EXCLUSIVE!! Details you didn’t know about Kisumu Molasses Plant

By **NANCY OKUTAH** - August 13, 2016

By Washington Ndalo

The Kisumu Molasses plant, inaugurated in 1977 was a white elephant by 1982, when the Kenyan government, which owned 51 percent of the plant, on account of its Ksh 86.7 million investment, abandoned it as did the major private shareholder, Nitin Madhvani.

By the time of its abandonment the government-private partnership had invested about Ksh 170 million in the venture to produce ethanol.

Treasury estimates, in 1982, showed that the plant was making annual average losses of Ksh 135 million and had debts amounting to Ksh 625 million. The Moi government pulled the plug on the plant by refusing to guarantee any more loans.

The auction of all movable assets of the plant was advertised on July 10, 1995, and the actual sale was to take place on April 15, 1996, but it actually took place on June 3, 1996.

Raila attended the public auction undertaken by Panama Rovers Auctioneers and made a bid for the plant in its entirety at a price of Ksh 570 million, which the receiver, Kenya Commercial Bank, accepted. Following the payment of 25 percent of the bid price, Ksh. 142.5 million, a controversy arose as the receiver, introduced a new change of terms, implying that the purchase does not confer any land lease or land ownership title to the buyer.

Every Kenyan has a right to have equal access to leasehold opportunities, but the Moi government denied Raila this Right and only granted it when he joined KANU. He got a leasehold for 99 years.

For your information The Kenya government owns millions of acres that leaseholders have left idle, but here was Raila who was clearly upto putting the land into the best economical use, but was being denied a chance to do so because of his politics.

In 2001 Raila paid the land’s rent arrears that had accumulated unpaid for 20 years and all other required government fees.

The Kisumu Development Trust is a registered entity with its own articles of association and directors, elected by the registered contributors of the Ksh 1.8 million that was used to purchase a 5 percent stake in the plant. So, of course the shareholders do enjoy all rights and privileges commensurate to their respective shares, which would ordinarily include dividends.

The current chairman of the Trust is John Otega and some of the prominent personalities that have served as directors of the Trust include the late Joab Omino and George Ngure, who has served as an MP for Rarienda 1997-2002.

The plant pays more than Ksh 1 billion in taxes annually and has about 500 employees.

We can have our political differences but we should never deny equal opportunity to seek and acquire property, if we want to prosper as a nation.

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