

**PROFESSIONAL, CAREER DEVELOPMENT AND FINANCIAL GOALS**

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## **EMPLOYMENT IN VARIOUS ORGANIZATIONS**

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Starting from a low level and climbing the so called ladder of a career is the order in employment. I was employed as a Research Assistant in the Ministry of Agriculture and Scientific research Division in July 1978. The position had low salary and benefits since it was a training position to enable promotion to a research officer. I trained for Msc and PhD for 9 years with a lot of commitment in time and intellectual input. Doing postgraduate research for such a long time removed me from social circles and family at a young age. I never built social relationships since I was always in the laboratory or writing manuscripts for publications. During the period of post graduate training, I attended many professional courses locally and abroad. These grounded my professional and research expertise. I had very good immediate bosses who supported me to further academic and professional training. They approved many trainings and courses I attended locally and abroad, even where they required financial support. I appreciated such support which led to my professional progress and financial support during such trainings. I was promoted to the position of research officer in 1985.

In June 1992 I left the Ministry of Agriculture, Scientific Research Division (currently KALRO) and joined University of Nairobi as a Senior Lecturer. I was able to jump the scale of a lecturer because of the many papers I had published from my thesis and research I had done in KALRO. KALRO had given me the stepping stone to the next level employment. I have utilized the knowledge I gained from training in KALRO in doing research and teaching throughout the period of my working. I felt that the University of Nairobi would be relevant to me in pursuance of my career. I had worked beforehand as a teacher in secondary school and also my first degree was a Bachelors of Education(Science), which is a degree which prepares somebody to be a teacher. By joining the university, I had two careers, namely teaching and research which I utilized them well for my career progression.

I have had over 40 research grants funded by donors and which have been able to support over 100 MSc and 10 PhD students with research funds. While the students have benefitted, I also have benefitted from the social link, supervisory role, co-authorship of publications and made great contribution to the high level of manpower development in this country. During my period of research, I interacted with a lot of local and international research institutions

and scientists who enriched my knowledge in many fields in Agriculture and environment. I worked for ICRAF/CIAT for 3 years in Western Kenya in a research project on Common Beans. This gave me the privilege of working directly with local and international communities for 3 years at the grass root level. It was an experience of commitment to work with higher benefits than I was used to at the University and this ensured that I was financially better off in those years than working fulltime at the University of Nairobi. I utilized one of the best benefits of working at the university which allows somebody to request for leave of absence without pay every six years to work in another institution, especially in a research institution. This benefit ensures that you get the advantage of getting experience from another organization and most probably earn a higher salary in that institution for the period you are seconded and working there. It also increases the research networks and collaboration from both local and international research organizations, gives a world view on knowledge and working conditions and flexibility to work under different situations and tolerate people of different backgrounds and expectations. The short trainings gave a wide range professional knowledge, networks and collaborative effort, and different environments in different counties. I visited many farms in the UK, Netherlands, Germany, Tanzania, Uganda, Egypt, Rwanda, Colombia, Mauritius, Ethiopia, Burundi and Zimbabwe which enabled me to have a situation analysis of the kind of agricultural systems that were in different countries. I got such experience when I lead a regional research programme (AHI) on beans for Ethiopia, Uganda and Kenya and interacted with many farmers and scientists from the region. The project gave me insights on required programmes on the level of management and partnerships between national and international research systems and also the extent to which regional programmes are catalysts for regional developments. Quite often, regional projects do not lead to touchable effect on the ground for the countries they are being implemented. This applies to NGOs that are highly funded by donors but have very little tenable evidence of development in areas where they are implemented. I got such an experience of an NGO that was promoting agricultural production and processing in a Kirinyaga County, Central Kenya and Vihiga County and Kakamega County, Western Kenya in 1998-2014. Although the NGO got a lot of money from the donor, there was nothing of implementation of the projects and evidence of moving the poor of the poor to another level as the goal of the project was indicated to be. In most of the occasions, the funds from the donors enabled us have a good salary and a higher standard of living than the community we are supposed to uplift from poverty. As one of the expatriate "mzungu" told me when he employed me, "Are you poor John?"(2). I replied to him that Yes I am poor. He responded that the salary he had given me was ok and it was given to me punctually every month. There was no funding to operationalize field activities that I proposed but got my untaxed salary punctually every month from him. That is how the project failed but the employees at least benefitted by having a good salary for two years. At least the employees moved from the lowest level of poverty to at least above the poverty line in the country. Projects funded by donors and being implemented by NGOs cannot benefit the proposed

beneficiaries. They are a conduit of donor funds for the enlightened in the country

1. "The reality is that your boss's job is not to make you rich. Your boss's job is make sure you get your payback. It is your job to become rich if you want to. And that begins the moment you receive your payback. If you gave poor money management skills, then all the money in the world won't save you (Robert Kiyosaki (1998). Rich dad's cashflow quadrat: a guide to financial freedom).

Even donor projects implemented by the government officials cannot benefit the citizens to the level that is expected by the donors. Donors main interest is give the loans and they have very little expectation on outputs and outcomes on the funded projects. It is only the elected government through its internally generated funds in the county can faithfully and deliberately succeed in developing the county. The government has the mandate from the citizen to have a development plan for the country and implement it, and not the donors and foreign experts funded by the donors. A country can only develop through selfless committed leaders and nothing short of that, and definitely not through donor funding which may only be meant for the privileged in the society who are the implementers and expatriates who will dine with the donors and guide them on the situation of the country for their own benefit. I personally benefitted from the projects through research grants, short consultancies, attending conferences in different countries and sitting allowances in many workshops and per diem for the field trips. All these financial gains went into my individual pocket and built my capital for investment. Thus, education and professionalism is an asset for an individual's financial freedom and higher standard of living and not for the common good, unless a government elected by the people takes charge of developing the country and its citizen.

In 2003-2005, I took over leadership of Universities Academic Staff Union (UASU) as Chairman. I had not been a leader or previous leadership experience of a big group like that of academic staff of all the seven universities in Kenya. I took the mantle of leadership with a lot of vigor. Although most of the lecturers wanted to revive the Union, they did not want to lead because of the nasty experiences of the Union leadership in 1994 when some of the staff were sacked by the government of the time and silenced once and for all. Others who were not silenced were absorbed in the government and given financial rewards. That is why 12 years after the lecturers' strike of 1994, there were few who wanted to lead. Furthermore, lecturers would not imagine having to lose a job since you could not get another one in the country unless you left the country and looked for a job in a foreign country. That is how I ended up being the national Chairman of the Union. I was well up in finance and could absorb the choke in case the government ruthlessly dealt with us by sacking. I took over the leadership where few wanted to be leaders and there was a vacuum. Of course, it was an experience to me. Leadership is a commitment and sacrifice of time to take the welfare of your constituents. We sometimes stayed until late hours of the night to negotiate issues on behalf of my constituents. They were had issues and sometimes I could not see the end of the road.

Sometimes, the constituents were impatient and hostile to the leadership when they could not see the light at the end of the tunnel. Sometimes, my executive team would lose focus and lose hope and then it was my responsibility to put them on the right path and drive them in the right direction. Sometimes I could be authoritative for the course of action and sometimes I could also reason out and agree to suggestions I felt were right. There are many hurdles I overcame and many roads we followed to the final destination. I feel leadership is a commitment to deliver to your members. Although it was difficult to manage the team as one, we delivered 100-150% salary increase for our members. The environment was friendly for our course and there was commitment from the government to give us a good salary package. Although we felt very successful, our members of the Union felt that we did not deliver the best from the government. That is always the case with leadership for a cause. Success cannot satisfy 100% of the members but a leader should satisfy a certain level of success to the best of his ability and most of the members. There is always a limit of success. I always feel that a leader should leave the organization as soon as possible after leading for a specific time in the organization or community and that leadership should have an end by itself and achievement of a leadership is only realized within the shortest period after entry into the position. Any long stay in leadership is not a guarantee that you will continue achieving your best, there is a limit to capacity to perform and progress in the organization/community members. The members of my union did appreciate the leadership which I undertook for two years and achieved more than any other incoming leaders who have lead the union over 15 years. It is important for leaders to have a specified time for leadership and should not be extended without reason.

In 2006, I became the Dean, Faculty of Agriculture at the University of Nairobi. I joined the position immediately I finished my term of two years as the Chairman of the Labour Union of the University staff for all public and private universities. As Dean of the Faculty, at least I had an experience of leadership and I managed about 300 members of staff and about 1000 students. Being a Dean of the Faculty for four years meant commitment in time, financial resources, intellectual ability, human relationships and conscious of the social welfare of the staff. It is important that the people you are leading must see a positive difference between you and the previous leader(s) that they had before. It is not a question of driving or sustaining the institution but driving it in a direction that we give the institution a good end goal. It is important to try new ways and be innovative in your leadership so that people will appreciate when they see a positive difference on the way forward for them and the organization.

In 2010-2015, I became Deputy Vice Chancellor, Academic Affairs at Mount Kenya University (MKU) and was confronted with different experience in leadership. This is a private family business and my success in leadership depended on many factors. This was a business whose owner was also a driver of his vision and therefore I had to play second in command. I had to understand the CEO's and Chairman's visions. I realized that the job I was going to do in the organization was currently being done by the Vice

Chancellor. As soon as I got to the university, I was given three pages of my responsibilities in the position I was going to hold. It was a very detailed document and I was happy about it. Although the duties were specific, the Vice-Chancellor continued to perform those jobs that had been assigned to me. First of all, he requested that I be inducted into the job and institution for 3 months and this was very frustrating since I had come from another university institution with the same kind of work and could pick up of what was expected of me very fast. This continued and frustrated me since I would be given a job and lectured on what to do. This made me withdrawn from initiating any activity until the CEO brought up the job to do on a day to day basis. This took 8 months with such kind of frustration until I was dropped from those responsibilities and transferred to another department with different duties but at the same level as previously held. I got another 3 pages of duties and responsibilities for the new position of new Division of Deputy Vice-Chancellor, Research and Development. I was as qualified in this position as in the previous one and thus I embarked on the duties and responsibilities. At least, my boss was supportive and not intrusive in the new duties and responsibilities in Research and Development because it had duties that were not previously at the university. That is how I achieved a lot more by performing my duties with vigor, rigor and determination and established a very active department of research and development. I enjoyed the job I was doing and got full support from the management in terms of financial resources and infrastructure. At least I was responsible for activities that were not with conflict of what my Vice Chancellor directly on day to day activities. Although the duties and responsibilities were delegated, they did not entice him to think seriously about them even though this was a key mandate of the university. At least he was not obsessed with the research mandate than the teaching mandate which was my precious responsibility. I was latter transferred into a new Division and made Deputy Vice Chancellor in Resource and Mobilization during my final two years at Mount Kenya University. I was handed 3 pages of the duties and responsibilities which were as detailed as the previous two duties I had been assigned. I tried to understand and interpret the duties for two years and do my best but finally I was retrenched after the 2nd year in the position. My experience on the job is that where the organization is driven by the founder and CEO, it is very difficult to work as second-in-command and it is a job that you may have no authority over the duties and responsibilities that were assigned and staff that work under you are directly controlled by the CEO and the Founder of the institution. There are no formalized structures to work under and there are Ad-Hoc command structures when from those under you. Those under me sometimes had more power than me and quite often made me lie low to survive for each day i worked in the institution. The Founder used my name, because I was known nationally from my previous institution to market the institution. That was what his interest on me was. I survived for five years by contributing less in meetings, obeying orders and being a praise singer to the Chairman (Founder) and the CEO. Otherwise, I had very low contribution to the progress of the institution and the two bosses (the Founder and the Vice Chancellor) did their best with my minimal involvement. This is the experience that I got from the institution playing hide and seek

sometimes for my survival. I tried to survive because I felt I was getting better salary than University of Nairobi where i was to go back. I was keen to accumulate money from the good salary and easier to enjoy the money after I leave the organization even if my boss was not happy with me. In my career development, I always felt the need to nurture people to do a better job and always helped them grow and develop in their career just like my former bosses who helped me grow and develop. I enjoyed delegating work. Finally, I believed in time management and always felt that any successful person must believe in time management so as to achieve most for the company/organization or himself. And proper time management gives an advantage over other people and can enable you have wealth over time.

## **PROFESSIONAL AND CAREER DEVELOPMENT**

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In early 1973, I did an interview in Kenya Army as an Army Cadet trainee which I did not succeed. The interview was very rigorous and was conducted over a period of five days. I was able to pass the interview each day until the last day when I failed and that is how my desire to join the army flopped after I

had also failed A-level examination. I became a teacher in May of 1973 up-to September 1975 after my A-Level examinations. I had thought of training as an agriculturalist and not as teacher as my profession. I became a teacher because I had failed to get good grades for entry into the university. **“ We learn the most about ourselves when we fail, so do not be afraid of failing. Failure is part of the process of success. You can’t succeed without failure. Robert Kinyosaki (1998. Rich Dad cash flow quadrant: a guide to financial freedom’)**

I was admitted at the University of Nairobi as a second chance after I repeated the entry (A-level) examinations which I had failed the first time. There were a number of life changes which I had to do to enable me to work very hard to be able to perform well at the university. One is that I would not drink during the semester period at the university and would only drink during the holidays. Second, I would not socialize with any of my friends in and outside the university during the semester period. Third, I ensured that I undertook reading in the library and not in my room so that I had no contact with my friends who were at the university and were in third year by the time I was admitted. This is how I ensured that I put maximum time in reading during the three years I was at the university and was able to complete at the stipulated time and pass with an Upper Second Class Honours. I used the same process, less socializing in subsequent studies for my post graduate studies and later on acquired a character of being by myself in my life and socialized when need be and kept off when I had responsibilities that required my time and isolation from individuals and the public. This change enabled me to be conscious of my friends and how much time to spend with them socially. My drinking patterns were also very highly controlled, only buy for myself beer in a drinking place and minimally social in beer when I linked up with friends.

In 1974, I repeated the A-Level examinations and qualified to join the University of Nairobi. In October of 1975, I joined the University of Nairobi for a BSc in Education (Science). I worked hard for 3 years and graduated with a BSc Ed (Science) in 1978. I joined the Ministry of Agriculture, Scientific Research Division as an Assistant Research Officer. Although I was trained as a teacher, I grabbed the first job I got in the market, seven days after finishing the last examination at the University and learnt on the job. I worked for one year before my employer supported me to join the university for my MSc in Agricultural Entomology.

I worked very hard for my graduate degree by cutting off a lot of social time which I put it into academic work. I got a lot of support from my bosses in allowing time-off the job and also financial support for the research work. Although it was a split programme for work and training, I spent more time in doing the research work for the thesis. The supervisor for my thesis work, Prof. J.M. Mweke was very supportive morally and put in time for me to finish the thesis and graduate on good time. Supervision of postgraduate students

requires tolerance and academic mentorship for the student to do research work consistently and finish and graduate. I finished my MSc programme and proceeded straight to PhD training by course work and thesis. I got a lot of support from bosses during the PhD training. I was able to do the work in my duty station with a lot of support. I capitalized on the training benefits of the Ministry of Agriculture, Scientific Research Division. All Assistant Research Officers were confirmed as Research Officers after getting their MSc Degree. I became a Research Officer after Msc training and Senior Research Officer after PhD training. After graduating with a PhD, I realized that there were no working opportunities to progress to other levels in KALRO. There was no clear scheme of promotion and promotion depended on favoritism. I requested to be promoted to the next level without success, and this what made me leave KALRO in June 1992 and join the University of Nairobi, Faculty of Agriculture, Kabete Campus. I was employed as a senior Lecturer position after a rigorous interview at the University of Nairobi. The University of Nairobi had a better and clear scheme of promotion and better benefits of employment such as house allowance and medical scheme than KALRO. But after I joined the University, I realized that the benefits were not as good as I expected. However, the university job of teaching and research had more flexibility in time than my previous job of research where I was expected at work at 8.00 a.m. and leave the office at 5.00 p.m. and this made me create a lot of time for personal and professional development at the university. You are also not limited to official networking and this enabled me search for my own research collaboration which is encouraged by the university. I utilized this benefit in both collaborative research and training with many international and national organizations. I also benefited on getting research funds from the university. Teaching also became enjoyable because I had trained as a professional teacher and this was an advantage to me. My experiences in the research in KALRO also enabled me to teach areas that were of benefit to the students. My 14 years' work in pests and pest management discipline in KALRO enabled me to lecture on the different areas of entomology with ease, interest and thoroughness. I have enjoyed teaching and hope the students enjoyed too. I grounded teaching at the Faculty of Agriculture by establishing an agricultural entomology for both teaching and research. I took a lot of effort in establishing a laboratory, well equipped with many insects specimens collected from all over the country and laboratory equipment for use by both undergraduate and postgraduate students. I took an interest in teaching of undergraduate students in both lectures and entomology practical classes. I wrote the practical manual and later compiled them into entomology textbook for use by lecturers and students.

From 1995 – 1998, I joined a regional project called the African Highlands Initiative (AHI) dealing with striga, bananas, beans and potatoes. The project was implemented by CIAT, IITA, CIP and CIMMYT and coordinated by ICRAF. I worked on beans with collaboration from KARI-Kakamega, Namulonge Research Station in Uganda and Awasa in Ethiopia. I got experience in coordinating research on beans in the three countries. My immediate supervisors were staff from CIAT and ICRAF. I realized that the project could

only be implemented with good teamwork with the individual research scientists from national research institutions and this was sometimes through person-to-person relationships that had to be created. Together with the national research team, we succeeded in dissemination of new varieties of bush and climbing beans in Vihiga and Kakamega Counties. This work created a lot of interest with a lot of international scientists from Britain, Canada, America and Colombia and scientist came to Kakamega and Vihiga to see the exemplary performance of the implementation of project in the two counties and videos were shot by the foreigners so that they could spread the message to other countries. This is the most successful story of my research career with the output affecting positively the small scale farmers of the two counties. My collaborative effort with an NGO, ABLH at the two counties gave me another direction of linking up with NGOs in research dissemination. I returned to Nairobi from a three-year tour of research duty which was very successful and memorable in my life even up-to date.

In 1998, I was employed by an NGO, ABLH to disseminate Integrated Pest Management (IPM) in targeted horticultural crops grown in Kakamega, Vihiga and Kerugoya Counties. I also undertook promotion of organic production in those counties. This opened another profession which became very useful later on in my career and took a lot of leadership on developing organic standards both in Mauritius, Kenya and East Africa in whole. However, at the end of 3 years with the NGO, I concluded that NGOs may not progress the community as much as they claim to do. Their priority is funding from donors which most of it goes to remuneration and maintenance costs. The community development is secondary to the individuals' needs of the NGO workers and thus why NGOs cannot be trusted to be the main overseer in development of the community. After all, they have no mandate and contract with the community in most occasions and their contract is with donors who mainly do evaluation through field monitoring and evaluation (M&E) and reports but not through critical assessment of the development of the community. Furthermore, NGOs have projects with specific starting and ending dates and in most occasions they have no long term projects to benefit the community where they are implementing the project. I strongly believe that it is only the government in a country that has the citizen mandate to implement long term projects and programmes that are beneficial and can develop the community. Thus, the development of a country is the responsibility of the citizens and the government.

In 2003–2005, I became the Chairman of the Universities Academic Staff Union (UASU). I led the Union with a lot of energy and spent a lot of time as the founding chairman of the revived union which had been refused registration by Moi government in 1994. I did my best to register the Union and to negotiate better terms of service for University lecturers in seven public universities. I had no experience of leadership responsibilities but I did my best and up to now, the members of the Union appreciate my leadership effort and the gain in salary increment which they got during the period I was the Chairman. It took a lot of courage to deal with the government in registration of the UASU Union

and negotiation of the salary. The Lecturers had faith in me in the Union leadership and was shown by them electing me to become Dean, Faculty of Agriculture in 2016. The responsibility of the Dean is to lead in curriculum development and review and processing the faculty's examinations which I did my best to perform the two activities that were key to the office of dean.

Since 2001, I was able to bid for many research projects where I was the Principal investigator or Co-Principal investigator and I have been granted funds for over forty research projects since 2001. I have been able to fund postgraduate students in their research and also do research. This had made me write a lot of many scientific papers which enabled me to be promoted to Associate Professor in 2004. The promotion had taken 12 years since the previous position because of taking some time-off to do research in other institutions, and also acquire finances and property during the period. I felt it was important to take some time off to build capacity for my family's needs and requirements and build finances which were also good for the retirement period. I felt that a person should not rely purely on the pension scheme since it did not offer enough money for personal requirements after retirement and thus, the need to have diversified income apart from the salary provided by the university.

The research grants provided for an extra income in terms of honoraria and per diems for field research work and enabled my interaction with more than 100 postgraduate students during supervision and writing publications. We published many papers with postgraduate students and this enabled me to be promoted to Full Professor in the year 2019. The promotion had delayed since 2008 because of taking leave of absence from the university to become Deputy-Vice Chancellor at Mount Kenya University in 2010. I felt I required to build my career and finances in other ways than waiting for promotion that would lead to not much financial gain except the little that a Full Professor gets at University of Nairobi. I gained a lot financially and in leadership and management skills by joining Mount Kenya University which had a different system from a public university.

I have learnt that 100% commitment to academic life can be detrimental to the social and economic progress of an individual, but of course, choices have consequences. By choosing to balance academic and wealth pursuit, this allowed me to pursue wealth generation for the family needs and retirement but delayed my academic promotion. Thus, I progressed slowly academically and I also progressed in wealth generation throughout the period I worked with many organizations. Balancing time and putting the best of your time can make you succeed in social, financial and academic pursuit. But you must manage time wisely to enable you do many activities that contribute to your academic progression as well as social and economic wellbeing. You must pursue career goals with a purpose, determination and effort and must use time wisely to to enable you achieve goals. I am about to retire from working and i praise myself for working hard for the all the jobs I did for over forty years under all circumstances to pursue academic career and financial benefits.

## **LIFETIME FAILURES AND SUCCESS IN FINANCIAL INVESTMENT GOALS**

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- 1. “People come into this world and make choices on what to do with the opportunities it offers (Prof Kimani Njogu, Daily Nation, May 2020)”**
- 2. “When you define your business narrowly, you are like a farmer who expects the tree he has planted to grow forever and probably touch the sky” (Peter Opondo, Business Daily, 19<sup>th</sup> May 2020)**

I was employed by Catholic Education Services to teach in a Gikondi Secondary School, Nyeri in May of 1973. I earned a salary of Kshs. 420/- per month until October 1975. It is basically a salary that was meant for just upkeep. In October

1975, I joined University of Nairobi for a degree course. The loan for upkeep at the University was good money by 1976 standards. I used this money to buy a five acre land sold by Laikipia Land Company (a land buying company) the land was situated in Mwenje, Laikipia West. In 1976, I built a temporary farm house and cleared the land from bushes for use in production. However, I did not follow up much on farming as I was still at the University and I left my brother's family to till the land until 2011.

In 1980, I bought 5 acres piece of land in Marmanet Forest Scheme, Laikipia West, Laikipia County. I fenced the whole land and started farming maize in 1981. I built a 2-roomed farm house. I harvested about fifty bags of maize by the end of 1981 and took to the National Cereals Board. The National Cereals Board never paid me and thus I was unable to till the land in 1982. My father advised me to do other things other than farming. During the same time, I had planted 300 coffee seedlings at my father's farm in Othaya, Nyeri. I was hoping to be a coffee farmer. Coffee farming was also a better option and it was paying. Once again, my father discouraged me and I left the coffee I had planted to him. What next then?

In 1981, I acquired a mortgage loan from HFCK to purchase a house in Buru Buru Estate, Phase V, House No. 170. It was a struggle to get the deposit of Kshs. 38,600/-. I had to get loans from my father, father-in-law and a cousin and Ukulima Cooperative Society( SACCO). It was not easy. However, I was left with a cooperative loan that made me more or less a destitute for two years. I had two children to feed with no money to maintain the family. I had rented a 2-bedroomed house at Umoja Estate, Nairobi which I had an accumulation of eight months' rent arrears. I had water bills, which could not pay for a long time. My wife had to buy charcoal from charcoal vendors for nearly a whole year in areas or with partial payments. It was a hard time for me and my family. Could I have done better? No. My salary was only Kshs. 1,800 per month and ninety per cent was being deducted at source by the Ministry of Agriculture to pay for my mortgage loan and with less than Kshs. 150/- left in my pay slip. However, I survived from small loans from friends on a daily basis. At least they had less financial commitments than I had and enabled me to survive for the two years. They sympathized with me, with some arguing why I was overcommitting myself. However, I was partially rescued financially in 1983 by playing the pyramid game where we were supposed to use Kshs. 300/- and then three sheets of paper are printed and then we would sell the three sheets of paper and get your money back and more money. Each person you sold to was required to go to the Post Office and have three sheets of paper printed which they would sell to three other people, thus it was a pyramid scheme that generated funds quickly. I made Kshs. 13,000/- within 3 weeks after playing the pyramid game. This was God's sent. I used that money to pay the debts I had accumulated for rent, water, food, charcoal and small living loans from more than 20 friends I had accumulate. I had borrowed small monies from friends, colleagues and from former university mates. I would borrow from anybody I knew on the way to and from work. This is low esteem but I survived. This is a very de-humanizing way of live

In April 1984, I was admitted for a PhD programme at ICIPE. The programme paid Kshs. 60,000/- to each student. This was like “manna” from heaven. I was totally removed from financial chaos. I was able to pay debts of Kshs. 5,000/- to my cousin, Kshs. 5,000/- to my father-in-law and Ksh 5,000 to my father which were debts incurred for house deposit Buru Buru house in 1981. I had got these loans from them in 1981 as part of the payment for the Kshs. 38,600/- mortgage for the house deposit, a tenant purchase in Buru Buru Phase V, House No 170. By 1985, I had recovered completely and my life was back to normal. I could afford to socialize and bring up my family with less stress. However, once a go-getter, always a go-getter in life. In December 1985, I was convinced by a village mate at Kia Maiko Estate to start a bar business in a kiosk from where he would manage the club and I would be overseeing performance over the weekend how it was doing. I contributed Kshs. 5,000/- to co-finance the business. By then, a bottle of beer was just Kshs. 2/-, thus Kshs. 5,000/- was a lot of crates to start with. Unfortunately, the business collapsed within 3 months. My village mate would supervise the worked the whole night and drink the whole night. There were two jukeboxes that would play music the whole night. The barmaids became temporary wives. Within 3 months, the village mate manager had no money to buy beer and there was only empty crates and bottles. He sold the empty crates and bottles and closed the bar and I lost all my money, even without drinking a single bottle free of charge from the bar. Business can bear failures and success. This was a big failure and was only corned by my village mate. I forgave him because he had a serious pneumonia when he was closing the business. He could only afford money for the hospital after selling the empty bottles and crates from the bar. However, this failed business did not stop me from moving on doing business or investing in other things. Business friends who have been in business can lead you into darkness, if you are not careful. This guy was a serial failure in business throughout his life, but would start once again after every failure and seem to progress very fast. I should have looked seriously at his background in business.

I was lucky to have bought a house under mortgage in 1981. However, the first tenant who leased the house was a serial defaulter in rent. He would cheat me every month that he had deposited the money into my account. I would go to the bank and check the balance and find zero balance. Thus, most times I would have no money to use for rent, food, water, electricity bill and for personal use. Although the rent was supposed to be enough for my needs, I never received it. You can get very uncomfortable financially if you rely on only one source of money and it does not materialize. I learnt a lot about tenants. I would virtually beg for the rent. I currently deal with tenants ruthlessly and will collect monthly rent whether the tenant is in distress or nor. Currently I pay rent collectors handsomely to collect full rent per month without fail. They deal with tenants ruthlessly while collecting rent, otherwise it could be the most worthless investment you have in this country.

I had recovered financially by 1986 and bought a raw land plot in Mathare North Area 4 with a loan of Kshs. 38,600/- from Ukulima Cooperative Society. In 1988, I got a loan from the Ukulima Cooperative Society and built eight rooms in that

plot. Cooperatives Societies (SACCOS) by then could give a shareholder 4 times the shares they had with the society. They were better managed than currently and employees were also committed to paying loans and cooperative societies got deductions from employers promptly. Thus, Cooperatives (SACCOS) were sources of finance for long term investments. This was my 4<sup>rd</sup> loan from the Cooperatives Society since I was employed in 1978<sup>(1)</sup>.

During 1988–1990, I learnt that rent collection from tenants can be a big headache especially from single rooms I had in Mathare North. I learnt through the hard way, tenants would cheat me in all ways and sometimes i collected only half of all the rents I was supposed to collect. This is more difficult when I personally collected rent. The tenants would give me all the excuses and I would go home empty handed. After many visits to the Mathare area, where I was unable to deal with the tenants, I engaged an old lady whom I had given one of the rooms to live free of charge and collect for me all rent by every end moth. She dealt with the tenants ruthlessly and was able to collect all the rent by every end of the month. I had learnt that was the solution. By engaging a third party to collect rent and then providing her/him with a free room to live in or to earn a salary, she would be ruthless in collection of the rent. I have copied this method in all my estate property and this has worked well in that I am now able to collect about 99% of the rent per month and pay 5% of that money to those rent collectors. They can link up with the Area Chief, Administration Police or the regular police to ensure tenant pay or vacate the house. A tenant has either to pay rent or they deal with you ruthlessly. They are no two ways. This is my success story in rental income collection. My advice is that you must engage a third party to collect rent from rental houses, especially low cost houses

Hand times requires hard decisions. In 1988, I bought a Peugeot 204 KLQ 686 at 23,000Ksh. I was a very underpaid civil servant. So, I decided to use it as a taxi around my estate Buru Buru over the weekends to make ends meet. I did a good job until one day I guy came to hire the station wagon car to go to transport his dead child from home to a funeral home. I got so scared to do the job of transporting dead bodies. I took off and never did that taxi job again. By then I had graduated with a PhD from University of Dar-Es-Salaam and employed by KARI. I have suffered financially but still suffering up to now. Funeral services business has grown since after I got scared of that business. There was only UMASH making coffins by that time. I missed the chance of making to grow a business where I would be celebrating while others are crying. I should have made money, got rich and moved to other business that are no scaring. Hoop, coffin business and funeral homes are also flooded now. In any business make money as fast as possible, and then move out when you see a crowd coming. Then move to new one where there is less crowd. In 1992, I got back to partnership in car taxi business in Eastleigh area, Nairobi County. A village mate and a friend introduced and partnered with me in the idea of a car taxi business. We got one car taxi and he was to be the manager of the business and we were expected to share the financial benefits. We equally contributed to the buying of the taxi vehicle. We run the business with no clear guidelines of how we would share the profits. Without receiving a single cent from the first

taxi car, we bought a second taxi car. We continued the business without any sharing of the profits. The first car got an accident and was written off. Having been third party insurance, we were not paid anything from insurance company. I withdrew from the business of the second taxi and my partner run the business alone until he sold the car without giving me back the initial capital nor did I get any profit from the business. Partnerships which are not well thought out on sharing formula of profits can be con-game and drain resources from an individual/partner. This is because you go into businesses that were not originally your calling but somebody else's calling. I now prefer going solo and plan for my investments. This makes somebody to invest on his passion and institute his/her own management practices. I have been cheated by my partners twice. Once bitten, twice shy. Do business with your family. The other partners will only engage you to cheat you. They already know what they want from you and you will not know and do not know. This is especially so if you start small. Start small by yourself and then grow. That is easier than partnerships. I have gone solo now. No more partnerships. I only buy shares, bonds and trusts from established companies.

In 1991, I bought a plot of land in Kayole Estate. Although I wanted to build rental houses, I changed my mind in 1994. The staff of the University of Nairobi where I was a lecturer had gone on strike since September 1993 and we were not teaching until August 1994. Although the government was paying us a salary, it was idling time and we were not sure when the University would re-open. I was one of the key members of UASU who were targeted for sacking because of involvement in the strike. That is why I felt that I should start an enterprise that would be an escape route if the University prolonged the strike and took action on us. Already they had sacked four academic members of staff who were key ring leaders of the strike. This is when I thought of building a pre-unit school in my Kayole Land where I would be occupied and have an enterprise. I borrowed Kshs.100,000 from CHUNA SACCO and started to build four rooms and lavatories and then start the school. By January of 1995, I had the first intake of 9 nursery school children from the surrounding houses close to the school. I hired an experienced teacher to conduct a door-to-door campaign to look for prospective pupils and also advertised in the Daily Nation for qualified teachers and recruited them. This was an experience of owning a business. I thought it fit for my career since I was a teacher by profession. I aggressively recruited nursery school children and bought textbooks and food stuffs for the pupils. I had the stamina and committed to do my best in management. I would drive to the school by 7.00 A.m. to ensure everything was running smoothly. The number of pupils increased during the second semester. By the middle of that year, the nursery school was well known in Kayole estate and teachers were doing their best in teaching and advertising the school. However, by July 1995, I was offered an international fellowship job by ICRAF/CIAT where my pay was three times my salary at the University of Nairobi and which was paid in US Dollars. I took leave of absence without salary from the university for the next three years. I relocated to Western Kenya and could only come to Nairobi briefly for my leave days or time off. However, the school continued in my absence but I would only monitor or supervise from Western Kenya. The teachers did their

best until the end of the third semester. In December 1995, the teachers informed me that they had started their own school and would leave the school by the end of the month. Although it was a big blow to my business i recruited two teachers who joined in January 1996. Although the school survived, it did not pick up well in 1996 and 1997. In June 1998, I came back from Western Kenya and joined back to the university and consulted for an ABLH, an NGO. By then the school had very low numbers and there was no need of continuing with the school. I just had to accept my failure in the school business which I closed and thought of building rental rooms in the plot. I did think of reasons of my failure in the business and it was a divided loyalty to the school business and being employed. I could not supervise the school from 400 km away. Any success of such a business depends on the commitment of the workers whom you have. They can make you succeed or fail. I was failed by the workers whom I had entrusted the responsibility to run the school. Although workers are key to success of a small business, there must be a day-to-day role of a supervisor who will monitor the progress of the small young business, I failed in this role and the teachers never progressed from where I had reached the school before I relocated to Western Kenya. I feel that any business requires commitment in time, money and professionalism. There are no half-measures and any such measures will lead to failure. However, I did not shy off from changing direction after the failure. Furthermore, the nursery school business idea was just an escape route from alleged sacking from the University. It was a deliberate move to start an enterprise in case the worst came to the worst. I had been employed more than twenty years and i was more inclined and admired being an employee. If you are not careful, once you are used to being employed, you always be an employee. I failed in the nursery school business but I had full time job, namely one at the University and the other one at an NGO based at Runda Estate, Nairobi County. Both were full time jobs and the NGO was paying well, more than the University.

In 1998, I had bought a 3-bedroom Komarock Estate through a mortgage loan, Nairobi County and also engaged in building up a 4-floor house with single living rooms in Kayole Estate. I took a whole year to build the house at Kayole Estate. At least, I did not require to source for a loan to use for building the flat in Kayole Estate. I had earned enough from the job I did in Western Kenya from 1995-1998. I felt that so long as save your salary prudently, you can be able to do as much as a business person can do in building up your wealth. Of course, it requires that you not adjust your standard of living accordingly to the increase of your salary from higher paying jobs you do. It is advisable to stay more or less constant in your standard of living, only advancing slowly and minimally. I did built the Kayole house without a single loan from the bank or from elsewhere. I only used my savings from the salary and also sold some shares which I had invested in 1997 in some companies. The shares had been meant to safeguard my family as a health insurance since I had been used to a medical insurance for the family when I was working for ICRAF/CIAT. Shares give financial security and can act as a saving scheme and a buildup of capital to use for a worthy cause or project in future and gives resilience in getting capital to use for a project without necessarily borrowing money for a capital-intensive project. The

building of the house in Kayole Estate gave me a cushion as a retirement plan since the jobs i had done for the last three years did not have a pension scheme. The long-term investment in the Kayole house gave me comfort since I could bank on the house rent from that house for many years to come and could be inherited by my children and grandchildren after I had exited. It was not like a job that has expiry date and not like a pension which has also expiry date. Real estate property is in a different category in itself. While a salary can take care of your family needs, it requires prudent financial management and planning to be able to invest and build wealth. A salary cannot build riches but can build wealth that can sustain you after retirement. I believe you can make it but of course there is a minimum salary that you cannot be able to build sufficient wealth for your retirement needs. Even with small monthly salaries that can be mainly for basic requirements in the family, with small bits of financial saving you can create wealth after a long time. The basic requirements like owning a house to live in, whether in the rural or urban settings or peri-urban is a basic requirement. It can be done with minimum salary with deliberate effort in saving for a long time after engaging in small financial activities.

With every new employer who engaged me, I ensured that I was focused on economic activities that I would remember the salary offered by that employer. I always felt that jobs or employment is not a permanent adventure that has no expiry date. It is not good to equate the job to an inheritance from your parents since it comes and goes and you are not a shareholder to think that the company will maintain you in finances for your lifetime. That is why I was able to save and accumulate money from an NGO which I was employed in 1998-2004 and use the saving and shares to build a five floor house in Mathare North Area 4 Estate. I also used per diems money which I got from 3 research projects I was involved in, funded by RUFORUM. I also bought a Suzuki Escudo from research funds and was also able to maintain and fuel it for 14 years since 2001. This saved me from costs of transport and enabled me to save and embarked project of buying a 3-bedroomed maisonette at Nyayo Estate, Embakasi and paid for it in cash 2015.

There are other long term investments that I have engaged in. In 2007-2013 I planted 14 acres of eucalyptus trees that are now ready for harvesting. The trees were planted with economic benefit in mind. I thought I would make Ksh 25 million from selling the trees as electricity poles. However, I have found that it is difficult to plan for an investment for ten years and expect and predict the profit 10 years to come. I was hopeful that the price of the electricity wood posts would be between Kshs. 3,000/- to Kshs. 5,000/- per electricity wood post within ten years period. This has not been the case as am selling my trees at Kshs. 2,000/- per electricity pole. I have over 20,000 trees that are ready for selling. I have sold some posts since 2016 and I am continuing to sell at a cheap price. In 2010, I embarked with development of a Gatero Forest Garden, Laikipia West Sub-County. This was an acre of land that was left without trees in Gatero farm forest which I thought could make a good Garden for visitors who would also enjoy seeing the farm forest of 5 acres. This idea was sold by my family since the Gardens were popular with young people of the time. I invested a lot of

money on buying flowers for planting and also in labour for planting. It was difficult project because it involved me travelling to Nyahururu every weekend to take the flowers for planting and supervise. Of course, establishing nice admirable garden is not a one year activity. Currently the garden is not fully established with enough facilities for it to operate. Am yet to operatize and could be another failed project which has run out of time and this garden is not a current business of the time. It has taken ten years to establish the garden and wedding gardens are not longer income-generating as ten years ago. Sometime you have to withdraw from an idea and business and move on. Failure in business is a normal thing and without failure you can expect to have one that you seed in. Of course I only enjoy nice flower garden without any income-generation. Such a long-term investment is unpredictable in returns but can sustain you during your retirement. I will be selling trees from the same plantation even 30 years from now since eucalyptus trees have regrowth and coppicing ability. They will occupy me as a retirement activity and give some finance once in a while in my lifetime.

Generally, it is good to be focused in key activities that bring a reasonable income and get them managed properly. I have tried to focus on real estate development and rental income. They are my main source of income. I invested 2011 into a high-end real estate that gives me a reasonable income that continues to add more value to my investments in real income. Since 2010 I have involved family in ownership of the real estate by ensuring that any further investment in real estate is registered under a family company and enjoyed by all the members in equal shares. I do wish that this Family-owned business is an introduction to the wider members to feel ownership and have commitment to running the business even after the founder has exited the leadership role. It is also a commitment from the founder that they will inherit the estate after the founder has exited for good. It is more comforting to the mind that the wealth you have generated during your lifetime is in safe hands and the responsibility of family members is to share the property of the company equally since they have equal shares in case they wish to dissolve the company.

Quotes:

1. ***“Treat buy-to-let as a business and do not buy what you like unless you plan later to sell your main residence and move-to-let. Buy-to-let is a business operation: you have to decide who is your target tenant and then evaluate the sort of property you should buy and its location. Anthony Voce (200). 7 ways to build your pension)”***
2. ***“It is not the asset class that makes a person rich or poor. It is never the investment or asset class that is important. Success or failure, wealth or poverty, depends solely on how smart the investor is. Learning to invest is important. Robert Kiyosak (1998). Rich dad’s cash flow quadrant: a guide to financial freedom”***
3. ***“The main reason so many people struggle financially isn’t because they lack a good education or are not hand working, It is because they are afraid of losing . If the fear of losing stops them, they have***

*already lost (Robert Kiyosaki (1998). Rich dad's cash flow quadrant: a guide to financial freedom"*

4. *"To be successful as an investor or a business owner, you have to be emotionally neutral to winning and losing. Winning and losing are just part of the game (Robert Kiyosaki (1998) Rich dad's cash flow quadrant: a guide to financial freedom"*
5. *"The key to making any investment is setting a big goal and approaching it systematically taking baby steps first and gradually increasing the size of your investments as you are learning and experience increase(Robert Kiyosaki (1998) Rich dad's cash flow quadrant: a guide to financial freedom"*
6. *"People with no asset that generate cash flow are likely to have tomorrows that are filled with struggles and stress. People with no assets usually work hard for a paycheck to pay their bills (Robert Kiyosaki (1998) Rich dad's cash flow quadrant: a guide to financial freedom")."*
7. *"People who cannot control their cash flow work for those who can. The business of your life is to take control of your cash flow. If you do not, making more money will not make you rich. More money makes most people poorer because they often increase their spending and get deeper into debt every time they get a pay rise Robert Kiyosaki (1998) Rich dad's cash flow quadrant: a guide to financial freedom")."*
8. *"The future belongs to those who can change with times and use personal disappointments as building blocks for the future. Robert Kiyosaki (1998) Rich dad's cash flow quadrant: a guide to financial freedom")."*
9. *Working out what you want to do and then sorting it out is one of the greatest fundamentals of having a decent life and a sane mind (Kevin Duncan (2016) How to run and grow your own business)"*
10. *"All businesses have growing pains, and often reduction of pains. It is time to take a new look through the business window, and see what remedies your business needs ((Kevin Duncan (2016) How to run and grow your own business)"*
11. *"Half-finished ideas, products and services are no use to anyone. Embark on a manageable number of things and get them done (Kevin Duncan(2016) How to run and grow your own business)"*

*The following are number of experiences I have gained throughout my involvement in wealth creations (Kevin Duncan, 2016):-*

1. *"Learn to let go of some things*
2. *Use your partners judiciously*
3. *Grow prudently*
4. *Save today's income for tomorrow's expansion*
5. *Growth usually involves making a lot of mistakes*

6. *Give yourself credit for what you have already achieved*
7. *Realize the business will never be 'finished'*
8. *Make quick decisions about opportunities that could influence your growth*
9. *Do not keep pursuing something if it isn't a success.*
10. *If you have in the fortunate position of having gained a lot of experience of surviving in business, then have the generosity of spirit to pass that on to somebody else"*

*Famous quotes about real estate (Standard Newspaper, Thursday 18<sup>th</sup> June 2020). The quotes will give an excellent insight into the business and the value of owning a property:*

1. *"Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world"* (Franklin D. Roosevelt)
2. *"Before you start trying to work out which direction the property market is headed, you should be aware that there are markets within markets"* (Paul Clitheroe)
3. *"It's tangible, it's solid, it's beautiful. It's artistic, from my standpoint, and I just love real estate".* David Trump
4. *"Now, one thing I tell everyone is learn about real estate. Repeat after me: real estate provides the highest returns, the greatest values and the least risk"* Armstrong Williams
5. *"Buy real estate in areas where the path exists and buy more real estate where there is no path, but you can create your own"* David Waronker, American real estate investor
6. *"Ninety percent of all millionaires became so through owning real estate. More money has been made in real estate than in all industrial investments combined. The wise young man or wage earner of today invests his money in real estate"* Scottish businessman and philanthropist
7. *Buying real estate is not only the best way, the quickest way, the safest way, but the only way to become wealthy"* Marshal Field
8. *Landlords grow rich in their sleep without working, risking or economizing"* John Stuart Mill, English philosopher and economist
9. *"Real estate is an imperishable asset, ever increasing in value. It is the most solid security that human ingenuity has devised. It is the basis of all security and about the only indestructible security"* Russell Stage, Financier and politician
10. *"Success in real estate starts when you believe you are worthy of it".* Michael Ferrara
11. *"The bottom line: investing in real estate is smart because property is tangible. People always have, and always will, need shelter. This means it is very unlikely that our need for shelter (ie*

***buying or renting homes) will ever go away” Kathy Fettke, Co-Founder and Co-CEO of Real wealth***

- 12. *Buy on the fringe and wait. Buy land near a growing city! Buy real estate when other people want to sell. Hold what you buy”.* John Jacob Astor**
- 13. *“Owning a home is a keystone of wealth .....both financial affluence and emotional security”.* Suze Orman**
- 14. *“ Every person who invests in well-selected real estate in a growing section of a prosperous community adopts the surest and safest method of becoming independent, for real estate is the basis of wealth”.* Theodore Roosevelt**
- 15. *“Do not wait to buy real estate, buy real estate and wait”.* T. Har Eker**
- 16. *“The house you looked at today and wanted to think about until tomorrow may be the same house someone looked at yesterday and will buy today”* KOKI Adasi**
- 17. *“Real estate investing, even on a very small scale, remains a tried and true means of building an individual’s cash flow and wealth”* Robert Kiyosaki**

**My thinking:**

- Real estate is still the best investment you can make
- Most millionaires made more money from real estate than other investment
- There is no better place to park your money than brick-and-mortar investments
- Investing in real estate is a great idea if you are in it for a long haul
- Real estate consistently increases in value over time and outperforms other investments
- There is opportunity for greater and more consistent returns with real estate than with other investments.
- The value of properties in any real estate market rises over time, and this is natural appreciation
- Real estate is about the safest in the world



***A lovely 4-bedroom house situated in Rosslyn Gardens Estate. This UN approved, well-appointed house is set on approximately a half acre well manicured garden with mature trees, and comprises three spacious all ensuite bedrooms and a family room on the upper floor secured by a safe-haven grill gate, a guest bedroom downstairs, a visitor's cloakroom, a generous sunken living room with fireplace, a large dining room, a veranda overlooking the garden, a large kitchen with a breakfast area, a laundry room and kitchen store. All this is complemented with immaculate parquet wood flooring and large windows. Other features include internet/cable/satellite TV ready, back-up power inverter, solar water heater, water pump, water storage tank and alarm system. There is also a detached guesthouse/staff quarters with a kitchen/laundry area, 2 (bed)rooms, a bathroom and a toilet.***

***Amenities include a standby generator for the estate, a 2.4 metre high electrified wall with 24-hour security personnel controlling all vehicle and pedestrian traffic through a single access point, a fully equipped gym, sauna and swimming pool exclusive to residents, a children's playground, a party and entertainment area.***

***The property is situated in Rosslyn Gardens Estate, a gated community along Red Hill Road, Gigiri which is in close proximity to a number of shopping malls such as the Village Market, Two Rivers and Rosslyn Riviera malls. In addition, a number of schools are within easy reach such as the International School of Kenya (ISK), Rosslyn Academy, German School, Potterhouse School, Brookhouse School Runda and Peponi House School. There are several diplomatic institutions within a few minutes drive that include the United Nations Headquarters in Nairobi, the American Embassy, Canadian High Commission, Netherlands Embassy, soon to be Australian High Commission, to name a few.***

## **EXPERIENCES ON EUCALYPTUS TREE FARMING AND MARKETING IN KENYA**

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It was in April 2007. As Dean of Faculty of Agriculture, I was responsible for leadership of the University of Nairobi in Tree Planting Day. I woke up that day like on any other day in 2007 to lead in the planting of trees at Ngong Forest. The students and lecturers boarded vehicles and we went to plant assorted indigenous tree species in Ngong Forest. After planting the trees, it was my turn to make a speech to the students and lecturers at the forest site. I encouraged both lecturers and students to go out of their way and plant trees in all ceremonial occasions that were available for them to celebrate, these occasions could be birth days, graduation days, Circumcision days, marriage days, remembrance days for loved ones and any other day to remember. This was meant to encourage them to plant as many trees as possible and enable the country to achieve 10% tree cover. I told them that I had committed myself for that season to go to my farm and plant trees but not indigenous trees. True to my word, I went to my farm in Laikipia County and bought Eucalyptus Trees for planting in 2 acres out of 6 acres farm. In the following year I planted another 2 acres of eucalyptus trees and in 2009 also planted another 1 1/2 acres of the eucalyptus trees. This made a total of 5 1/2 acres of eucalyptus planted within 3 three years period. By 2009, I had planted about 7000 eucalyptus trees in my farm.

In 2011, I started to plant eucalyptus trees in a 2<sup>nd</sup> farm of five acres in Mwenje area of Laikipia County and within two years I had planted about 6000 eucalyptus trees. The only problem I had with the trees is the spacing which was not the recommended rate. They were more dense than required and this made them grow at a slower rate and also bend a lot in the fields, reducing their quality for electricity poles which are required to be every straight for a minimum length of 10 meters with a diameter of 10 cm. In 2013, I bought 4

acres in Mwenje area of Laikipia County and planted 4 thousand eucalyptus trees within a period of two years. By 2015, I had planted about 14 acres with about 15000 eucalyptus trees in the tree pieces of land in Laikipia county. This was a big investment that involved planting, weeding and pruning trees for about 4 years after germination. Otherwise, eucalyptus trees have less problems with pests and diseases and in overall the management practices are easy to manage. Among the trees, they have the fastest growth rare in the farm and mature for marketing within 8 years after planting. They are used for fencing posts, building posts, electricity posts, fiber cable posts, firewood and props. Although condemned because of water uptake in the field, it is the best general purpose tree in the country for commercial purpose. I would encourage people with idle land suitable for plant trees planting to plant eucalyptus trees. At least they will take care of the environment and also it is a good long term commercial investment.

Since 2016, I have harvested and sold Eucalyptus trees in my farm in piecemeal as fuel wood, timber, transmission poles and construction poles (props). The main use of the trees in the farm has been transmission poles and the other parts are sold for other purposes indicated above. My main product for marketing has been electricity transmission which has a better price than the other products of eucalyptus trees. Eucalyptus trees sold for other uses such as poles, prop poles, timber, wood fuel have a lower price value than electricity transmission poles. Although electricity transmission poles are marketable, the business has a lot of brokers that reduce the price and this becomes uneconomical business in the country in the final end. It is unfortunate that eucalyptus tree farmers have not organized themselves into a cooperative Society/Association/Self-Help groups. This has reduced the negotiation power of the farmers and normally give the chance to the brokers to dictate the price at the farm as they market the various products of Eucalyptus trees. The Kenya Forest Service or any government body has not helped farmers organize themselves into an Association/Cooperative Society. There is no effective farm forest extensions service to guide farmers in production and marketing of eucalyptus trees.

#### **Various products of eucalyptus trees include:-**

1. Demand for transmission poles by Kenya Power is very high but the farmgate is low.
2. The demand for poles/props/posts for the construction industry, flower industry, fencing, horticulture industry is very high but the farmgate price is low due to lack of negotiation power by the farmers.
3. The demand for timber for construction industry, furniture and joinery is moderate since the timber is very difficult to use in constructing a lot of products for the industry.
4. The demand for fuel wood in tea factories, urban and domestic use and in institutions (prisons, schools, hospitals e.t.c.) are very high. Eucalyptus

trees is a great source of firewood since other trees take long to grow and do not have copping mechanisms to provide fuel wood and charcoal as fast as eucalyptus trees. However, the farm gate price of eucalyptus fuel wood and charcoal is low and can lead to massive harvesting of the farm forest. Farmers rarely sell eucalyptus trees for other products such as fibre-board, board pulp, plywood, bark for flavoring food, essential oils or tool handles. The production of these products should be encouraged to increase diversity of products from eucalyptus trees. A proper spacing of Eucalyptus trees enables them to grow fast and mature early for marketing for various products. I harvested early maturing trees as electricity transmitting posts and this has allowed the remaining trees to have enough space to enable them grow big and fast for the purpose of selling transmission posts. I have sold various products of eucalyptus as follows:-

**Table 1: Marketing of various Eucalyptus products**

Year	Eucalyptus Products	Quantity	Unit Price (Kshs.)	Amount (Kshs)
2016	Props	500	100	50,000.00
2017	Electricity transmission posts	23	2000	46,000.00
	Props	600	100	60,000.00
	Fencing posts	50	70	3,500.00
2018	Electricity transmission posts	60	2000	120,000.00
	Timber	7	2500	17,500.00
	Fencing posts	276	50	13,800.00
	Firewood	2 lorries	12000	24,000.00
2019	Electricity transmission posts	57	800	45,600.00
	Fiber transmission posts	419	800	335,200.00
	Fencing posts	500	110	55,000.00
	Fencing posts	400	200	80,000.00
			<b>TOTAL</b>	<b>850,600.00</b>

Investors of eucalyptus farms forest had initially got a lot of money during the period of 2002 – 2015. The price of posts ranged from between Kshs. 3,500/- to Kshs. 10,000/-. This gave people hope for a very high enterprise that would make a person rich after selling the electricity transmission poles. However since 2016, the production of concrete transmission posts were also bought by the Kenya Power and that caused low prices for the Eucalyptus transmission posts.

Kenya Power has continued to buy more of the concrete transmission posts. The price of the wooden posts has continued to decrease and this discouraged farmers to have eucalyptus tree forests and some have even gone ahead to

uproot them because of the earlier high expectations of their profitability. Since 2007, the government has also continued to discourage farmers to grow eucalyptus trees because of their negative effects to the environment. Farmers have not followed guidelines provided by the government on the various landscapes to grow the eucalyptus without environmental damage.

The increasing and competing demand of concrete transmission poles has reduced the market and the pricing of eucalyptus transmission poles. However, integrated harvesting to maximize the utilization of the entire tree (transmission posts, fuel wood, props, fencing posts) can increase the profitability of the eucalyptus trees. I still believe that the government should encourage growing eucalyptus farm trees at the right environment which is not damaged by the eucalyptus plantations. Investment in eucalyptus enterprise at the farm is still a profitable venture and better than cypress, croton or *Gravillea robusta* and any other tree planted in the farm. Investment in eucalyptus trees has a competitive edge over other tree species due to its fast growth rate, a wide range of marketable products and its high coppicing ability. Although currently farmers prefer to plant cypress trees over eucalyptus trees, the return on the investment is still skewed towards eucalyptus as compared to any others species of trees in the farmers field. Since 2007, I have treated eucalyptus trees in my farm as wonder trees and not as villain trees as considered by a large population of environmentalists and the government officials. The big debate over the negative effect of eucalyptus on the environment has continued since 2009 and this has caused the reduction of eucalyptus farm plantations. It would be important for the government to encourage the citizens with big idle land which may not be very suitable for crop production to produce eucalyptus trees for commercial value. Note that trees act as a saving account that accumulates interest as the tree grows in size and value over time. It is a long term investment that can take care of expenditure in old age. However, I am entirely aware that eucalyptus trees reduce diversity, impede nearby plants and also a lot of water. I had a worker see eucalyptus trees roots 6 meters below ground when digging a pit latrine in my farm. This means they will search for ground water over long distances and tap a lot of ground water. However, to a farmer, the monetary benefits outweigh the negatives. Diversification by farmers with part of woodlots is the one path of success. For non-resident farmers or “telephone farmers”, planting eucalyptus trees relies less on his/her input both of time and resources for a successful woodlot. With proper advise from government and various organizations, farmers can take steps to mitigate the environmental impacts of planting eucalyptus trees, while still growing successfully. In any locality, farmers with more trees tend to have bigger land, are wealthier and with old age, and the trees that could be inherited by the new generations at the family level.

There have been a lot of controversies on eucalyptus planting in various parts of Kenya. The controversies range from the effect of eucalyptus trees removing water from underground reserves and streams, inhibit the growth of other

vegetation and its leaf has little adverse effects on soil humus among others. However, the ecological effects of the eucalyptus vary widely depending on sites climate, soil topography and the benefits from eucalyptus vary depending on the needs of the respective communities (*Munishi PKT, 2007*). It should be noted that each site where eucalyptus may be planted has its own peculiarities and buffering mechanisms and the response to eucalyptus growing by each site should be judged separately. The decision as to eucalyptus growing must be specific to each case and should be based on adequate assessment of physical, biological and society factors. The annual production of eucalyptus is 20 times that of national forests putting it at a higher rank in terms of biomass production. There is nothing wrong if its cultivation is done on marginal agricultural or degraded lands and farmlands as most eucalyptus can adapt to different ecological conditions (*Sapra, 2007*). I have been treated using vapor from boiling leaves of the eucalyptus tree during my youth and eucalyptus has been used as treatment for many other diseases in the world.

The effects of eucalyptus on the water bodies will depend on the species in question, climate of the areas, surface soil conditions, nature of rock substratum, vegetative cover, slope gradient and length, tree growth stage and tree density, known depth and leaf density, amount of rainfall and soil moisture conditions and rooting depth (*Munish, 2007*). Eucalyptus species are known to be water efficient water users than a lot of other tree species and crops. The controversy as to whether to abandon planting of eucalyptus or uprooting of the existing eucalyptus trees may be baseless (*Munish, 2007*). It is unlikely that water in springs, streams and rivers in different parts of Kenya have dried up because of presence of eucalyptus trees. Given the multitude of benefits from eucalyptus trees, it would be unacceptable to disfavor or abandon eucalyptus planting or critique eucalyptus on socio-economic or ecological grounds (*Munish, 2007*). Clearing of eucalyptus trees without more rainfall will not help rectify the problem of streams drying up. However, given the dynamics of water use by different species and the water consumptive capacity for fast growing species like eucalyptus it would be advised against planting of eucalyptus in water sources/catchments, riparian areas or as gap planting species in catchment forests especially in arid areas (*Munish, 2007*). We require setting aside the idea that eucalyptus trees are always bad and consider livelihood issues and balance between livelihood/economic issues with environment. The debate on eucalyptus and water use, soil fertility, allelopathy and biodiversity conservation is not proven scientifically. It is good to note that eucalyptus on the farm lead to poverty alleviation, empowerment creation in rural areas, reduction of pressure on natural forests and participatory natural resource management. We must continue to debate on the eucalyptus issue and develop policies and farm forest extension services in the counties that can lead to better management of eucalyptus farm forest. Farmers must be guided by Kenya Forest Service and KEFRI in management and marketing of their

eucalyptus trees and well structured extension service offered at the county level (Kenya Forest service, 2009)

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## **EXPERIENCES IN BAMBOO FARMING AND MARKETING IN KENYA: A PAIN IN THE NECK**

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**Dec 2020**

### **Quotes**

- “bamboo has been cultivated on private land for more than a decade. Despite a lot of potential for its subsistent and commercial use, the use of bamboo is very limited in Kenya, and the bamboo resource is largely untapped”(Kalyan, Gaulic and Odour, 2018)
  - Many farmers are not aware of the economic value of bamboo, considered it as a witch crop and habitat for snakes (Kalyan, Gaulic and Odour, 2018)
    - “The initiative taken a decade ago has resulted in good bamboo stocks on private lands, which are at the harvesting stage. However, due to the lack of a market, farmers are not able to sell mature bamboo culms, thus the frustration is clearly seen among them” (Kalyan, Gaulic and Odour, 2018)
    - “In fact, the bamboo enterprises are in a very primitive stage. The underlining reason for this are weak backward and forward linkages” (Kalyan, Gaulic and Odour, 2018)
    - “Lead farmers, ready to harvest bamboo plantations on their farms, as well as local communities, are not aware of the subsistence and local uses of bamboo, and farmers are waiting for industries to come and buy their produce” ((Kalyan, Gaulic and Odour, 2018)
1. “When farmers see that they can generate income by producing bamboo handicrafts, then they will recognize the value of the crop and care for their bamboo stands. Grassroots training in processing bamboo will therefore support the objective of enhancing Kenya's bamboo resource base” (KEFRI, 2008).
  2. “The informal sector of bamboo handicrafts and furniture lacks resources, know-how, and institutional support to upgrade skills” (KEFRI, 2008)
  3. “In Kenya, bamboo has a reputation of being a traditional and primitive material. People are generally unaware that high quality applications are possible with bamboo”(KEFRI, 2008)
  4. “The existing ban on bamboo extraction has prevented the sector from developing”(KEFRI, 2008).

The ban on harvesting of bamboo in 1986 from public forests created an interest and potential for farming bamboo. Since 1980s bamboo farming has been promoted in Kenya and various bamboo varieties have been introduced for planting in different ecological zones in the country (KEFRI, 2008). However, the economics of bamboo cultivation, process and marketing is still low in Kenya. Although the potential of bamboo utilization is very high, this has not been capitalized on and no marketing channels have been created. There should be availability of improved utilization technology besides the traditional technologies in Kenya. There has been traditional use of bamboo in Kenya

such as fencing, construction of houses and baskets for tea picking that could be enhanced. Kenya has great potential for cultivating bamboo as raw material for bamboo industry. The country lags behind in the field of product design and development. The structure of the Kenyan bamboo market becomes apparent when analysis is done (KEFRI, 2008; Ministry of Environment, 2019). There are no formalized markets outlets for bamboo products in Kenya. Bamboo market has a fundamental role in driving the sector. There should be promotion of local products and create consumer awareness and confidence. If markets are created for bamboo, farmers will do wonders in production of enough quantities for the industry. The strategies that can increase production, utilization and marketing of bamboo in Kenya include: making seedlings available; linking different stakeholders; promotion of bamboo products; organizing bamboo small holders' farmers into farmer organization; capacity support intervention at the farmer organization; improved market opportunities by the farmers; and enhanced product design and development (National Bamboo strategy, 2019). This means there should be bringing the all the chain actors on the table and unite strategies to promote bamboo

In 2015 I intended to grow one-acre of Giant bamboo. I sourced the seedlings from a farm in Isinya that develops seedlings through tissue culture. Unfortunately, the seedlings sold to me were not pure Giant bamboo seedlings. Most of them were ornamental type that were only beautiful in the farm but not for any other use for commercial purpose except beauty. I had bought those seedlings at Ksh 250 per seedling which is very expensive to a farmer unless the bamboo crop is of high commercial value. The transport cost to the farm which is about 330 Km from Isinya area was also a big cost on me. Other costs of planting and weeding makes the cost of production high. Since 2015, the bamboo crop has continued to occupy land which could have been planted maize and beans in the area. Of course, my dilemma now is whether to uproot them and throw them away because nobody wants them for anything even when am ready to give them free of charge. I do not live on the land and therefore I am not able to use them in the farm and was meant only for selling to make money. Should I uproot this bamboo crop and forget about any opportunity that is unknown when it will arise, and wait for any chance?. I have tried to sell at Ksh 100 per culm cutting, but has not found even a lower price for them. I have tried to market as much as possible through social media and through middle marketers without success. There may not be two ways except uproot the bamboo crop and plant another crop in the area. I can come back and plant once again the bamboo crop when it is marketable in the country

In conclusion, it important to know that there is no money making in bamboo farming in Kenya and if you are looking for a marketable and profitable crop in Kenya, do not go for bamboo as of now. The above are my experiences in

dealing with growing and marketing bamboo in this country. Unless for environmental purposes, the crop is not commercial in Kenya

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## **EXPERIENCES IN DEVELOPING RESIDENTIAL ESTATE PROPERTY IN NAIROBI COUNTY, KENYA**

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December 2020**

“Real estate is property consisting of land and the buildings on it”. The advantages of real estate property management investment are: “it is a long-term investment; value of the property appreciates over time; it can be used as a strategy to build one’s wealth in the future; it has a predictable cash flow; it appreciates in value; it generates fixed returns to an investor; it can be used as part of your overall strategy to begin building wealth”. However, real estate investment has the following disadvantages: “it is time consuming if you plan to rent or sell properties; it is not a liquid asset and you will not be able to turn it into cash easily in an emergency; it has high transaction costs; it requires management and maintenance; it has low liquidity; it is difficult to deal with tenants; it has inefficient markets because of fluctuating demographics and volatile economies” “Building wealth through real estate investment requires patience and smart decision-making that will play a huge role on whether your business will be a failure or successful. Be focused, persistent, analytical and smart as real estate investment can be rewarding, (Mercy Safu, 2020)”. The most important principle of real estate investment is to have a goal, believe in yourself, understand the economy, decision making, and having no emotions in the business”

“Real estate property investment is capital intensive and therefore requires that you plan out your expenses. If you are unsure of your capabilities, start small by purchasing a cheap land or a building. If you progress in time and have large finances, you can now consider buying larger property (ies) with more income in the future. As you grow, it becomes easier to purchase and manage more properties in Kenya, hence earning a greater income and creating more wealth for yourself”

“Real estate property investment is strategically important for an individual socio-economic development and stability. The investment will contribute either directly or indirectly towards rising income and increased wealth. Real estate properties are major assets and purchase of real estate properties represents the largest life-long investments and a store of wealth. Affordability of the real estate property is currently the main challenge due to the huge resources required in the acquisition of the property. Financing of acquisition of real estate property is very expensive and is often done through arrangements from different sources such as outright purchases, mortgage with money borrowed from banks, employees SACCOs, pension funds, friends, family, rotating savings, housing SACCOs, loan associations (investment groups). The only financing mechanisms

that is secure and of magnitude of providing large funds required for large investment are the banks”

Housing contribute to the socio-economic development of a country (Aguoko Juma, 2012; NHC, 2004). A well-functioning housing market is an important vehicle for savings mobilization, wealth creation and business development. However, housing affordability is influenced by clusters of factors related to the households socio-economic characteristics, loan characteristics, property attributes and macro-economic factors. The household socio-economic characteristics include regular employment income and size of households, the loan factors include the interest charged on the loan, loan term and type of mortgage instruments; and the property attributes are costs of construction, land value, developers profit and property transfer; and the socio-economic factors include the rate of inflation, real Gross Domestic Product (GDP) per capita and unemployment rate (Murigu, 2005). The socio-economic factors influence households because they influence households income. The loan factors influence affordability because they affect the price of housing and the monthly mortgage repayments of the households. The macro-economic factors affect both the income of households and housing price as well as mortgage interest rates charged by banks and financial institutions.

Housing affordability problems include (Mutisya, 2015): housing is expensive and incomes are too low; the inputs to housing are too expensive especially land, finance and building materials; land supply is insufficient, is poorly serviced and lacks security of tenure. Informal mechanisms include building while you save, save in building and earning by building (Mutisya,2015). Sustainable housing financing in Kenya is through mortgage market. Mortgage financing is a loan on the property you seek to buy (CBK, 2010). The main products offered by financial institutions are mainly owner occupier mortgage, plot purchase mortgage, construction mortgage and project finance (Aguoko Juma, 2012). However, key constraints to mortgage markets in Kenya include long-term access to funds, low level of incomes, credit risk, high interest rates, difficulties with property registration (tilting), burden of regulations, cost of housing, lack of property price, lack of understanding of mortgage prices, financial literacy and high incidental costs of borrowing. Mortgage market is affected by financial supply policies and procedures by financial institutions, and environmental risks

(Aguko Juma, 2012). Normally the banks provide the mortgage loans with the following main conditions:

- Interest rates are at variable rates at different times
- Loans maturity is normally long with a maximum period of 25 years with some banks
- Loan to value is approximately 90% of the property value
- Payment to income: the average of the maximum allowable debt is approximately 51%
- Acceptable collateral: most banks require both personal guarantees and mortgage lieu
- Payment schedule: Banks prefer fixed payments
- Purpose of mortgage loans: mortgage financing is offered for house purchase, construction and financing purposes
- Payable fees: the most common fees are legal fees, valuation, arrangement fees; stamp duty, and mortgage protection policy premium

I have used real estate property investment as major part of my overall strategy in building wealth. I have buildings in Nairobi I have financed through mortgage, personal income from SACCOs, salary and shares in a slow but progressive way for over 40 years. The details of financing of the properties are:

#### **A. Buying houses from Developers**

##### **1. Buru Buru Residential house in Eastland's of Nairobi**

- 3-bedroom Bungalow house
- Allocated in 1981 by Housing Company of Kenya (HFCK)
- Building completed in November 1982
- Selling price Ksh 230,000
- Down payment (deposit) 38,860
- Loan of 198,196.20. The maximum advance was to be computed on the basis of 21/2 times of the total annual income. The allocation was made in the understanding that I had to personally occupy the house
- Monthly loan repayment 2,596
- My monthly total income (consolidated salary) Ksh 5,600
- Rate of Interest- 14% per year
- Prospective monthly rent Ksh 2,000 in 1982
- Monthly rent in 2020 is Ksh 30,000
- On 1st October 1983, the rate of interest increased to 16% per year
- In March 1984, the rate of interest reduced to 15% per year
- In July 1984, the rate of interest reduced to 13.5%
- In April 1989, the rate interest increased to 16.5%
- In June 1990, the rate of interest increased to 18%
- In January 1991, the rate of interest increased to 19%
- In July 1993, the rate of interest increased to 21%
- In January 1994, the rate of interest increased to 26%
- In January 1995, the rate of interest reduced to 22%

I redeemed my mortgage account on 13th June 1997 after a long struggle of a loan that was increasing instead of decreasing in the initial period of payment. I was able to increase monthly from savings of my consultancy and research

honoraria from 1995-1997. This was my first mortgage loan that was very demanding for me since I had only been a government employee for 3 years and also my salary was not enough to cover the monthly payment and my living expenses. The whole mortgage loan was complicated by having another loan from SACCO which was also taking strain on me. I learnt that overcommitting yourself on loans can cause you financial embarrassment where you may not have living finances for the health of your family. It is good to plan to have enough money left after the loan so that you do not struggle as if it is the end of the world to get house or create wealth. It must be a plan and work towards one's limit of finances.

I rented this first mortgage house immediately it was handed over to me. Lack of experience in dealing with tenants can be a problem. The tenant will know you have not dealt with another by listening to their excuses of not paying rent and then moving out of the house without paying. Most tenants who rent new houses have a habit of going to new houses from one estate to another and they know the landlord may not be that harsh for them to pay because a new estate may not be fully occupied and they can jump from one house to another. The advice is that you buy your first mortgage house when you are able to stay in that house. Otherwise, you will get a problem with finances when you get joyriders who are normally not sympathetic for your financial pain with the mortgage. In the earlier years of the mortgage system in this country, the monthly mortgage payment was sent directly to the bank/financier by the employer. This made sure they financier has his money and there was no way of delaying even for a day or month. Currently, banks/financier are in favorable arrangement where they are not only after your salary but other collaterals can do and you can be able to pay directly to them on monthly basis

It is comfortable to own a house in Nairobi County. It is a long-time commitment that pays. The house i bought with initial loan of 230,000 is currently has a market price of 10 Million. I feel that is my retirement plan that has paid off and comfort after retirement. I can live in the house with only the worry of paying electricity and water bill and rates at the end of every year

### **3. Komarock Phase 3 masionate**

- A three-bedroom masionette allocated in September 1997 by HFCK
- Purchase price in February 1998 – Ksh 1.7 million
- Enhance deposit paid (willingly)- Ksh 400,000
- Negotiated interest rate with my employer who used employee pension as guarantee – 10%per year
- UoN withdrew from the negotiated price and interest rate adjusted to the market rate of 15.5% in February 2007
- I redeemed mortgage in March 2007
- Rent per month in 1998 was 16,000
- Rent per month in 2020 is Ksh 27,000

I took the opportunity of the negotiated rate of interest of 10% between UoN and HFCK, which was between February 1998 and February 2007. I also paid a higher deposit of 23.5%, although UoN staff were supposed to be allocated the

houses without paying the deposit so long as houses were not above the maximum allowed price by the two institutions. My employment level was allowed a maximum of Ks 1.7M, and therefore I was not supposed to pay deposit by i intentionally wanted to reduce the burden of the mortgage. Although the mortgage loan was for 15 years, I cleared it within 9 years at the rate of 10% interest per annum. I was able to pay high deposit from my savings from my consultancy and research Honoria from 1998-2007

#### **4. Nyayo estate Embakasi masionette**

- House allocated in December 2011 by NSSF
- The estate was completed for occupation in March 2013
- Sale price of the house- Ksh 7,330,000
- Deposit paid – 769,000
- Interest rate -15% per annum
- Deposit – 10%
- Cleared payment in 2014
- Rent per month in 2013- Ksh 35,000
- Rent per month since 2018- 47,000

The initial interest was to clear the house and sell it at a higher profit. I had the intention of selling this house at a price of Ksh 9M after I had completed paying the mortgage loan. However, this did not take place because of bureaucracy of selling property in this country and conmanship in the whole process of selling. Buying houses and selling houses can be a demanding job, time and energy, especially for an already employed person. Buying developed houses and selling could be a lucrative business although demanding in time and financing.

I cleared the mortgage loan for the house by using other rental income and salary from an employer which was reasonably giving a salary above the living expenses and therefore could afford to save to offset the loan. Houses developed by government bodies may be cheaper in the fee charges to process the allocated houses since these organizations may not charge taxes, legal fees, etc. It is good to target those houses whenever they are available in a good area. Within the

period of buying this house with a mortgage loan, I had another mortgage loan of Ksh 23M to be completed within 13 years with effect from 2011.

### **5. Roslyn Garden Gated estate**

- House allocated in 2009
- Took possession of the house in June 2010
- Sale price – Ksh Ks 26M
- House loan- 23.4M
- House deposit- Ksh 2.6M
- Interest per annum in 2009 – 15%
- Rent in 2011 ksh140,000 per month
- Ist May 2014- Ksh 180,000 per month
- January 2015- Ksh 320,000 per month
- August 2016-June 2018- Ksh 350,000 per month
- September 2019- present – Ksh 360,000 per month
- Loan payments of 368,818 per month for a period of 13 years at a variable interest age of 15%. The payment period of 13 years was the number of years that I had remained to reach retirement age of 70 years at UoN. This indicates that I was 57 years when I was getting the loan. Before-hand banks could provide a mortgage loan to an employee who was not over 45 years old. The collateral for the mortgage loan was 6 rental houses which were valued at rental income of 338,000 per month and noted I could be able to pay the loan within the given time. I redeemed the mortgage loan in 2018, i.e 7 years of concerted effort in paying. The mortgage was redeemed earlier than scheduled because of favorable rent income which ranged from Ksh140,000 in 2011 to 350,000 per month by 2018 and concerted effort of deposing other rental income from other rental house and salary savings over and above the minimum monthly payment required. The site of the house is close to international institutions, close to embassies, close to UN and close to international schools. It is a gated estate of 26 houses that are very marketable because of ½ acre compound, well-kept garden, club house with well-maintained gym and swimming pool. It has a very quiet surrounding that is well maintained, with landlords paying service charge of Ksh 31,000 per month currently. However, although the rent per month is high, it does take some time to able to repay the buying costs unless concerted effort is made to pay

### **6. Precious Heights Apartments, a 2-bedroom house flat**

- House allocated in March 2013
  - House completed for occupation in July 2015
  - Purchase price- Ksh 5,250,000
  - Deposit of 787,500
  - Cleared loan payment in May 2015 in partial payments/instalments
  - In July 2015, rent per month was Ksh 30,000
  - Rent per month as per March 2019- Ksh 35,000
- The first tenant rented the house for 4 years without renewal of rent agreement or increase of rent. Tenants who stay in houses are normally very reluctant to sign another contract period. They just wish to continue staying without a

renewed contract. It because difficulty to increase rent for such tenants if they have been paying rent in full and on time. Signing of leases with tenants is an issue that is very difficult to deal with the middle- and -lower class houses. Tenants feel as if it is a bother and just want to rent a house and stay and leave when the time comes

### **7. Precious Heights apartment (one-bedroom house flat)**

- Allocated in December 2015
- Purchase price Ksh 3,950,000
- Payments in full without a loan
- Handover of the house in April 2016
- Rent per month on May 2016- Ksh 25,000
- Rent per month on September 2018- Ksh 27,500
- Rent per month in August 2020 (during COVID-19 period)- Ksh 26,000

The location of a house is a determinant of the rent of the house and more-or-less the size or quality of the house. It is important to consider the location of the house more than other aspects. Of course, the infrastructure is also very key in terms of schools in the area, markets, roads and whether it is a higher class estate area. One bedroom in Precious Heights, Riruta has a higher rent than 3-bedroom Maisonette house in Komarock or Bururu in Eastlands of Nairobi. That is benefit of identification of the location where to buy a house, besides anything else on the quality of the house. But of course, the price of the houses/flats may also be higher in those strategic areas

### **8. Precious Heights apartments (3-bedroom house flat)**

- Allocated in May 2016
- Purchase price- Ksh 8,500,000
- Deposit – Ksh 850,000. However, I have paid it as offplan in 8 instalments and completed payment in January 2019
- Had-over of completed houses expected in February 2021

The house has taken over four years to be completed instead of the two years promised in the contract agreement by HFCK, who is the developer. But this period has given me enough time to divert the rental income from other houses to pay the house at ease and compete paying. This has been a form of saving the money from rental houses. This can be a less strenuous way of building long term wealth. Those house flats are currently costing Ksh10M, indicating I have lost on time but gained on buying price at a lower price than the current price

### **9. Precious heights House flats (3 bedroom)**

- Allocated in July 217
- Deposit payment of Ksh 920, 000
- Purchase price on mortgage loan 9,200,000
- Converted to off-plan and completed in 7 instalments in September 2020
- House will be handed over in February 2021

In off-plan you are never sure how reliable developer can turn to be unreliable over time. The precious Heights flats that have taken too long have been

developed by HFCK which is one of the oldest and reliable Housing developer in this country. Phase one of Precious Heights were developed within the stipulated period by HFCK and I had confidence they would do that with Precious Height Phase 2. That has not happened since HFCK decided to change its investment policy that does not lay emphasis on the development of houses. They have been in development of houses for mortgage payments for nearly 50 years and I could not expect and predict their failure for this last 5 years. There are risks that can be avoided by avoiding off-plans and not mind buying houses expensively after they are fully build, but sure that you have going to have a house as soon as pay the price.

## **B. Building rental houses**

1.Mathare North Area 4 (5-floor rental residential house)

- Bought land plot in Mathare North Area 4 on 14th October 1985 with a loan from employer's UKULIMA SACCO
- Purchase price – Ksh 38,600
- Built 8-rental rooms in March-July 1987 with a loan from UKULIMA SACCO
- Rental income per room was Ksh 300
- I demolished the house and built a 5-floor house flat of 40 rooms in June 2003-April 2004
- The house was developed through money from shares, consultancies and a loan from CHUNA SACCO
- The cost of the house was Ksh 4M
- The rent per room per month in 2020 is Ksh 4,500-5,000

Although the name Mathare is very scaling to a developer because it is a connotation of a slum area, the area the house stands is very marketable for rental income and it is not in the same area in the Mathare slum. It is close to the busy Thika Road and also next to KCA university and a lot of other institutions/organizations present. This is the best house if value for money is considered. Because of the suitability of the area, the rent collection is favourable and we are able to collect 95% of the rent per month. Of course, there is a prudent rent manager who is thorough in his job at a very low cost. Good workers can make you wealth out of their good effort to manage your property to

the best they can. The estate is a site and service scheme developed by Nairobi City Council through World Bank Loan and has very good infrastructure

### **10. Kayole building**

- Bought the land plot on 22nd March 1991
- Built 4 room for a nursery school in the plot in 1994
- The four rooms were later to become Elimu Nursery school
- The four rooms were built with a loan of Ksh 100,000 from CHUNA SACCO
- The four rooms for the Nursery school were demolished and four floor rental building was developed with 36 rooms for renting in 1998-1999
- The funds for building the building were savings from a consultancy job I did for an international research organization from 1995-1998 and also from selling shares
- The total cost of the building was about Ksh 2M
- Rent per room in 1998 was 800
- Rent per room in 2020 is Ksh 3,000

The estate has very good infrastructure that were developed by World Bank loan through Nairobi City Council in 1980's. Such site and service schemes are the best since there are infrastructure that makes them comfortable for the low income people. The estate has very good roads, water system, sewerage system and schools built over the estate

### **3. Tassia 1 building in Tassia estate, Embakasi**

- Bought the plot in January 2006 at a cost of 150,000 from an individual, and another 325,000 paid to the NSSF who were the original owners of the plots before they were grabbed by the land grabbers
- Built a one-floor house flat of 2-bedroom houses at a cost of 4M in 2006-2007
- The funds were raised from honoraria from research projects, consultancy fees and selling shares from 2004-2006
- Rent in 2007- Ksh 9,000 per month
- Rent in 2020- Ksh 12,000 per month

#### **4. Tassia 2 building in Tassia Estat, Embakasi**

- Bought the unfinished house structure in November 2008 at a cost of Ksh 2M. The money was raised from selling shares and rental income
- An extension of two floors was done in 2009 and the house has six, 2-bedroomed house flats
- Rent in 2009 – Ksh 9000 per month
- Rent 2020- Ksh 10,000 per month

### **Conclusions:**

Real estate investment can be a high capital input that requires injection of a lot of capital. However, you can start small in this investment by buying a land plot in urban or peri-urban area and build a house. This is a slow investment that may take four-to-five years to complete the house in case the funds are sourced from the bank or SACCO, or from savings from a salary, or from selling other property and relocate those funds to the building(s). This is a long-term

investment and the accumulation of wealth can also take a long time. Rents are not a one-time generation of riches. They are like salaries that you receive every month. You require to prudently save the rent income for some time to be able to invest in a bigger investment like building many houses that you get higher and higher rental income as you increase the number of the houses. The rental income built over time is able to accumulate enough to Invest in a bigger project or in more buildings. It is not a rich-quick activity but a lifetime effort.

Building houses or buying houses on mortgage payments can be a more expensive than building a house on your own savings or own accumulated money. But it may take long and tactics to save enough money to building in a continuous effort to finish the house(s). Mortgages are expensive because of the extra cost on legal fees, stamp duty, insurance fee, etc. These costs make mortgage loans very expensive and property bought through mortgage may be about double the amount you would use to build the same house in the same area it is located. The developers normally target about 40% profit and which is too high and makes those houses expensive. However, there are a number of advantages of buying houses using mortgage loans. The house under mortgage can be acquired under a deposit and then the mortgage loan is paid for over 15 years in most occasions to the financiers. This gives the owner of the house a payment schedule that would not have possible if an individual built his own house through savings from his salary, or SACCO loan or funding from other sources. Thus, it is the concern of the developer to built the house and provide the compete house to the owner at the stipulated time frame. The time and effort to built the house is left to the developer. The developers normally select areas that have infrastructure facilities that are attractive to the buyers. The houses are also facilitated with water, electricity and roads and other infrastructure facilities that will attract the prospective buyers of the property. Houses built by owners in peri-urban and urban areas may not have the facilities found in mortgage houses because of the individual price of putting up those facilities. However, in a number of cases mortgage houses may be built with very cheap materials, especially for finishing, that may not last long but their locations may be attractive and near other facilities like schools and area of work and other attractive requirements

The issue of mortgage payments and expense can be overcome by having higher down payment or deposit than the minimum required. It is good to pay as much as you can as deposit so that you can get a small loan that is easily payable thorough out the mortgage payment period. It would also be advisable to pay lumpsum money whenever available from such institutions as SACCO or higher salary, gratuity, selling other property, etc. These are opportunities to decrease the loan and continue paying the remaining loan money at the same rate as before. This will enable somebody to clear loan within a shorter period than the expected period and reduce the overall amount paid to the financier.

Buying offplan houses are better than buying mortgage houses after they are built. Offplan houses are bought before the houses and infrastructure are built at the site. When you buy offplan you may decide to pay initial deposit and pay in installments as the house is being built. When you buy offplan, you get to pick your house/apartment flat first, good price and have initial low buying price. The staggered payment during the development of the houses gives somebody to

purchase the house without a lot of stress, especially if the house is being built over a period of 2 years. Purchasing a house offplan has the advantage of the house price growth when the house is finally complete. This can offer tremendous value to the property. The offplan is normally the purchase price below the market price when it is handed over to you. However, it is riskier to invest in offplan because a number of developers are not reliable in this country. Before buying offplan, it is important to track the record of the property developer and get as much information of the developer and on the housing project as much as possible. But you will never be sure of the reliability of a developer even

when he has been perfect before. It is a gamble to buy a house offplan and from a developer who always cheat on the quality of the houses

**EXPERIENCES IN REAL ESTATE MANAGEMENT IN NAIROBI, KENYA**

**John H. Nderitu,  
Executive Chairman,  
Huria Management Company Ltd (HMC), Nairobi**

**Quotes:**

1. Facebook founder Mark Zuckerberg, the American entrepreneur, visionary and philanthropist made a profound statement on risk-taking when still in his 20s. He said: “The biggest risk is not taking any risk.” And added: “In a world that’s changing really quickly, the only strategy that is guaranteed to fail is not taking risks.”
2. American president John F. Kennedy noted: “There are risks and costs to action. But they are far less than the long-range risks of comfortable inaction.”
3. George S. Patton, a General of the United States Army, gave similar advice: “Take calculated risks. That is quite different from being rash.”
4. “Real Estate is one of the most profitable business investments. Every year, building and housing prices increase dramatically. However, managing properties is not as easy as it seems”.

**I quote a number of definitions of property management:**

1. “Property management is the administration and the services rendered to the tenants/inhabitants, with the point of empowering these individuals to have satisfaction in their homes, safe yet secure environment “
2. “Property management is the ways and means to achieve occupants’ satisfaction of the building in terms of the management services including

cleanliness, security, safety, clubhouse facilities and other functionalities” (Gommans et al, 2014)

3. “Property management is the operation of private, business or individual or industrial estate and is much lined to the part of management of any business”

The job of a property manager are:-

1. “Property manager is in-charge of the everyday administration of the property including upkeep, inhabitant screening, renting, rent gathering and financial administration (Nzalu, 2013, Makori and Memba, 2015)

2. “Property manager does rent collection, determining lease and rent rates, advertising the property and rent amounts”

3. “Property manager collects rent on time and ensures the owner’s cash flow remain positive”. He locates and screen tenants, handle complaints and emergencies, move out and evict tenants”

4. “Property manager does showcasing and making public, appeasing, repairs/upkeep, property inspections, rent collection, evictions and statement month by month with direct deposit accessible”

5. “Property manager does offer accounting services to property owners where they deposit money to the bank, print bank slips and demonstrate when the cash has been kept in the bank”

6. “Managing a real estate business manually takes a lot of energy, time and money”.

7. “However, there are normally conflict between property owners and property managers. It has been noted that most conflicts arise due to lack of professionalism and knowledge, poor communication on work or lying to property owner, failing to act in accordance with the property owner’s instruction or acting outside the agreed authority, failure to communicate a conflict of interest, bad repairs or failing to do repairs and failure to pass rent to the property owner. The aspects of good property management include use of technology, good communication, attract tenants, reliable network of trades for service providers, property inspection and learning from others”.

I have experience in managing personal properties in Nairobi for over 40 years and have noted a number of steps in managing properties and their characteristics to showcase that:

### **1. Rental Properties**

Managing properties in Nairobi depends on whether it is in lower class, middle or higher class areas:

**i) Low class estates:** I have managed a 5-multi-storey house flat at Mathare Area 4 and a 4- Multi-storey Kayole flat low cost area. These are single rooms that are mainly occupied by young, mainly single and Jua kali/small scale traders running small enterprises. They pay 3,000 to 5,000 per room per month. The houses have normally common facilities like washroom and bathrooms. The tenants are normally committed to pay rent under many financial problems that may arise in the course of the month. However, they still struggle to pay rent under all difficult financial circumstances and they maybe even be better those from Middle and High-income groups. Of course, managing such a house (s) is

not easy. They are late in paying and there are some months that they may not pay because of financial problems. However, they are committed and we collect about 90% of the rent from these houses(s) per month. You have to have many strategies to collect rent in those houses. One you give a caretaker a room and reside in the house to manage the common facilities of the house and track rent defaulters either by day or by night or in the social places. The caretaker locates and screen tenants, handle complaints and emergencies, services including security, cleanliness and safety, and move out and evict tenants. The caretaker normally devises his own eviction procedures for those who do not pay on time or evade to pay. He reports to the owner of the house or does maintenance of the house and also enforces rules of residence in the house(s). I have engaged a rent collector so that the rent collected is audited by the caretaker in case they are collusion between him and the tenant. They are normally very effective procedures to ensure rent is collected and monitoring is done on my behalf by the caretaker. I ensure that the rent collector and the caretaker are always in conflict so that they do not collude in financial administration and rent gathering. The caretaker collects receipts from the rent collector and records who has not paid and paid and gives the receipts to the tenants. Thus, the caretaker audits the collection and rent gathering. I also audit the rent every month through submitted filled sheets indicating rent collected. This is an Indian style of doing business by ensuring that the workers oversee each other and thus reduces theft/corruption in the business. The low-cost houses are most profitable in terms of value for money used for investment in the business than middle or high-cost houses. But they have very high risk in management, including sometimes to use police or the chiefs in administration to be able to manage them and get the rent from tenants. You have to be ruthless sometimes to be able to manage them and may require sometimes face-to-face management between rent collector/caretaker, the Luhya slogan “Mundu Kwa Mundu” that may lead to police station. This is remote control by the owner of the property. Other people are hired to do the job or report to the police station under a fee. It may not be under any regulations or rules known by anybody or any officially gazetted regulations. These are rules designed by the owner of the property, caretaker and rent collector. They are normally not aware on any written laws on management of property in Kenya or any regulations that are officially gazetted by the government. But it works very well in managing such low- cost houses. However, the political protests in 2007 disorganized any method of collecting rent in such low-cost areas and it took a long time to get to normal in some estates in Nairobi. Tenants became difficulty and rent collection was not possible because some areas was a no-go zone for one or two years and even now they have never done a good job in rent collection. It is a price in risk taking in investing in low-cost areas

**ii) Middle class estates:** I have a three-bedroomed house in Koma Rock estate in Eastland’s area and I have engaged a rent collector who collect rent from the tenant from. I collect rent from a three-bedroom Maisonette house in Nyayo Embakasi, Embakasi area from a Chinese tenant and It is problematic with that tenant who does not pay regularly at any time of the month. The middle-income houses are occupied by employees and normally easier to collect rent on monthly

basis but very few are on quarterly basis. These tenants have regular income either from salary or business, but sometimes it is also difficult to collect rent from tenants who do not do regular budget for the rent or overspend in anti-social activities like beers and over-womanizing in “Gachungua” or “sponsor” . I have two multi-storied houses of 6 units of 2-bedrooms flats in Tassia Estate in Eastland’s area, one-bedroom and two-bedroom house in precious high rise flats in Riruta area. These houses are also occupied by employees of institutions who are able to pay their rent in most months of the year. However, some can also accumulate arrears and are a problem to rent collectors who have a hard time to get rent from them. There are times good tenants get a hard time after either loosing a job or family problems which also becomes a problem for them to pay. The income from these middle-class houses are less when you consider value for money for investments. They are a heavier investment in the construction or buying from developers compared to low-cost, low income houses

**iii)High income houses:** I have a house at Nyali Estate, Nairobi in a gated community and it occupies  $\frac{1}{2}$  piece of land. The cost of the house compared to low-cost house and middle-income houses is by far many times higher. The initial investment in buying such a house is very high. Although the rent may be high, the rent income may not be enough to pay any loan you may have acquired from the bank. If they are not many houses of such type you have, you can manage to collect rent because such tenants will give a bank standing charge or pay on quarterly rate which is convenient and can be directly to the owner. They are normally on lease and this will also ensure you have a tenant for a given time. You can engage maintenance technicians close to the area of the house so that you can refer to them whenever there are repairs to be done to the house(s)

## **2. Determine prices and expectations**

Before pricing, do market research by finding out the average rental price in the area as well as the number of rented houses there. Find out the following: i)What is the average income in the area?; ii)What is the average rental price?; iii)Does your location have any extra-special benefits (e.g. access to bus/train lines, easy highway access, large parking lots) that you can charge more for?.

In Low cost houses, the rent per month is normally the average rent price in the area. Normally caretaker will find out the rent of adjacent houses in the area. It is good to take this into account so that the tenants do not leave your house to go and occupy other houses. Such tenants are very mobile because they have few of house belongings and they just jump from one house to another. The rent per month from these houses do stay for a long before an increase and this could mainly be done when you have renovated the house and when you are having new tenants. You still have some tenants staying in those houses over ten years and it is difficulty to increase the rent because they do not even have legal leases. The leases are normally one page that includes the name, National Identity Number and telephone contact. We also have them sign rules of residence which are very important in such houses that are occupied in close proximity by a lot of people. The rent in these houses are not progressively increased in over-time

and stay many years before you do that. There are not like houses in the higher incomes areas which are very responsive to economic situation in the country, especially inflation. In middle income houses, the rent is determined by the current on-going prices in the area. This will vary with the area of the house(s) and can vary greatly. Of course, the higher the buying price of the house, the higher will be the rent in the area. I have seen a great difference in Eastland area and Westland area of Nairobi. I one-bedroom house flat in Westland can bring more rent than a three or four-bedroomed house in Eastland's area. Although they are good houses and comfortable houses in Eastlands area, they fetch far less than small and less executive houses in certain locations in Nairobi. The location of the house is key and bigger determinant of rent than the quality and size of the house. My one-bedroom house in Riruta area, Westland of Nairobi, has the same amount of rent per month as my house in Komarock and Buru Buru houses in Eastland in Nairobi. It is good to buy or built a house at a location that has special benefits in rent prices and even selling price Estates in areas with people of high income are normally occupied by foreigners employed by international institutions that provide high rent way above the income levels of the locals. These are embassies, UN bodies and international companies. The locals who stay in these houses are normally the ones who own those houses. The rents are high. The initial cost of buying those houses are also high and therefore the value for money may not be that high compared to low and middle-class areas. The rental prices are the prevailing prices of the area and you do not vary much from what the price known in the area. These houses are negotiated and leases are written for two or more years. Most occasions, tenants go through the agents to get the houses and also negotiate for the lease and rent. The fee for the agents is normally one month's rent of the house which is charged the landlord and not the tenant. This is whether you have signed a contract or no contract with those agents. They link with the international institutions to know who are incoming employees and normally also tip those people in those institutions. It is difficulty to defeat them in this game since they will link closely with the tenant to ensure you pay them at whatever cost

### **3. Marketing**

In low cost and medium houses, we advertise the houses by word of mouth through other tenants in the estate. We put a billboard or announcement in the area. Sometimes small-time agents come and request to look for tenants on a small fee. We rely on multiple methods including caretakers of other houses around the area. Tenants who want to rent a house also walk around, especially around the weekend and sport the empty houses and can contact us through telephone and negotiate for the price. In high-cost areas, we market the houses through multiple platforms such as malls boards, or online marketing such as face book, Instagram etc. In most high-cost house tenants are provided the houses through leases and there are also rules for the residence. It is important

to advertise the house and find potential tenant since rarely you will have personal contact with

#### **4. Maintaining your property**

Regularly checking by yourself or property manager your property will help you maintain good communication with tenants and they will feel more comfortable, because you visit them regularly to check the condition of the place they live. Regular visits also help you save costs since damage can be prevented earlier. In routine maintenance it is important to prepare a few important things such as contactable technicians and costs for routine maintenance. It is important to render maintenance services to enable tenants have satisfaction with their homes. Most people do not take this cost of maintenance with the seriousness it deserves and end up losing tenants or having houses with no tenants

#### **5. Collecting rents**

Collecting rents is an uphill task to the rent collectors. Quite often you have to use illegal and legal means in low and middle-income houses. If late payments persist, then you must take decisive action by enforcing a late fee or perhaps an eviction if necessary. If you want to raise the rent you must notify tenants in advance and you should have discussed this since signing the lease agreement.

#### **6. Dealing with a breach of contract**

When a contract violation occurs, it is important that you do some research on local laws to ensure that you stick to the applicable rules. It is essential that you file an eviction and undergo the entire court process. Even though the time that it takes to carry out an eviction can be very long, you must notify the tenant and file the eviction. Don't try to evict the tenant on your own without obeying the rules. Evicting a resident by force (by changing the locks or other personal actions) can be considered a criminal act. Follow these basic steps: Make an official notification for the tenant, including how long they have to fix the problem that violates their lease contract; file the eviction to court if your notice terms are not met; do not accept any payment when you have filed the eviction, as it can nullify the eviction process; understand laws to make sure you don't break any rules; hire a lawyer if you have difficulty understanding the laws; wait for the court decision before carrying out the eviction. We have sometimes used threats because court cases through Rent Tribunal can take long and you house can be occupied for years without getting rent. There are people who can advantage of the period that court cases take. Sometimes we take short cuts by using administrative chiefs or police to help in such situations, although it is not the normal way of dealing with tenants

#### **7. Managing cash flow**

Accounting is a mandatory aspect of real estate management. It is important to know your incoming and outgoing cash very well. Make sure you separate your personal and business bank accounts for better financial management. Make a detailed list of routine expenses, such as maintenance costs, taxes, salaries, marketing costs, and so on. Thus, make sure that you always get paid on time.

Manage expenses and allocate budgets wisely. It is important to audit the collection every month and banking done so that you are sure everything is going right in the collection and banking. If not thorough, you can have the rent collector take advantage and does not bank everything he/she collects and it may be too late after you have audited and he has gone away. Also do not think rent money is always for next big thing, either more building or buying houses. There is always cost of maintenance of these buildings and this can be

unexpected repairs to be done. I encourage you not to overenjoy on the rent every month just like people who enjoy on the salary

In conclusion, it is important to determine prices and expectations; advertise your property and find potential prospects; perform routine maintenance; receive payments on time; manage expenses and allocate budgets wisely

**EXPERIENCES IN RAW LAND BUYING AND WHAT YOU DO WITH THE  
LAND IN KENYA  
Huria Management Company Ltd (HMC)  
Dec 2020**

**Quotes:-**

1.“Kenyan land system is defined by the Constitution of Kenya, the Land Registration Act and the Land Act. Land owned by individuals is classified as Private land - this is land held by natural or legal persons. It is classified into the following land tenure system:

**Freehold land tenure system** - it gives the holder absolute ownership of the land for life. A freehold title deed generally has no restrictions as to the use and occupation of the land. However, there are some conditional freeholds which may restrict the use of land for agricultural uses only.

**Leasehold land tenure system** - this is the interest in land for a specific period of time subject to payment of land rent to the National government and land rates to the county governments. Once a lease expires the land reverts back to the government or the leaseholder can apply for a renewal or extension of the lease.”

2.“Land is a very valuable asset because of its finiteness. Humans not only live on but also perform all economic activities on land. This coupled with the fact the world population is ever increasing, land everywhere keeps on appreciating in value consequently attracting an upsurge in demand. Because land is constantly appreciating in value, it is deemed an excellent investment by many”

3.” Buying raw land can be a good investment. Land investments can produce high returns, passive income, and large profit margins”

4. “Why invest in land?. Reasons to invest in land are: good return on investment; low cost; more land isn’t being made; little to no maintenance; large opportunity. Ways to invest on land are: flipping land; developing raw land; Buy and hold; buy and lease; Buy and sell”

5.” Why Land Is Almost Always a Bad Investment. Most knowledgeable real estate investors agree buying land is not a good idea. There’s just way too much risk. Land is speculative. You are 100% hoping the value will go up to provide you a fair rate of return. And it might. But will it go up enough to provide you a fair rate of return for the extreme risk you are taking holding that land?”. Land may be a good investment for building developers and long-term with extensive development and entitlement skills and experience and significantly diversified portfolios of land to reduce their overall risk”.

It was traditional during my youthful years that you start earning life/employment by buying land and living on it. It was the norm that time and therefore most of us bought land as our first investment after employment. This is no longer the case and newly employed or self-employed young people start

with other priorities in investment. That is how i started buying land 3 years after my first employment

I Have bought the following vacant land over 40 years of my employment life:

### **1. Marmanet Scheme, Laikipia West County**

- I bought a 5-acre agricultural land in November 1980 at a cost of Ksh 30,000
- Ways I have tried to make money out my vacant Land since 1980 are: farming maize which I did from 1981-1982 with very little returns from selling maize to National Cereals Board who paid me after one year after delivery; beekeeping- which I did in 1990's with a few beehives but failed miserably because they were stolen with honey and bees; camping ground or Forest Garden which I developed in 2011 and failed miserably but continuing with that vision even when wedding gardens are not as marketable as the time I started thinking about it; event venue which am trying to do currently by encouraging people to use the empty garden with only good washrooms and bathrooms- poor are poor in the rural areas and does events in school or church compounds; posts and timber harvesting- I have invested in 5 acres of eucalyptus trees and currently selling and making good money after 10 years of waiting patiently for them to mature and sell; lease it out which I did from 1982- 2007 with very little return in the rural areas where no water system for irrigation or far away from the markets or urban areas for the farm produce.
- The 5-acres of eucalyptus trees were planted in 2007-2009. I started harvesting for electricity posts, fencing posts and building props in 2006 and I have made about Ksh 1M
- The operation costs of selling wood products is high since I operate from 250 Km from the farm, and then selling the trees remotely becomes big problem in supervising harvesting to ensure brokers do not benefit from cutting more trees than the ones I have sold to them. Corruption in this country is widespread within urban and rural areas and everybody want to get money from what they have not sweated for. It becomes expensive to supervise a business that you is located far from you. Too many thieves will be in your farm, including women from the area stealing firewood early in the morning and late in the evening, instead of buying from. Everybody in this country want free things or steal even when they are able to pay for it. I have lost a lot of money from the caretaker selling my fencing posts and not letting me know or forwarding money to me. Everybody is corrupt or a thief until proofed otherwise in the court of law of this country. People are honored when they are corrupt and will sit in the high table without shame because they are richer after stealing

### **2. Mwenje land, Laikipia West Sub-county**

- Father handed me land he had paid registration fee of Ksh 20 in 11/1/1972 at Laikipia West Farmers Cooperative Society Co. Ltd, as a member and requested me to complete paying for it and own it. I completed paying fully by using money saved by working as a secondary school teacher 1993-1995 and loan money

(Boom) advanced to me as university student by the government in 1975-1976. I paid the money as follows:

-11/1//1972- Ksh 20 as registration/entrance fee

-5/6/1974- Ksh 300 as share capital

-6/8/1974- Ks 200 as share capital

-6/8/1975- Ksh 500 as share capital

-7/4/1979- Ksh 400 as share capital

-5/5/1979- Ksh 320 as share capital

-2/10/1979- Ksh 1,000 as transfer fee

Total cost of the land was Ksh 1,720

- I planted 6 thousand eucalyptus trees in the 5-acres in 2011-2012
- I started harvesting this year 2020 and earned Ksh 250,000 from 100 trees for electricity posts
- I hope to continue harvesting for the next 7 years to complete partial harvesting the initial plants planted and then wait for the coppice shoots to grow to maturity for harvesting for another round. Harvesting for the first time is about 12 years, then First coppice should be harvested at 22 years and third coppice harvested at 30 years. There are 3 harvests in 30 years to complete the productivity of the original tree
- Investment in eucalyptus has a competitive edge over other tree species and some agricultural crops. This is due to fast growth, a wide range of products and its high coppicing ability
- Eucalyptus enterprise is a profitable venture. Eucalyptus is a cash crop of choice and higher returns comparable to returns on maize, tea etc
- It is important to do integrated harvesting to maximize the utilization of the entire tree ie timber, fuelwood, posts for fencing and posts for fiber connection and posts for electricity connection
- One quarter acre was planted Bamboo plants for commercial purpose in 2014. There is serious promotion of bamboo farming in this country by both NGOs, international agencies and government bodies like KEFRI. Whereas it is highly promoted for both commercial and environmental rehabilitation, it has not been commercialized at the national level. Promotion of growing of bamboo is being done by the institutions without any value addition being seen to be advocated to give the farmers a commercial value for their bamboo crop. I have my bamboo crop mature and I have tried to sell the mature bamboo for the last one year without anybody interested to buy. Promotion of bamboo farming should go hand in hand with commercialization of the bamboo crop. Otherwise, it is the most frustrating thing you can do of planting the bamboo crop, waiting for five years to mature, without market in the country. There is no bamboo market or value chain and unless this perfected there is no need of encouraging farmers to have serious big plantations in the country. The government should encourage and support the private sector to enhance the production to consumption of bamboo resource and improve quality and quantity of bamboo products. This should focus on the products such as furniture, timber, construction industry and generation of clean energy for domestic and industrial use. The banning of harvesting of bamboo from natural forests should be lifted so that enough volumes can be a startup of the bamboo industries in this country. This will

encourage the private sector to innovate in development and utilization of bamboo products in this country. Farmers normally prefer to produce a crop that has high value and for commercialization purpose

### **3. Mwenje land, Laikipia West Sub-County**

- Bought a 4-acre land at Ksh 600,000. I was able to clear payment at once because I was earning Ksh 660,000 per month from my a very good employer who was a very enterprising investor and who increased our salary every year without any agitation after good performance of the company
- Eucalyptus trees were planted in the 4-acre land in short rains 2014 and long rains 2015. The trees will be ready for piecemeal harvesting in year 2024

### **4. Rongai, Kajiado County land plot**

- Bought 2 plots of  $\frac{1}{4}$  acre each at Ksh 4M in September 2019
- I intend to build a retirement recreation garden surrounding by fruits where you can pick fruits trees as you walk around the garden and relax in one corner and enjoy the many tropical fruits available. That is the purpose of the garden which is 5 Km from Nazarene University at Rongai, Kajiado County. It will be a daily visit venture after i retire in June 2022. I will retire only two months before President Uhuru Kenyatta retires from the presidency
- The area has shallow soil and is extremely dry which cannot grow plants unless irrigated. I have dug two boreholes for catchment of run-off rain water. I hope this will be enough to grow the flower garden and the fruit trees

### **5. Thika plot, Kiambu County**

- Bought a land plot in Thika in 2011. It was sold by Kamuthi Coop at a price of Ksh 110,500
- We were requested to add more money so that title deeds are processed. Some of these cooperatives are conning without providing the land. It is important to be aware of such groups in the country who can drain you in money as they give you hope for land. It is better to walk to the land it is fully processed and buy from an individual rather than have hope where there is no hope of getting land within your lifetime

### **Conclusions**

Land, unless it is in a strategic area, especially close to urban, peri-urban or strategic up-coming market area, cannot be strategic investment even for speculative purposes. Currently land along the main roads can be speculative and fetch a lot of money when subdivided into land plots for building residential or commercial areas. Lands which are far from infrastructure like roads and electricity will tie your money and may not be big an asset in investment in the short and future times. Speculation on land can only be an investment when there is infrastructure or expect infrastructure development by the government (national or county). Land in urban and peri-urban areas can be a big investment for the future and this means it can be speculative investment. Land

should only be bought with an investment mind on it i.e developing it and not for speculative purpose

**EXPERIENCES IN INVESTING IN STOCK MONEY MARKETS IN KENYA**

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**Dec 2020**

The Stock Market is a market which deals in the exchange of shares of publicly quoted companies, and government, corporate bonds among other instruments for money (Nairobi Stock Exchange, 2008). The Stock Exchange plays an important role in the process of economic development: it helps mobilize domestic savings thereby bringing about reallocation of financial resources from dormant to active agents; long-term investments are made liquid, as the transfer of securities (shares and bonds) among the participating public is facilitated; the Exchange has also enabled companies to engage local participation in their shares ownership, thereby giving Kenyans a chance to own shares of reputable firms; companies can also raise extra finance essential for expansion and development. Shares are financial instrument where one acquires ownership stakes of a company. Returns are neither fixed nor guaranteed, one acquires voting rights and benefits from exceptional performance. Bonds on the other hand, an investor loans an issuer, and returns are fixed and guaranteed, no voting rights and no benefits from exceptional performance by a company. Share and bonds are collectively referred to as securities.

**Quotes:**

- 1 "Investing in the stock market is the most tried-and-true method for building long-term wealth... but it's not without its risks".
2. "What Are Stocks? Stocks are equity investments that represent legal ownership in a company. You become a part-owner of the company when you purchase shares".
3. "You can profit from owning stocks when the share price increases, or from quarterly dividend payments".
4. "The real money in investing will have to be made, not by buying and selling, but from owning and holding securities, receiving interest and dividends, and benefiting from their long-term increase in value".
5. "It's also important to consider diversifying the stocks you invest in. Consider stocks for different companies in different industries"
6. "Parking your money in any one of those traditional considered vehicles, except for emergencies or to provide quick access to cash, is a losing proposition"  
" Chris Cook, Slash your retirement risk, 2017
7. "Many of these traditionally conservative and safe investments barely, if at all, earn enough income to keep up with the average rate of inflation" Chris Cook
8. "There are a complex of factors when traditional investment strategies of bonds, equities, treasuries and funds no longer works: i) market volatility-globalization and inter-pendency of business and industries, prevalence of protracted economics; ii) civil and political unrest; iii) increased computerized trading; iv) many people are trading in the market" Chris Cook
9. "The traditional investment strategy offered a diversity of investment such as stocks, bonds, mutual funds, real estate holdings or commodities. The growth of the markets and lack of rapid downturns meant that investors could invest

money, earn great growth potential and their portfolio's have enough protection to hedge against the limited volatility of the day" Chris Cook

10. " Today's investor needs an investment strategy that captures aggressive equity growth while accounting for market volatility, economic uncertainty, and geopolitical upheaval, which have become all too common in recent times".

Today's new return on investment means optimizing risks, maximizing gains, and taking into account the constant changes in the global picture" Chris Cook  
11. "When it comes to any kind of investing, the fact that everyone else is doing it certainly doesn't always translate to long-term investment success". Chris Cook

11. Successful investing is not riding the latest hot ticket to the top. Remember: bubbles- no matter what industry or sector- eventually burst, and often result in devastating portfolios". Chris Cook

My reasons in investing in shares:-

- I invest in anticipation of capital appreciation as they expect prices to rise in the long run thereby enabling them to make capital gains
- I Buy shares for investment income, and they therefore rely on dividends
- I buy shares since they are easily marketable
- I buy share through Unit funds or mutual funds since they are less risk
- I buy shares to save money when I have no investment to make and selling to build an investment at some time or as an emergency fund

**Share buying:**

<b>Date of cash deposit</b>	<b>Cash deposit</b>	<b>Stock broker</b>	<b>Companies sourced/bought shares</b>
14/1/1998	173,000	Nyaga Stock Brokers	Kenya Airways Ltd; Standard Chartered Bank Kenya Ltd; BAT Kenya Ltd; Firestone East Africa Ltd; BAT Kenya Ltd
16/1/1998	150,000	Nyaga stock Brokers	Kenya Airways Ltd; Standard Chartered Bank Kenya Ltd; BAT Kenya Ltd; Total; HFCK; Barclays Bank; East Africa Breweries Ltd, National Bank; ; KCB
29/12/2005	150,000	Nyaga stock Brokers	Kenya Airways Ltd; Standard Chartered Bank Kenya Ltd; BAT Kenya Ltd; Firestone East Africa Ltd; BAT Kenya Ltd
30/12/2005	1,500,000	Nyaga Stock Brokers	Mumias; uchumi; Sasini; ARM; EABL; Standard Chartered Bank of Kenya; EBCL; Kenya Airways ltd
1/10/2006	450,000	Suntra Stock Broker	ARM; Equity Bank; Kenya Airways; Scan Group; NBK; HFCK; Standard Bank; Diamond Trust;

2/10/2006	450,000	Dyer & Blair Investment Bank	NBK; ARM; AGL; CABL, DTK; Equity Bank; HFCK; Kenya Airways; Standard Newspaper; Diamond Trust Bank, Scan Group Ltd
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I sold shares whenever I had a major commitment in building houses in Kayole in 1998, 1999; Mathere North in 2003; Tassia in 2006. By 28/12/2006, Nyaga Stock Brokers Ltd had held my shares worthy Ksh 5,172,333 in ARM; BBK; EACABL; FIRESTONE; HFCK; ICDC; EABL; KCB; KENYAIR; ABK; Sasini; ACBK; TOTAL; UCHUMI; KENGEN SCANGROUP and EVEREADY. By 27/2/2007, Nyaga Stock Brokers had held shares shares worthy Ksh 3,693,577.50, having sold the rest of the shares. By May 2007, I had written to CDSC to freeze all my shares in Nyaga Stock Brokers so that they could not be sold illegally as that what Nyaga stock Brokers was doing. Sooner after Nyaga Stock Brokers was closed for trading because of illegality in internal trading. On 22/5/2008, I requested CDSC to release my share which were in Nyaga Stock Brokers so that I could transfer them to Dyer & Blair Investment Bank Ltd. On 5/10/2009 the shares were release to Dyer & Blair Investment. These shares were from KENGEN, KENYAIR, MSC, NBK, SCBK; TOTL, UCHUMI. On 1/8/2008, Nyaga stock Brokers has my shares worthy 4, 266,304.93 and this was the money paid to me by Dyer and Blair investment Bank when it sold all the shares that were transferred from Nyaga Stock Brokers which was totally dead company. On 29/8/2008, another set of shares were sold and I was paid 592,431.10. This was the close of my share business and I started relocated money to real estate business without regret. The bubble craze in Kenya in 200-2008 , with Narc government coming in, was a bubble filling with hot air. The buyers kept selling other properties in order to buy and trade in shares and get a quick-rich strategy. People sold cars, land and cows and goats to buy shares. In 2007, the stock brokers started internal trading by selling shares of people who had trusted them to maintain their shares. This caused the bubble to suddenly burst by 2007-2008 and customers ran away never to return up to now. For those who bought into the bubble and banked on it, the losses were staggering and the lessons tough to learn. Unless the investor cashed out at the top before the bubble collapsed, those dreams of promises of financial security were off the table and up to now still of the table. The 2007-2008 market collapse because of illegal trading was devastating and is up to now being felt in the market