

Funding.

State ends bailouts for KQ to pave way for restructuring

Edwin Mutai

Kenya Airways (KQ) is among several State entities that the Treasury has denied funding in the financial year starting July 1, to pave the way for restructuring.

Treasury PS Chris Kiptoo told Parliament that KQ, as is known by its international code, has not received any bailout in the financial year 2023/24.

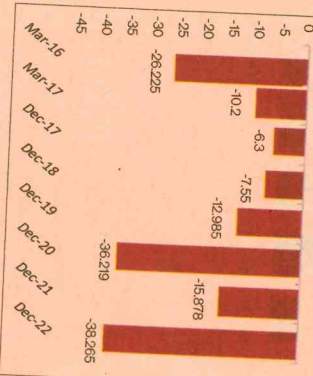
"We have cut funding for KQ, which received a substantial bailout in the last and the current budgets," Kiptoo said.

"We have prepared a Cabinet memorandum on the turnaround strategy of Kenya Airways that is currently before the subcommittee of the Cabinet. The memorandum will be tabled in the full Cabinet next week."

Dr Kiptoo told the National Assembly's Finance and Planning committee that the Treasury has prepared sever-

KQ net earnings (Sh Bn)

The airline more than doubled its full year loss to Sh38.26bn



SOURCE: COMPANY STATEMENTS

al options to rescue the struggling national carrier.

"Do we do away with KQ? Do we restructure it? or bring in a strategic investor? These are some of the questions that we are seeking answers to. If the Cabinet makes a decision, we will go by any of the options on the table."

said Dr Kiptoo.

Appearing before the committee to defend the Treasury 2023/24 budget, Dr Kiptoo disclosed that the vote on Budget Formulation, Coordination and Management had been increased by Sh2.5 billion mainly on account of "a drop in government investments e.g. in KQ."

He said KQ received a Sh36 billion bailout in the 2021/22 financial year and Sh20 billion in the current financial year, which was scaled down to Sh10 billion in the Supplementary Budget in April.

"I confirm here that there is no allocation for KQ in the 2023/24 financial year," Dr Kiptoo said in response to questions filed by committee chairman Kuria Kimani who demanded to know why the government had decided to drop some of its investments in corporations such as KQ.

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Energy.

Kenya to build 3 more ships for Uganda fuel

Victor Raballa and Angeline Ochieng

Kenya plans to build three more ships to enhance the export of oil products to Uganda through Lake Victoria.

Energy and Petroleum Cabinet secretary Davis Chirchir said this would ensure daily trips from the current weekly voyages to the landlocked country.

Despite being launched in early January, Kenya has only shipped 20 million litres of petroleum products.

Mr Chirchir, while noting that the Sh2 billion project that was completed in February 2018 is being underutilised, said the government is on track to regain its market share of East Africa's oil exports.

"We have embarked on building three more ships so that the jetty can be doing shipments daily," said the Cabinet secretary.

The fuel is transported to the Mahathi terminal in Entebbe, where

the product is loaded onto trucks to Rwanda, South Sudan, Burundi and the Democratic Republic of Congo.

Other than being cost-effective, Mr Chirchir said the haulage through the lake would help reduce road congestion and improve the reliability of supply.

According to the minister, a single ship across the lake with the capacity to carry 4.5 million litres of oil products is equivalent to 135 trucks.

"I am encouraged by the fact that transportation of petroleum products via lake has minimised road carnage, adulteration and dumping of petroleum products," said Mr Liban.

Mr Chirchir spoke in Kisumu last week after touring the 95-metre-long oil-loading jetty owned by the Kenya Pipeline Company.

He was accompanied by Energy and Petroleum PS Mohamed Liban and KPC managing director Joe Sang.

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