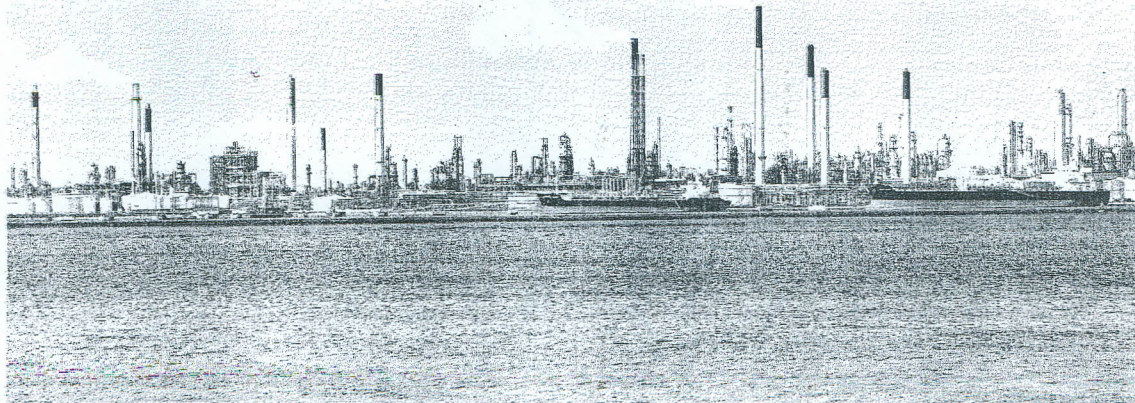


# BUSINESS



REVIVING LEATHER SECTOR  
Mohamed says Kenya will build a Sh7 billion city in Machakos. P.35

ENERGY | Kenyan motorists yet to enjoy the benefit from declining costs



ROSLAN RAHMAN | AFP

Smoke rises out of chimneys from a Shell oil refinery on Pulau Bukom, five kilometres to the south of the main island of Singapore yesterday. Oil prices slumped to fresh five-and-a-half-year lows in Asia yesterday, with weak demand and a supply glut putting relentless pressure on the industry.

## All eyes on regulator as global oil price falls to trade at six-year lows

Consumers today look forward to a huge cut as free fall of the sector seems far from over

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The Energy Regulatory Commission is today expected to announce new fuel prices, with consumers expecting a high reduction as global prices continue on a free fall.

Yesterday, the US benchmark crude fell to a new low, at \$45.25 a barrel, prices last seen in April 2009.

The crude was selling at \$106/bbl in June, or a 57 per cent drop.

The ERC has in the last four consecutive months announced reductions in pump prices, but the consumers have been sceptical, saying the State-controlled prices do not reflect the reality

in the global market.

"We expect a significant drop in the prices of fuel based on the fact that crude prices have dropped to less than \$50 per barrel," Consumers Federation of Kenya secretary-general Stephen Mutoro said.

The ERC points to taxes and the time lag between when the global prices fall and the actual receipt of the specific cargo at Kenyan depots for the differences.

### Prices that are lagging

"Our pricing is always lagging behind the crude oil prices. It takes into consideration an average of the previous two months, hence the supply chain takes time before the benefits can be realised," Mr Mwenda Nyanga,

the lead consultant at Oil and Energy Services Limited said.

Consumers, however, say the ERC needs to find ways to address the difference and give the market more realistic prices. Nothing short of a drop in price to Sh85 a litre in Nairobi for petrol, from the current Sh102, will be acceptable, they argue.

"There are many ways that the ERC can use to address the issue of the time lag, including making a prediction based on

the three-month average," Mr Mutoro adds.

In the last price review carried out mid-December, the ERC announced a Sh4.94 reduction in the price of kerosene per litre and Sh4.79 and Sh3.67 for super petrol and diesel, respectively.

### Product, insurance, freight

According to a breakdown of the costs considered in determining the pump price obtained from the commission last month, the cost of super petrol, which is inclusive of the purchase price of the product, insurance and freight charges, among others, accounted for some 55.89 per cent of the cost at which the product is currently retailing in Nairobi.

45.25

What a barrel of crude oil was trading at yesterday

## Single platform to host all government tenders

BY NATION CORRESPONDENT

The government is to create a single portal on which all public tenders will be deposited. Ministry of Information, Communications and Technology Principal Secretary Joseph Tiampati said the platform would make it easier for coordination and to obtain feedback.

"This will offer the public easy access to information on government tenders, and its development agenda and also provide a mechanism for feedback," he said.

Mr Tiampati spoke yesterday at an e-participa-

tion event at the United Nations offices in Nairobi. The announcement comes months after the government said it would centralise its advertising, a process that is to be initiated within the first quarter of this year.

Mr Tiampati, who represented ICT Cabinet Secretary Fred Matiang'i, said plans to centralise the tendering information and process, was part of a wider goal of increasing public participation in government initiatives through ICTs.

The e-participation workshop, organised by the United Nations Department of Economic and Social Affairs (UNDESA), is meant to chart ways

of engaging citizens in development, policy and decision-making using ICTs.

"E-participation can help governments to be more efficient, transparent and accountable and to improve the lives of citizens," Mr Vyacheslav Cherkasov, senior governance and public administration officer at UNDESA, said.

According to United Nations Economic Commission for Africa chief, new technologies and innovation Kasirim Nwuke, participation is determined by the state of ICT infrastructure. In many countries, however, broadband infrastructure development remains very poor.

## BRIEFLY

### COMPETITION

#### Nairobi varsity tops in investment challenge

The University of Nairobi emerged top in this year's certified financial analysts East Africa investment challenge on Monday. Having beaten other universities in the region, it will now represent East Africa in Amsterdam, the Netherlands, in vying for the global award. Five investments and commerce students from the university trounced their closest rivals Strathmore University in the finals. They will now travel to the Dutch city in March for the challenge.

### EXPANSION

#### Bank eyes SMEs with new Machakos branch

NIC Bank has opened a new branch in Machakos County as part of its expansion plans targeting more retail customers. The outlet, which was opened this week, will bring the total number of the bank's branches in Kenya to 25. NIC Bank Group managing director John Gachora said the listed lender was "looking to tap into the value chain in Machakos, which is growing fast". NIC Bank has an asset finance unit serving customers who have in the past been catered for from Nairobi.

### AGRICULTURE

#### No devolution for tea please, insist farmers

Tea farmers in Nyeri County have rejected any move that will place the leaf's production under the management of the county government despite Agriculture being a totally devolved function. Speaking during an annual general meeting at Gathuthi Tea factory yesterday, hundreds of growers made it clear that they will continue to operate under Kenya Tea Development Agency, arguing that the county lacks the structures and mechanisms to manage the cash crop's farming and marketing.

### TELEPHONY

#### Smartphone sales to jump 1,000 per cent

Smartphone purchases worldwide will this year increase by more than 1,000 per cent. According to a report released yesterday by Deloitte Touche Tohmatsu Limited (Deloitte Global), the gadgets will, however, fail to replace the traditional wallet contrary to industry forecasts. This year is also said to be the tipping point for consumer adoption of in-store smartphone payments according to the 14th edition of Technology, Media & Telecommunications Predictions.