Development Initiative Association (WEDIA) has declared that the worst aspect of this crop of leaders is that instead of fighting for the interests of the farmers and the millers turned out to be that they preyed on the millers to satisfy their personal interests.



company.[PHOTO|West Fm|File]

Chairman Joseph Barasa says: "There are no former and current Members of Parliament (MPs), Governors, Women Representatives or even County Representatives from the country's sugarcane belts in the former Nyanza and Western province who have come out with tangible steps that could save the sub-sector that is threatened with collapse."

Barasa argues that the tea and coffee sub-sectors' farmers and processors have time and again been bailed out of persistent problems by the government to keep them going while the sugar industry which has been struggling with a wide range of challenges has been abandoned to predators.

The Sugarcane Development Fund which is under the Kenya Sugar Board (KSB) gets its revenue directly from the industry to try and shore it from adverse challenges, but this is not enough. The government and the leaders from the sugar belts have an obligation and responsibility to the sugar sector that they have failed

he said.

IA boss says that it is because of this failure, compounded failure to put in place sound policies, and programmes with effective implementation that has led to the adverse consequences that the industry is facing in the country.

an example of the recent meeting where a section of MPs from Western province met President Uhuru who expressed his concerns about the performance of the country's giant sugar company, Mumias company among other millers, but none of the MPs raised any tangible issue concerning the sector.

sa says: "Yet these very same MPs, Senators, Governors, Women Representatives and even County representatives know very well that sugarcane farming is the economic backbone and the only cash crop of the people who elected them into office. They also know that there are extremely serious problems plaguing the industry the more than two years sugarcane poaching crisis that has brought the industry to its knees."

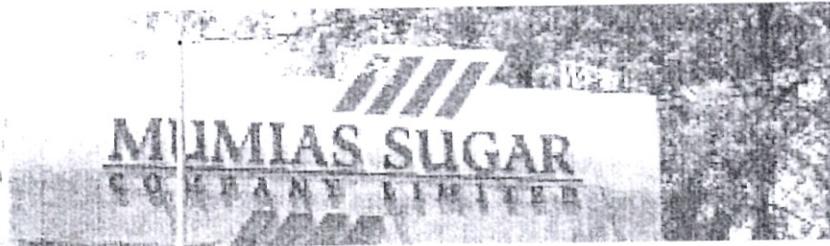
mean that these elected leaders want sugarcane production, the milling of sugar including the production of related by-products to collapse meaning the economic collapse of the region to take place so that their people are consigned to permanent poverty?," he posed.

For sugar companies which are threatened by a conglomeration of challenges in Kenya include, Nzoia, the oldest Kenya Sugar Company which in collaboration with the KSB is at the centre of the sugarcane crisis in Western province.

Others located in the former Nyanza province sugarcane belt include, Sony, Kibos, Chemilil, Muhoroni and the oldest sugar company Miwani which collapsed more than a decade ago and is yet to be brought back to life.

Among sugar companies in the country, Mumias Sugar Company is the only company which has consistently posted sterling performance and profits before and after its privatization.

Mumias Sugar which produces half of the country's annual sugar supplies is also the first to embrace diversification in sugar production, electricity production sold to the national electric grid with diversification into bottled water production – yet its operations and performance has been adversely hit by the ongoing sugarcane poaching from its contracted farmers both in Busia and Kakamega Counties.



the company had invested more than Sh. 3 billion in sugarcane development, since the eruption of the sugarcane poaching crisis triggered off by KSB and West Kenya which has no contracted farmers nor ever invested in any development programmes, it has been losing more than Sh. 3.5 billion annually as a result of the sugarcane poaching crisis.

Busia County farmers' Spokesman, Venswa Okwara accused some of the elected leaders from the region of being compromised by the cartel behind the sugarcane poaching crisis to turn a deaf ear and blind eye to the crisis as the entire sugar industry is compromised to its demise.

He demanded that these elected leaders should explain to the electorate who are sugarcane farmers who elected them.

n why they are keeping quiet when the economic backbone of the entire region is deliberately being killed like it happened to the cotton industry in these same regions," says Mr. Okwara.

says the situation has been worsened by the same leaders' failure to enact legislation, policies and programmes that could have drastically reduced the high costs of sugarcane production in the country despite having severally been granted safeguard periods by COMESA where member countries' production costs are extremely low.

farmers' spokesman says that the other nightmare plaguing sugarcane farmers is the recent announcement by the government that it would not seek any more extension for COMESA safeguards which will render the expensive farmers' produced sugarcane irrelevant.

says that the situation is so bad on the ground that the cartel involved in sugarcane poaching are now harvesting under-age sugarcane that is below 7 months instead of the mature one which is supposed to be 17 months and above, this implies that the region is rapidly running out of sugarcane which may force the closure of factories.

01/15/2013 12:04 PM

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