

# Little hope for revival of Mumias Sugar after cash injection

SUNDAY APRIL 22 2018

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The Mumias Sugar. FILE PHOTO | NMG

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- The government, which owns a 20 percent stake in Mumias, has already bailed out the company to the tune of Sh3.5 billion but this has since been consumed, with no improvement in its earnings or capital position.
- Taxpayers will likely sink in more billions to rescue the miller if the government remains averse to shutting it down.
- The government has been releasing the money in batches since 2016 with most of it being used to pay farmers' arrears.

The government appears to be throwing in the towel in its efforts to help in the revival of Mumias Sugar Company, having seen little signs of life despite pumping in billions of shillings in the miller.

Deputy President William Ruto, during a recent tour of Kakamega County, said the government had done much in helping the struggling firm but the revival progress has not been impressive because the

millar lacks a sound revival plan.

"To date, the government has given close to Sh4 billion to Mumias towards the bailout programme. But there is nothing to show [for] this money in Mumias," said Mr Ruto.

He said he had asked the management of the company to come up with a convincing turnaround strategy if it is to attract any more funding.

Speaking in Kakamega Town during the homecoming ceremony of Education Cabinet Secretary Amina Mohammed on April 14, the deputy president said the government is still committed to ensuring Mumias reclaims its lost glory.

"Once we [are] convinced that the turnaround plan is ready, we shall collaborate with the governor of Kakamega and put enough money in Mumias once and for all," he said.

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READ: Cane farmers storm Mumias Sugar demanding three-year unpaid dues (<https://www.businessdailyafrica.com/news/counties/Cane-farmers-storm-Mumias-Sugar/4003142-4372560-12uohkcz/index.html>)

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Once a giant sugar miller in the country, Mumias has over the past years been grappling with huge debts, archaic machinery and flooding of cheap imports into the market, making it difficult to compete.

Matters took a turn for the worse after three commercial banks recalled Sh2.6 billion loans they had disbursed to the miller, testing efforts to rescue it from liquidation.

Ecobank Kenya, KCB and Commercial Bank of Africa have demanded to be paid their Sh1.7 billion, Sh480.1 million and Sh364.5 million loans respectively, breaking ranks with other lenders, including French investment fund Proparco, who are owed Sh9 billion.