

Kenya Airways: 'Pride of Africa' tries to stop a long fall

AFP, Nairobi

When Kenya Airways published the country's worst-ever corporate results last month, the scale of the loss revealed the effects of several disastrous decisions that the national carrier is struggling to reverse.

The airline's "Pride of Africa" slogan rang uncomfortably hollow when the 26.22-billion-shilling (\$259-million) loss was announced, driven by higher borrowing costs and unfavourable exchange rates.

Kenya Airways, founded in 1977 following the demise of East African Airways, was considered a cash cow just a decade ago, but is now floundering, said independent analyst Aly-Khan Satchu. "In the history of Kenya, no other listed company has ever recorded such an important loss," Satchu said.

A misguided expansion strategy launched in 2011 is the root of the catastrophic state of the firm, a move that called for the purchase of new Boeing planes with the objective of doubling the size of its network.

But since then the Ebola virus and terror attacks on the continent have decimated Africa's tourist numbers,

while rivals such as state-owned Ethiopian Airlines and Qatar Airways have boosted their offerings.

The firm has also lost out on rock-bottom fuel prices. Like many airlines, it "hedges" its fuel costs by entering into a fixed-price contracts. But Kenya Airways was locked into longer term contracts than most of its competitors, which gained a competitive advantage as fuel prices have plunged since mid-2014.

Foreign currency "and fuel hedging are exceptional items, yes, but a company like KQ (Kenya Airways) should be able to deal with this," said Satchu about the airline's latest results.

To the dismay of Kenya Airways' two biggest backers -- Air France-KLM and the Kenyan government -- the firm's share price has dropped from 140 shillings in 2006 to 3.85 shillings. The company's debts exceed a billion dollars.

Despite the gloom, analysts still see some cause for optimism in the numbers. Revenue was up five percent and operating losses shrank thanks to a series of shock treatments imposed on the airline by management last year.

"The operational result is what I'll take from the latest results," said Eric

Musau, analyst at Kenya's Standard Investment Bank.

"KQ is on the right track, even if they could do a bit more in terms of assets sales," he told AFP, describing the net loss as largely down to exceptional factors. A number of structural changes are beginning to show fruit.

Kenya Airways has sold or rented out planes that were sitting idle, reducing its fleet size by a third, and has rid itself of an expensive permanent landing slot at London's Heathrow airport, opting to rent one instead. What is at stake is more than just cash.

"It is a matter of national and geopolitical interest for Kenya to have a national carrier. You can't be the economic leader of the East African region if you don't have a national carrier," emphasised Satchu.

"I wonder whether Kenya's shoulders are broad enough to rescue KQ again and again. Kenya is not a country like UAE or Qatar," which underwrite world-class airlines such as Qatar Airways, he added.

Kenya Airways' pilots have had a particularly fraught relationship with management, which at one point suggested they could be lent on occasion to rapidly growing Ethiopian Airlines.

Beverley Postma joins HarvestPlus as CEO

STAFF CORRESPONDENT

HarvestPlus has announced the appointment of Beverley Postma as its new CEO.

She succeeds Dr. Howarth Bouis, the founder of HarvestPlus and a 2016 World Food Prize laureate, the company said in a press release issued yesterday.

HarvestPlus, a joint venture created by International Food Policy Research Institute (IFPRI) and International Centre for Tropical Agriculture (CIAT) in 2003, improves nutrition and public health by developing and promoting biofortified food crops that are rich in vitamins and minerals.

HarvestPlus helped Bangladeshi breeders develop world's first biofortified zinc-enriched rice in 2013.

Since then under the support of HarvestPlus, five zinc biofortified rice varieties have been nationally released in Bangladesh with high yield and beneficial agronomic traits desired by farmers.

Out of which, four inbred varieties were released by Bangladesh Rice Research Institute (BRRI) and one hybrid variety by Bangabandhu Sheikh Mujibur Rahman Agricultural



Beverley Postma

University (BSMRAU).

Beverley Postma has 25 years of experience as a policy expert in international food systems, nutrition and food security.

She comes to HarvestPlus after six years as founder and executive director of Singapore-based Food Industry Asia (FIA), a non-profit regional platform tackling food security, nutrition and regulatory harmonisation.

On her joining HarvestPlus, Postma said: "I am honoured to join the team at HarvestPlus as it scales up its work to

achieve the essential goal of reaching 1 billion people with biofortified food by 2030."

Originally from the UK, Postma is an avid underwater photographer, who holds a PhD and BSc (Hons) in marine biology from the University of Liverpool.

"We are extremely fortunate to have recruited Beverley Postma as the new CEO of HarvestPlus," said D Shenggen Fan, director general of IFPRI.

Dr. Ruben Echeverría, director general of CIAT, said: "Beverley's international experience and her familiarity with food issues, innovation and multi-stakeholder partnerships are important assets for HarvestPlus and the global biofortification movement."

Approximately 20 million people in low-income farming households in 30 countries around the world are now growing and eating these nutritious staple foods, including cassava, maize and sweet potato enriched with vitamin A; beans and pearl millet enriched with iron; and rice and wheat enriched with zinc.

Testing of biofortified varieties is underway in an additional 25 countries.



SK Sur Chowdhury, deputy governor of Bangladesh Bank; Subhankar Saha, executive director; and Md Rafiqul Islam, managing director of South Bangla Agriculture and Commerce Bank, attend the signing of a participating agreement for long-term financing facility under the financial sector support project.

SBAC

China launches first mobile telecoms satellite from Beijing

BBC NEWS

China has launched its first mobile telecommunications satellite.

The Tiantong-01 satellite will establish a mobile network serving China, the Middle East, Africa and other areas, the state run Xinhua news agency reported.

It was sent into space after midnight local time in Beijing (16:00 GMT) on Sunday.

The ground service will be operated by China Telecom, which is owned by the Chinese state.

The country is also preparing for the next round of its manned space mission.

China's science revolution

On Saturday two launch rockets arrived at a launch centre in northwest China. They will carry a second module of the country's planned space station - replacing Tiangong 1 which has ended its service - and a staffed spacecraft called Shenzhou-11.

China sent its first astronaut into space in 2003, and since then has taken huge advancements. The head designer of China's lunar missions told the BBC earlier this year that China plans to settle on the Moon and explore Mars.

The country's space programme is led by the military.

Cautionary stance on hard loans

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Project selection in these cases should be based on rigorous analysis of costs, benefits and risks and, once adopted, project implementation management will have to set much better standards of efficiency than is usually the case, he added.

DEBT BURDEN
The IMF's latest Debt Sustainability Analysis (DSA) on Bangladesh based on June 2014 statistics shows that in the last three years the country's debt-GDP ratio decreased.

As per the DSA, Bangladesh's debt-GDP ratio was 35.8 percent in fiscal 2013-14, which was 41.9 percent in fiscal 2011-12.

According to this fiscal year's budget document, the debt-GDP ratio is 32 percent. The debt-GDP ratio of foreign loan is below 15 percent.

The IMF's DSA report said the present value of public debt-GDP ratio is projected to remain broadly stable over the medium term, but rise slightly in the long term, reflecting a gradual increase in the real interest rates as the concessionality of debt is assumed to decline steadily.

The report also said, by fiscal 2034-35, the debt-GDP ratio will rise to 39 percent of GDP as compared with 36 percent of GDP in fiscal 2013-14.

Ukraine sees solar power as Chernobyl's future

AFP, Kiev

Imagine one of the largest solar farms ever at the site of the world's worst man-made nuclear disaster that struck Chernobyl in modern-day Ukraine and sowed panic across Europe.

That is the grand vision of Ukrainian Environment Minister Ostap Semerak, backed up by big-time investors such as the European Bank for Reconstruction and Development (EBRD).

The Chernobyl catastrophe of April 1986 left thousands dead or dying and created a contaminated no-man's land in northern Ukraine in which only a few hundred elderly people still cling on to their homes.

The 30-kilometre-wide (19-mile-wide) "exclusion zone" surrounding the stricken station is primarily covered in forests and filled with radiation levels that make most foods produced there unsafe.

But Ukraine believes there are also around 6,000 hectares (15,000 acres) of open land that can be filled with solar panels that may one day produce about as much energy as Chernobyl's ill-

fated reactor number four did in its time.

The EBRD has already said it was willing to support the project as long as Ukraine attracted the \$1 billion (1.1 billion euros) needed to fulfil its first stage.

"A fairly large number of various companies across the world are interested," Semerak told AFP.

"I think that, in case of successful negotiations, this project could be launched in full next year."

Ukraine is keen to break its dependence on energy giant Russia in the wake of a 2014 pro-EU revolution that was followed by the Kremlin's annexation of Crimea and the outbreak of a pro-Moscow insurgency in the country's east that has claimed more than 9,500 lives.

About 50 percent of the former Soviet republic's energy is still produced by its remaining nuclear stations. Thermal power generation makes up for much of the rest.

Official statistics show solar panels accounting for less than one percent of the energy consumed in Ukraine.

The very first stage of the project should see Ukraine partner up with two private foreign firms to

build a few small solar plants that generate about six megawatts of power by the end of this year.

That is still just a tiny fraction of the 4,000 megawatts pumped out by Chernobyl in its Soviet-era heydays.

Semerak thinks investors will be drawn by existing electricity lines and a professional personnel that is working on cleaning up the remainders of the Chernobyl station and installing a giant dome around it to keep the atmosphere safe.

Semerak adds that purchasing land required for the solar farm is remarkably cheap because it is unsafe for farming and has little other use.

"The radiation level have dropped immeasurably over the past 30 years," Semerak said in a telephone interview.

"Of course, this territory still cannot be used for farming," he said. "But it is suitable for innovative and scientific project."

Semerak added that the project's success would create other possibilities for what is considered one of the most unhealthy parts of Europe that would see Chernobyl become an "innovation zone"

Suspend drive against commercial units: FBCCI

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Some 350 hotels, guesthouses and restaurants are there in Gulshan and Banani areas.

The hospitality industry with an investment of around Tk 525 crore in these areas created employment for thousands of people, said Syed Nasim Manzur, president of Metropolitan Chamber of Commerce and Industry.

"The government drive may hurt the employment in the hospitality industry," he said. Banks provided loans to many hotels, guesthouses and restaurants located in Gulshan, Banani and Dhanmondi areas, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

If these constructions are evicted, the owners will become loan defaulters, which will leave a negative impact on the financial sector, he said. The government should focus on making the city livable first, not on creating a smart city, said Khondaker Golam Moazzem, additional research director of the Centre for Policy Dialogue. "The government should not do anything, which may send negative messages to the foreigners."



Md Tarik Morshed, deputy managing director of Social Islami Bank, attends a training programme on "operational procedure of family empowerment Islamic microfinance programme and its application in core banking solution", at the training institute of the bank.

Millers oppose fresh plan for gas price hike

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India has disbursed \$3.5 billion in funds for factory upgrades between 2000 and 2014.

"The local spinners would not be able to supply yarn at lower prices for the Indian subsidies."

As a result, the massive investment made in the sector over the years -- to the tune of nearly \$5 billion -- will be in big trouble. One of the major difficulties is that the spinners and weavers cannot pass on additional prices to consumers as the value of products depends on foreign retailers, he added.

Captive power generators account for 17 percent of total gas consumption, according to data from Petrobangla, the national oil, gas and mineral exploration company.

Primary textiles account for 4 percent of the electricity generated by captive power plants.

Currently, 450 spinning mills can supply 90 percent of raw materials to the local consumers and 750 weaving mills can meet 45 percent of the demand of local users, he said.