CORPORATE NEWS

Tourism secretary Najib Balala at Magical Kenya expo launch in Nairobi last week. SALATON NJAU

Spain's Amadeus signs hospitality jobs deal with with Ministry of Tourism

BY LYNET IGADWAH

16%

The projected regional growth rate by end of 2016, according to Tourism secretary Najib Balala.

The Ministry of Tourism has signed an agreement with Spanish-based travel technology provider Amadeus that will create job opportunities for women and youth from vulnerable communities in the hospitality sector.

The deal, which also includes a pact with the United Nations World Tourism Organisation (UNWTO), is aims to promote an inclusive economic growth through travel and tourism.

Under the agreement, the three partners will be inviting travel and tourism companies as well as gender and youth stakeholders to train the beneficiaries.

Companies and organisations invited to take part in the pilot project will be required to use their own resources and infrastructure to ensure the women and youth can earn a living from the skills acquired.

Tourism Cabinet secretary Najib Balala said yesterday the initiative is timely and would be a key driver for regional economic growth.

"Tourism is a key backbone to the region's economic growth, with a projected growth of 16 per cent by end of 2016.

"This initiative enables us to empower women and youth, whilst building our local tourism and travel industry," he said.

Mr Balala would use his position to reach out to other government and non-governmental institutions with competence in tourism, gender and youth to support implementation of the project. The UNWTO will facilitate access to UN agencies and advise on strategies for inclusion of vulnerable groups in the project.

> "This initiative enables us to empower women and youth, whilst building our local tourism and travel industry
>
> NAJIB BALALA, CABINET

The UN agency will also offer certified training resources on sustainable tourism.

Amadeus will engage its partners in travel and tourism to make specialised and business-critical training available to the beneficiaries.

In efforts to consolidate the skills learnt, the travel and tourism companies will offer successful trainees practical experience and business opportunities.

The Ministry of Tourism, UNWTO and Amadeus have agreed to promote the co-operation in Kenya and East Africa region, to increase awareness on the potential of women and youth in the travel and tourism sectors.

The parties aim to complete the first pilot training before the end of 2017 and replicate the programme in other countries with similar economic circumstances as Kenya as well as share with them the success stories.

In January, Amadeus signed a six-year partnership with Kenya Airways for the national carrier access to a global network of travel agents affiliated to the company.

Mombasa tycoon gets Sh248m court deposit reprieve

BY PHILIP MUYANGA

Mombasa tycoon Tahir Sheikh Said and two of his companies got a reprieve after the High Court slashed by Sh248 million the deposit required as a condition of a restraining order they obtained against Bank of Africa.

Lady Justice Njoki Mwangi stayed her orders, which had directed Mr Said and his companies to deposit $2.5 million (Sh250 million) in an interest-bearing account opened in the joint names of the law firms representing the two parties.

She directed Mr Said (right) and his companies to pay the Sh2 million as a precondition for the grant of the orders of stay of execution.

"It is a condition antecedent to granting of the orders for stay of execution that an applicant must furnish security," said Lady Justice Mwangi.

The judge said should she decline to grant orders of stay of execution, the bank would move with speed to sell the tycoon's property and those of TSS Transporters Ltd and TSS Investment Limited in realisation of its security. "Failing to grant orders of stay of execution pending appeal, will also render the appeal in the Court of Appeal nugatory thereby frustrate the efforts of the applicants to have their appeal heard and determined," said she said.

Lady Justice Mwangi said TSS and his companies had established sufficient cause for grant of the orders due to the special circumstances of the case and conditions that the court set for injunctive relief.

The tycoon and his companies filed an application seeking to have the order requiring them to deposit the $2.5 million as security suspended.

PERFORMANCE Oigara upbeat score confirms lender's strong outlook

S&P awards KCB stable rating after Kenya credit score review

BY VICTOR JUMA

KCB Group chief executive Joshua Oigara. CORRESPONDENT

Ratings agency Standard & Poor's (S&P) has assigned KCB Group a stable rating from negative in line with the recent review of Kenya's score, reflecting the bank's tight link to the national economy.

KCB in October last year got a negative rating after a similar score by the country at a time when the government's finances had deteriorated due to a widening of the current account deficit.

The bank's new rating of 'B+/B', which means the score is not likely to change in the short term, is based on its presence in corporate banking and access to low-cost deposits, among other factors.

"It is our opinion that KCB's business position will be supportive of the group's broadly stable asset quality and capitalisation in the context of strong economic performance and growth prospects in Kenya," S&P said in a statement.

"As such, we think that KCB will be well placed to benefit from the stronger operating environment and will maintain a broadly stable financial profile."

KCB chief executive Joshua Oigara said the company's outlook remains positive riding on increased and deliberate strategic investments in digital solutions. "The rating confirms that KCB fundamentals remain strong and we are going all out to solidify this position," he said in a statement.

S&P says it believes KCB is well positioned to thrive in the new interest rates control regime.

Effective September 14, deposit accounts earn a minimum of 70 per cent of the Central Bank Rate — currently standing at 10 per cent — and lending rates are capped at four percentage points above the benchmark rate.

"While we expect credit losses will increase and margins will reduce on the back of interest rates caps introduced to the sector, we think that the group's access to low-cost deposits, competitive margins, and well established corporate lending franchise will support its earning generation over the next 12-18 months," said S&P in a statement.

Standard & Poor's this week upgraded Kenya's credit outlook to stable from negative, citing sustained economic growth, reduced political tension and stabilising public debt.

S&P's move to upgrade the credit outlook bodes well for the government when it moves to borrow from the international market to plug the gaping budget deficit of Sh689 billion in the current fiscal year.

In its previous sovereign update on Kenya in June, S&P had opted to affirm a negative outlook on East Africa's largest economy, saying there was rising political tension in the country while the fiscal deficit was widening.

The agency had put the chances of a rating downgrade at 33 per cent as a result.

The reduced political tension and government efforts to curb spending have, however, convinced S&P to reduce the risk profile of Kenya.

The agency now says that it could actually raise Kenya's credit rating if there are prospects for sustained political and economic stability, including declining budgetary imbalances supported by expenditure control and a sustained improvement in Kenya's external accounts.

"Since our last review, government financing pressures have abated somewhat, interest rates have come down, and the exchange rate has remained stable.

"Additionally, we understand oversight at the Public Debt Management Office has been bolstered and new debt-management systems have been introduced. We view these factors as supportive of the government's creditworthiness," says S&P.

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