

PRE-BIDDERS' CONFERENCE FOR THE PRIVATIZATION OF THE PSOCSC & ACFC



PRIVATIZATION COMMISSION

Enhancing Kenya's Productive Capacity

**Presentation
On 3rd May 2019**

Our Mandate

- ❖ A state corporation established under Section 3 of the Privatization Act, 2005 to:
 - ❖ Formulate, manage and implement the Privatization Programme;
 - ❖ Make and implement specific proposals for privatization in accordance with the Privatization Programme
 - ❖ And so we are tasked with responsibility of getting government out of business so that it can focus on policy, regulation and creation of an environment conducive for businesses to thrive

AGRO CHEMICAL AND FOOD CO.

BACKGROUND

- ❖ Agro Chemical and Food Company (ACFC) Limited was incorporated in 1978;
- ❖ The company was initially established to produce Ethanol (Power Alcohol) for blending with gasoline;
- ❖ However, this venture encountered major challenges due to resistance by Oil marketers to off-take power alcohol following decline in petroleum prices then.

The Privatization Process - ACFC

- ❖ The privatization process for ACFC started in 2009 after gazettelement of the current privatization and the following deliverable achieved:
 - ❖ Inception report submitted in November 2009;
 - ❖ Financial, Legal and Technical due diligence reports, January 2010;
 - ❖ Stakeholders' workshop was held in February 2010; and
 - ❖ Asset Valuation and, Privatization Options and restructuring proposals in March 2010.
- ❖ This culminated in a detailed privatization proposal that was submitted to the National Treasury in June 2013.

The Privatization Process

ACFC...Cont.

- ❖ Commencement of the work on rationalization of State Owned Enterprises meant that the process of privatization had to be halted to allow the former to be completed first;
- ❖ Now is the time to resume the process, hence the need to refresh the due diligence work.

PSOC Sugar Companies

BACKGROUND

- ❖ The remaining five public sector owned/controlled sugar companies (PSOCSC) were included in the Privatization Programme gazetted in 2009.
- ❖ The five (5) public sector owned/controlled sugar companies are:
 - ❖ Nzoia Sugar Company Limited;
 - ❖ South Nyanza Sugar Company Limited;
 - ❖ Chemelil Sugar Company Limited;
 - ❖ Muhoroni Sugar Company Limited (In-Receivership); and
 - ❖ Miwani Sugar Company (1989) Limited (In-Receivership).

Privatization of Process -PSOCSC

- ❖ After gazettelement, the following milestones have been achieved:
 - ❖ Due diligence work was conducted between 2009 and 2010;
 - ❖ The Detailed Privatization Proposal was approved in April 2015;
 - ❖ In December 2015 the Privatization Commission advertised for request for Expression of Interest (EOI);
- ❖ The process was halted by courts cases brought against the Commission by the defunct Transition Authority and later by some Members of Parliament and County Governments;
- ❖ In November 2017 the case that had been consolidated was determined paving way for the process to resume;

Privatization of Process –PSOCSC.....Cont.

- ❖ The court determination required extensive stakeholder consultations;
- ❖ Given the passage of time, there is a need to refresh the due diligence work that was done, hence this assignment.



Thank You





FEEDBACK

