JULY - AUGUST, 2022

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BUSINESS MONTHLY
EAST AFRICA EDITION

DRIVING BUSINESS

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MEDICINE: ANTIBIOTIC USE IN UGANDA IS HIGH: ACTION IS NEEDED

TOP 25 MOST TRANSFORMATIVE CORPORATE BRANDS IMPACTING BUSINESS 2022

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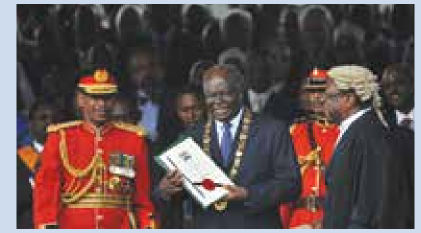
OVER 25 YEARS OF DRIVING BUSINESS

BUSINESS MONTHLY EAST AFRICA EDITION

JULY - AUGUST 2022 Vol. 17, No 164



NOMINEES

NCBA Bank

NCBA Bank is growing aggressively while keeping an eye on staff performance, job satisfaction and its attractiveness as an employer of choice. The lender had more than 2300 employees in Kenya in 2021.

■ 10

Quickmart

Quickmart is a brand of Quick Mart Limited. It is a remarkable success story that stands out as a hallmark of an evolution of a supermarket brand.

■ 40

Safaricom Plc

Safaricom's ambition is to be more than just a mobile service provider. It is evolving into a technology company, a move that presents an opportunity to reinforce its competitive positioning in the local and global digital economy.

■ 44

Nairobi Securities Exchange (NSE)

The NSE has enjoyed its most successful decade yet. The last 10 years have been transformative for the bourse and investors. NSE's total stock market capitalization (total value of listed shares) stood at Ksh2.59 trillion in 2021, the Economic Survey 2022 shows.

■ 98

How US policy on abortion affects women in Africa

The US is one of the largest public health donors. Many African countries depend on external assistance for funding aspects of healthcare, including family planning and quality post-abortion care.

■ 104

NEWS FEATURE

SPECIAL FEATURE

OPINION

COMMENTARY

Digital banking is the in-thing – but it excludes many users in Tanzania and Senegal

In a 2020 survey covering Tanzania alone, 19% of those who did not use a bank said that this was because it was too far away. Another 37.5% said they did not have enough money to justify it.

■ 128

BEYOND BUSINESS

Debt distress in Africa: biggest problems, and ways forward

The ability of countries to manage their debt is complicated by the changing composition of the debt. They now owe more money to a broader range of creditors.

■ 130

LAST WORD

Three priorities Africa's newbie on the World Bank board should focus on

Executive directors must approve all World Bank loans and guarantees, country assistance strategies, the administrative budget of the Bank, and the Bank's key operational policies.

■ 134

The Selection Criteria and Ranking Process of Top 25 Most Transformative Corporate Brands Impacting Business 2022

Brands that scored highly in most of these criteria ranks higher up the list. As Nick Stamoulis remarks, brand rankings much like college rankings seem like they will always vary because criteria vary depending on who is doing the ranking.

It is allowed that each media ranking entity do establish its own and unique ranking. It is expected that the ranking are premised on the media outlet's own criteria, of course weighted by its own way. If time and space allowed, the media outlet is expected to provide rankings within certain categories. Resources in East Africa does facilitate this methodology. Hence, this publication provides an overall ranking from the aggregate derived from the criteria. Of great consolation, is the fact that the media outlets engaged in these rankings, do also compete for brand positioning in the same fashion to the brands they rate. This makes it imperative that the rankings have to be objective and credible in the eyes of a reasonable and knowledgeable observer.

In this issue, the following 10 criteria guided the shortlisting, consideration, elimination and subsequent ranking. They are listed alongside the firms that score highly in the subjective evaluation as captured by various mainstream media outlets:

- Ability to surmounting most of the adversities endemic in the industry or sector.
- Public expression of the desire for customer focus, engagement and experience.
- Alignment of declared brand values to target customer expectations.
- Attraction and retention of talents and good quality capital.
- Innovative business model in use.
- Consistent brand identity over the long-term.
- Evidence of active support to declared brand promise.
- Consistency in brand identity and improvement.
- Distribution footprints or presence.
- Evidence of active support of SDGs especially the ESGs.

Brands that scored highly in most of these criteria ranks higher up the list. As Nick Stamoulis remarks, brand rankings much like college rankings seem like they will always vary because criteria vary depending on who is doing the ranking. Nick adds that, 'some brands, remain no matter what criteria is employed.

Secondly, the criteria were deliberate in order to support worthy and growing local brands. This is a responsibility of any credible media outlet.

Last, and in no way the least, the criteria chosen recognises the performance of state-owned enterprise (SOEs) and the efforts that the boards of these SOEs have put in place to surmount the mountain of challenges the SOEs face on a daily basis and efforts in introducing revenue streams.

The story of Quick Mart, from its humble beginning in the outskirts of Nakuru in 2006 to its acquisitions and subsequent attraction of Private Equity from outside the country, is most compelling, Quick Mart having started as a family business. It is a structured corporate run entity, with good governance practices, attracting professionals from all sectors, including expatriates, which has never been the norm for supermarkets in Kenya, hence the frequent failures.

Another compelling read is the growth journey of Saracen Media. Saracen Media opened its doors on October 1st 2002, the brainchild of four founding partners; Lenny Nganga, George Wanjohi, Sammy Thuo and Frank Maina, who had all worked for multi-national advertising agencies such as Ogilvy & Mather, McCann Erickson, and TBWA, previously.

The dream of the founders was to establish a local media agency that would compete with the global agency groups in the area of media planning and buying, and elevate it beyond a subordinate role to the creative field, where a lot more emphasis was laid in selecting an agency, yet over 60% of budgets went into the media that connected audiences with the creative message.

In terms of organizational culture, the founders have been very deliberate about the kind of corporate environment they wanted to create and maintain, having worked at different agencies and seeing the best and worst of the different cultures tenable in the country, a feat that remains a mirage for many corporates in Kenya, including multinationals (MNCs). They deliberately set out and have ensured the following:

- A collegial environment where co-workers are supportive, and foster a familial bond.
- No office politics.
- Open door policy by senior management.

> "Without pre-empting your read, the 25 top corporate brands listed in this edition, have earned their place, if not exceeding the expectations of all the stakeholders, including minimum the ESGs expectations.

- Constant learning embedded into everyone's KPI's.
- A sense of fun and enjoyment at work.
- Excellence in the media craft.

Twiga Foods is another case study, from business incubation to a globally competitive brand. Twiga's growth has enabled it to attract billions of shillings in long-term investments from leading development finance institutions, venture capital funds and private equity funds.

The demand for petroleum products in Kenya has steadily risen in the last decade, thanks to a strong economic growth. The Kenya National Bureau of Statistics Economic Survey of 2022 indicates that Kenya imported 6.4 million tonnes of petroleum fuel in 2021. This almost triples the volume in 2011, where 2.2 million tonnes were imported.

Being futuristic, KPC has taken a bold step to diversify its revenue streams to reduce dependence only on distribution and storage of petroleum products services. A key pillar in KPC's diversification strategy is venturing into Fibre Optic Cable (FOC) infrastructure. A classic case study for all directors of SOEs in Kenya and globally, especially in Sub-Sahara Africa.

Without pre-empting your read, the 25 top corporate brands listed in this edition, have earned their place, if not exceeding the expectations of all the stakeholders, including minimum the ESGs expectations.

For those who have not made the cut this time, 2023 is another year, and represents an opportunity. ■

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THE KNOWLEDGE Warehouse

#1 Absa Kenya

Absa Bank Kenya PLC is an excellent case study of successful business transformation. It underwent a full-scale rebrand from Barclays to Absa in 2020, expertly navigated the Covid-19 crisis, rebounded to strong record performance in 2021, and has been growing its asset base year-in year out to over Sh429 billion by 2021.

Building on its rich heritage in Kenya and Africa that goes back more than a century, Absa has reinvented itself and become a digital, customer-obsessed brand. Back in 2011, only 34 per cent of transactions were done out of branch through digital platforms, the bank's Annual Report shows. Today, more than 90 per cent of transactions are done out of branch, underscoring the massive investments the bank has made to enhance its digital capabilities. Absa, which is one of the pioneers of WhatsApp enabled banking in Kenya, continues to invest aggressively in the digitization of its operations.

Absa has earmarked more than Ksh2 billion in capex investments in 2022 to deliver a digitally powered business. This is four times the Sh500 million capex in 2019 and underscores the increasingly important role digital technology plays in the bank's strategy.

Digitization has not only resulted in greater convenience for customers but has also unlocked efficiencies in the organization and boosted profitability. It has enabled Absa to optimize its branch footprint, reducing branches from 104 in 2011 to 84 in 2021. The bank has also been able to right-size. It employed 1979 people in 2021 compared with 3176 in 2011.

> Absa has successfully implemented a culture transformation journey that has enabled it to create a high-performance work environment. It's not surprising that the bank is on course to achieving some of its strategic goals ahead of schedule.

These moves have led to an improvement in the cost to income ratio, a key measurement of banks' profitability. A lower cost to income ratio indicates a bank is generating profits more effectively. Absa's cost to income ratio stood at 45 per cent in 2021, a remarkable improvement from 53 per cent in 2011.

Standing by customers

The Covid-19 crisis brought out the best in Absa. The bank stood by its customers and restructured loans worth Ksh62 billion in 2020. This represented 30 per cent of its loan book at the time. The approach to cushion and support customers paid off. Most of the customers managed the crisis successfully without defaulting on their repayment obligations, enabling the bank to control gross non-performing loans (NPLs). Absa, as a result, achieved an industry leading gross NPL of 7.5 per cent in 2020 and 7.8 per cent in 2021. The industry average stands much higher at 13.1 per cent, underlining the quality of Absa' loan book and assets.

Absa's clients bounced back in 2021 thanks to vaccinations, relaxation of Covid-19 restrictions, and economic recovery. This led to impressive growth in deposits and expansion of the loan book. Deposits grew 6 per cent year on year to Sh269 billion in 2021 compared with Sh254 billion in 2020. The loan book expanded by 12 per cent year on year to Sh234 billion in 2021 compared with Sh209 billion in 2020.

This resulted in impressive financial outcomes, including a 161 per cent increase in profit after tax from Ksh4.2 billion in 2020 to Sh10.9 billion in 2021. Thanks to this performance, the Nairobi Securities Exchange (NSE) listed bank resumed dividend payments in 2021 after briefly pausing dividend payments in 2020 after the Central Bank of Kenya (CBK) asked banks to halt dividends in favour of protecting capital. It distributed Sh6 billion to shareholders for the fiscal year 2021 and attained a dividend yield of 9 per cent, the highest in the financial sector.

Culture transformation

Absa has successfully implemented a culture transformation journey that has enabled it to create a high-performance work >>

>> environment. It's not surprising that the bank is on course to achieving some of its strategic goals ahead of schedule. As an example, as part of its 2018- 2023 strategic plan, it is targeting to have a cost to income ratio below 50 per cent by 2023. In 2021, it had a cost to income ratio of 45 per cent, achieving its goal two years ahead of schedule.

While also targeting to have a market share of between 8 and 10 per cent by 2023, by 2021, Absa had a market share of 7.8 per cent, indicating that it is likely to achieve the goal ahead of planned timelines.

In terms of its corporate brand, Absa's ambition is to be a great place to work in and a force for good in all the communities it operates. Already, Absa Bank Kenya is already certified as a top employer in Kenya and Africa in 2022 by the Top Employers Institute.

Commenting on the accolade, Jeremy Awori, Absa Bank Kenya PLC CEO, observed that, "it is a great testament that our strategy on transforming our workplace and evolving our ways of working is sound, and underlines one of our core values at Absa which is that, 'Our People are our Strength."

In terms of its corporate brand, Absa's ambition is to be a great place to work in and a force for good in all the communities it operates. Already, Absa Bank Kenya is already certified as a top employer in Kenya and Africa in 2022 by the Top Employers Institute.

Dr. Awori, who has topped the Business Monthly East Africa magazine's Top 25 Most Influential CEOs Impacting Business in East Africa three years in a row, has also taken a visible stand on business sustainability. Under his leadership, Absa became the first bank to be recognized by the Kenya Green Building Society for championing initiatives that promote the green economy.

Besides environment, other areas of focus in Absa's business sustainability strategy are education and skills development as well as inclusive financing. The bank has been purposeful about lending to sectors that accelerate economic development, including SMEs and women-led business.

The bank recently launched the Absa She Business Account proposition, tailor-made for needs of woman entrepreneurs with a commitment to impact over 1 million women owned and led businesses over the next 5 years

In 2020, Absa launched its 13-sustainability commitments based on the United Nations' Sustainable Development Goals (SDGs). The bank is a poineer signatory to international sustainability initiatives including Principles for Responsible Banking and the UN Global Compact Kenya chapter. ■

#2 NCBA Bank

NCBA Bank is a regional banking powerhouse that operates a network of more than 100 branches in Kenya, Uganda, Tanzania, Rwanda, and Ivory Coast. With over 60 million customers, NCBA Bank is the largest banking group in Africa by customer numbers, according to statements published by the lender in its 2021 Integrated Annual Report.

NCBA officially started operations in October 2019 following the merger of the NIC Group and Commercial Bank of Africa, two homegrown Kenyan banks with world-class customer service, strong and respected brands.

NCBA Bank as an entity is the result of one of the largest and most successful corporate mergers in Kenya's banking industry. NCBA officially started operations in October 2019 following the merger of the NIC Group and Commercial Bank of Africa, two homegrown Kenyan banks with world-class customer service, strong and respected brands, and a combined 110 years of experience in the Kenyan and the larger East African banking sector.

Following the merger, NCBA Bank Kenya, the Group's flagship bank, became the third largest bank in by assets. The bank's audited 2021 financial statements indicate that its total assets hit Sh591.1 billion at the close of December 2021, a 12 per cent increase from Sh527.9 billion in 2020.

NCBA Bank is an interesting case study on successful corporate growth strategy. Its extensive scale, recent business reorganization, and full-scale rebrand to NCBA – the bank that wants to build a distinguished brand known for customer service – have not come at the expense of growth or innovation.

In the two years since the merger was completed, NCBA Bank has performed exceptionally well on key metrics such as financial performance, market leadership, brand equity, sustainability, and corporate citizenship.

NCBA Bank is in the best financial shape it has ever been. By the end of 2021, NCBA Bank had doubled its profits from the previous year. It raked in Ksh10.2 billion in profit after tax in 2021 compared with Ksh4.6 billion profit after tax in 2020. The bank has sustained this strong earnings momentum in 2022. For the first quarter ended March 31, it reported profit after tax of Ksh3.41 billion, a 20 percent jump compared to the Ksh2.84 billion posted in the first quarter of 2021.

NCBA Bank has also successfully maintained market leadership in asset finance, digital banking, and corporate banking. Statements published in NCBA Bank's 2021 Integrated Annual Report show that the bank's asset finance disbursements increased by 21 per cent to Ksh 19.7 billion during the year. This makes it number 1 among the top 7 asset finance banks and translates to a market share of 33 per cent.

NCBA continues to grow its market presence and leadership in digital banking. The bank's earnings report for the first quarter of 2022 indicates digital loan disbursements >>

NCBA Group Managing Director John Gachora unveiling a branch in Kericho town

>> increased significantly in the period to Ksh163.4 billion, a 26 per cent increase from Ksh129.9 billion in the first quarter of 2021. Together with Safaricom, NCBA operates the M-Shwari and Fuliza platforms, two of the largest and fastest growing digital lending products in Kenya.

Growth on the agenda

NCBA Bank is one of the few banks in the Kenyan market that is growing – rather than reducing – the number of branches in the country and region. This a clear indication that growth is still top on the agenda as far as NCBA Bank is concerned.

In 2021, NCBA Bank had the fastest growing branch network in Kenya. During the year, the bank opened 13 new branches across key strategic towns. This investment paid off as customer deposits grew 11 per cent during the year. Customer deposits came in at Ksh197 billion in 2019, Ksh214 billion in 2020 and Ksh237 billion in 2021. NCBA intends to continue scaling up its branch network in 2022 by opening 12 new branches in Kenya and an additional two new branches in Rwanda. NCBA's cost to income ratio remained flat at 42.18 per cent in 2021, indicating that the bank has managed to remain efficient despite the huge investments in branches and growth.

> NCBA Bank is keen on building its profile as a responsible corporate citizen. It has consistently invested in reforestation efforts, education, and charity drives. Under the environmental campaign dubbed #ChangeTheStory, NCBA has planted more than 46,000 trees around the country as part of reforestation efforts.

NCBA Bank is growing aggressively while keeping an eye on staff performance, job satisfaction and its attractiveness as an employer of choice. The lender had more than 2300 employees in Kenya in 2021, with an employee retention rate of 90 per cent, its Annual Report notes. Impressively, the bank promoted 219 or close to 10 per cent of its staff last year, indicating that it is not only able to attract talent, but also develop it, a top consideration for professionals looking to grow their careers. It is no surprise that NCBA Bank is performing well against its 2020 -2025 strategy, whose key planks the bank's Group Managing Director, John Gachora, outlined in the bank's 2021 Integrated Report.

"In 2020, we developed a 5-year strategic plan that called for investments in initiatives that: Build a Distinguished Brand Known for Customer Experience, Scale Retail Banking, deepen our Market Leadership in Corporate Banking and Asset Finance, Enable Digital Transformation, and Develop a High-Performance Culture," Mr. Gachora notes in his published remarks in the report.

The NCBA brand has continued to gain relevance and earn consideration among Kenyans. It ranked third among Tier 1 banks in the Kenya Bankers' Association Customer Experience Award 2021 and improved its 'Brand Power Score' and 'Net Promoter Score' in 2021, according to a brand survey by Kantar.

Responsible corporate citizen

NCBA Bank is also keen on building its profile as a responsible corporate citizen. It has consistently invested in reforestation efforts, education, and charity drives. Under the environmental campaign dubbed #ChangeTheStory, NCBA has planted more than 46,000 trees around the country as part of reforestation efforts.

NCBA has also partnered with the Palmhouse Foundation, Edumed Trust, MPesa Foundation, Dr. Choksey Albinism Foundation and SOS Children's Villages Kenya to deliver educational sponsorship programmes to deserving children. NCBA has also partnered with Junior Achievement Kenya, under its job shadow programme, to educate over 40 students and youth on entrepreneurship, work readiness and financial literacy through experiential programs.

NCBA's patronage of golf is also worth mentioning. In 2021, it launched the inaugural NCBA Golf Series, attracting over 3000 golfers to participate in tournaments across 16 golf clubs countrywide. In 2022, the Series expands across the Region with 18 tournaments in Kenya, Uganda, and Tanzania. ■

Kitale Golf Club's Kevin Nyaga (right) receives his Division One winners trophy from NCBAs Group-Director for Retail Banking Tirus Mwithiga during his Clubs leg of the 2022 NCBA Golf-Series

#3 Visa EA

Kenya has emerged as a leader in financial inclusion in Africa, thanks to the fast pace of innovation in the country's financial services and technological sectors over the last decade. Data from the FinAccess Household Survey shows that more than 80 per cent of adults in Kenya today have access to the formal financial system, a remarkable improvement from just 26 per cent in 2010.

The deepening of financial inclusion in Kenya over this period has been a big boon for payments technology company, Visa. The global payments giant connects consumers, businesses, and governments in more than 200 countries to fast, secure, and reliable electronic payments.

The explosive growth in the number of Kenyans with access to the financial system has led to an increase in the volume and value of transactions processed through Visa's systems. Visa is not a bank and does not issue cards, extend credit, or set rates and fees for consumers. However, its innovations enable its financial institution customers, which include most of Kenya's 42 licensed commercial banks, to offer consumers more choices. Consumers can pay now with debit, pay ahead of time with prepaid or pay later with credit products. Visa branded debit, credit or prepaid cards are primarily used for making purchases of goods and services face to face and online, and for withdrawing cash at ATMs.

As the payments company with the highest market share in card transactions in Kenya, Visa has benefited immensely from the steady rise in the volume and value of card transactions in recent years. The Central Bank of Kenya (CBK) notes that 42 million card transactions were made in Kenya in 2021, up close to 8 times from 5.5 million transactions in 2010. The value of these transactions has also exploded from Sh44 billion in 2010 to Sh194 billion in 2021, underlining the robust growth that Visa has enjoyed as a market leader in card transactions.

To sustain its growth in Kenya, Visa has gone on a charm offensive and is actively educating consumers about the benefits of cashless payments. It has also extended its reach among Small and Medium-sized Enterprises (SMEs). Unlike most large businesses that support cashless payments, SMEs represent a huge untapped opportunity.

> To sustain its growth in Kenya, Visa has gone on a charm offensive and is actively educating consumers about the benefits of cashless payments. It has also extended its reach among Small and Medium-sized Enterprises (SMEs).

Tapping into SMEs

Many SMEs are still in the early stages of transitioning to cashless payments, creating an opportunity for Visa to position itself as the payments partner of choice for SMEs, which according to one study by Financial Sector Deepening (FSD), account for 90 per cent of all private enterprises in Kenya, 93 per cent of the labour force and 24 per cent of GDP.

Visa is also helping women-owned SMEs bridge knowledge gaps and access technology that can improve efficiencies and accelerate business growth. In 2021, it unveiled new research titled "Understanding Women Owned SMEs", which explores the role of technologies such as digital payments in enabling the business success of female entrepreneurs in South Africa, Kenya, and Nigeria. The research highlights the top business challenges experienced by women entrepreneurs in South Africa, Kenya and Nigeria, the impact of Covid-19 on these business and how digital payments have accelerated business growth in over 80% of the businesses surveyed.

The CBK notes in its National Payments Strategy 2022-2025 research paper that usage of cards in Kenya is relatively low and there is significant room for growth if key issues are addressed. These issues include poor network of Point of Sale (POS) terminals, cost of POS terminals and acceptance by merchants, and reduced use, including negative perception among customers due to incidents of fraud.

To mitigate these challenges, Visa has stepped up its investments in POS terminals, including educating merchants on the latest upgrades. The company has also ramped up its investments in security through technology upgrades and consumer education. It's worth noting that Kenya was one of the first countries in the region where Visa launched contactless payments.

Volume and value of card transactions has grown robustly in Kenya

Source: CBK statistics

Contactless payments are safer because they use protocols like encoding (replacing sensitive and private information such as the 16-digit account numbers with a unique digital identifier called the code). The EMV chip on Visa's contactless cards generates a one-time encryption code, and thus prevents fraud and counterfeiting attempts.

Investing in innovation

A major challenge for Visa as it continues to focus on growth and expansion in Kenya is competition. Kenya's financial services sector is highly competitive. In the SME sector, for example, where Visa is recruiting more small businesses into the world of cashless payments, there is the competition from services such as Safaricom's Lipa Na M-PESA, among others.

The best way to differentiate your products and services in a competitive market is by investing in innovation, something Visa is doing in Kenya. The multinational recently opened a world-class innovation studio in Kenya, its first in Africa. Officially opened by the CBK Governor, Dr. Patrick Njoroge, the facility is geared to serve the entire sub-Saharan Africa region. It is also part of Visa's global network of innovation studios, which includes sites in Dubai, London, Miami, San Francisco, and Singapore.

The studio is set to assist Visa clients and partners from all over the continent in expanding their service offerings. Ideas for expanding the growth of emerging payment areas such as Tap to Phone and Pay on Delivery will be explored alongside the ongoing development of cutting-edge smarter payment solutions that leverage blockchain, the Internet of Things, Virtual Reality, and biometrics.

This new facility demonstrates Visa's commitment to fostering innovation and providing opportunities for clients and fintech partners to collaborate on market-relevant payment and commerce solutions across the region. It also marks the beginning of a new and exciting chapter in Visa's growth narrative in Kenya and Africa where growth and innovation will be driven primarily by African talent. ■

#4 Mastercard

Mastercard is a market leader in the global payments industry. Its payments processing networks connects consumers, financial institutions, merchants, governments, and businesses in more than 200 countries globally, including Kenya.

Mastercard branded debit and credit cards had a global market share of around 24 per cent between 2018 and 2020, according to analysis by Statista that looked at the market share of global card brands based on the total number of card transactions annually. Mastercard stands as a market leader alongside peers Visa and Union Pay.

Mastercard's strong global presence, including market leadership in developed markets where trends like ecommerce have firmly taken root, has allowed it to benefit from the global shift to cashless payments in the last decade. This has allowed it to grow its business dramatically during this period.

Mastercard's global revenues, which are primarily generated by charging financial institutions that issue Mastercard-branded payment products a usage-based fee, have more doubled since 2012. A review of the US multinational's regulatory filings with the US Securities and Exchange Commission (SEC) indicate that its revenues have grown from $7.39 billion in 2012 to $18.88 billion in 2021. The shift to cashless will continue driving Mastercard's growth in coming years, especially in promising markets such as Kenya and the wider African region, where cashless transactions are getting increasingly popular.

New growth frontiers

Mastercard has existing commercial relationships with more than a dozen Kenyan commercial banks, including KCB Bank, Equity Bank, I&M Bank and Stanbic Bank, among others. This has allowed it to increase its penetration in the Kenyan market at a time when a record number of people are transacting using cards.

According to the Central Bank of Kenya (CBK), 42 million card transactions were made in Kenya in 2021, nearly 8 times more than the 5.5 million card transactions recorded in 2010. The value of these transactions has also exploded from Sh44 billion in 2010 to Sh194 billion in 2021. The market opportunity for players like Mastercard has never been greater.

Mastercard has taken the long view in Kenya and has invested in improving market readiness among small merchants. It has done this through strategic partnerships such as "Jaza Duka" (Swahili for "fill your shop"). Small merchants typically face capital constraints, a situation that limits their ability to stock up and increase the volume and channels of transactions, including accepting card payments.

Jaza Duka, a digital lending platform that Mastercard launched in Kenya in partnership with Unilever and Kenya Commercial Bank (KCB), aims to address the issue of capital constraints among small merchants. Through the partnership, which was launched in 2018, merchants can order from Unilever using the platform and pay for the orders digitally. Since these transactions are digitized, KCB can monitor them and offer working capital loans to the small merchants.

Mastercard has existing commercial relationships with more than a dozen Kenyan commercial banks, including KCB Bank, Equity Bank, I&M Bank and Stanbic Bank, among others. This has allowed it to increase its penetration in the Kenyan market at a time when a record number of people are transacting using cards.

To extend support towards Covid-19 economic recovery, Jaza Duka partners in 2021 pooled resources to provide retailers in the program with a business recovery package worth over $150,000. This package was delivered in the form of direct financial assistance, free health products and customized business education and training to help retailers navigate the Covid-19 business environment and build the foundation for mid- to long-term resilience.

Mastercard has also been active in the country's start-up scene. It set up Mastercard Engage in Nigeria and Kenya in 2019. Mastercard Engage, among other things, connects startups to thousands of the company's world-class technology partners.

One of the ways that global market leaders grow and stay competitive is through mergers, acquisitions and other similar transactions aimed at giving it exposure to new growth opportunities. Mastercard has mastered this playbook. In 2021, it invested $100 million towards the acquisition of a minority stake in the mobile money >>

>> business arm of Airtel Africa. This puts it in a privileged position to benefit from the growth in mobile money across Africa, including Kenya where Airtel has a presence.

Mastercard's acquisition of a minority stake in Airtel's mobile money business is expected to accelerate convergence between mobile wallets and cards. This trend is already underway in Kenya. Safaricom in 2020 partnered with the payment processing company Visa to enable the development of products that will support digital payments for customers of M-PESA, the company's mobile money service.

Bringing best practice to corporate citizenship

Mastercard's corporate citizenship strategy is unique because, unlike most organizations, its main philanthropic and social development activities are planned and managed independently through its foundation.

The MasterCard Foundation is an independent, global organization based in Toronto, Canada, with more than $7 billion in assets. Through collaboration with partner organizations in 46 countries, it is creating opportunities for all people to learn and prosper. The Foundation's programs promote financial inclusion and advance youth learning, mostly in Africa. The Foundation has a strong and active presence in Kenya and has been especially instrumental in linking Kenyan youth to job opportunities in the digital economy.

Established in 2006 through the generosity of MasterCard Worldwide when it became a public company, the Foundation is a separate and independent entity. The policies, operations, and funding decisions of the Foundation are determined by its own Board of Directors and President and CEO.

His Excellency President Uhuru Kenyatta and Reeta Roy CEO-Mastercard-Foundation at Young Africa Works in Kenya


Shehryar Ali, Mastercard's Country Manager for East Africa

Mastercard's acquisition of a minority stake in Airtel's mobile money business is expected to accelerate convergence between mobile wallets and cards. This trend is already underway in Kenya.

This approach works for Mastercard as it allows it to use its resources strategically in the areas where it can drive the most social impact. Separating the commercial operations of a business from its philanthropic and social impact work is a global best practice in corporate citizenship recommended by leading by corporate governance experts worldwide. ■

#5
Sarova Hotels

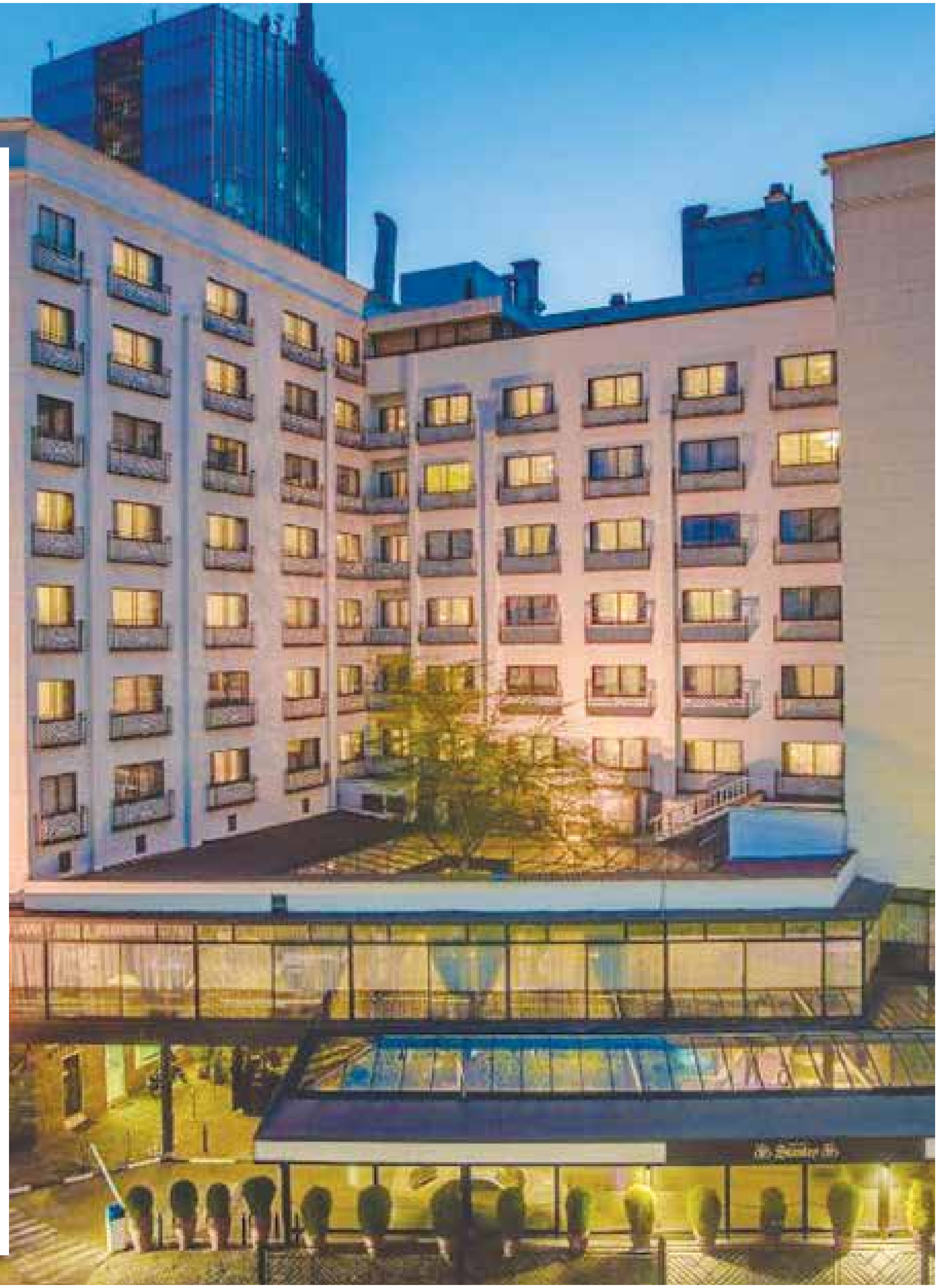
Sarova Hotels & Resorts has been a dominant player in the Kenyan hospitality scene. As the first indigenously owned luxury group of hotels, proudly operating in some of the country's most prominent locations for over 45 years, we have set enviable standards that have seen us grow in leaps and bounds, earning a reputation for consistent and efficient service delivery.

'One of the most admirable things about Sarova Hotels is that it is an indigenous Kenyan business. The Group is privately held and was founded in 1974 by businessmen Hon. John Ngata Kariuki, late Gurcharan Singh Vohra and the late Mohinder Singh Vohra.

With over 1,000 employees, a respected global brand, and strong market leadership, Sarova Hotels is a testament to the possibilities that arise when family businesses are well managed and friendships in business are nurtured and valued. It's not every day that family-owned companies grow to be as successful as Sarova Hotels.'

To ensure no compromise on quality, in most recent years we have embarked on major endeavors that have included refurbishments as well as growth of our portfolio through the management of additional properties.

Our recent accomplishments include the upgrading of **The Sarova Panafric Hotel** which offers a sleek, vibrant and fresh feel in 96 ensuite rooms, each with its own character. Contemporary Africa is once again represented, aligning to the hotel's theme. The colors are rich and lively, the prints are bold and striking and the artwork eclectic. Modern elements of user-friendly technology have been incorporated to continually offer our guests a unique and memorable experience at all touchpoints.



Sarova Whitesands Beach and Spa Resort in Mombasa

Sarova Whitesands Beach and Spa Resort in Mombasa

Sarova Hotels is more than just a strong brand – it is also an exceptionally well-run business. It has expanded over the years in a strategic and smart way by making choices that enable it to serve its customers while protecting shareholder interests.

Yet another beneficiary of our refurb efforts is **the Sarova Mara Game Camp** which now boasts newly refurbished deluxe and family tented rooms each with a unique blend of traditional and modern styles. Each tent comprises a spacious bed room, airy bathroom and a private verandah that provides stunning views of the Mara plains.

At **the Sarova Whitesands Beach Resort & Spa,** where we offer unmatched accommodation and conferencing facilities, the new mega meetings and events dome tent is a key highlight on our grounds. With the capacity to carry a 1000 plus head count, it features modern fixtures that aid audio-visual presentations among them large drop-down screens, high-resolution projectors and incredibly fast WIFI. All features can be tailored to suit a client's needs. It is located on serene, ambient grounds offering an ideal space for meetings and events.

The steady growth of the brand continues and we're proud to announce the addition of our 8th hotel in Kenya, **The Sarova Imperial Hotel, Kisumu.** This was after a 7-year management agreement with the hotel's owners, the Gilani's family was signed making us the only hospitality group in the country operating in all of 4 cities in Kenya. The entry into Kisumu City, Kenya's third largest city, cements our footprint in the competitive hospitality industry. Speaking at the signing ceremony, Sarova Hotels Group Managing Director Jimi >>

Sarova Lion Hill Game Lodge, Nakuru

Sarova Mara Game Camp Tent.

Sarova Mara Game Camp - Family Tent.

>> Kariuki, noted that the city is currently undergoing an extensive urban rejuvenation of the downtown and lower town areas and collaborating with key players such as the Kisumu County Government further enhances its attractiveness as both a business and leisure travel destination. Located in Kisumu's central business district, Sarova Imperial Hotel is currently undergoing an extensive upgrade that once completed in August 2022, will see the launch of 93 renovated guest rooms including suites, new meeting facilities and upgraded food and beverage outlets.

Last but not least, the just concluded Africities Summit provided a historic moment for Kenya with the 9th edition of the high-profile event hosted in Kisumu City. This elevated the city's profile in addition to the ongoing modernization of its infrastructure and sustainable transformation of the livelihoods of its people. **Kitchens of Sarova,** our outdoor catering arm of the business, had the distinguished & sole honor of providing world-class cuisine at the event, a true testament to our skill and consistent delivery of fresh, flavorful food prepared to the highest standards. Serving over 7,000 delegates, including former heads of state gave us the opportunity to inject capital back into the city by partnering with local stakeholders who included hospitality players & personnel as well as commodity & service suppliers. Our commitment to country and our people remains strengthened as we continue to embark on more sustainable business ventures. ■

APA INSURANCE
Insuring Happiness

#6 APA

With a brand promise of 'Insuring Happiness,' The Apollo Group's CEO, Ashok Shah, describes how one of East Africa leading financial services companies, has been shaking up the insurance industry through its business model innovation and digital transformation, while putting their client's happiness at the core of everything they do.

When I joined The Apollo Group in the 1980's, my aim, with the team, was to build a company that was focused on creating a positive impact. The Apollo Group has now grown to become one of East Africa's most impactful financial services providers. The Group provides innovative products and services in Insurance, Pensions and Investments. It is built on the key pillars of customer focus, commitment, integrity and innovation. The Group comprises of APA Insurance Kenya and Uganda, APA Life Assurance, Apollo Asset Management and Gordon Court; with shareholding in Reliance Insurance Tanzania.

Transformation is in the Apollo Group's DNA. Indeed, it is at the heart of the business and has taken many shapes and forms – from creating innovative products and services, to becoming the first insurance company in Kenya to cover HIV and more recently Covid-19, to creating one of the leading socially responsible foundations.

Though all the changes, the Apollo Group has not wavered from the original overarching purpose of protecting its valued clients, their investments, growing investor savings through skill and diligence, while being a force for social good.

The story of Apollo Group's transformation journey is best described across five key areas, driving the Group to where it is now and acting as a compass for its future.

> Though all the changes, APA has not wavered from the original overarching purpose of protecting its valued clients, grow investors saving through skill and diligence while being a force for good in the markets and environments in which APA operates in

2006

The year The APA Apollo Foundation as established. It's approach now mirrors the United Nations Sustainable Development Goals (SDGs) which aim to help end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Customer centricity

A focus on our clients and their needs forms the core of our business. Our client-centric approach aims to create products which fully engage the clients, bring positive change in their behaviour and offer real value. From creating innovative, inclusive products that give personal cover for example to Boda and Tuk Tuk riders for as little as 1 bob a day to embedding Political Violence and Terrorism for large and small businesses.

In 2000, the Apollo Insurance announced that we would provide cover for HIV, when no other insurer was willing to do so. This was also identical for the recent pandemic as we were one of the first

insurance companies to cover Covid-19 treatment to the full extent of policy cover. It was an expensive decision; however, we found that many of our insureds would never have been able to pay the steep bills from the hospitals, were it not for us to guaranteeing their bills to our policy limit.

One of most important lessons from the Covid-19 pandemic is proactive preparation for the unexpected. Together, with the greater than ever focus on the importance of health and wellness, the rising trends of technology adoption growth opportunity has been profound.

Our People

Our people are the backbone of the Group, connecting all the different parts and functions and the growth towards meaningful impact. Through our people, we have developed innovated products that are good not only for the company but also for our customers and the economy. We have a growth mindset and put client needs at the heart of our decisions, embrace digital opportunities and focus on sustainable, commercial, and financial outcomes. We aim to bring our entire organization closer together as one and leverage strengths across the Group to be a strong partner for our valued clients.

Our people invest in us and us in them. We invest in our people's knowledge and capacity through skill development programmes and training opportunities which are mutually beneficial.

Our Partnerships

We value our partnerships. They are the link between us and our mutual clients. They create convenience for our customers; which we acknowledge to be one of the cardinal needs in this fast paced world. They are vital in the creation and sustenance of our relationships with our clients. We have built strong relationships with our brokers and agents, small and large, who play a pivotal role in the growth of our business.

Technology is an enabler of convenient service, not all insurance products can be sold from end to end online. While digital channels are essential, their inability to provide in-depth, personalized advice to customers seeking complex products such as retirement plans and annuities emphasize the significance of agents and face to face conversation, when investing in these types of insurance solutions. Given this, as totally essential, we continue to grow and maintain a robust broker/agent network.

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Innovation

Central to our business is staying relevant in changing times. Innovation enables adaptability to evolving markets, to expanding and changing needs and makes us more available to our clients.

The Group underwrites General Insurance risks such as Health, Motor, Liability, Agriculture, Livestock, Marine, Aviation, Property and Micro Insurance. We have developed a strategic focus in Inclusive insurance spanning from micro-insurance, agriculture and livestock insurance and have various other products to protect vulnerable communities, and those marginalized by economic factors and also against climate related risks.

The Apollo Group's CEO, Ashok Shah

We have played an essential role in the development of a strong agricultural insurance market in Kenya. The Apollo Group partners with other like-minded industry players, NGO's and the Kenyan Government to provide inclusive insurance for the betterment of the economy. The inclusivity aspect is close to our hearts because it fulfils our vision to make meaningful impact, to improve the socioeconomic status of various marginalized groups and in the bigger scheme of things, to improve the economy of the East African community. Developing the right kinds of products and partnerships has been an exciting challenge and it requires a lot of patience in both design and experimentation that ultimately impact people's lives. There are two main products which have been very successful - Kenya Livestock Insurance Programme (KLIP) and Area Yield Index Insurance (AYII).

Kenya Livestock Insurance Programme (KLIP) provides Index-based Livestock Insurance (IBLI). With insurance payouts, pastoralists are able to purchase feeds for their livestock during the drought and carry on with their traditional livelihood. Area Yield Index Insurance (AYII) is a solution that pays out claims to group of farmers when the average yield in their area falls below a set level, regardless of the actual yield on each client's farm. The AYII being the most extensive agricultural insurance protects farmers against the damage to the insured growing crops due to excessive rainfall, food, frost, hail damage, excessive heat wave, windstorm, uncontrollable pest and diseases, and drought.

The APA Apollo Foundation reflects the social and humanitarian values of the Group. Together with our partners and the APA employees, we not only provide financial support but aim to strengthen societal resilience in East Africa.

Through these initiatives, farmers have been insured and claims worth over Kshs 200 million paid following the 2021 short rains season. This has provided financial support to farmers in the event of losses arising from major agricultural shocks. It has also minimized or eliminated the need for emergency assistance provided by the government during periods of agricultural disasters.

Apollo Group has been fortunate to be recognized as a leader in the private sector in Micro insurance, Agriculture and Livestock insurance.

APA received recognition and a grant worth US$2.49M from MasterCard Foundation under its Fund for Rural Prosperity (FRP) program. With this partnership, APA created a programme dubbed Micro-Sure programme to scale up the uptake of insurance among the largely financially excluded population – that includes smallholder farmers and small and micro traders. Since 2017, over three million low-income people have accessed and used insurance through APA's agriculture, livestock and non-agriculture insurance products.

In November 2019, APA received the 10th European Microfinance Award for "Strengthening Resilience to Climate Change" through its index-based agriculture insurance to cover yields and for livestock through KLIP, thus providing farmers with a safety. This is the first time an insurance company has received the award.

APA also introduced Hospitalization Cash, an income supplement, which offered reprieve to clients during the unfortunate moments of sickness/hospitalization denying those earning opportunities. These products have often been innovatively bundled to provide multiple benefits for very affordable premiums across board. This has helped to create a much-needed impetus for scale and increased insurance penetration.

A Force for Social Good

The Apollo Group and the APA-Apollo Foundation in alignment with the social and humanitarian values of the Group, aim to strengthen societal resilience in East Africa.

Established in 2006, the Foundation approach now mirrors the United Nations Sustainable Development Goals (SDGs) which aim to help end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The SDGs are the blueprint to achieve a better and more sustainable future for all.

The Foundation's water projects involve Environment Conservation and Water Harvesting through construction of sand dams, water tanks and shallow wells. The APA Apollo Foundation has constructed 35 dams in various counties in Kenya with a total value of Ksh 175 million. It has supported needy children with fully paid secondary education. Environment and Youth are the other 2 pillars.

As a business, The Apollo Group's Brand continues to strive for excellence in all its elements and brand building equity, and in everything we do. As such, APA believes that it is making a positive difference to our clients and to society at large.

This additional recognition reminds us, at APA to ensure that we continue to innovate and continue to fulfil our promise of 'insuring happiness' in newer and more exceptional ways. ■

#7

Kenya Pipeline

Demand for petroleum products in Kenya has steadily risen in the last decade, thanks to a strong economic growth. The Kenya National Bureau of Statistics Economic Survey of 2022 indicates that Kenya imported 6.4 million tonnes of petroleum fuel in 2021. This almost triples the volume in 2011, where 2.2 million tonnes were imported.

This accelerated pace of demand for fuel in Kenya presents unmatched opportunities for Kenya Pipeline Company (KPC), the state corporation charged with transporting imported petroleum products from the Port of Mombasa to the hinterland.

Expanding the network

KPC, a fully government owned parastatal, has responded to the challenge by periodically upgrading and expanding its transportation and storage infrastructure nationwide. KPC's pipeline system currently consists of a network of 1,342 kms of pipelines running from Mombasa through Nairobi to the Western Kenya towns of Nakuru, Eldoret and Kisumu.

Close to 50 per cent of KPC's current pipeline network has been installed in the last ten years. This underscores the Company's commitment to meeting and surpassing the ever-growing demand for petroleum products in the country and the region.

Key expansion projects by KPC in the last decade include: 325 km parallel 14-inch pipeline from Nairobi to Eldoret, commissioned in 2011, 121-kilometer parallel 10-inch pipeline from Sinendet to Kisumu commissioned in 2016, and 450 km parallel 20-inch pipeline from Mombasa to Nairobi commissioned in 2018. The Company has petroleum products storage facilities in Nairobi, Mombasa, Nakuru, Eldoret and Kisumu with a total capacity of 417,980 cubic meters, and further 326,233 cubic meters leased from Ministry of Petroleum and Mining (MOPM) at Kipevu, as well 143,014 cubic metres leased from KPRL bringing the total storage to 887,227 cubic metres.

In an endeavor to boost its storage facilities, KPC has embarked on upgrading facilities at the defunct Kenya Petroleum Refineries Limited (KPRL). Experts aver that the upgrade of the refinery will significantly cut inefficiencies in the country's petroleum products supply chain.

Kenya Pipeline Ladies' Volleyball Team being congratulated by KPC's Board Human Resource Chair Ken Wathome (2nd right) and GM HR&A Nyambura Kimani (1st right) after a successful sporting tour in Kelibia, Tunisia. They represented the company and country at the African Club Championships held on May 5-17, 2022. The team were Bronze medal winners after defeating Carthage of Tunisia 3-2.

Right: KPC Board Chair Rita Okuthe

KPC's expansion has enabled it to grow its throughput – (a measure of the volume of petroleum products moved through its systems). Statistics indicate that KPC throughput grew from 6.054 million cubic meters in 2016 to 7.78 million cubic meters in 2021.

In an endeavor to boost its storage facilities, KPC has embarked on upgrading facilities at the defunct Kenya Petroleum Refineries Limited (KPRL). Experts aver that the upgrade of the refinery will significantly cut inefficiencies in the country's petroleum products supply chain. This will save oil marketers millions of shillings paid as demurrage charges.

Established more than 50 years ago, the Changamwe-based KPRL has 45 tanks with a total storage capacity of 484 million litres. KPRL was placed under the management of KPC in 2017 as a storage facility after efforts to secure a strategic investor to revive the country's refinery failed.

By June 2020, KPC had built an asset base of Ksh123 billon. The company has also more than doubled its revenue from Ksh10 billion in 2014 to Ksh26 billion in 2020. The parastatal has since assumed the coveted rank as one of the country's largest taxpayers. It has remitted more than Ksh50 billion in taxes in the last ten years. This is in addition to paying hefty dividends to The National Treasury. In 2020 and 2021, the company paid Ksh11.8 billion and Ksh2.7 billion, respectively, as dividend.

>> Diversifying revenue streams

Among the countries served by KPC include Uganda, Rwanda, Burundi, South Sudan, Eastern DRC, and parts of Northern Tanzania. Being futuristic, the Company has taken a bold step to diversify its revenue streams to reduce dependence on distribution and storage of petroleum products services.

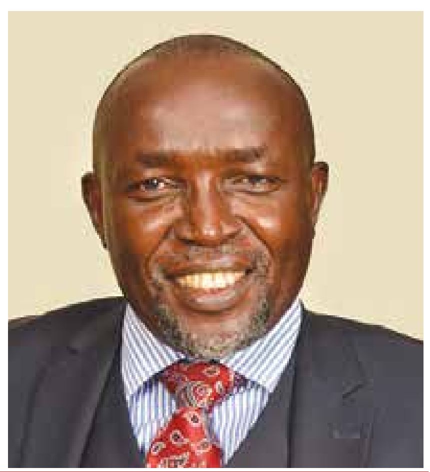
A key pillar in KPC's diversification strategy is venturing into Fibre Optic Cable (FOC) infrastructure. In April 2022, KPC launched its fibre optic cable that runs alongside the oil pipeline from the Mombasa port through Nairobi to Kisumu and Eldoret in Western Kenya. In 2018, the company acquired a Network Facility Providers Tier 2 license from the Communications Authority of Kenya (CA) allowing it to deploy fibre optic communication infrastructure with a guarantee of regional coverage.

This diversification move has been guided by KPC's Corporate Strategic Plan (CSP) dubbed "Vision 2025", a transformational policy document designed to create a premier organization with a total paradigm shift from being a single revenue earner, to a diversified business enterprise that facilitates macroeconomics through faster technology adaptation. In achieving the CSP's Business Leadership pillar, Fibre Optics, and the Competency-based training offered by Morendat Institute of Oil and Gas (MIOG) were onboarded. The objective of the Fibre Optic Cable is to serve the huge demand for data and internet connectivity and content, respectively, in the Telco/ Energy/ Government/ Finance/ Education as well as other business spheres.

KPC's FOC is the biggest fibre cable in Kenya by core count with a 96-core cable plant running from Mombasa to Eldoret and Kisumu. It further has a high Uptime rating of 99.6% availability due to tight security of KPC's right of way where the cable runs underneath its fuels' pipelines and therefore experiences hardly any fiber cuts.

"We purpose to improve internal communication infrastructure for the country; diversify into the data communication sector to create a new revenue stream; and utilize technology as a business driver for both ourselves and our customers," said Dr. Macharia Irungu, KPC Managing Director, during the product launch ceremony in Nairobi in April 2022.

As alluded to, KPC has also invested in building the local talent pool in the oil and gas sector and this is also commendable. Through the Morendat Institute of Oil & Gas (MIOG); a Center of Excellence that offers training in oil & gas related courses, KPC has helped elevate the quality of talent in the sector.



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The institute was established following a Heads of State Summit of the Northern Corridor Presidents of Kenya, Uganda, Rwanda, and South Sudan during the 3rd Heads of State Summit held in Kigali, Rwanda, in 2013. In the meeting, member states resolved to establish Centers of Excellence in the region to offer capacity building for the Northern Corridor Integration Projects.

Successful transformation

In a total paradigm shift from the conventional norm, KPC has successfully transformed its corporate culture in recent years. Among the notable changes is overhauling the management team and instituting stronger corporate governance frameworks under a new team, led by Dr. Irungu, who was competitively headhunted and subsequently appointed in 2019.

Prior to his appointment in November 2019, Dr. Irungu was the Managing Director at Gulf Africa Petroleum Corporation. He also served as a Strategy Director at Total Kenya, and for years prior, with other multinational firms such as ExxonMobil and Esso. Dr. Irungu has three decades' experience in the sector and has also served as a Board member of the Energy and Petroleum Regulatory Authority (EPRA).

He holds a Bachelor of Science Degree in Chemistry from the University of Nairobi, a Master of Business Management Degree from the National University – USA and a Doctor of Philosophy in Strategic Management from the University of Nairobi.

The management is supported by a strong Board of Directors, whose tone from the top emanates from Rita Okuthe, currently one of the most respected Chairs of Board of State Owned Enterprises (SOE) in Kenya. ■

#8 Kenya Power

Kenya's electrification rate has improved significantly in the last decade, placing the country well ahead of most of its African peers in terms of the percentage of households connected to electricity. The latest data from the Kenya National Bureau of Statistics (KNBS), indicates that more than 70 percent of Kenyan households have access to electricity, a remarkable improvement from just 29 percent in 2013. In contrast, the African Development Bank (AfDB) estimates that the average electricity access rate for African countries today stands at just over 40 percent, underscoring the commendable progress Kenya has made.

Improved access to electricity has been a huge game-changer, especially for rural economies and urban slums. Access to electricity in these areas has powered the growth of small enterprises, spurred trade, and improved the overall quality of service delivery in critical sectors like education and healthcare.

As the country's only electricity off-taker, Kenya Power has played an instrumental role in driving this transformation which it has primarily achieved through the Last Mile Connectivity Programme. The national electricity distributor has also invested heavily in other transformative projects, including those aimed at improving the reliability of power supply to its core industrial customers and critical installations. Despite numbering only a few thousand, industrial users, a group that consists of some of the largest commercial players in the country, on average account for more than 55% of Kenya Power's total electricity sales revenue.

Due to investments in the network, the average duration customers were off supply, as measured by the Customer Average Interruption Duration Index (CAIDI), reduced to 4.03 hours in 2021 from 4.52 hours in 2020, the firm notes in its Annual Report. This measure used to be in the double digits several years ago when power outages were one of the most highly cited concerns among manufacturers surveyed by industry lobby groups like the Kenyan Association of Manufacturers (KAM) and the Kenya Private Sector Alliance (KEPSA).

Given the strategic nature of the Company, and indeed the overall sector, to social and economic growth, a new leadership team dedicated to restoring the electricity distributor to its former glory was appointed.

At the same time, Kenya Power has been at the forefront of advancing the country's renewable energy agenda. Currently, more than 92 percent of Kenya's power generation is derived from clean sources such as hydro-power, wind, and geothermal with the country's ambition being to have 100 percent of its energy derived from renewable sources by 2030.

Strong Reforms Bearing Fruit

Although the big-ticket investments by Kenya Power in the last decade have had a positive impact on its customers, they have unfortunately come at a cost to the company and its shareholders, which includes taxpayers given the Government of Kenya owns a 50.1% controlling stake in the firm. In addition, the firm, has in the recent past, flown into financial headwinds which have eroded its bottom line and market capitalization.

Given the strategic nature of the Company, and indeed the overall sector, to social and economic growth, a new leadership team dedicated to restoring the electricity distributor to its former glory was appointed. The team is led by Vivienne Yeda, OGW, a scholar, economist, and attorney of distinction, who, together with the Board, is driving to efficiency and excellence within the organisation through well-thought-out reforms and system rebooting.

As a result, Kenya Power has bounced back to profitability. In the year ended June 2021, the Company recorded a historic 216 percent year-on-year increase in profit before tax to Kshs.8.2 billion, compared to a loss before tax of Kshs.7.04 billion the previous year. Electricity sales revenue increased to Sh125.93 billion compared with Sh116.7 billion a year earlier, while operating costs declined to sh39.8 billion from Sh47.8 billion a year earlier.

The increase in sales revenue and decline in costs was a result of the leadership team's focus on driving productivity and embed- >>

>> ding cost management. Kenya Power's turn-around strategy is premised on improving customer experience, enhancing sales growth, increasing revenue collection, prudent cost management, and reducing system losses.

The Company has also strengthened its governance structures, particularly the in its supply chain function, so as to ensure that any investments the Company makes are anchored on: proper planning by through the prioritization of critical initiatives with a clear return on investment, adherence to international standards for all equipment purchases, and the engagement of only those partners who commit to deliver the highest quality and value for money for all the goods, works and services procured.

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Lowering the Cost of Energy

Last year, the President appointed a Taskforce to review Power Purchase Agreements (PPAs) with a view to enhancing the energy sector's efficiencies so as to underwrite its sustainability, whilst driving down the cost of electricity so as to increase access, and enhance Kenya's attractiveness as the region's business and manufacturing hub.

When handing in its report, the Taskforce recommended a 30% reduction in the end user tariff. The first 15%, implemented in January this year, was realized from savings made by energy sector agencies, including Kenya Power. The second tranche of 15% was premised on the successful outcome of negotiations between the government and Independent Power Producers (IPPs).

Reviews by Kenya Power and other stakeholders in the energy sector have concluded that cost savings at Kenya Power and the sector cannot sufficiently address the issue of electricity affordability. The terms of Power Purchase Agreements

(PPAs) with IPPs, which account for 30 percent of installed capacity, are therefore being renegotiated by a team led by the Ministry of Energy.

Having said that, it is imperative that all the parties involved in this significant process remain alive to the importance of a successful outcome. This is because, despite the investments made in the energy sector in the last decade or so, especially in geothermal as well as renewable energy, the cost of electricity has been on an upward trend.

Fruitful negotiations between IPPs and the government should drastically lower the total cost at which Kenya Power buys energy, allowing it to lower its tariffs and deliver on its mandate of connecting Kenyans to clean, reliable and affordable energy. ■

#9 Kenya Railways Corporation

Established in 1978 through an Act of Parliament, the Kenya Railways Corporation (KRC) has roared back to life in recent years following the launch of the Standard Gauge Railway (SGR). Funded and built by the Chinese, the 480-kilometer-long line connecting Mombasa to Nairobi has been operated and managed jointly by KRC and Chinese contracted firms since its completion in 2017. This is, however, changing.

KRC is currently on track towards assuming full responsibility for the management of SGR, marking an important milestone for the country. KRC Managing Director and CEO Phillip Mainga, in media statements earlier in the year, confirmed that more than 60 per cent of SGR operations are now handled by KRC. The goal is to move to 100 per cent by end of 2022. This means KRC will now oversee loading and offloading of the SGR passenger and cargo trains, in addition to taking on the responsibility for other key management functions such as ticketing.

Mr. Mainga noted that the transfer of SGR management to KRC will result in cost savings and local job creation, "We are optimistic that once all staff members from the operator are brought on board, the cost of operation will go down," said the CEO, who was appointed to the position in 2020 after having successfully served as the parastatal's Research Manager.

The SGR has had some important successes. Trains run faster than the former railway or road traffic, and its passenger services are popular. Passenger tickets typically sell out weeks in advance of busy seasons such as Easter and Christmas. The amount of freight carried by the SGR has risen significantly since commercial operations began, and it has helped to decongest port operations, speed freight transportation, and enhance cargo security.

SGR has also been successfully extended from Nairobi to Naivasha, with plans to move further inland to Kisumu, Malaba and ultimately to Uganda in coming years. KRC now has the important task of consolidating and extending these gains, even as plans to finance and implement the expansion of the line further inland gather steam.

One important milestone KRC has achieved in 2022 is the successful linkage between the SGR and the old Meter Gauge Railway to provide seamless transportation. KRC earlier in the year conducted its first trial train cargo from Mombasa to Malaba on the newly constructed link which connects the Standard Gauge Railway and Meter Gauge Railway in Naivasha.

While the future is anything but certain, the exemplary track record that KRC has established in executing its mandate in recent years inspires confidence that it will be equally successful in managing and expanding the SGR.

Rehabilitation the MGR

KRC has performed exceptionally well rehabilitating the old meter gauge railway, which traces its roots back to the colonial era. Despite being over a century old, the meter gauge railway still occupies an important place in the country's transport network. It provides crucial linkages between Nairobi and Kisumu, as well as Nairobi and other inland markets, including towns such as Nakuru Nanyuki and Eldoret, just to name a few. >>

The refurbished Nairobi Central Railway Station

Right: President Uhuru officially unveils the refurbished Nairobi Central Railway Station which is set to decongest traffic in Nairobi city.

>> The old meter gauge railway had fallen into a sorry state of neglect in the years, prompting KRC to kick off a project of repairing and rehabilitating the line. The state corporation has successfully rehabilitated more than 566 kilometers of this line, breathing new life and opening many towns and rural centers in the process.

Some examples of milestones achieved under this project include the rehabilitation of the 178-kilometer Nairobi - Nanyuki line in 2021. This led to the resumption of cargo and passenger train services along the route after an absence of almost 20 years. The rehabilitated line is also a boon for traders in the agricultural towns along the line. It allows coffee and tea farmers to move their produce at greatly reduced costs, improving their profit margins and livelihoods of the natives along the line and its hinterland. KRC has also reintroduced livestock transport, meaning livestock farmers can transport their cattle from Nanyuki Railway Station to Nairobi's Kenya Meat Commission Depo at reduced costs.

KRC has also revived the 217-kilometer Nakuru-Kisumu MGR line after almost 25 years of dormancy. There are a total of 18 stations along the line, all of which have been renovated. They are expected to stimulate trade and revitalize dozens of local economies. Passengers get to enjoy the scenic Rift Valley during travel, unlocking the untapped tourism potential of the region.

KRC continues to play an integral role in improving the efficiency of public urban transport within Nairobi. The capital city's transport network has long been weighed down by traffic congestion and poor planning.

Part of the reason why the KRC has been highly successfully in recent years is the stronger governance frameworks that have been put in place at the organization.

KRC continues to play an integral role in improving the efficiency of public urban transport within Nairobi. The capital city's transport network has long been weighed down by traffic congestion and poor planning. This situation is being managed by getting more commuters to use the train, a move that KRC has been actively pursuing through investments in infrastructure and staff training aimed at improving the capacity of the city's rail network and creating better experiences for the commuters, especially during the peak hours.

KRC is building ten new stations in Nairobi and its satellite towns as it seeks to bring its services closer to commuters and boost passenger numbers. The upcoming stations are in Kibera, Kenyatta University, Mukuru Kwa Njenga, Satellite in Nairobi and Mutindwa, Lukenya, and Konza in Machakos.

Stronger governance

Part of the reason why the KRC has been highly successfully in recent years is the stronger governance frameworks that have been put in place at the organization. In addition to a competent and ethical leadership composed of tried and tested public servants, KRC is under the watchful radar of the Kenya Transport and Logistics Network (KTLN), whose super board of directors is chaired by John Ngumi, a financial whisky known for his turn-around leadership skills.

Created by an Executive Order, the state agencies under KTLN are KRC, Kenya Pipeline Company (KPC) and the Kenya Ports Authority (KPA), all of which have been brought under the coordination of Industrial and Commercial Development Corporation (ICDC) as a holding company.

Of note, ICDC now sits under the National Treasury. The synergies and efficiencies that have been unlocked by this realignment and focus of strategic transport agencies is providing a strong footing for KRC to continue implementing its transformative agenda and impacting the lives and livelihoods of Kenyans. ■

The Nairobi New Railway City and Central Station project

The new design, which was completed by Atkins UK and handed over to Kenya Railways and the Ministry of Transport in May 2022, is part of the wider Nairobi Railway City redevelopment programme, championed by President Kenyatta and supported by the UK government.
The Nairobi Railway City and Central Station project involves the redevelopment of 425 acres of central Nairobi. Sustainability is at the heart of the design with extensive use of local and low-embodied-energy materials to reduce embodied energy. The station will also adopt passive and nature-based solutions to minimise energy use in operations.
The plan includes building a new railway station that allows for the integration of Bus Rapid Transit and other public transport modes as well as other commercial developments, including skyscrapers, residential flats, a cultural centre and a museum.
The first phase of the 20-year project, which is set to change the face of the Nairobi central business district, is set to kick off in July.

Artist's impression of Atkins' final design for Nairobi's new Central Station Project.

#10 Quickmart

Quickmart is a brand of Quick Mart Limited. It is a remarkable success story that stands out as a hallmark of an evolution of a supermarket brand.

Kenya's retail sector has in the past few years been in the headlines for unfavorable reasons. In less than five years, six supermarket chains have exited the market due to poor business strategy or mismanagement. This has been a silent boon for the well-run supermarket chains such as Quickmart which today has the second largest branch network of 53 supermarket stores with a footprint in 15 counties in Kenya.

From a humble beginning in the outskirts of Nakuru in 2006, Quick Mart Limited was founded by the Late John Kinuthia as a family business. In 2010, his son Duncan Kinuthia took over the management of the business. Since 2010, Quickmart was able to grow steadily to 4 stores by 2014. It then gained further traction under Peter Kang'iri, who was then a leading consultant in the retail management in Kenya. This enabled the scaling up and growth of the business to 11 stores by 2018. In 2018, Peter, who was also consulting for Tumaini Supermarkets, was able to bring on board Adenia Partners to invest in Tumaini Supermarkets and subsequently also in Quickmart in 2019. Adenia Partners is a Mauritius-based private equity investment firm focusing on promising firms in sub-Saharan Africa (SSA). It manages assets valued at over $400 million (approx. Sh46.4 billion) and has a presence in Mauritius, Madagascar, Cote d'Ivoire, Ghana, and Kenya.

As a result, in 2019, a merger was organized between the two supermarket retailers. Trading under the brand name 'Quickmart'; the new merged entity became the second largest retailer in Kenya with Peter Kang'iri being appointed the Group Managing Director and Chief Executive Officer. Together with a seasoned management team, Peter has been able to transform Quickmart into a structured corporate run entity, with good governance practices, that attracts professionals from all sectors, including expatriates, which has never been the norm for supermarkets in Kenya, hence the frequent failures.

With Adenia Partners' help, Quickmart has been able to carve out a unique operating model based on a cost-efficient logistics framework, a product category centric model, an attractive cost structure, and an ESG-oriented DNA.

Organic growth

Quickmart has been growing strategically and responsibly. Absorbing the operations of a stable and successful chain like Tumaini proved to be a very sound growth strategy. Since then, Quickmart has been able to acquire stores previously operated by other retail brands such as Tuskys, Choppies, and Mulleys. The retailer plans to continue on this growth trajectory in addition to greenfield sites acquisition.

Bringing on an experienced private equity partner not only avails capital to expand, but also allows a firm to tap into the management expertise of the private equity firm. These firms typically have existing stakes in several other fast-growing businesses and are run by seasoned executives and entrepreneurs who have gathered critical insights on the growth strategies that work in different market environments.

With Adenia Partners' help, Quickmart has been able to carve out a unique operating model based on a cost-efficient logistics framework, a product category centric model, an attractive cost structure, and an ESG-oriented DNA. In addition, Quickmart has a unique store concept with the largest footprint of fresh items, which has contributed to a strong brand perception of "Fresh & Easy". It focuses on high traffic areas where the retail penetration is preferably at its minimal. These, coupled with other factors, has seen a strong revenue growth over the past four years; with a turnover of KES 9Bn in 2019 to Bn 26 in 2021.

To make the best of high consumption in urban areas like Nairobi, Quickmart has expanded the number of 24-hour operating stores in strategic locations with high footfall in the city. It now has twelve 24-hour stores, with 11 of them being in Nairobi County and the others in Kajiado. Quickmart's investments in 24-hour stores has been complemented by its home delivery service; and is seeking to find more space in the e-commerce segment in the near future.

In addition, to extending its physical reach and reinforcing its brand identity as a leading and trusted national supermarket retailer, Quickmart has also performed exceptionally well as a business. The privately owned supermarket chain was also listed as one of the fastest growing companies in Africa in a ranking by the Financial Times in 2022. The London-based international business publication looked at metrics like revenue growth, financing raised from investors, and growth in the number employees, among others. The Financial Times report notes that Quickmart grew by a CAGR (Compounded Annual Growth Rate) of 60 per cent per year between 2017 and 2020 and is Africa's 11th fastest growing company. >>

Quickmart supermarket has a noticeable presence in all major regions of Kenya

>> Its revenues grew from Ksh4.68 Bn in 2017 to 18.79 in 2020 and currently stands at Ksh26 billion.

While still an indigenous home-grown brand, Quickmart has leveraged its strong track record to attract strong partnerships with various stakeholders. For instance, this year, Quickmart received a grant of Ksh20 million from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in partnership with Kenya Market Trust for implementation of the technical assistance and business coaching project aimed at catalyzing - uptake of hygienic standards and increase competitiveness in the meat industry. Upon completion of the project, Quickmart expects to double its profits in the butchery section. In 2021, Quickmart was awarded a grant of Ksh 8.3m from The Global Alliance for Improved Nutrition (GAIN) to support vulnerable staff in the face of Covid-19.

Quickmart's investments in 24-hour stores has been complemented by its home delivery service; and is seeking to find more space in the e-commerce segment in the near future.

Quickmart's corporate social responsibility (CSR) initiatives mainly target non-profits, schools, hospitals, and other similar organizations that solve social challenges. Some organizations it has partnered with include Ebenezer Children's Home, since 2010, and Hope for Orphans Rescue Center, a collaboration initiated in 2013. In a nutshell, Quickmart's CSR initiatives is supporting hundreds of vulnerable children in Kenya.

Promising future

If Quickmart can keep growing its market share, it has a very promising future in view of the continued growth of Kenya's retail sector. Annual consumer spending in the country has increased close to 8 times since the turn of the new millennium. Kenyan consumers spent \$9.95 billion in 2000, \$30.86 billion in 2010 and \$78.79 billion in 2019, World Bank data shows. "We are confident that Quickmart's trend of growth and prosperity shall continue as we have in place an elaborate strategic plan for the next 5 years that targets to grow the turnover to KES 76 Bn" says the Quickmart CEO. In its growth trajectory, Quickmart plans to have 105 stores across 30 counties by the year 2026, increasing the number of employees from the current 5,200 to 12,000.

The strong growth in Kenya's consumer spending, which has fueled the growth of the retail sector in recent years, is not cooling down any time soon. The greatest catalysts for consumer spending are high population growth, rapid urbanization, and strong wage growth. Kenya is experiencing all three at the same time.

World Bank data shows that Kenya's relatively high urbanization and population growth rates of 4.0 per cent and 2.3 per cent, respectively, are higher than the global average of 0.9 per cent and 1.1 per cent, respectively. Total public and private sector wages have also grown at a fast pace in recent years. The Economic Survey 2022 by the Kenya National Bureau of Statistics indicates that total wages in the public and private sector grew from KES 1.9 Tn in 2017 to KES 2.3 Tn in 2021, with the average wage per employee also increasing.

Quickmart are known for their top norch customer service.

Quickmart's expansion against the backdrop of these favorable macro-economic conditions is therefore sustainable, especially with the good management and corporate governance practices in place. These fundamentals positions Quickmart for sustainable continued success. The brand has become a trusted retailer and household name in Kenya. Its unique and robust operating model as well as its strong track record of expansion and integration has poised it for a sustainable long-term strong and profitable growth. Only time will tell if Quickmart will someday realize its vision 'To be the retailer of choice in every market it serves in Africa'. ■

#11 Safaricom

Safaricom enjoys the enviable distinction of being the most profitable publicly traded company in East and Central Africa. Safaricom's net income for its fiscal year 2021 came in at Ksh68.68 billion against revenues of Ksh264.02 billion. No other Kenyan enterprise, including KCB Bank and Equity Bank, the country's two largest banks, has ever posted revenues and profits in this range.

Safaricom also ranks first in Kenya and the region in terms of its market value as a publicly traded company. It is the only listed company in Kenya and the region with a market capitalization (total market value of its outstanding shares) above Ksh1 trillion. Despite share price fluctuations in the stock market, Safaricom has consistently represented more than 50 per cent of the combined market capitalization of firms listed on the Nairobi Securities Exchange (NSE) over the past two years. This is a commendable feat considering there are 63 listed companies on the bourse, many of which have been listed for a longer period than Safaricom, which went public via its 2008 Initial Public Offering (IPO).

The growth of Safaricom into the powerhouse it is today is the result of several factors, including the consistent investments the firm has made in building and promoting its corporate and product brands. Research by firms such as Ipsos and TIFA Research indicate that Safaricom has consistently ranked as one the country's top advertisers over the past decade. It also has a visible and highly engaged leadership and spends heavily on marketing and branding campaigns. Thanks to the brand equity that these investments have built, Safaricom has been able to supercharge customer acquisition and attract top talent.

Safaricom's latest annual report indicates that the total number of people who use its products and services increased 12 per cent year on year to 39.9 million in fiscal year 2021. The firm enjoys a market share of 64.4%, according to data from the Communications Authority of Kenya.

Safaricom has also been able to maintain a strong pipeline of local and global talent thank to its reputation as a top employer. The firm's internal surveys published in its annual report indicate that nine out of ten Safaricom employees would recommend the firm as a place to work. These findings are corroborated by several external surveys, including the LinkedIn 2022 Top Companies Rankings which placed the telco first in the list of Kenya's 25 best workplaces for professionals to grow their careers.

Similarly, Forbes magazine in 2020 ranked Safaricom as the best workplace in Africa, ahead of South African heavyweights such as Naspers, the media conglomerate, and FirstRand, a banking giant with more than $100 billion in assets.

Top innovator

In addition to its high market share and its ability to attract and retain top talent, another factor that has played to Safaricom's advantage has been its strong focus on innovation. The company is widely recognized as one of the most innovative firms not just in Kenya, but in the world.

Innovation has allowed Safaricom to extend its reach into lucrative and strategic sectors of the economy such as financial services. The firm made its foray into financial services through M-PESA, which was launched in 2007 as the first person-to-person mobile money transfer service in the world. M-PESA has through the years evolved to include other related financial services such as savings and lending (M-Shwari and KCB-MPESA), consumer credit (Fuliza) as well as merchant and bill payments (Lipa Na MPESA), among others.

M-PESA accounted for 30.3 per cent of Safaricom's total service revenue for fiscal 2021. In comparison, revenue from voice represented 33.0% of total service revenue during the same period, meaning M-PESA is now at par with voice in terms of its contribution to Safaricom's topline performance.

This is in stark contrast to 2010 when Safaricom derived more than 75% of its service revenue from voice and less than 10 per cent from M-PESA, underlining the rapid growth that M-PESA has enjoyed over the past decade.

M-PESA's rapid growth is not only attributable to the firm's investments in

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the underlying technology, but also on the inclusive business model that presents win-win opportunities for both partners and customers. For example, M-PESA agents earn attractive commissions on transactions such as withdrawals and deposits, creating an incentive for them to expand their business and for new agents to join the network. Tellingly, the number of agents in fiscal year 2021 increased 43.1 per cent year on year to 248K, underlining the attractive proposition Safaricom extends to M-PESA agents.

Safaricom's ambition is to be more than just a mobile service provider. It is evolving into a technology company, a move that presents an opportunity to reinforce its competitive positioning in the local and global digital economy. It is, for example, leading the charge in fibre optic connections to homes, having connected 204.2K homes in fiscal 2021, up 43.7 per cent year on year. It has also made a foray into healthcare, education, e-commerce, charity, and agriculture through various digital services.

Sustainability

One of the most attractive qualities of Safaricom is that it strives to be a >>

>> company with a heart and soul. The company's leadership and management has been emphatic about their role in confronting social challenges and driving corporate sustainability, including pioneering integrated reporting, which focuses on reporting both financial and non-financial performance to investors and stakeholders.

Safaricom was one of the first Kenyan corporates to adopt the United Nations' Sustainable Development Goals (SDGs) into their strategic plans. It has also taken a highly transparent approach to reporting. It, for example, discloses the amount it spends on local suppliers (61 per cent in 2021), in line with its commitment to strengthen the local economy. This is in addition to other detailed disclosures that allow investors and other stakeholders to track the company's environmental impact, governance frameworks and social impact.

In terms of gender balance, the company has also achieved an impressive 50:50 male to female ratio in its workplace, with 33 per cent women representation in senior leadership. Through the Safaricom Foundation and the M-PESA Foundation, the firm also spends hundreds of millions of shillings annually on interventions in nutrition, health, education, and economic empowerment.

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It's no exaggeration to say that Safaricom is arguably Kenya's most successful enterprise today. Its regional expansion into Ethiopia and continued growth in other regional and global markets through digital products such as the M-PESA app point to more exciting days ahead for the brand and the more than 6000 employees behind it. ■

#12 Google

Google is arguably one of the most successful tech companies in the world today. Known for its eponymous search engine, Google has been the market leader in online advertising for well over a decade. More than 80 per cent of the US tech giant's revenue comes from online advertising through Google owned and operated properties such as Google Search, Google Maps and more.

Google's share of digital advertising revenues worldwide was projected at 28.6 per cent of total digital ad spending in 2021, according to eMarketer. Facebook followed with a digital ad revenue share of 23.7 per cent, while China's Alibaba came in third with 8.7 per cent.

Google's dominance in digital advertising has paid off handsomely for the company's shareholders in the last decade. The company's global revenues have grown close to six times from around $46 billion at the end of 2012 to $257 billion at the end of 2021, company filings show. Over the same period, net income has increased more than seven-fold from $10 billion to $76 billion. The company today has assets north of $350 billion, with around $130 billion of this being cash and cash equivalents as at the end of 2021, its financial statements show.

> Through multiple partnerships across the continent, Google is actively investing in connectivity, device affordability, and a host of digital products in different sectors like education, healthcare, media, and e-commerce.

As a result of this stellar financial performance over time, shareholder wealth has increased phenomenally, with the company's market cap (total value of its stock) having increased from around $200 billion in 2012 to more than $1.5 trillion today. To put this into perspective, a hypothetical Sh10 million investment in its stock ten years ago would be worth Sh70 million today.

Google's strong financial performance has not only benefited shareholders, but also given it the freedom to invest in its products and services at an unmatched scale and pace. The company is one of the world's leading spenders in research & development, a strategy that has enabled it to stay ahead of the curve in terms of innovation and new product development.

This has enabled it to expand beyond web browsing, search, and email into areas like cloud computing, streaming entertainment, mobile operating systems, applications, AI, machine learning and more. Its Android mobile operating system has been particularly successful, commanding a market share of 70 per cent in March 2022 compared with Apple's iOS's 27 per cent, according to GlobalStats.

Betting on Africa

Google's growth mindset has led it to increase its presence and investments in Africa. Although the continent currently represents a miniscule share of global ad spending, its potential in terms of long-term growth prospects cannot be overlooked. Digital transformation, a fast-growing, youthful, and entrepreneurial population, as well as economic and political reforms across Africa have made the continent more attractive to players like Google.

Google has not only availed most of its key products and services to consumers and enterprises on the continent, but is also working closely with governments, businesses, and other non-governmental organizations to create the conditions necessary to scale up the continent's burgeoning digital economy.

Through multiple partnerships across the continent, Google is actively investing in connectivity, device affordability, and a host of digital products in different sectors like education, healthcare, media, and e-commerce. It has also invested in talent development to bridge the knowledge and skills gaps holding back Africa's digital transformation. This is in addition to technical and financial support for entrepreneurs and SMEs, including the Africa Investment Fund, through which it is investing up to $50 million in African startups and providing them with access to its employees, network, and technologies.

Google's investments in Africa reached a critical juncture in late 2021 after it earmarked $1 billion for investment in Africa over the next five years. The $1 billion will go towards ensuring access to fast internet and supporting startups. The tech giant will be looking at areas that have strategic overlap with its services. By the end of this decade, Africa will host 800 million internet users, and a third of the world's youth population, making it an attractive investment destination, the California-based firm said in its announcement on the $1 billion investment.

Kenya as the testing ground

Most global tech leaders use Kenya, widely recognized as a preeminent tech leader on the continent, as the testing ground when implementing their Africa strategy. Google is no exception. It has a long and rich history in Kenya and continues to invest in the country.

As part of the $1 billion investment planned for Africa over the next five years, Google recently announced that it would set up its first ever Africa Product Development center in Nairobi. Over the next two years, Google plans to hire more than 100 engineers, product managers, user experience designers and researchers to staff the new centre. This marks a huge shift in its strategy, as it begins leveraging on local talent to build solutions for local and global markets.

"The potential for Africa to become a leading digital economy is right on the horizon and Google is committed to accelerating Africa's digital transformation through human capital and >>

As part of the $1 billion investment planned for Africa over the next five years, Google recently announced that it would set up its first ever Africa Product Development center in Nairobi.

>> enabling African-led solutions to African and global problems through better products," Google managing director for Africa Nitin Gajria said during the unveiling.

In addition to investing in talent in Kenya, Google has also partnered with leading telco Safaricom to make smartphones more affordable. Through the Lipa Mdogo Mdogo partnership, which was unveiled in 2020, customers have been able to buy 4G android powered smartphones from Safaricom through flexible financing. "Lipa Mdogo Mdogo has seen over 500,000 Kenyans upgrade from 2G devices to quality and affordable 4G smartphones. Through this partnership, we seek to meet the varying needs of our customers by increasing the selection of devices available under the world-first device-financing plan," said Peter Ndegwa, Safaricom CEO through a LinkedIn post in March.

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Google's support for entrepreneurship and SMEs in Kenya is also noteworthy. It has helped Kenyan businesses access its global Grow with Google program, which offers free training and tools to help people acquire new skills to grow their careers and businesses. Since the launch of the program in 2016, Google has trained over 1 million jobseekers, students, and SMEs in Kenya to acquire new digital skills. The multinational also recently partnered with the Ministry of Education to train 300 tutors in technical and vocational education and training institutions on transferrable digital skills. ■

#13 Amref

Amref Health Africa is the flagship sub-brand of the AMREF Brand. Amref Health Africa is the largest African-based and African-led health non-governmental organization (NGO) in the world. Officially founded in Kenya in 1957 to deliver mobile health services and provide mission hospitals with surgical support, the organization has through the decades evolved to become one of the most respected and influential players in Africa's healthcare scene.

Amref Health Africa runs more than 150 healthcare programs in over 35 countries in Africa, including Kenya, where it is headquartered, Tanzania, Uganda, Ethiopia, Zambia, South Africa, Nigeria, Ghana, and Senegal, among other countries on the continent.

The Nairobi-based NGO's intervention areas include communicable and non-communicable diseases; health systems strengthening; maternal, newborn and child health; sexual reproductive health and family planning; water sanitation and hygiene; neglected tropical diseases; public health emergencies; policy and advocacy; universal health coverage; and research and health innovation.

Amref has strong partnerships with local governments, health ministries and other implementing public sector and private sector partners across Africa. In 2020, its projects on the continent reached 7.8 million people directly and 30.4 million others indirectly, its Annual Report 2020 notes.

Amref Health Africa runs fundraising offices in major cities in Europe and North America. It has a diverse donor base that includes the Global Fund, US Agency for International Development (USAID), United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), the US Center for Diseases Control (CDC), among other prestigious donor organizations. It also has a small but vibrant base of private donors.

Community-based approach

Amref Health Africa's approach is unique because, even though the organization is backed by global expertise, local government support, and donor funding, it leans on the strength of local communities to deliver successful interventions.

Amref's response to healthcare needs in Africa is grounded in community engagement and delivered with the help of community health workers (CHWs). The organization today has one of the most extensive CHW networks in Africa.

In the African context, most people – especially the majority of those who live in rural areas and urban slums – don't have access to the formal health system. This is usually due to affordability issues, underinvestment in public health facilities outside urban areas, and human resource gaps in public health systems. Official data indicates that the doctor to patient ratio in Kenya, for example, is one to 16,000, a figure far below the World Health Organization's recommended one to 1000. The situation is similar if not worse in many other African countries.

CHWs therefore play an important role in bridging the gap between their communities and the formal health system. CHWs typically provide a range of preventive, promotive and curative health services. Examples include maternal, newborn and child health; communicable disease control; mental health services; sexual and reproductive health care; and non-communicable disease prevention and control. CHWS bring healthcare as close as possible to where people live and work.

Amref Health Africa's approach is unique because, even though the organization is backed by global expertise, local government support, and donor funding, it leans on the strength of local communities to deliver successful interventions.

Amref Health Africa has emerged as one of the foremost thought leaders on public health in Kenya and Africa. This is in no small part thanks to the leadership of Dr. Githinji Gitahi, the organization's Group CEO.

Despite the vital role CHWs play in Africa's health system, majority are unpaid and lack formal recognition. Little attention is also given to their training and development. Amref Health Africa has fiercely challenged this model, terming it as outdated.

Amref Health Africa has been at the forefront in advocating for recognition and remuneration of CHWs throughout Africa. It has also trained more than 100,000 CHWs in Africa using its digitally enabled learning platform, LEAP.

Amref's approach of using community engagement and local CHWs networks to create lasting health change in Africa has earned it global admiration, including from peer NGOs and the donor community. For example, The Geneva, Switzerland based Global Fund, one of Amref's donors, states: >>

>> "Amref Health Africa has shown that indigenous solutions based on international science can address the toughest problems in the world and serve as a beacon for Africa and for the world."

Driving thought leadership

Amref Health Africa has emerged as one of the foremost thought leaders on public health in Kenya and Africa. This is in no small part thanks to the leadership of Dr. Githinji Gitahi, the organization's Group CEO.

Dr. Gitahi, who joined Amref Health Africa in 2015, has proven to be an articulate and indefatigable health policy advocate with a knack for public communication. At the onset of the Covid-19 pandemic, he stepped up his activities on traditional and social media and quickly emerged as one of the most authoritative experts on the pandemic.

Dr. Gitahi played a critical role in arming the public with reliable information about the pandemic, especially in the first few months when disinformation and fear mongering hindered an effective public response to the outbreak. He has also played an instrumental role in ensuring Covid-10 vaccines are available and administered across Africa.

It therefore came as no surprise to many when Dr. Gitahi was in 2021 appointed as a commissioner in the Commission on African Covid-19 Response. The appointment was made by H.E. Cyril Ramaphosa, the African Union Champion on Covid-19 and President of South Africa.

The Amref Health Africa CEO is also a member of the Private Sector Advisory Board of Africa CDC and of the World Health Organization's Community Health Worker Hub. He is the only Kenyan to be appointed to the Board and Scientific Advisory of Coalition for Epidemic Preparedness Innovations (CEPI). He was appointed to CEPI in 2022. CEPI is a body of eminent global health experts that aims to stop future epidemics by developing new vaccines.

Dr. Gitahi has also leveraged his strong media presence to drive awareness about Universal Health Coverage, a subject he is passionate about. He has commonly said that for him, UHC is first and foremost a conversation about human rights and justice, rather than a set of policy interventions. "The first step towards addressing the health challenges of our time is for people to understand and appreciate that health is a basic human right," said Dr. Gitahi, who says that UHC must be pro-poor to work.

Another key pillar of Amref Health Africa's thought leadership strategy is the Africa Health Agenda International Conference (AHAIC). Since 2014, Amref has organized AHAIC biennially. AHAIC is widely viewed as the premiere platform that brings together experts from countries across the continent and around the globe to discuss African solutions to Africa's most pressing health challenges. The 2019 AHAIC in Kigali managed to convene more than 1,500 policymakers, civil society, technical experts, innovators, thought leaders, scientists, and youth leaders.

> "The first step towards addressing the health challenges of our time is for people to understand and appreciate that health is a basic human right,"
>
> - Dr. Githinji Gitahi, AMREF's Group CEO

Evolving organization

For all its achievements and rich heritage, Amref Health Africa is an evolving organization. While it remains an NGO, it has progressively expanded its presence in social enterprise, research, and education. Its subsidiaries include Amref Flying Doctors, Amref Health Enterprises and Amref International University.

Amref Flying Doctors (AFD) became an essential link in the COVID-19 response. Besides transporting ill patients, AFD was involved in transporting medical equipment as well as specimens for laboratory testing. As the only accredited Air Ambulance service provider in the region, AFD partnered with the Government of Kenya, through the Ministry of Health, to offer logistical support for the movement of medical personnel and delicate medical equipment to far-flung areas.

During the pandemic, Amref International University (AMIU) developed strategies for continuity of learning for existing programmes by enhancing its blended learning approach.

This resulted in a doubling of student enrolment–from 490 in 2019 to 809 in 2020. The University also undertook several research studies to inform policy and interventions. Moreover, three new Bachelor of Science (BSc) programmes were approved by the Commission for University Education (CUE) in 2020 bringing the total number of BSc programmes to five. ■

Microsoft

#14 Microsoft

Kenya's ICT sector has witnessed unprecedented transformation in the last decade thanks to the rapid increase in internet connectivity, improved access to digital tools and capabilities, and world class innovations that have changed sectors like banking, farming, retail, and travel, just to name a few.

This has helped create a vibrant digital economy that has not only spurred local entrepreneurship, but also attracted big ticket investments from global names in tech. This includes Microsoft, one of the world's most valuable publicly traded tech companies. The global tech heavyweight has aggressively grown the size and pace of its investments in Kenya in the last five to ten years.

Widely known for its software products, most notably the Windows line of operating systems, Microsoft has in recent years significantly expanded its focus in Kenya beyond operating systems. It is currently one of the top providers of cloud computing and cyber security solutions in the country. The blue-chip US multinational serves a diverse array of customers, including many of Kenya's largest enterprises, thousands of SMEs, a host of government agencies, and many leading non-governmental organizations.

Microsoft has also steadily increased its direct investments in Kenya's tech ecosystem. This includes sponsoring numerous training and talent development opportunities and programs for Kenyan-based tech workers and students. The company also actively supports local entrepreneurs and innovators through partnerships, knowledge transfer and other initiatives.

> "Our support for both the public and private education sector has been pegged on fostering use of modern tools in the classroom, developing 21st century digital content and providing capacity building for teachers to enable hybrid learning,"
>
> - Kendi Ntwiga, Country Leader-Kenya, Microsoft.

Kenya's significance to Microsoft's Africa strategy is evident in the multinational's recent move to designate Nairobi as one of two cities in Africa that will host its first Africa Development Centres (ADC)–Lagos, Nigeria's capital, was the other city that was selected.

Both sites will serve as a premier centre of engineering for Microsoft, exposing successful recruits to world class technology and the latest global trends in fields like AI, machine learning and mixed reality innovation. Engineers have already started working and the company is actively recruiting more candidates to hit its target of 100 full-time engineers at both sites by end of the year. The ambition is to expand to 500 engineers across the two sites by 2023, according to the company's media statements.

H.E. President Uhuru Kenyatta, who was the Chief Guest at the unveiling of Microsoft's Nairobi-based ADC this March, expressed optimism that the Sh3 billion investment by Microsoft would bolster the government's push to secure high-tech jobs in the digital space for the youth. The Head of State also said that Microsoft has partnered with local universities and start-ups to provide training and skills to create job opportunities for over 200,000 young Kenyans in support of the digital economy.

Microsoft's initiatives in the education sector are not limited at interventions targeting professionals, university students and local entrepreneurs looking to venture into the digital economy. It has also partnered with the government and private institutions to deploy technological tools and digital innovation in primary and secondary schools.

As an example, since the pandemic, Microsoft has equipped over 200,000 teachers in Kenya with MS Office 365 tools to support hybrid learning and collaboration through MS Teams in partnership with the Ministry of Education, Teachers Service Commission and Kenya Private School Alliance. This collaboration extends to the Kenya Institute of Curriculum Development to enable all students in the country to access digital learning content online through Kenya Education Cloud.

"Our support for both the public and private education sector has been pegged on fostering use of modern tools in the classroom, developing 21st century digital content and providing capacity building for teachers to enable hybrid learning," said Kendi Ntwiga, Country Leader-Kenya, Microsoft.

Microsoft's involvement in Kenya's education sector was a critical success factor in the suc- >>

>> cessful national transition to remote and hybrid learning during the pandemic-era lockdowns. Through its products and services, the company has also helped many organizations to unlock the power of remote productivity.

Microsoft is a signatory to most of the major global and regional pledges that call on corporates to integrate environmental, social and governance factors in their business strategies, accelerate private sector action on the Sustainable Development Goals (SDGs), and practice socially responsible business. In terms of environmental impact, Microsoft has been carbon neutral across the world since 2012 and commits to being carbon negative by 2030. It is also one of the largest purchasers of renewable energy in the world.

The multinational has been an exemplary role model in championing this progressive approach to corporate citizenship in Kenya's private sector. This is evident in its work around gender equality in the country. As an example, Microsoft is working in Kenya with the likes of Tech4Dev and the Women Techsters Initiative to train 5 million girls and women across Africa in coding and deep tech skills by 2030.

Kenya's significance to Microsoft's Africa strategy is evident in the multinational's recent move to designate Nairobi as one of two cities in Africa that will host its first Africa Development Centres (ADC)–Lagos, Nigeria's capital, was the other city that was selected.

The company has also made inroads into agriculture in Kenya. Agriculture accounts for as much as 30 per cent of GDP and is critical to the attainment of important national development goals, including ensuring food security and good health and nutrition for all.

One notable program in Kenya's agriculture sector by Microsoft is its 2021 partnership with the International Finance Corporation, World Bank's private sector lending arm. Through its 4Afrika initiative, World Bank partnered with IFC to make digital tools and training resources more accessible to small-scale farmers, and agriculture-linked small businesses in Kenya.

Microsoft is likely to sustain its strong pace of investments and growth in the Kenyan market in coming years. The country is a strategically important market in Africa for Microsoft. It's worth noting that the global launch of Windows 10 in 2015 was hosted in Nairobi where none other than Microsoft CEO and Executive Chairman, Satya Nadella, attended. It was the first global launch of a flagship tech product by a global tech leader in Africa, underlining the important role of Nairobi and Kenya overall in Microsoft's ambition for Africa. ■

#15 The Aga Khan

His Royal Highness Aga Khan IV is one of the most illustrious and dynamic faith leaders in the world. He is the 49th and current Imam of Nizari Ismailis, a denomination within Shia Islam. He is also an astute business magnate and generous philanthropist, viewing his works in these fields as part of his religious duty to improve the quality of worldly life for concerned communities.

The Aga Khan serves as the chairman and founder of the Aga Khan Development Network (AKDN), one of the largest private development networks in the world. AKDN coordinates the activities of over 200 agencies and institutions around the world. With funding from Ismaili faithful, donor agencies, numerous governments, and several international organisations, AKDN agencies operate in the fields of health, education, culture, rural development, institution-building, and the promotion of economic development.

Through the Aga Khan Fund for Economic Development (AKFED), which is part of AKDN, the Aga Khan has invested in more than 150 companies in dozens of countries in Asia and Africa, including Kenya. Some of the sectors that AKFED has invested in Kenya and the wider East African region include financial services, agriculture, media, hospitality, energy, education and health.

Strong footprint

One of AKFED's earliest holdings in Kenya is Diamond Trust Bank (DTB), a regional banking powerhouse with over with 129 branches in Kenya, Tanzania, Uganda, and Burundi, as per its 2021 Annual Report. DTB has been in operation for more than 70 years and has a strong focus on providing financial solutions to Small and Medium sized Enterprises. This in addition to other bank customer categories such as corporate and retail banking.

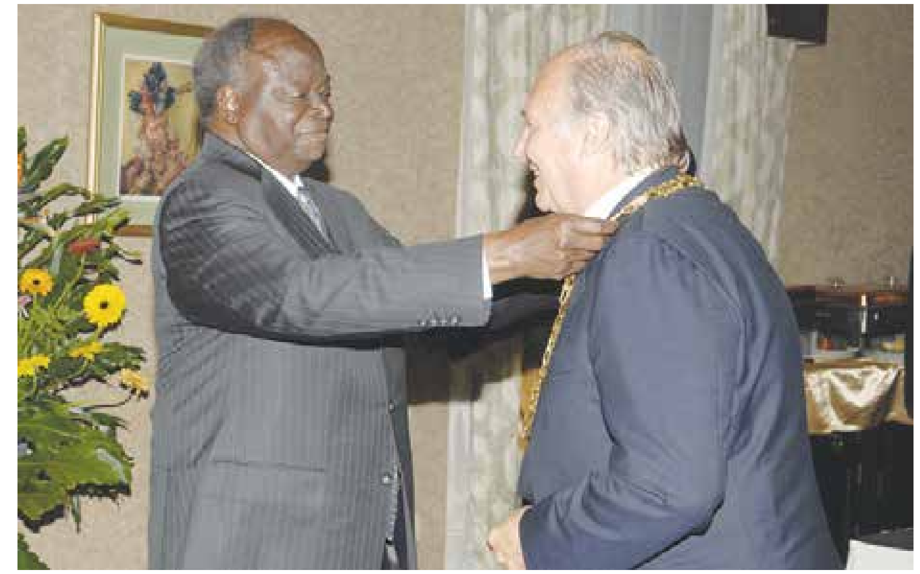
DTB's Kenyan subsidiary is one of the top five largest commercial banks in the country by assets, with Sh326.37 billion in total assets as of December 2021. The Nairobi Securities Exchange (NSE) listed lender raked in a profit before tax of Sh4.69 billion in 2021 and served around 279,000 customers, 194,000 of which were mobile banking customers.

Another key Aga Khan holding in Kenya's financial services sector is Jubilee Insurance, a leading underwriter with over 450,000 clients in the East African region. Jubilee Insurance had Sh38.8 billion in gross written premiums and deposit administration contribution in 2021, its Annual Report shows. Its total assets have grown close to 50 per cent from Sh104.97 billion in 2017 to Sh155.27 billion in 2021, the report further shows.

Besides being a trailblazer in the insurance sector, Jubilee has also put Kenya on the map in terms of attracting global investments. Jubilee Holdings in 2021 completed the sale of a majority stake (66 per cent) in its subsidiary Jubilee General Insurance to Allianz, one of the world's leading insurers and asset managers. This has been hailed as one of the largest and most successfully executed corporate transactions in Kenya.

Another sector in Kenya where the Aga Khan has left an indelible mark is media and publishing, where AKFED holds a significant stake in Nation Media Group (NMG), the largest media house in East and Central Africa. NMG has established strong market leadership in publishing, broadcasting, and digital media, where it has revamped investments in recent years in line with the global shift to digital media channels. NMG's recent annual report indicating it reaches 47.3 million users across its website and social media platforms. In 2021, the media powerhouse netted a profit after tax of Ksh584.7 million from a turnover of Ksh7.6 billion, a strong improvement in both topline and bottom-line performance relative to 2020 performance.

AKFED is also a significant investor in Kenya's agriculture sector. According to Dr. Azim Lakhani, the Diplomatic Representative of AKDN in Kenya, more than 70,000 farmers benefit from the Aga Khan's investments in Kenya's agriculture value chain. Some of the companies in the sector affiliated to Aga Khan include Farmers Choice, one of the largest meat processors; Frigoken Ltd, the leading vegetable processor and exporter in the country; and Premier Food Industries, a processor of sauces, jams, canned vegetables, and juices.



Frigoken, which processes more than 20,000 metric tonnes of vegetables and exports 1,500 plus containers annually, has been recognized for the instrumental role it has played in levelling the playing field for women in agriculture. 80 per cent of the company's 3000 plus employees are women, the company states on its website. Similarly, 50 per cent of the small-scale farmers the company engages are women.

AKFED's vibrant presence in Kenya's education sector is also worth highlighting. Its investments in the sector include the Aga Khan schools in Nairobi, Mombasa, Kisumu and Eldoret, which have over 4,800 students, and the Aga Khan University.

Through the Aga Khan Fund for Economic Development (AKFED), which is part of AKDN, the Aga Khan has invested in more than 150 companies in dozens of countries in Asia and Africa, including Kenya.

The eponymous Aga Khan University Hospital is one of Aga Khan's best-known investments in Kenya's healthcare sector. There are three hospitals in Nairobi, Mombasa and Kisumu and numerous outreach clinics in more than 21 countries. The Aga Khan is also heavily invested in tourism, through the Serena Hotels. This is in addition to stakes in leading companies in energy and in manufacturing sectors.

Global recognition

The Aga Khan's immense contribution to Kenya's economic development, which started in the pre-colonial times, has not gone unrecognized. He was in 2007 awarded the prestigious honor of Chief of the Golden Heart – the highest award in Kenya – by the late President Mwai Kibaki.

The Kenyan award adds to a long list of well-deserved laurels that the Aga Khan has received from numerous countries across the globe, including Canada, Bahrain, France, India, Iran, Italy, Ivory Coast, Uganda, Madagascar, Mali, Portugal, Senegal, Spain, Pakistan, and the United Kingdom, just to name a few.

A generous patron of the arts, particularly those that advance Islamic art and architecture, the Aga Khan has stated that his goals include the elimination of global poverty; the promotion and implementation of religious pluralism; and the advancement of the status of women. ■

KWAL
KENYA WINE AGENCIES LTD

#16 KWAL

Kenya Wine Agencies Limited (KWAL) a leading manufacturer, importer and distributor of wines, spirits, ciders, and non-alcoholic beverages, has a rich heritage in Kenya that spans more than 50 years.

Established in 1969 as a state-owned enterprise, KWAL has achieved significant milestones through the years emerging as a critical cog in Kenya's industrialization engine supporting indigenous Kenyans businesses participate in Wines and Spirits Industry. With the establishment of Kenya's first commercial winery in 1982, KWAL began the journey of local production of beverages using for instance, locally grown grapes and papaya fruit. Since then, KWAL's range of products have expanded to include household brands such as Kibao Vodka, Hunter's Choice whisky, Viceroy Brandy, Amarula Cream Liqueur, Savanna cider, Hunter's Cider, Kingfisher, Caprice Wines and Nederburg Wines.

KWAL's operations continue to support the growth of the hospitality industry across various categories such as distribution, retail and logistics. For instance, KWAL works with over 50 distribution partners thus contributing significantly in supporting government on the national agenda to create employment.

KWAL's outlook for the future continues to be optimistic. With the strides taken so far, KWAL is committed to continue delighting their consumers and stakeholders, while creating a sustainable cycle of growth for the business and the society.

Successful privatization

KWAL is one of the most frequently cited case studies of what successful privatization of state-owned enterprises should look like. In 2014, Distell acquired a 26 % stake in KWAL from Industrial and Commercial Development Corporation (ICDC) now KDC (Kenya Development Corporation). Later in 2017, Distell acquired a further 26 % stake from Centum Investment, gaining a majority stake in the business. Distell Group is a multinational beverage company based in South Africa and listed on the Johannesburg Stock Exchange (JSE).

Investor briefing documents from Distell Group indicate that it had a 55.37 % stake in 2019 versus KDC's 43.77 % stake. KWAL is expected to undergo the second phase of its privatization journey in the near future.

KWAL's privatization not only allowed the government to raise revenue, but also brought in new leadership and vision that set the organization on a more aggressive growth trajectory.

In the past few years, KWAL has invested heavily in its brands, revamped its route to market capabilities, improved overall efficiencies and boosted profitability.

Part of KWAL's strategy since privatization has been investing in its local manufacturing capacity. In 2019, it localized production of ciders at its Enterprise Road premises. Today, the business manufactures two leading cider brands; Hunter's Cider (Gold and Dry variants), and Savanna Cider.

Kibao Vodka, one of KWAL's flagship brands, was recognized globally as one of the Top 100 fastest growing spirit brands (IWSR, 2019) after a successful relaunch of the brand. In the five-year period between 2016 and 2021, KWAL has doubled its volume output and has significantly improved its bottom line more than tenfold, the company's Managing Director, Lina Githuka, said in media statements.

KWAL's privatization not only allowed the government to raise revenue, but also brought in new leadership and vision that set the organization on a more aggressive growth trajectory. In the past few years, KWAL has invested heavily in its brands, revamped its route to market capabilities, improved overall efficiencies and boosted profitability.


KWAL's Managing Director Lina Githuka

Lina, who featured in Business Monthly's 2021 Top 25 Women in C-Suite Impacting Business, noted that these achievements were the result of a positive shift in corporate culture, re-engineering of business processes, and investment in employee talent. Over the years KWAL has built critical employee skills and competencies which continue to drive individual and company growth.

Further transformation in the people agenda is evident in the improved employee work experience that has created a highly engaged workforce culture. >>

>> Ksh4 billion investment

KWAL is investing Ksh4 billion in constructing a green manufacturing facility in Tatu City, Kiambu County. This is the first investment that KWAL has made in a new production facility in more than two decades, underscoring the strong growth ambition that has come following its privatization.

"The key objective of our Tatu investment is to support our growth agenda which is anchored on localizing manufacture of the imported portfolio as well as enhancing local production capacity." said Lina during the groundbreaking ceremony in 2021.

The Tatu investment is expected to offer more job opportunities across the value chain.

Addressing risks, seizing opportunities

KWAL has also been proactive about managing risks in the market, key among these risks being the menace of counterfeiting.

> "The key objective of our Tatu investment is to support our growth agenda which is anchored on localizing manufacture of the imported portfolio as well as enhancing local production capacity."
>
> \- Lina Githuka, KWAL's Managing Director

KWAL MD Lina Githuka gifts a bucket of drinks to South Africa's High-Commisioner to Kenya HE M.J. Mahlangu

Counterfeiting is one of the biggest threats facing brand owners and consumers today.

It negatively affects those along the value chains of legitimate businesses and denies the state vital tax revenue. In the alcohol manufacturing industry, it comes with added health risks as counterfeiters are not subject to health and safety standards that legitimate brewers and distillers adhere to.

"We work closely with the public and law enforcement agencies to disrupt counterfeiting operations," Lina said. She also noted that the menace of counterfeit products affects the industry and thus requires a collaborative approach with various government agencies.

KWAL's outlook for the future continues to be optimistic. With the strides taken so far, KWAL is committed to continue delighting their consumers and stakeholders, while creating a sustainable cycle of growth for the business and the society. ■

#17 EABL

> Despite this challenging macro environment, EABL grew its net sales in 2021 by 15 per cent year on year to Ksh86 billion compared with Ksh75 billion in 2020. Importantly, the company was in 2021 able to surpass its pre-pandemic 2019 net sales of Ksh83 billion.

East African Breweries Limited (EABL) holds the distinction of being one of the longest-running enterprises in Kenya and the wider East Africa region. Founded in 1922, the beverage maker has in the last century built an extensive network of breweries, distilleries, and distribution facilities across East Africa.

Headquartered in Kenya, where it operates through Kenya Breweries Limited, EABL has subsidiaries in Tanzania (Serengeti Breweries Limited) and Uganda (Uganda Breweries Limited). The company works with distribution partners to serve customers and consumers in South Sudan, Rwanda, Burundi, and the Democratic Republic of Congo. Collectively, EABL manages a rich portfolio of more than 40 brands that range from beer, spirits, and adult non-alcoholic drinks. It produces its flagship brands in the region and sources some of the international brands it markets through British multinational alcoholic beverage company, Diageo, which is its majority shareholder.

Thanks to the scale of EABL's operations, its dominant market share across key alcohol categories, and its long operating history in the region, the company has been able to build a resilient and profitable business. It has also been able to tap into world class talent and today boasts of having some of the most competent and seasoned executives in corporate Kenya serving in its leadership team. These include Dr. Martin Oduor, who serves as the Board Chairman, and Mrs. Jane Karuku, who serves as the Group Managing Director and CEO.

These factors have enabled EABL to forge ahead during economic downturns and unfavorable market cycles. This was evident at the height the Covid-19 pandemic when restaurants, bars, and clubs curtailed their operations and, in some cases, shut down indefinitely. This affected how and where consumers shopped for their favorite alcohol brands. EABL was able to mitigate the situation and adapt by turning to e-commerce distribution channels, including Party Central, its own e-commerce channel, to reach consumers.

EABL further responded to the pandemic by investing $5 million (Sh579 million) to directly support bars and restaurants negatively impacted by the lockdowns, curfews and sitting capacity guidelines. The company reports that over 5000 bartenders received training through the initiative.

Back to growth

After the pandemic-induced slowdown in 2020, EABL bounced back to growth in fiscal year 2021. This is despite a challenging and complex operating environment during the period. In addition to the continuing effects of the pandemic, 2021 was also characterized by cost inflation (which continues in 2022), weakening of the shilling (which led to higher costs of importing inputs), and an end to pandemic-era tax reliefs (which led to higher tax charges).

Despite this challenging macro environment, EABL grew its net sales in 2021 by 15 per cent year on year to Ksh86 billion compared with Ksh75 billion in 2020. Importantly, the company was in 2021 able to surpass its pre-pandemic 2019 net sales of Ksh83 billion. Kenya accounted for 66 per cent of net sales in 2021, compared with Uganda's 19 per cent and Tanzania's 15 per cent, according to the company's Annual Report.

Profit before tax, however, remained flat in 2021 vs 2020 at Sh11 billion due to the macro challenges discussed, underlining the instrumental role the impressive revenue growth played in protecting shareholder value.

The company is optimistic it will sustain this momentum and is investing heavily behind what it sees as key growth enablers. This includes streamlining distribution to ensure product availability, great customer and consumer experience, and cost effectiveness. The company will also step up its investments in digital channels, e-commerce, and relevant digital marketing. "We have invested in an in-house digital marketing agency to build and drive in-culture content and ensure that we are always staying connected with our consumers and the dynamic environment," said Mrs. Karuku.

Sustainability strategy

EABL also has one of the most robust corporate sustainability programs in Kenya. It published its inaugural Sustainability Report in 2021, condensing its key sustainability achievements in 2020 and 2021. The report, prepared in line with Global Reporting Initiative standards, is a useful reading for executives and students interested in understanding best practices in >>

>> corporate sustainability practice and reporting.

EABL has taken a systematic and holistic approach to sustainability by looking at how it creates value for every player in its stakeholder ecosystem, including farmers in sourcing communities, consumers in the marketplace, and the people it employs and partners with across its entire value chain. The company also dedicates resources to the preservation and care of the natural environment.

As an example, EABL provides over 60,000 barley and sorghum farmers across Kenya, Tanzania and Uganda with agricultural skills and resources to support sustainable farming practices and increase their income. This includes support such as free seeds, free extension services and pre-financing of inputs to help farmers achieve economically feasible yields per acre.

The company also recognizes the critical role that water plays in its production process and has committed to replenishing water in vulnerable communities as well as reusing and recycling water at its sites. In 2020 and 2021, more than 30,000 people in Kenya and Uganda benefited from EABL-sponsored programs aimed at improving water availability and access. This is in addition to its investments in renewable energy aimed at accelerating its journey to net zero. The company's sites across Kenya, Uganda and Tanzania utilize an average of 82 per cent renewable energy, its Sustainability Report notes.

After the pandemic-induced slowdown in 2020, EABL bounced back to growth in fiscal year 2021. This is despite a challenging and complex operating environment during the period.

EABL has also been emphatic about helping consumers make informed choices about alcohol consumption. "On occasions when consumers choose alcohol, we want them to drink better, not more," notes the company. More than 13 million people across the region were reached through EABL's positive drinking campaign in the past year. The company has also helped support the government's fight against illicit brews.

EABL has also championed inclusion and diversity at the workplace. Its recruitment and selection process focuses on diversity hiring (50:50) irrespective of background, disability, religion, gender, or ethnicity.

In partnership with Strathmore Business School, the company has run a 'Women in Leadership' programme since 2015 and has built the leadership capability of over 360 women in its business. In a recent Your Voice Survey, 93% of employees at EABL indicated they were engaged and feel that they can be themselves regardless of their diverse backgrounds. This has enabled the firm to continue attracting the best talent in the region and across the globe. ■

#18 Twiga Foods

The World Bank estimates that more than 70 per cent of Kenya's total agricultural output is produced by smallholder farmers. Even though smallholder farmers play an integral role in maintaining the nation's food security, many of them face huge challenges accessing markets for their produce. Some of the common barriers to market access include unscrupulous brokers who take advantage of the farmers' low bargaining power, poor storage and transportation infrastructure, and lack of scale.

These challenges not only affect farmers' livelihoods but also lead to high cost of food, which threatens food security. Data from the US Department of Agriculture show that Kenya is among the countries whose citizens spend the highest proportion of their household income on food: an average of about 45 per cent, compared with less than 7 per cent in the US.

One Kenyan company is, however, leveraging on the power of digital technology and ecommerce to change this narrative. Twiga Foods, which was founded in 2014, has in less than a decade established itself as the leading business-to-business digital marketplace connecting smallholder farmers to retailers and food processing companies.

Through its ecommerce platform, Twiga Foods allows fresh produce retailers and food processing companies to replenish stock from the comfort of their mobile phones. The farmers that Twiga Food sources from are then paid within 24 hours of an order. This quick turnaround has made Twiga popular among smallholder farmers and helped it accelerate its growth. Moreover, the company has integrated mobile payments in its supply chain platform. Most farmers on its platform receive their payments through mobile money services such as M-PESA and information is recorded in real time in the field to enable timely settlement of payments.

Twiga says it employs over 1,000 people and has over 100,000 customers for its services across Kenyan cities, delivering over 600 tonnes of product to over 10,000 retailers daily. Overall, the company works with more than 13,000 farmers, according to statements on its website.

Winning investors

Twiga's growth has enabled it to attract billions of shillings in long-term investments from leading development finance institutions, venture capital funds and private equity funds. In 2021, it closed a $50 million (approx. Ksh5.8 billion) Series C round to scale its efforts in the Kenya and other neighboring countries in the East African region. This is after raising another $30 million (approx. Ksh3.4 billion) Series B round in 2019. Overall, the company has raised more than $100 million (approx. Sh11.6 billion) in debt and equity financing since its founding, according to a compilation by TechCrunch, a technology-focused US media outlet.

Twiga has been able to win the backing of investment industry heavyweights like International Finance Corporation (IFC), 1776 Ventures, TLcom, Creadev, Endeavour Catalyst, and Goldman Sachs' spinoff Juven, among other big names in the investment industry.

In a 2021 interview with Bloomberg, Twiga's co-founder and CEO Peter Njonjo noted that the company could reach a $1 billion (approx. Sh116 billion) valua- >>

Twiga Foods, which was founded in 2014, has in less than a decade established itself as the leading business-to-business digital marketplace connecting smallholder farmers to retailers and food processing companies.

>> tion in the next five years amid continued growth and expansion on the continent.

Peter's dream of hitting a $1 billion valuation is possible given the pace at which Twiga is growing. As an example, Twiga recently injected $10 million (Sh1.1 billion) in a new farming subsidiary called Twiga Fresh through which it will farm and distribute its own agricultural produce to traders. Twiga said it has begun producing horticultural produce like onions, tomatoes, and watermelons on its 650-hectare (1,606 acres) land, with an estimated output of 150,000 tons of fresh produce annually.

The company says its farm is one of the largest commercial fresh produce establishments targeting the domestic market since most large-scale horticultural businesses in Kenya export their harvests.

Twiga noted that its new subsidiary will not make it cease working with smallholder farmers in addressing the challenge of food security. "We will continue to run the B2B e-commerce business under Twiga, focused on building a one-stop supply-chain solution for informal retailers, delivering both Twiga and non-Twiga owned products. Twiga Fresh, in addition to our growing range of private label products, will ensure we drive growth in customer numbers and broaden the basket size by offering quality produce at a discount against prevailing market prices," said CEO Peter Njonjo.

Twiga says in the long term, Twiga Fresh will be funded through debt partnership with financial institutions that focus on primary agriculture and food security. This is a strategic move considering financing for agriculture and food security tends to be given on concessional terms.

> Twiga Foods has not only contributed to the welfare of smallholder farmers, but also made immense contributions to Kenya's startup culture. Few companies in Kenya have managed to grow at the pace and scale that Twiga Foods has.


Peter Njonjo, Twiga's co-founder and CEO

Contributions startup culture

Twiga Foods has not only contributed to the welfare of smallholder farmers, but also made immense contributions to Kenya's startup culture. Few companies in Kenya have managed to grow at the pace and scale that Twiga Foods has. In eight years, it has raised billions in financing and won global recognition for its explosive growth. It featured in the "100 Most Influential Companies in the World 2022" ranking by Times Magazine, alongside other global leaders like Microsoft, Apple, Disney, and Ford, among others.

Peter Njonjo, Twiga Food's co-founder, has emerged as a powerful inspiration for other entrepreneurs in Kenya. The Certified Public Accountant started the business with his co-founder Grant Brook while still working for beverage company, Coca-Cola, where he served as President for West Africa.

Peter, who in his time as a Coca-Cola employee served as Twiga board chairman (with Grant serving as CEO), was able to juggle the demands of his new business with the pressures of his high-profile job with a leading multinational. He would eventually quit the beverage maker in 2019 to fully concentrate on Twiga and carry on as CEO. ■

#19

Saracen

This brand is an exemplary essence of a transformative journey in the advertising and media buying industry.

Saracen Media opened its doors on October 1st 2002, the brainchild of four founding partners; Lenny Nganga, George Wanjohi, Sammy Thuo and Frank Maina, who had all worked for multi-national advertising agencies such as Ogilvy & Mather, McCann Erickson, and TBWA, previously.

The dream of the founders was to establish a local media agency that would compete with the global agency groups in the area of media planning and buying, and elevate it beyond a subordinate role to the creative field, where a lot more emphasis was laid in selecting an agency, yet over 60% of budgets went into the media that connected audiences with the creative message.

The founders were convinced that the economic fortunes of the country were headed for a turnaround with the imminent election of Mwai Kibaki as the President of Kenya, a man whom the founders held in high regard as an economist with great experience in running the fiscal side of the country, thus the decision to launch in late 2002.

In the first full year of operation 2003, the company achieved a turnover of Ksh13.4 million but recorded a loss of Ksh730,000. The operations were fully funded by the savings of the founders. In 2004, the company's turnover rose to 24.1 million, posting its first modest profit of Ksh347,000.

In 2005, the partners realized that to excel in this field there was a great need to tap into the vast R&D budgets of global media agency networks that went into developing insights and tools for superior results for clients. A search then commenced, and the partners wrote to the 4 then leading global advertising groups. Of these, only Omnicom responded in the affirmative. Thereafter, an assessment was conducted by the head of Omnicom agencies in Africa, after which he gave a go ahead for an affiliation. Upon signing up, Saracen gained access to all the tools, research, and global clients of the network. With this affiliation, the agency appended OMD to the Saracen name and became Saracen OMD.

A deep-seated belief at Saracen is that media planning and buying, when properly employed, benefits companies that advertise immensely, because the return on investment (ROI) that rigorous and data-based media planning can generate averages 1:3.

A deep-seated belief at Saracen is that media planning and buying, when properly employed, benefits companies that advertise immensely, because the return on investment (ROI) that rigorous and data-based media planning can generate averages 1:3. That is, for every shilling spent on media, the company can get a revenue of 3 shillings, and this was a global average bench mark established by the Journal of Advertising Research through extensive studies. The partners therefore set about educating the market on the value of media planning through presentations, and one on one interactions.

Since then, Saracen went on to record a number of firsts and achievements among them, being the first agency to convince parastatals and government bodies to separate creative and media pitches. Until then, these two functions had always been bundled together. Saracen therefore became a thought leader and agency to turn to and the practice became the standard practice in the industry in Kenya to date.

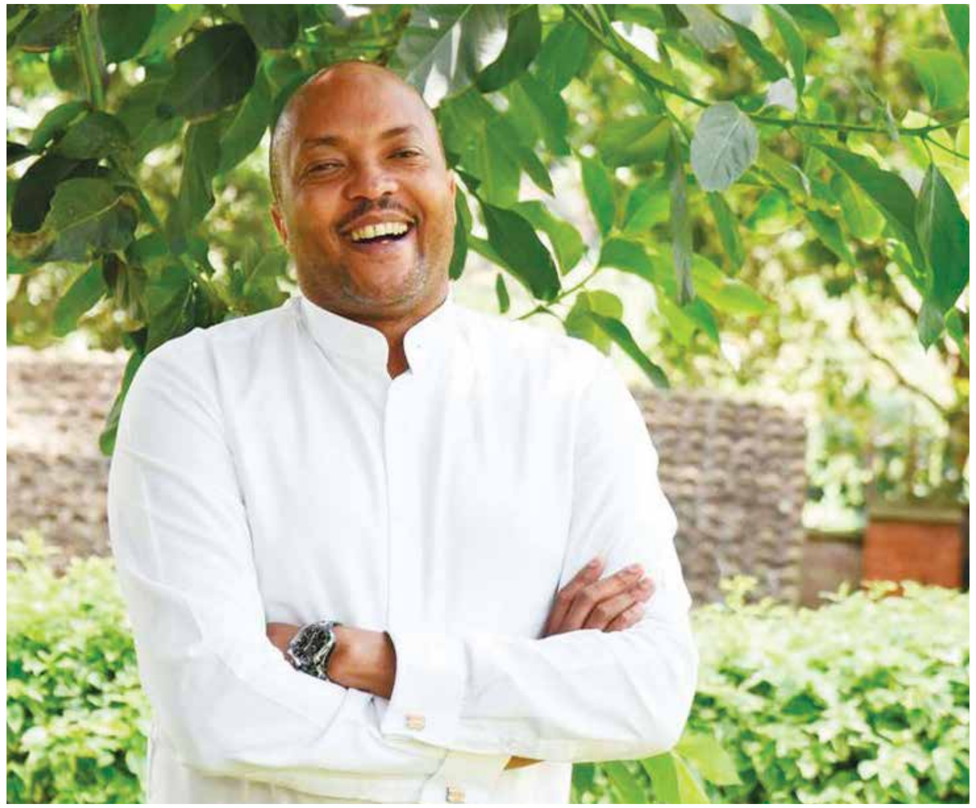
In 2006, Saracen was the first media specialist firm to be admitted to the Association of Practitioners in Advertising (APA), which had previously only admitted "Full service" agencies (Agencies with creative, media, and client service).

In 2007, Saracen set up an office in Uganda, with one of the founding partners moving to Uganda to grow the business there.

In 2008, the agency entered the inaugural "Top 100 Midsized Companies in Kenya" survey run by KPMG and was ranked number 17. In this same year, the company started another media agency named Saracen PHD www.phdmedia.com to represent a new and upcoming agency in the Omnicom stable as well as compete for pitches in areas Saracen OMD could not. At this time Saracen OMD's turnover was over Ksh279 million.

In 2011, Saracen established an office in Tanzania named Olaari Saracen OMD as the rules in Tanzania required a local partner in order to register the business. This agency hit head winds due to the challenging operating environment for a Kenyan company at the time, prior to finding a right fit in a partner.

By 2012, the staff complement across East Africa had grown to 34, and combined company turnover rose to over Ksh1 billion for the first time. This earned the company recognition by the Top 100 companies survey, as a member of Club 101, reserved for companies that cross >>



Saracen Media Group MD and CEO Lenny Ng'ang'a

>> the Ksh1 billion mark from within the ranks of surveyed members. Saracen Media was subsequently appointed the regional hub for Omnicom media group agencies in East Africa, the other hubs being Lagos for West Africa, and Johannesburg for Southern Africa.

In terms of culture, the founders have been very deliberate about the kind of organizational culture they wanted to create and maintain, having worked at different agencies and seeing the best and worst of the different cultures tenable in the country at the time. They deliberately set out to ensure the following:

- A collegial environment where co-workers are supportive, and foster a familial bond.
- No office politics.
- Open door policy by senior management.

> Saracen has now evolved from a media agency to a marketing communications group and now offers services in big data and analytics, marketing technology stacks, influencer management, AI enabled digital planning and buying platforms, and brand experiences.

- Constant learning embedded into everyone's KPI's.
- A sense of fun and enjoyment at work.
- Excellence in the media craft.

These values have been instrumental to the company surviving the deleterious effects of the Covid-19 pandemic. For instance, when in 2020 April, the entire advertising industry went into a tailspin along with many other industries, the leadership of the company took it as an opportunity to re-look the entire business model and the future for the advertising sector.

This deep and sometimes painful soul searching led to the revelation that the way the company had previously done business was changed forever, and to stay at the apex and be more valuable to clients, the business model had to transform fundamentally.

As a result, Saracen has now evolved from a media agency to a marketing communications group and now offers services in big data and analytics, marketing technology stacks, influencer management, AI enabled digital planning and buying platforms, and brand experiences. The down time during the Covid-19 pandemic when business was low was used to train internally and get all Saracens to acquire new skills, and get to grips with the new and exciting reality of the post Covid-19 pandemic communications world.

Another significant area of practice the company has ventured into is sustainability communications, driven by great passion for the business sustainability agenda and recognition of the grave effects our part of the world will suffer if we all don't work together to save the planet. By bringing our effective communications strategic skills to this cause, Saracens believe the firm is making a positive and lasting change. ■

#20 Amazon

Kenyan businesses increased their expenditure on cloud computing services by 68 per cent in 2021 compared to a 38 per cent increase in 2020, a study by World Wide Worx shows. The adoption of cloud computing by firms in Kenya has picked up significantly in recent years due to its wide range of benefits to organizations. Benefits of using the cloud include minimal upfront investment, flexibility, scalability, speed of deployment, security and access to quality software and applications on the cloud.

Before cloud computing took hold in Kenya, companies looking for large amounts of IT storage would need to physically build a storage space and maintain it. Similarly, companies that experienced a surge in online traffic and network activity needed to invest in physical computing power to keep up – a costly and time-consuming endeavor that led to wasteful overheads during off-peak periods.

Cloud computing addressed these challenges. Multiple studies indicate that companies that have moved away from physical computing to the cloud have subsequently improved efficiency, productivity and even profitability. Non-profit institutions such as governments and aid agencies are also increasingly migrating to the cloud.

This migration has created a huge opportunity for global cloud computing services, including Microsoft's Azure, Alphabet's Google Cloud Platform, IBM Cloud, Oracle Cloud, among others that have invested in the Kenyan market in recent years.

Amazon Web Services (AWS), the cloud platform offered by e-commerce giant Amazon.com Inc, is the latest entrant into the Kenyan market. AWS in April 2022 announced a new Local Zone in Kenya as part of its global expansion plan.

Amazon's new investment

Amazon Web Services (AWS), the cloud platform offered by e-commerce giant Amazon.com Inc, is the latest entrant into the Kenyan market. AWS in April 2022 announced a new Local Zone in Kenya as part of its global expansion plan that includes similar investments in major cities in more than 21 countries. This move will avail AWS products and services to Kenyan customers. The AWS platform offers server, storage, networking, remote computing, email, mobile development, and security services over the cloud to customers of all sizes.

"The new AWS Local Zone in Kenya is a continuation of our investment to support customers of all kinds and our commitment to accelerate innovation by bringing cloud infrastructure to more locations in the country," said Robin Njiru, Regional Lead, East, West, and Central Africa at AWS, during the launch.

AWS's entry into the Kenya market is significant for two reasons. First, it is a signal that Kenya's cloud computing ecosystem is advanced relative to other markets in Africa – South Africa is the only other African country where a new AWS Local Zone was announced in 2022. This is commendable given the market leadership position AWS enjoys in the global cloud computing market.

The second reason why AWS's entry into the Kenyan market is significant is that it will act as a catalyst for democratization of the cloud. To this point, cloud computing services have mostly been available to large enterprises like bank, telcos, and other large non-profit institutions.

This is because storing on the cloud and utilizing cloud computing power and applications traditionally involved signing a pricey contract for a large amount of space that a company would then "grow into." Buying insufficient storage presented challenges if the business took off and buying too much storage and computing power proved expensive if it didn't grow into the capacity it paid for. This has historically limited cloud computing services uptake to large enterprises that can afford it.

Pay as You Go model

AWS challenged this model by offering one of the first "Pay as You Go" services in the worldwide cloud computing market. With AWS, companies pay for what they use. There's no need to estimate usage, which eliminates wastage and pricey contracts. AWS customers use what they need, and their costs are scaled automatically and accordingly.

Since AWS's cost is modified >>

based on the customers' usage, start-ups and small businesses can enjoy both the technological and economic benefits of using AWS for their computing needs. In fact, AWS is great for building a business from the bottom as it provides all the tools necessary for companies to start up with the cloud.

This has made AWS highly popular with smaller enterprises, which is ideal in the Kenyan context given the high number of small and medium sized enterprises (SMEs) in the country. The added advantage with AWS is that small businesses can get tailored solutions while enjoying the benefits that come with choosing a cloud computing provider with the global scale that AWS possesses.

AWS's global scale is unmatched. According to estimates from Synergy Research Group, Amazon's market share in the worldwide cloud infrastructure market amounted to 33 per cent in the fourth quarter of 2021, exceeding the combined market share of its two largest competitors, Microsoft, and Google.

AWS has distinguished itself for offering solutions to both start ups and Fortune 500 companies. This includes well-known names such as Netflix, Pfizer, Disney, General Electric and McDonalds, just to mention a few.

AWS continues to grow at a blistering pace. Amazon's first quarter earnings results for fiscal 2022 indicates it grew AWS revenue to $18.44 billion, a 36.5 per cent year on year increase from the first quarter of 2021 and a bit faster than what analysts expected. AWS has now emerged as one of Amazon's strongest revenue segments, generating $62 billion in 2021 net sales, up from $45 billion in 2020, according to the company's filings with the US's Securities and Exchange Commission.

President Uhuru Kenyatta with Amazon Web Services Vice President Worldwide Public Sector Ms Teresa Carlson and AWS Business Lead East Africa Robin Njiru

Boost to tech ecosystem

AWS's entry into Kenya is also a big boost to the local tech ecosystem. It will help build the local talent pool by availing quality job and training opportunities to Kenyan techies. As a demonstration of its commitment in this area, the company in 2021 started offering free certifications to Kenyans through its AWS re/Start project.

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The 12 -week training program targets the country's unemployed and underemployed youth and those with little technology experience for entry-level careers in cloud computing. The project connects more than 90 per cent of graduates with job opportunities.

Amazon is undoubtedly one of the world's most successful companies. It has been referred to by influential investigative journalism show PBS Frontline as "one of the most influential economic and cultural forces in the world."

Amazon is also one of the world's most valuable brands and the company is worth trillions of dollars on the stock market. Its entry into Kenya through AWS is therefore a clear indication of the country's growing profile as the region's foremost tech hub. ■

#21 BrandKE

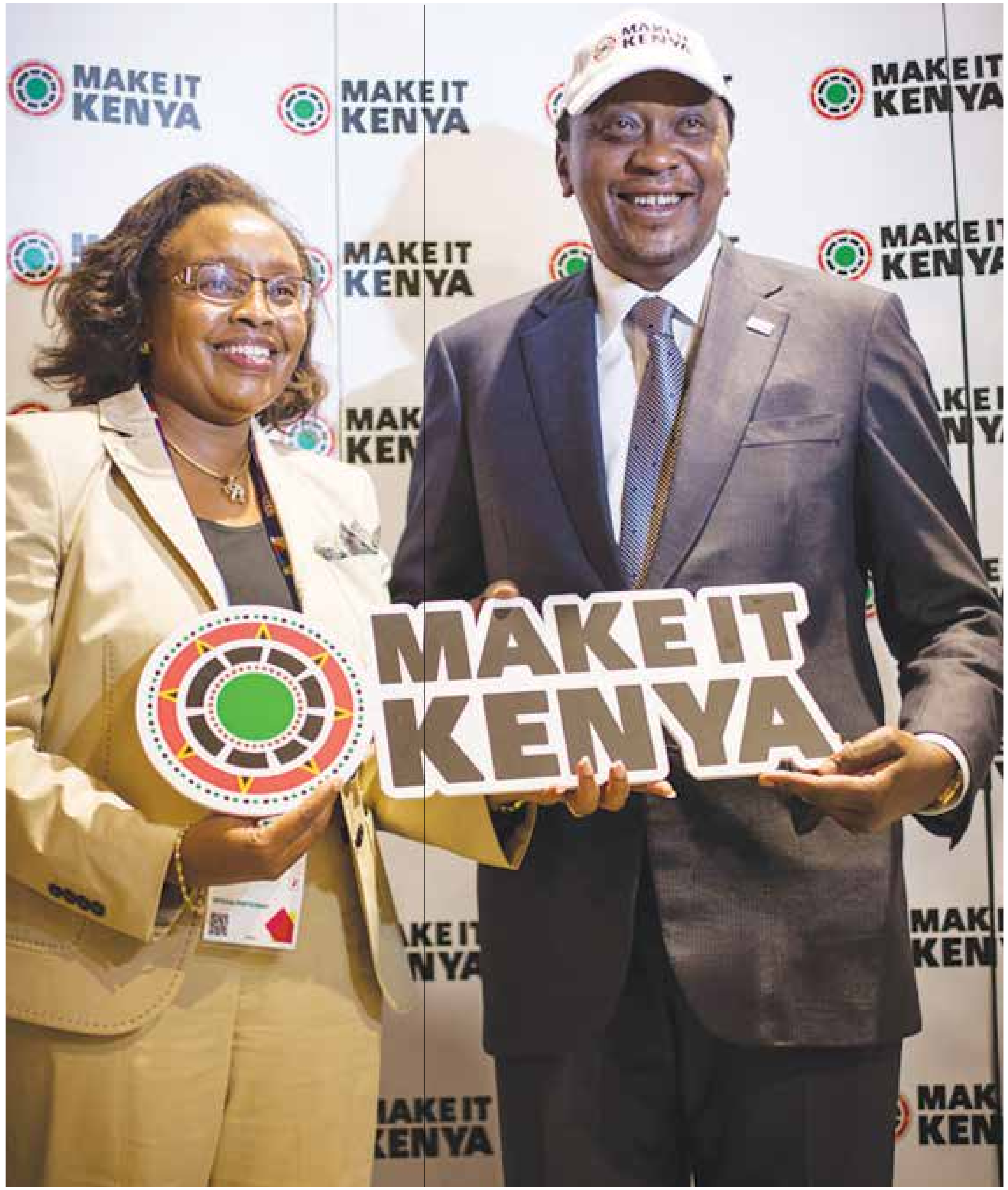
BrandKE, known in full as the Kenya Export Promotion and Branding Agency, is a state corporation whose core mandate is to implement export promotion and nation branding initiatives. Established in 2019 following the merger between the Export Promotion Council and the Brand Kenya Board, the agency falls under the Ministry of Industrialization and is a key pillar in the government's strategy to increase the value and volume of Kenyan exports.

Through sensitization and promotion, BrandKE has helped drive the widespread adoption of the "Made in Kenya" brand mark in the private sector. Launched in 2018, the "Made in Kenya" brand mark helps identify and authenticate locally produced goods and services in local and global markets. It is a powerful visual symbol and registered trademark that qualifying firms can apply on packaging, websites, social media, and advertising.

BrandKE has created compelling incentives to encourage Kenyan firms to apply for the "Made in Kenya" brand mark. This includes access to government procurement opportunities for firms that use the "Made in Kenya" trademark. Section 155 of the Public Procurement and Asset Disposal Act 2015 gives preference to locally produced goods and services in the public procurement process. However, before the "Made in Kenya" brand mark was launched, there was no standardized way of procuring entities to identify locally produced goods and services.

Accelerating export performance

Earnings from Kenya's total exports grew for the second consecutive year to Ksh743.7 billion in 2021, the Economic Survey 2022 shows. This growth was fueled by exports of horticultural products, apparel, titanium ore and concentrates, which all benefited from the general increase in commodity prices in 2021.



BrandKE's mandate to accelerate export performance has never been more relevant considering the imbalance between imports and exports. When a country's imports grow faster than exports, it introduces several economic and financial risks.

Despite this strong export performance, Kenya's imports have been growing at a faster pace than exports. The Economic Survey 2022 indicates that expenditure on imports rose by 30.9 per cent to KSh 2.15 trillion in 2021, largely on account of increased expenditure on petroleum products, iron and steel, animal fats and oils, and vehicles.

BrandKE's mandate to accelerate export performance has never been more relevant considering the imbalance between imports and exports. When a country's imports grow faster than exports, it introduces several economic and financial risks. It, for example, imperils local industries, as is the currently the case for a cross-section of local firms that are being edged out of the market by cheaper Chinese and Indian imports. Faster growth in imports relative to exports also leads to the weakening of the local currency as imports are usually settled in foreign currency, leading to the selling, and subsequent weakening, of the shilling.

Against this backdrop, BrandKE has been working on different initiatives to accelerate Kenyan exports. One initiative worth highlighting is BrandKE's use of digital technology to accelerate the adoption of e-commerce channels among exporters. BrandKE is finalizing an e-commerce platform that will list Kenyan products that meet export standards. The platform, which is set to be launched later in 2022, will link Kenyan exporters to buyers from across the world, opening up new opportunities.

BrandKE has also helped broker bilateral trade deals targeting high potential sectors of the economy. One such deal is the recommencement of livestock exports to Oman after a 16-year ban. The livestock sector has previously been affected by the rampant cases of foot and mouth disease. However, the government has empowered the Kenya Veterinary Vaccine Production Institute >>

>> which will provide farmers with cheaper vaccines to ensure disease-free livestock for export.

The move to recommence meat exports to Oman comes at a time when countries in the gulf region have stepped up their importation of Kenyan meat and meat products. "Kenya's top importers of meat and meat products are from the Gulf Cooperation Council (GCC) region," said BrandKE CEO, Dr. Wilfred Marube. The GCC Countries include the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar as well as the State of Kuwait.

Shinning at the Dubai Expo

BrandKE was also at the forefront in ensuring Kenya's successful participation in the Expo Dubai 2020. Kenya was among the 192 countries that attended the expo, which ran from October 2021 to March 2022.

The Kenya stand is estimated to have received at least 7.5 million visitors during the expo, with the average number of visitors reaching up to 3000 per day, according to government data. Kenya's participation in the Expo 2020 Dubai is projected to have added $1.5 billion in immediate value to the economy through business leads in investments, tourism, and exports, BrandKE noted.

Agriculture is one of the sectors expected to benefit the most from Kenya's participation in the Dubai Expo. "The UAE and GCC is an area we want to get the maximum benefit of export. They are net importers of foods and Kenya is a high producer of agriculture products," Dr. Marube noted.

The Dubai Expo also presented an unparallel platform for business matchmaking, with BrandKE unveiling a Business to Business (B2B) mobile and online application to facilitate this. The app

Ms Floice Mukabana (Right) CEO Brand Kenya Board, shake hands with Fashion Agenda Africa (FAA) Founder and fashion icon Akinyi E. Odongo moments after signing an MOU in 2018.

BrandKE was also at the forefront in ensuring Kenya's successful participation in the Expo Dubai 2020. Kenya was among the 192 countries that attended the expo, which ran from October 2021 to March 2022.

enabled Kenyan participants to conveniently and cost effectively showcase their businesses, connect, and network with international buyers, and schedule meetings.

The Dubai Expo is just one of the many trade summits that BrandKE leverages on to drive visibility for Kenyan enterprises and spur trade and investment. The agency has historically organized dozens of local trade summits focusing on different themes and facilitated the participation of Kenyan businesses and government agencies in similar summits abroad.

BrandKE has also been at the forefront of transforming the image of the public service. The BrandKE Board has developed a Public Service Branding Manual to unify the image of the entire public service and address prevailing challenges that paint public service as slow, vague, non-committal, and in the process enhance public service delivery. As the custodian of Kenya's international image, BrandKE continues to play an indispensable role in the transformation of Kenya, in line with the aspirations of the Vision 2030 development blueprint ■

Family Bank
With you, for life

#22
Family Bank

Family Bank's total assets surpassed the Ksh100 billion mark for the first time in the bank's history in 2021. This marked an important milestone for the lender, which started as a building society in 1984 and became a fully-fledged commercial bank in 2007. The bank's financial statements show that total assets stood at Sh111.7 billion at the end of 2021, up 21 per cent from Sh90.7 billion at the end of 2020.

Thanks to the economic recovery that was triggered by the easing of Covid-19 restrictions, Family Bank was able to register double digit growth on all key performance indicators for 2021. Customer deposits grew to Ksh81.9 billion, up 17.4 per cent from Ksh69.8 billion a year earlier, while the loan book expanded to Ksh66.9 billion, an 18.2 per cent improvement from Ksh56.6 billion in 2020.

Family Bank's strong operating performance in the past year resulted in a strong recovery in profits and the resumption in dividend payments, which were halted across the whole banking sector in 2020 by the Central Bank of Kenya (CBK) to promote the banking sector's stability amid the pandmeic. The bank booked profit after tax of Ksh2.3 billion, a 42 per cent jump from 2020, and paid out dividends totaling Ksh1.1 billion.

Effective implementation

Although the rebounding economy helped fuel Family Bank's strong performance, the management's effective implementation of the bank's growth strategy also played a critical role in the bank's successful run in 2021.

Family Bank's growth strategy is anchored on its ambition of becoming a Tier I bank renowned for superior customer experience and innovative products. The tier classification system by the CBK ranks the 42 licensed commercial banks in Kenya into three tiers. Banks in the Tier 1 category have a market share above 5 per cent and hundreds of billions in assets. They are among the top banks in Kenya.

Tier II banks are medium-sized banks while Tier III banks consists of small banks.

Family Bank, currently a Tier II bank, is aggressively building towards Tier I status. It has invested heavily in branding and marketing to extend its reach to more customers and grow its market share. It today reaches more than 1.8 million customers through its products and services and has adopted digital channels to improve convenience and enrich the customer experience.

Family Bank has cut a niche for itself as a customer-centric brand. Its customers recognized it as the Best Overall Bank and the best Tier II Bank in Customer Responsiveness and Digital Experience in 2021 during the Kenya Bankers Association (KBA) Awards.

"Looking ahead, our focus is on digital transformation, fundraising to support our growth plan, regional and local expansion, partnerships with FinTech companies that will catapult our growth as we seek to build an ecosystem that drives value to our customers, their businesses and their business operations systems," said Rebecca Mbithi, Family Bank CEO and Managing Director.

Family Bank's strong performance and successful implementation of its strategy has enabled it to strengthen investor confidence. This has enabled it to successfully raise capital to fund its growth, including its Ksh8 billion Medium Term Note Program launched in 2021. The program's first tranche raised Ksh4.42 billion against a target of Ksh3 billion, representing a subscription of 147.3 per cent.

With funding secured to actualize its growth ambition, and a strong management team that has successfully executed in the past, Family Bank's future looks promising. It is also reassuring that Family Bank has shunned the philosophy of "growth at any cost".

It is keeping a close eye on its stability, even as it pumps in capital into different growth initiatives. The bank's liquidity stood at 43.4 per cent at the end of 2021, significantly above the minimum requirement of 20 per cent. The core capital ratio closed 2021 at 20.9 per cent above the statutory requirement of 14.5 per cent.

Driving social impact

Family Bank is not only focused on delivering strong sustainable growth for its shareholders, but also on driving positive social impact. Family Bank joined the United Nations Global Compact network in March 2021, underscoring its commitment to undertaking sustainable and responsible busi- >>

Family Bank's growth strategy is anchored on its ambition of becoming a Tier I bank renowned for superior customer experience and innovative products. The tier classification system by the CBK ranks the 42 licensed commercial banks in Kenya into three tiers

>> ness to advance inclusive development.

Working with international and local partners, it has significantly ramped up lending to economic sectors that drive development such as agriculture, climate-friendly investments, education, and healthcare. It has also increased its support for SMEs and women-run businesses. Some of the partners the bank has worked with to fund these initiatives include African Guarantee Fund, Blue Orchard, and the European Investment Bank, among others.

Family Bank has also invested in a robust People and Culture strategy that has enabled it to build a strong talent pipeline that is fit for the future. The bank disclosed in its Annual Report that more than 95 per cent of its 1000 plus staff are below 40 years. This underlines the work that has gone into attracting and retaining talent within the country's youth demographic, which represents more than 75 per cent of the national population, according to the 2019 Census.

The dividends of Family Bank's investments in its brand as an employer have started paying off. Family Bank was in 2022 recognized by LinkedIn as one of the top 25 companies in which employees can best grow their careers in Kenya.

Family Bank's CEO Rebecca Mbithi has been a strong advocate for women and youth in banking. The accountant and lawyer joined Family Bank in 2015 as the Company Secretary and Director, Legal Services. She was appointed CEO in February 2019 and has in this short time demonstrated that women-led organizations can outperform.

In recognition of her contribution to Family Bank and the wider financial service sector, she received the African CEO of the Year Commendation Award by the African Leadership Magazine for the African Business Leadership Awards 2021. The avid marathoner, who has run in some of the world's major marathons, including the New York, London and Berlin Marathons, has also been feted by Business Monthly East Africa three times as one of the Top 25 CEOs to Watch in Kenya 2020, 2021 and 2022. ■

> Looking ahead, our focus is on digital transformation, fundraising to support our growth plan, regional and local expansion, partnerships with FinTech companies that will catapult our growth as we seek to build an ecosystem that drives value to our customers, their businesses and their business operations systems
>
> - Rebecca Mbithi

#23
KEPSA

The Kenya Private Sector Alliance (KEPSA) is the apex body of private sector in Kenya. The alliance brings together local and foreign business associations, chambers of commerce, professional bodies, corporates, multinational companies, start-ups, Micro, Small and Medium Enterprises (MSMEs) from all sectors of the economy in the country, representing over 1 million businesses. Without a doubt, since its inception in 2003, the alliance has ably positioned the private sector as a powerful force in driving economic growth, creating jobs and advancing opportunities that improve the well-being of Kenyan citizens and beyond.

Public-private dialogue

In 2021, KEPSA held over 390 public-private dialogue engagements resulting in key resolutions and decisions to cushion businesses, boost competitiveness, and improve the overall ease of doing business, despite an erratic operating environment marred by the Covid-19 Pandemic.

While the success of the alliance is attributable to the input from its membership, divided into 17 sector boards that represent the various sectors of the economy, the central role, passion and firmness that the CEO, Carole Kariuki has provided over the years since she took the helm of KEPSA leadership, is more than a cog in the wheel. To KEPSA's advantage, Carole Kariuki has been and remains tenacious, devoted, thoughtful and tough when the situation demands it, as a CEO. She has set the tone from the top and this has galvanized KEPSA when situations demanded this.

President Uhuru Kenyatta addressing KEPSA members at The 8th Presidential roundtable held on 18th May 2018 at State House, Nairobi.

Key legislative changes include the alliance's advocacy efforts in the 'Prompt Payment Bill 2020', which imposes sanctions on public and commercial institutions who fail to honour payment terms for the supply of products, works, or services to address challenges faced by the Kenyan supply chain. The bill passed by the Senate in 2021, is expected to be deliberated by the National Assembly in the next administrative cycle.

The Senate also passed the Start-Up Bill 2021, which established a framework to encourage creative thinking and entrepreneurship. Other significant bills enacted from KEPSA's engagements with Parliament are the Business Laws (Amendment) Act No.2 of 2021, the County Outdoor Advertising Control Act, 2020, and the Sectional Properties Act 2020.

Covid-19 Pandemic

As Covid-19 ensued in 2020, the alliance's focus quickly shifted to assist businesses in overcoming the resultant negative impacts. The 'Economic Management Framework for Covid-19 Response,' proposed by KEPSA, focused on preserving jobs and livelihoods by emphasizing employee, community, and healthcare worker health and safety. This was achieved through mobilizing private sector capabilities and resources to respond to the pandemic with a key focus to protect SMEs.

In May 2021, KEPSA signed a memorandum of understanding (MOU) with the Government for the rollout of the Private Sector Vaccination Programme, with the leadership of KEPSA successfully mobilizing its members, who, as a result, contributed close to Kes 3 billion in cash to augment the government's effort in mitigating the spread of Covid-19.

KEPSA ABSA AJIRA Partnership launch in November 9, 2021

KEPSA also launched the "Flowers of Hope" Project, which sent flowers to Kenya's existing and new markets in Europe, as well as local hospitals, to share a message of hope and compassion while marketing the country.

Gender and Youth

SMEs have over the years immensely benefited from KEPSA's lobbying efforts through training, market linkages, and access to finance initiatives. In 2020, KEPSA launched the Covid-19 Recovery and Resilience Programme (CRRP) in collaboration with the Mastercard Foundation to provide SMEs with low-interest, collateral-free loans. This initiative provided Kshs 42 million in finance to 106 applicants with 78 percent of the beneficiaries being women-owned businesses.

Through its Business Sector Gender Mainstreaming Policy, launched in 2021 by the Gender Sector Board, the alliance has provided practical guidance for the adoption and implementation of gender mainstreaming in the private sector. KEPSA was awarded the Private Sector Africa Gender Award by the Gender is My Agenda Campaign (GIMAC) on June 14, 2022, in recognition for its work, leadership and mainstreaming of all issues gender, in Kenya.

KEPSA is a vocal supporter of youth empowerment. The alliance prides itself in having a platform housing over 1.9 million young people in Kenya who currently work online with an average earning of Kes 20,774 per month from digital and digitally-enabled work, as an outcome of the Ajira Digital Program.

Ajira Digital Program is a collaboration of KEPSA and eMobilis, an initiative of the Government of Kenya through the Ministry of ICT, >>

>> Innovations and Youth Affairs funded by Mastercard Foundation under the Young Africa Works. The Program aims at enabling young people in Kenya to access dignified and fulfilling work via the digital space. This space seeks to tap into the over 1 million Kenyans joining the job market every year by offering a sustainable solution with over 75% of Kenya's population being young people. In addition to work creation, the program also provides digital solutions to both the public and private entities, that seek to reduce cost of operations by solving capacity issues by providing digital resources and talents.

Ease of Doing Business

Ease of doing business, economic diplomacy and market competitiveness remain top of KEPSA Agenda. Since April 2021 up to May 2022, KEPSA has hosted over fifty-two business forums, expositions, and conferences with the most recent being a high-level engagement dubbed Kenya-UK Business Climate Roadshow held in May 2022.

In encouraging business investments and innovation, KEPSA in conjunction with Trademark East Africa, launched the E-commerce Booster Programme in 2021. Out of the intended objective of 2,000 enterprises, the campaign received 2,545 applications and successfully on-boarded 1,605 firms with little or no e-commerce presence onto its various digital platforms.

KEPSA and the Corporate Council on Africa (CCA) also extended their MOU in 2021 with the goal of enhancing Kenya-US SME trade and investment. This in-turn gave rise to the US-Kenya SME Trade initiative, launched in March 2022, with the recruitment of the first cohort of fifty US and Kenyan SMEs. The SMEs will be facilitated to explore specific market access and business partnerships, with a focus on Kenyan and US women, youth enterprises, minority and other special groups.

Chief Justice Lady Justice Martha Koome during the Chief Justice Roundtable held at Serena Hotel, Nairobi on March 15, 2022.

Left: KEPSA high level CEOs meeting with Jack Ma on 20th July 2017

In May, KEPSA CEO, Carole Kariuki, was among the invited private sector executives in Statehouse Nairobi, during the signing ceremony of the treaty of accession of the Democratic Republic of Congo's (DRC) membership to the East African Community (EAC), signifying KEPSA's important role in advancing economic diplomacy in the region through trade linkages and market access.

KEPSA has also continued to play its role as the centrepiece of hosting foreign business organizations in the country. In 2021 alone, KEPSA hosted a total of 29 business forums which provided B2B, trade and networking opportunities, for the Kenyan business community and their foreign counterparts.

Catalysing growth

KEPSA is at the forefront in the fight against corruption to ensure Kenya achieves its developmental priorities as set out in the Big 4 Agenda, Vision 2030, the AU Agenda 2063, and UN Sustainable Development Goals (SDGs). Notably, in 2011, the institution initiated the Corruption Risk Mapping (CRM) study in the public sector in 2011.

The KEPSA spearheaded Business Against Corruption Kenya (BACK) platform led to the drafting of the Bribery Bill which was enacted into law in 2016. The Act that came into force in January 2017, places obligations on public and private entities to put in place appropriate procedures commensurate with their size, scale and nature of operations, for prevention of bribery and corruption.

The alliance has also worked with the UN Global Compact Kenya Chapter to develop and champion the signing of the Business Code of Ethics, as a commitment to ethics and integrity by its members. Among the low-hanging fruits is the Suppliers' Code of Ethics that has been integrated into the Public Procurement and Asset Disposal Act.

Other wins derived through KEPSA's campaign against corruption, include the Proceeds of Crime and Anti Money Laundering Act 2017, the establishment of the Anti-Corruption and Economic Crimes Division at the High Court and the creation of a Multi-Agency Team against Corruption.

Sustainability interventions

On the environmental front, KEPSA has been executing a number of projects to accelerate the transition from a linear to a circular economy. The Partnership for a New Plastics Economy in Kenya, for example, aims to reduce plastic waste by using a circular model for PET bottle recycling.

In addition to chairing, co-chairing, or partnering to launch various environmental initiatives, KEPSA has also curated, nurtured, and catalysed over 15 transformative public-private partnerships that are leading the way in providing market-based solutions for the implementation of sustainable development goals. An example is the 'Business Plan Model for a Producer Responsibility Organization' (PRO), first of its kind in the country and a collaboration with the Ministry of Environment and Forestry (MoEF).

The organisation also participated in the UN High-Level meeting of the General Assembly on Financing for Peacebuilding, where the CEO, Carole Kariuki, made a presentation on the private sector in Kenya and the role it has played in Mkenya Daima and peace building, thus propelling the initiative on a global platform.

More importantly, KEPSA leadership recently contributed to the Pre-Election Assessment Mission conducted by the International Republican Institute and National Democratic Institute and the AU/COMESA/EAC team as part of its engagement with the international election observers in Kenya to discuss the state of preparedness by the country before the general election and the overall context of the polls. ■

#24 CMA

The Capital Markets Authority (CMA) is a statutory institution established in 1989 through an Act of Parliament with the core responsibility of licensing and supervising all capital market intermediaries in Kenya. Capital markets are the part of the financial market that provide funds for long-term development. Capital markets bring together borrowers of capital (companies and institutions that sell securities to the public) and providers of capital (investors and lenders that buy and trade these securities).

The most widely known products in Kenya's capital markets are equity (stocks), which refer to securities that represents an ownership interest in a limited liability company, and bonds, which are debt instruments issued by the government or corporates for a fixed period at variable or fixed interest rates.

Equity and bonds are, however, not the only capital market products available to investors in Kenya. CMA has been at the forefront of supporting the roll out of innovative new products in recent years. These include real estate investment trusts (REIT), derivatives, exchange traded funds and Islamic finance products. It's no surprise that CMA has won the coveted Most Innovative Capital Markets Authority Africa Award by the International Finance Magazine for five consecutive years (2015-2019).

CMA has not only leveraged on innovation to diversify the product portfolio in Kenya's capital markets but has also played an integral role in promoting capital markets stability. This has helped

Wyckliffe Shamiah, CEO Capital Markets Authority (Kenya)

strengthen investor confidence and led to a long-term increase in investor wealth on the Nairobi Securities Exchange (NSE), the main exchange for capital market products in Kenya.

NSE's total stock market capitalization (total value of listed shares) stood at Ksh2.59 trillion in 2021, the Economic Survey 2022 shows. By contrast, market capitalization stood at Ksh1.27 trillion in 2012, CMA reports show. This means that, on average, investor wealth in Kenya's stock market has doubled in the last 10 years.

Strong track record

Many organizations make bold claims about what they intend to achieve but, a couple of years later, find convenient excuses to explain away mediocre outcomes. CMA is not one of them. It has established a strong track record in terms of implementing its strategic plan. Of the 106 activities contained in CMA's 2013-2017 Strategic Plan, a total of 88 were achieved.

That's equivalent to an achievement rate of 83 per cent, the regulator notes in its Annual Report.

Its current strategic planning cycle (2018-2023) has also been equally successful. The regulator has, for example, been able to include 5 fintech firms into its regulatory sandbox. Sandboxes allow innovators to trial new products, services, and business models in a safe space, to confirm their compliance with existing regulation before implementing them within the wider sector.

CMA has also been able to support the growth of collective investment schemes in Kenya, with assets in these schemes surpassing Ksh100 billion. It has also licensed 2 commodities exchange that allow for up to 4 commodities to be traded. Commodities exchange help provide liquidity in commodities market, which is key in ensuring farmers get a market for their produce. CMA has also been able to support 2 counties to tap into the capital markets to rise debt funding through bonds.

This is in addition to breathing new life into the corporate bond market. Overall, CMA notes that 85 per cent of its targets under the 2018-2023 strategic plan have already been met.

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Investor education

One way CMA strengthens investor confidence is through investor protection. The regulator has been relentless in its efforts to execute this key part of its mandate. For example, the Investor Compensation Fund, which is aimed at compensating investors who suffer financial losses resulting from the failure of a licensed broker or dealer, grew more than tenfold from Ksh210 million to over Ksh3 billion.

CMA has also cracked the whip on entities engaged in market misconduct. A prime exam- >>

>> ple is when its successfully thwarted insider trading attempts on the Kenol Kobil stock ahead of the company's 2018 takeover by French oil marketer, Rubis Energy. Insider trading is the illegal trading of a public company's stock to make profit or avoid losses based on material nonpublic information about the company.

In 2021, CMA issued cease and desist orders to over forty unlicensed online forex trading entities operating without a license as required under the Capital Markets Regulations, 2017.

Many Kenyans have burnt their fingers in online forex trading schemes and scams run by unlicensed players. They usually promise riches untold but make off with investors' money.

So far, CMA has licensed only four non-dealing online foreign exchange brokers namely, EGM Securities Ltd (trading as FXPesa), SCFM Ltd (trading as Scope Markets), Pepperstone Markets Kenya Limited, and Exinity Capital East Africa Limited.

CMA also actively promotes investor education. This is closely linked to its mandate of ensuring investor protection.

The CMA has published a comprehensive and detailed investor handbook on its website with useful guidelines for investors of all kinds, regardless of whether one is a novice or a seasoned investor. In addition to the handbook, CMA also regularly educates the public via its social media platforms.

A well-informed investor is likely to protect and grow their capital by avoiding pitfalls that uneducated investors make, including investing funds with unlicensed entities, chasing unrealistic returns overnight and speculating in risky assets such as cryptocurrencies without understanding the downside risks.

CMA has distinguished itself as a forward-thinking and effective regulator. Along with its peer regulators in the financial sector – the Central Bank of Kenya, the Retirements Benefit Authority, the Insurance Regulatory Authority, and the SACCO Societies Regulatory Authorities – CMA plays an indispensable role in securing Kenya's position as the region's foremost financial hub. ■

Above: Wyckliffe Shamiah (left) CMA Kenya CEO, Nicholas Nesbitt CMA Board Chairman & Loise Wangui NSE PLC Chief Officer, Regulatory Affairs engage during a Green Bonds Forum.

Wyckliffe Shamiah, CMA (Kenya) CEO (right) and Jairus Muaka, Senior Manager, Policy and Legal Framework unveiled Vol. 22 of the Capital Markets Soundness Report Q1 (Jan - March) 2022

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#25 NSE

The Nairobi Securities Exchange (NSE) is the leading securities exchange in East and Central Africa with a heritage that spans more than six decades. Founded in 1954, the NSE offers investors a wide range of investment products, including equities, bonds, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs) and derivatives.

There are 65 listed companies on the NSE today representing a diverse range of sectors and industries. These include East Africa's largest and most profitable corporates, including the likes of Safaricom, EABL, KCB and Equity Bank, which together comprise the most actively traded stocks on the NSE.

Leveraging equities and bonds

The importance of the NSE to Kenya's long-term economic growth cannot be overstated. Besides encouraging savings and investments, it also provides an avenue for companies and the government to access cost-effective capital through equities and bonds.

Companies looking for capital to expand and innovate can, with the help of the NSE, offer shares to the public through an initial public offering (IPO), issue new shares if they are already listed on the bourse, or issue a corporate bond to raise debt financing.

While the public is generally more aware of the equities market than the bond market, the latter is just as important to the vibrancy of the capital markets and stability of the overall economy. The NSE provides a secondary market for government and corporate bonds, giving much needed liquidity for debt investors who want to trade their bonds before the maturity date. Without the NSE's trading platform, many investors would turn away from bonds as they are long-term debt instruments. This would be catastrophic for both corporates and the government as it would make bonds illiquid and unattractive and consequently limit the ability of corporates and the government to raise debt financing.

Examples of companies that have leveraged on the NSE's world-class securities trading platform to raise capital through equity financing include Safaricom, which raised more than Ksh50 billion in its 2008 IPO that offered 25 per cent of the firm to the public. Similarly, companies like EABL have tapped into the corporate bond market in recent years to raise debt financing. The leading brewer and distiller in 2021 listed its Ksh11 billion 5-year bond on the NSE. The bond was oversubscribed by more than 3 times, the firm said in a statement. EABL joins Family Bank in the corporate bond market. The lender in 2021 listed its corporate bond. It managed to raise Ksh4.42 billion against a target of Ksh3 billion.

A decade of transformation

The NSE has enjoyed its most successful decade yet. The last 10 years have been transformative for the bourse and investors. NSE's total stock market capitalization (total value of listed shares) stood at Ksh2.59 trillion in 2021, the Economic Survey 2022 shows. By contrast, market capitalization stood at Sh1.27 trillion in 2012, according to data from the Capital Markets Authority (CMA). This means that, on average, investor wealth in Kenya's stock market has doubled in the last 10 years.

The bond market has also been growing robustly in recent years in line with the government's appetite for borrowing and the revival of the corporate bond market. The NSE bond market in 2021 had a turnover of Ksh956.97 billion, a 38.3 per cent jump from Ksh691.83 billion in 2020, data from the CMA shows.

The NSE's transformation is the result of an intentional effort to revamp the brand, invest in technology and diversify the product portfolio – all of which have contributed to renewed investor confidence.

In 2014, a year after relocating its headquarters from the Nairobi CBD to its current address at the Exchange Building in Westlands, the NSE took the bold step of undertaking an IPO and self-listing. This made it the second exchange in Africa to demutualize and list its shares after the Johannesburg Stock Exchange (JSE). Demutualization is the process where a mutual company owned by its members converts into a company owned by shareholders.

The NSE managed to raise to Ksh4.8 billion through its IPO, a recording an overwhelming subscription rate of 763 per cent. The process not only availed affordable capital to fund growth and expansion, but also revamped the brand and instilled greater confidence among investors.

The NSE has enjoyed its most successful decade yet. The last 10 years have been transformative for the bourse and investors. NSE's total stock market capitalization (total value of listed shares) stood at Ksh2.59 trillion in 2021, the Economic Survey 2022 shows.

The NSE has in the years following its IPO leveraged on its strong balance sheet to invest in technology and diversify its product portfolio. A few highlights worth mentioning include the recent launch of day trading in Kenya. Day trading refers to the practice of buying and selling a security within a single day or trading session or multiple times over the course of the day.

Kenya was the first frontier market to launch day trading as part of NSE's strategy to enhance market liquidity following approval from the Capital Markets Authority (CMA). Day trading helps improve equity turnover and is vital in increasing market liquidity, a key driver of strong long-term stock market performance. Day trading also attracts more sophisticated investors.

The NSE has also launched products such as REITS and ETFs in the past five years. REITs are regulated investments vehicles that enable companies to pool investors' funds for the purpose of investing in real estate, enabling investors who buy REITs to tap into the real estate market through a liquid product that they can sell if they need their money or the risk reward assessment of the underlying real estate investment changes. ETFs are listed investments products that track the performance of a basket of shares, bonds, or commodities. An ETF can also track a single commodity such as oil or a precious metal like gold. In 2017, the NSE launched and listed the first ETF, the Barclays New Gold ETF which is also listed on JSE.

NSE's product diversification has enabled it to get admitted as a full member of the World Federation of Exchanges (WFE), joining an elite cadre of Exchanges such as the New York Stock Exchange (NYSE) and the London Stock Exchange (LSE). ■

Making Covid vaccines in Africa: Advances and sustainability issues

The NantSA facility, the future vaccine manufacturing campus in Brackengate, Cape Town.

African countries failed to secure the vaccines they needed. As a result, pressure began to mount on the leaders of African countries to develop local Covid vaccine manufacturing capacity.

BENJAMIN KAGINA

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The history of vaccine manufacturing capacity in Africa dates back to 1881, when Egypt's Vacsera company was established. Before the Covid pandemic was declared, there were eight African countries that, to our knowledge, had a record of vaccine manufacturing facilities. They were: Algeria, Egypt, Morocco and Tunisia (North Africa); Nigeria and Senegal (West Africa); Ethiopia (East Africa); and South Africa.

Between them they had 14 facilities.

Made with Flourish

Few were involved from end to end (discovery, fill and finish, pack and distribute) production process. Instead, the focus was largely on the late stage of production process–fill and finish as well as pack and distribution.

It's therefore not surprising that Africa's vaccine manufacturing capacity has been limited.

The facilities supply less than 1% of vaccines needed for the continent.

Before the Covid pandemic, efforts to address the challenge of limited vaccine production on the continent yielded little success.

The pandemic clearly exposed the limited capacity to manufacture vaccines. African countries were among the last in the world to begin rolling out Covid vaccines. This was largely due to limited access to vaccines and funding constraints.

As a result, key stakeholders on the continent were joined by international partners, to advocate for the urgent and rapid establishment of Covid vaccines manufacturing capacity on the continent.

The urgency around manufacturing capacity

Vaccines nationalism and hoarding were topical issues in 2021. In a telling statement issued by the UN secretary general in October 2021, Covid vaccines nationalism and hoarding were hampering the global response to the pandemic, putting everyone at risk of the devastating impacts of the disease, including emergence of the SARS-COV-2 variants of concern. It did not make public health sense to have a few high-income countries with excess supply of Covid-19 vaccines while low-income countries had nothing.

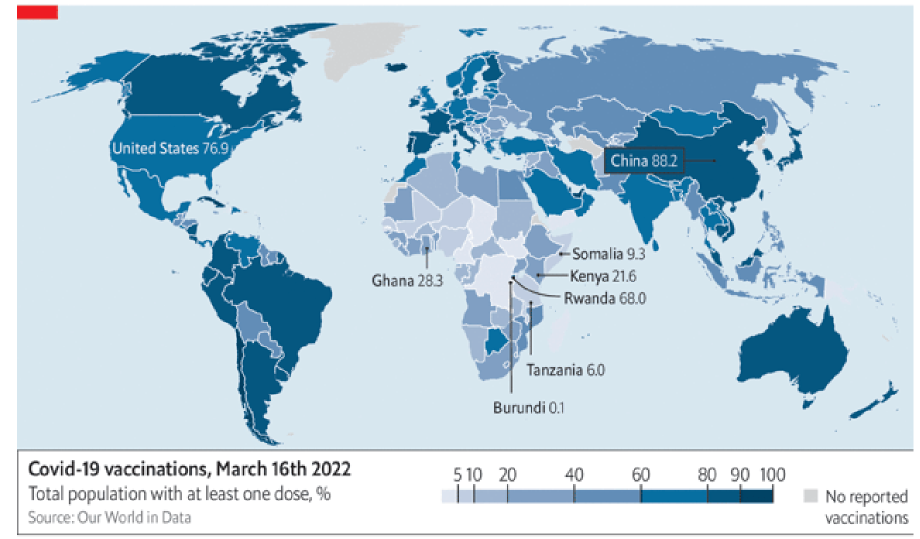
Once Covid vaccines began to be approved – the first was Pfizer/BioNTech – there was high demand for rapid deployment to vaccinate 70% of the global population. Demand outstripped the supply. The COVAX facility, a global collaboration to accelerate development and equitable access to Covid vaccines, was established. Despite this, high income countries used their financial muscle to secure almost all available supply of Covid vaccines. Developing countries, including those on the continent, were left at the back of the queue.

African countries failed to secure the vaccines they needed. As a result, pressure began to mount on the leaders of African countries to develop local Covid vaccine manufacturing capacity.

In April 2021, the African Union Commission and Africa Centres for Disease Control hosted a two-day high-level summit to discuss the issue. The outcome of the summit was a framework for action prepared by the Partnerships for African Vaccine Manufacturing. At the same time, there were willing partners to support Covid vaccine manufacturing capacity in Africa, both within Africa and outside Africa.

A logical approach to solving the problem

The logical start for the continent was to use existing vaccine manufacturing capacity. Ten of the 14 existing manufacturing facilities were front runners in launching Covid vaccine production. Nine out of the 10 started production (late stages) of Covid vaccines in 2021.



The Economist

> A pertinent issue is the sustainability of the facilities. Demand and market for locally produced vaccines will be critical for the sustainability of the 15 Covid vaccines manufacturing facilities in Africa.

Encouragingly, five new facilities from five more countries (Ghana, Kenya, Uganda, Rwanda and Botswana) are being set up to produce Covid vaccines. Some of the new facilities will start production of Covid vaccines as early as 2022. This is an incredible achievement.

The map provides an encouraging picture and it would be tempting to say that Africa will no longer be at the back of the queue in accessing Covid vaccines. On completion of the set-up of all (15) Covid vaccines manufacturing facilities on the continent, Africa will be well positioned to produce other vaccines too.

A pertinent issue is the sustainability of the facilities. Demand and market for locally produced vaccines will be critical for the sustainability of the 15 Covid vaccines manufacturing facilities in Africa.

There's a salutary lesson in the example provided by Aspen Pharmacare, the South African based vaccines manufacturing plant. It was the first on the continent to enter a non-binding agreement with J&J's Janssen to manufacture Covid vaccines.

At the time of the agreement in 2021, J&J's Covid vaccine ticked many boxes in terms of suitability for deployment on the continent. The plan was that all the vaccines manufactured at the plant would be distributed on the continent. But by May 2022, Aspen had not received orders to supply the Covid vaccines to the continent, possibly due to the changing dynamics of Covid vaccines supply in 2022 – supply appears to be greater than the demand.

Without demand for the vaccines, Aspen's Covid vaccines manufacturing facility is at risk of closure.

Key stakeholders such as Africa CDC and the South African government have called for African countries to place orders with Aspen.

While the problem of establishing Covid vaccines manufacturing capacity appears to have been partly resolved, a bigger problem lies ahead – sustaining the facilities on the continent. ■

News Feature

Antibiotic use in Uganda is high: Action is needed

Covid-19 is caused by a virus. And viruses are not treated with antibiotics. But early treatment guidelines for Covid-19 assumed that patients admitted to hospitals would develop bacterial superinfections that required antibiotics.

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Even before the Covid crisis, excessive use and misuse of lifesaving antibiotics had contributed to the emergence of resistant strains of disease-causing organisms. This has rendered many of the most powerful treatments in modern medicine ineffective.

It's estimated that drug-resistant infections caused more than 1.2 million deaths in 2019. That is more than malaria and AIDS combined. And resistance contributed to about 5 million additional deaths.

Ceftriaxone is a drug used to manage a wide range of infections. It was among the most prescribed antimicrobials. But it's not recommended for first-line use.

There's some evidence that the Covid-19 pandemic made matters worse.

Covid-19 is caused by a virus. And viruses are not treated with antibiotics. But early treatment guidelines for Covid-19 assumed that patients admitted to hospitals would develop bacterial superinfections that required antibiotics. The sheer volume of people who were sick with respiratory infections also seemed to encourage additional use of antimicrobial drugs.

Antimicrobials are drugs that treat bacterial, viral or other microbial infections. Antimicrobial resistance, the drop in effectiveness of this broader class of drugs, was already a rising threat to global public health before December 2019.

In general, sub-Saharan Africa suffers from the highest rate of drug resistance-related deaths. But the prevalence varies by country. In our recent research we set out to document the magnitude of antimicrobial use, a known driver of antimicrobial resistance, in selected healthcare facilities in Uganda.

We found a high use of antibiotics across all surveyed health facilities. And compliance to Uganda's clinical guidelines among healthcare workers was low. Also, men were more likely to be on antibiotics than women. In addition, antibiotic use was two times higher in public health facilities than in the private sector. But this could be attributed to the higher proportion of public healthcare facilities in our study sample.

Our results highlight areas for intervention to address antimicrobial resistance. These findings also provide a baseline against which we can compare the impact of such interventions.

Trends in antibiotic use

We surveyed antibiotic use in 13 hospitals in Uganda. Our analysis included nearly 1,100 patients and was done between December 2020 and April 2021.

Nearly three-quarters of all patients in our study were taking at least one antibiotic. This is high and could indicate overuse, some of which may be unnecessary. In addition, less than 30% of the antibiotic prescriptions complied with Uganda's clinical guidelines for choice of drugs.

Ceftriaxone is a drug used to manage a wide range of infections. It was among the most prescribed antimicrobials. But it's not recommended for first-line use. A possible explanation for this is convenience and ease of its use as compared to the current first-line medicines.

In a first, we looked at differences in antibiotic use among males and females as a preliminary indication of gender differences in adequate access to antibiotics. We found that men had 15% greater odds of antibiotic use. Reasons for this observation were not obvious. But other studies have attributed it to differences in access to healthcare between men and women. In those studies, boys were more likely to take antimicrobials for longer periods and to complete the regimen.

> Uganda is only one country that needs to improve its stewardship of antimicrobial resistance. Without a coordinated global response, drug-resistant infections will cost the global economy US$100 trillion in economic output by 2050.

We also found antibiotic use substantially higher in public and nonprofit hospital settings compared with private ones. This contradicts our expectations that the profit motive typically drives the overuse of antibiotics in private hospitals and should be examined further.

We are concerned about the observed levels of use of antibiotics in Uganda. Efforts to examine whether this use is appropriate or necessary or not are compromised by inadequate patient record systems and diagnostic capacity. Proper and complete patient records and diagnostic capacity are the minimum requirements for the desired antimicrobial consumption and use surveillance. And for better quality of healthcare in these healthcare facilities.

On a positive note, Uganda has been strengthening the antibiotic consumption and use surveillance system and health facility diagnostic capacity at higher levels. Efforts are being made to address policy gaps, and training of healthcare workers at both undergraduate and graduate levels.

Our findings should be used to accelerate implementation of ongoing strategies to reduce misuse of medicines, and guide research in other sub-Saharan countries.

Recommendations

What's needed next are sustained investments from government and development partners. Here are a few places to start:

Invest in new, better, and easier-to-administer single-dose antibiotics that target a narrow range of bacteria, known as narrow spectrum antibiotics. So-called broad-spectrum antibiotics are associated with more resistance. This will enable health workers to treat infections better and comply with guidelines.

Improve laboratory infrastructure and technologies. Clinicians must be able to identify the microorganism that caused the infection, so they can choose the appropriate antimicrobial to administer. Current capacity for diagnosing bacterial infections in Uganda is minimal.

Strengthen the health workforce with more staff and training in infection prevention and control. Better infection control will reduce the incidence of bacterial infections, hence reduced need for antibiotic use.

Implement and enforce policies on the use of antibiotics including proper patient record keeping which can act as an indirect force to improve quality of healthcare. Lessons for proper patient record systems use can be borrowed from the health insurance industry.

Uganda is only one country that needs to improve its stewardship of antimicrobial resistance. Without a coordinated global response, drug-resistant infections will cost the global economy US$100 trillion in economic output by 2050, and lead to more disease and mortality than all non-communicable diseases combined. ■

How US policy on abortion affects women in Africa

The US is one of the largest public health donors. Many African countries depend on external assistance for funding aspects of healthcare, including family planning and quality post-abortion care.

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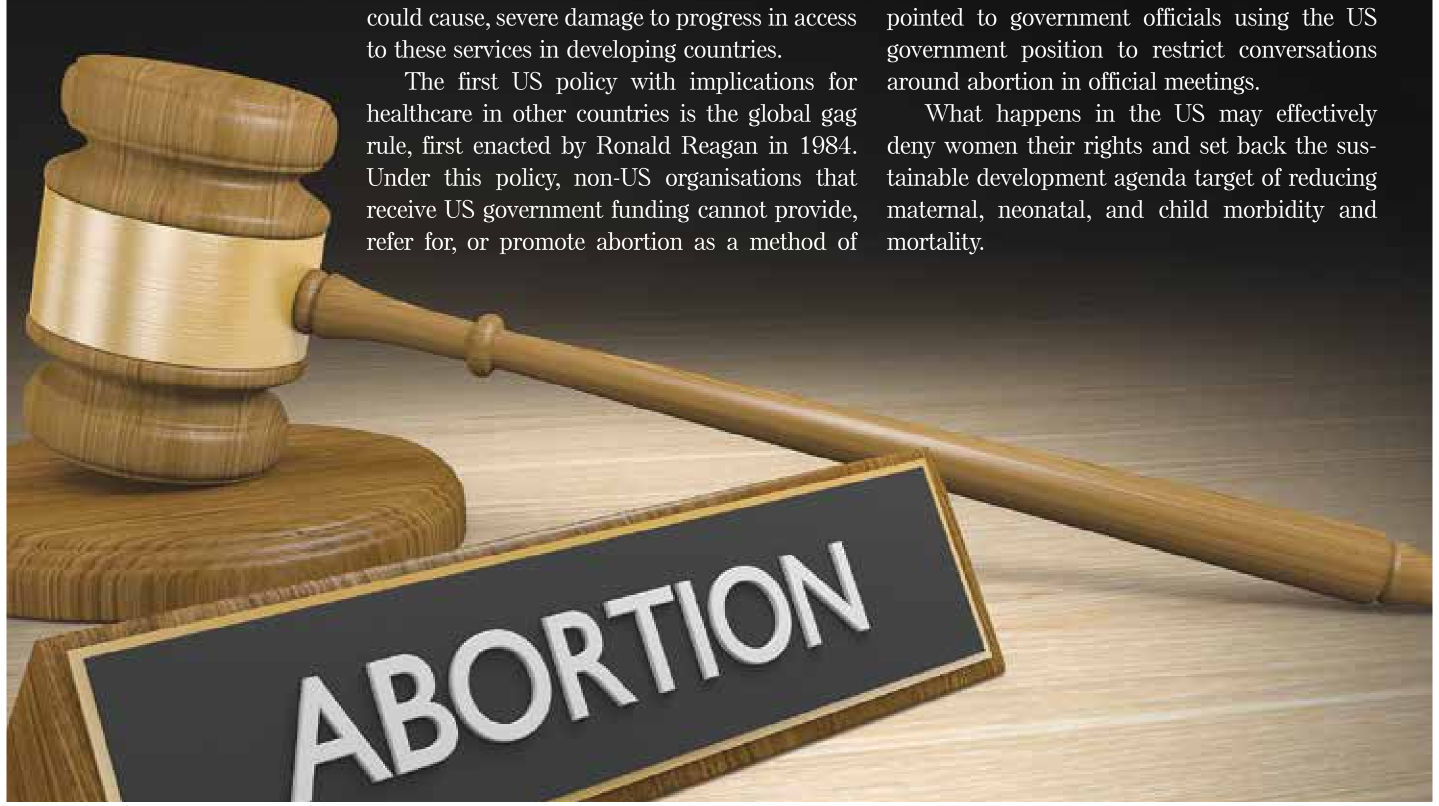

Policies and decisions made in the United States echo around the world and often have widespread implications. Take sexual and reproductive health, for example. Decisions made in the US have caused, and could cause, severe damage to progress in access to these services in developing countries.

The first US policy with implications for healthcare in other countries is the global gag rule, first enacted by Ronald Reagan in 1984. Under this policy, non-US organisations that receive US government funding cannot provide, refer for, or promote abortion as a method of family planning. Successive US presidents have decided whether to enact or revoke the policy. President Joe Biden set it aside when he took office in 2021.

The second is the decision before the US Supreme Court on the right of women to choose abortion. Recently leaked documents suggest the court may overturn the landmark 1973 decision, Roe v Wade, that gave American women this choice. The final decision is expected in a couple of months.

For countries that look to the US for guidance and for funding, the consequences will go beyond abortion. The striking down of Roe v Wade, coupled with the global gag rule (if and when it is reinstated by a Republican administration), empowers national and international opposition to sexual and reproductive health services such as family planning, abortion, and comprehensive sexuality education.

In African countries, where incremental gains are beginning to manifest in improved legislation and policies due to decades of advocacy and lobbying, this would be a devastating blow. For example, in 2020 we studied the impact of the global gag rule in Kenya. Our findings pointed to government officials using the US government position to restrict conversations around abortion in official meetings.

What happens in the US may effectively deny women their rights and set back the sustainable development agenda target of reducing maternal, neonatal, and child morbidity and mortality.

Global gag rule

In 2017, under President Donald Trump's administration, the US government reinstated and expanded the global gag rule. Republican administrations have typically re-enacted the policy focusing on family planning assistance. But the Trump global gag rule expanded the scope to cover most categories of US government global health assistance instead of only family planning assistance.

Biden's administration has rescinded the policy. But the reverberations of its application between 2017 and 2021 are still being felt across the globe.

The US is one of the largest public health donors. Many African countries depend on external assistance for funding aspects of healthcare, including family planning and quality post-abortion care.

Roe v Wade

Roe v Wade stipulated that the US constitution protected a pregnant woman's right and freedom to choose to have an abortion without excessive government restriction.

The leaked draft majority decision of the US Supreme Court to overturn this will set back gains made in sexual and reproductive rights and freedoms and improvements in maternal, neonatal, and child health indicators across the globe.

Increasingly, countries in Africa are moving towards liberalisation of abortion laws and, to some extent, decriminalisation of abortion. For example, the Democratic Republic of Congo is improving access to safe abortion. Many consider this as progress.

Even before the issue came before the Supreme Court, several US states had made laws that limit access to safe and legal abortion, allowing abortion for only up to six weeks of gestation. The US has strong institutions and systems to contest and possibly overcome such decisions. It could even codify legal abortion in the constitution.

But women in countries that look to the US for guidance and for funding may not have those options.

In African countries, where incremental gains are beginning to manifest in improved legislation and policies due to decades of advocacy and lobbying, this would be a devastating blow.

The right to choose

Evidence is clear that restricting abortion does not reduce the incidence of abortion. Instead, it makes abortion less safe. Women and girls who are denied access to safe procedures are forced to use unsafe methods and providers. Unsafe abortion can cause complications that range from moderate to life-threatening. More than 77% of abortions in Africa annually are unsafe.

Poorer and marginalised women and girls bear the heaviest burden when their right to choose is denied. Rich and powerful people can find a way to meet their needs. But poor people are forced to have more children than they can afford. The lack of family planning methods and safe and legal abortion is a danger to women's health. It also puts women and girls at risk of greater poverty.

US influence in African countries

US policies, particularly the impending Roe v Wade Supreme Court decision, will permeate the international community. African governments that subscribe to conservative sexual and reproductive health norms may draw inspiration from such decisions.

The US ruling could lend support to African decision-makers who are against providing women with options. They might use it to deny women access to critical healthcare in contradiction of their rights.

Anti-choice civil society movements, too, will draw impetus and validation from such a ruling to oppose progressive actions and policies at the national and sub-regional levels.

Several sub-regional economic blocs in Africa are in the process of enacting sexual and reproductive health laws. For example, a sexual and reproductive health bill is currently at the East African Legislative Assembly. Reversal of Roe v Wade might stall or terminate such processes. ■

Changes in sub-Saharan maize trade spell potential trouble for Kenya

Kenya is typically one of the major maize importing countries in sub-Saharan Africa. Other typical maize importing countries include Zimbabwe, Botswana, Mozambique and Namibia.

WANDILE SIHLOBO

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Maize production in some of the sub-Saharan African countries that dominated maize supplies during the 2021/22 marketing year is expected to be lower this coming season. This will bring about some changes in the sub continent's maize trade in the 2022/23 marketing year, in particular creating complications for Kenya. In the 2021/22 season, Kenya was the largest maize importer in the region.

But Kenya has a longstanding policy against genetically engineered maize. This limits the role of South Africa, the sub-continent's biggest maize producer and exporter, in meeting Kenya's needs.

The expected lower production comes in a season when demand for maize from countries in sub-Saharan Africa that rely heavily on imports is expected to remain strong. It's estimated that Kenya, for example, will need to import 700,000 tonnes of maize for 2022/23. Kenya's maize production is expected to be marginally higher, but not enough to meet the country's needs.

Kenya is typically one of the major maize importing countries in sub-Saharan Africa. The country's expected 700,000 tonnes of maize imports account for 21% of the region's expected maize imports of 3.4 million tonnes in 2021/22 season, according to data from the International Grains Council. Other typical maize importing countries include Zimbabwe, Botswana, Mozambique and Namibia.

However, in the 2021/22 marketing year, several sub-Saharan African countries such as Zambia, Tanzania, Zimbabwe (an exceptional year from the usual importing position) and South Africa had ample maize harvest. This made it easy for them to meet Kenya's import needs. Tanzania and Zambia were the leading maize suppliers to Kenya.

Tanzania, the biggest exporter in the region in the 2020/2021 season and Kenya's traditional major maize supplier, is unlikely to play that role this season because its maize production is forecast to fall by 16% year-on-year to 5.9 million tonnes. This is due to drought at the start of the season, combined with armyworm infestations and reduced fertiliser usage in some regions because of prohibitively higher prices. The consequence of the fall in production and firmer domestic consumption means that the country could have less maize for export markets.

Preliminary estimates by the United States Department of Agriculture are that Tanzania's maize exports could decline from 800,000 tonnes in the 2021/22 marketing year to 100,000 tonnes in the 2022/23 marketing year.

Such a drop would leave very little for Kenya's maize needs, leaving Zambia and South Africa as major suppliers in the region.

Zambia's expected maize production in the current season is still tentative, and it is unclear how much maize the country could have for exports. Zimbabwe, which had a large harvest in 2020/21 season, is also in an uncertain position about its 2021/22 maize harvest and ability to export. The incoming evidence suggest that some regions in the country have suffered crop failures.

South Africa could help and has the maize production capacity to do so. Given current output projections of 14.7 million tonnes, South Africa could have 3.2 million tons of maize for exports in the 2022/23 season – about 78% being yellow maize, and 22% white maize. But it plays a limited role in the Kenyan maize market.

The barriers

South Africa's limited participation in the Kenyan maize market is arguably affected by regulations rather than just price and consumer preferences. Kenya continues to maintain an import ban on genetically engineered products. This limits imports from South Africa where over 80% of maize production is genetically engineered.

There are indications that Kenya is changing its longstanding policy.

> The sub-Saharan Africa maize trade generally has some imbalances. South Africa, Tanzania and Zambia are the major maize producers and exporters in the region. For their part Kenya, Zimbabwe, Botswana, and Mozambique are often the importers.

Regulatory agencies have recently completed all trials for the approval of biotechnology maize. But any decision would still have to be approved by Kenya's cabinet.

Even if Kenya were to adjust its policy, South Africa would not necessarily be the only maize supplier looking at expanding its market share in the country. The likes of the US and Brazil would also be at Kenya's doorstep. The advantage of South Africa would be its substantial white maize production, which is the preferred staple grain of Kenyan consumers.

Outside the African continent, Mexico, the US and Argentina could be among the potential maize suppliers, as there are generally few white maize producing countries in the world.

Imbalances

The sub-Saharan Africa maize trade generally has some imbalances. South Africa, Tanzania and Zambia are the major maize producers and exporters in the region. For their part Kenya, Zimbabwe, Botswana, and Mozambique are often the importers.

At the regional level, sub-Saharan Africa's aggregate maize imports amount to an average of 3.4 million tonnes a year, according to data from the International Grains Council. This is both white and yellow maize, with most being white maize for human consumption.

Although intra-regional trade accounts for most of the consumption needs of import-reliant countries in the region, this is also supplemented by imports from countries outside of the continent such as Argentina, Canada and Mexico.

Overall, these maize market dynamics are worth monitoring, specifically from South Africa's perspective, as they signal that the sub-Saharan maize demand in the 2022/23 marketing year could be much larger than the previous season. This could be the case especially if Zambia's maize production comes out lower than the 2021/22 season, which is likely if we use the South African maize production conditions as a barometer for the region. Such a potential increase in the region's maize imports would have implication for prices. ■

Mwai Kibaki: President who squandered the opportunity to fix Kenya

As early as 1974, Time magazine ranked Kibaki among the top 100 individuals around the world likely to become head of state.

SHADRACK WANJALA NASONG'O
Professor, Rhodes College

Emilio Stanley Mwai Kibaki, who has died at the age of 90, was born on November 15, 1931 in Othaya, Nyeri, in the central highlands of Kenya. He spent a lifetime in public service.

He served as president of Kenya – the third after independence – from 2002 to 2013, a critical period in Kenya's transition from a one-party state to democracy. He also served as the fourth vice-president (1978 to 1988) under President Daniel arap Moi.

To his friends and admirers, Kibaki was a gentleman who survived the murky Kenyan politics unscathed. The qualities he was respected for included being a consensus builder and a man of integrity.

He was recognised for being an efficient economist who helped steer Kenya's economy to greater heights and, as president of Kenya, had a moment in history to positively change the country.

To Kibaki's detractors, however, he was a coward and indecisive politician who, in the face of political storms, never saw a fence he did not want to sit on.

He was derided as a conformist and loyalist who never raised a finger against the gross excesses of the political system, which he served to the hilt.

It was Kibaki, for instance, who moved the motion that made Kenya a single-party state by law in 1982. Similarly, at the height of the clamour for political pluralism in 1991, Kibaki remarked that attempting to remove the Kenya African National Union (KANU) from power was tantamount to attempting to cut a mugumo (fig) tree using a razor blade. Yet a few weeks after this statement, he jumped ship from the government to set up an opposition party.

This aspect of his character earned him the sobriquet 'General Kiguoya' (General Coward) among his own Kikuyu contemporaries.

Early years

Kibaki was educated at Makerere University, where he studied economics, history, and political science, and at the London School of Economics, where he studied public finance. Kibaki served a short stint as assistant lecturer in the department of economics at Makerere University before resigning in 1961 to take up the position of executive officer of the Kenya African National Union (KANU).

In 1963, he was elected member of parliament for Donholm constituency in Nairobi (now Makadara). But after stiff competition emerged, he moved his political base to his native Othaya constituency in Nyeri in 1974, which he represented until his retirement in 2013.

Kibaki served in various government capacities. From assistant minister for finance in 1963, he rose to full minister in 1966, serving in various portfolios between 1966 and 1991. These included commerce and industry, finance and economic planning, home affairs, and health.

As early as 1974, Time magazine ranked Kibaki among the top 100 individuals around the world likely to become head of state.

When Moi succeeded Jomo Kenyatta as Kenya's president in 1978, he appointed Kibaki his vice president. He was suddenly dropped 10 years later.

Kibaki quietly settled in his demoted role as minister for health from 1988 to 1991. Following the reintroduction of multiparty politics in 1991, he quit the Kenya African National Union and his ministerial position on Christmas eve in 1991 to found the Democratic Party. He ran – unsuccessfully – for president in 1992 and 1997.

Kibaki's leadership, especially as a two-term president, had a number of noteworthy successes. The first major one was infrastructural development, especially road construction. Emblematic of this was the construction of the Thika superhighway.

He was finally elected president in December 2002 on a grand coalition ticket.

Successes

Kibaki's leadership, especially as a two-term president, had a number of noteworthy successes.

The first major one was infrastructural development, especially road construction. Emblematic of this was the construction of the Thika superhighway. The 44.5km highway that links Nairobi to Thika, an industrial town in Kiambu County, central Kenya.

Second was the introduction of free primary school education. An estimated 1 million children enrolled in school who would otherwise not have been able to afford to do so.

Third was the introduction of the Constituency Development Fund. Through this a slice of the national revenue is distributed annually to parliamentary constituencies to fund development projects and programmes determined at the constituency level. If managed well, the idea has the potential to revolutionise rural development.

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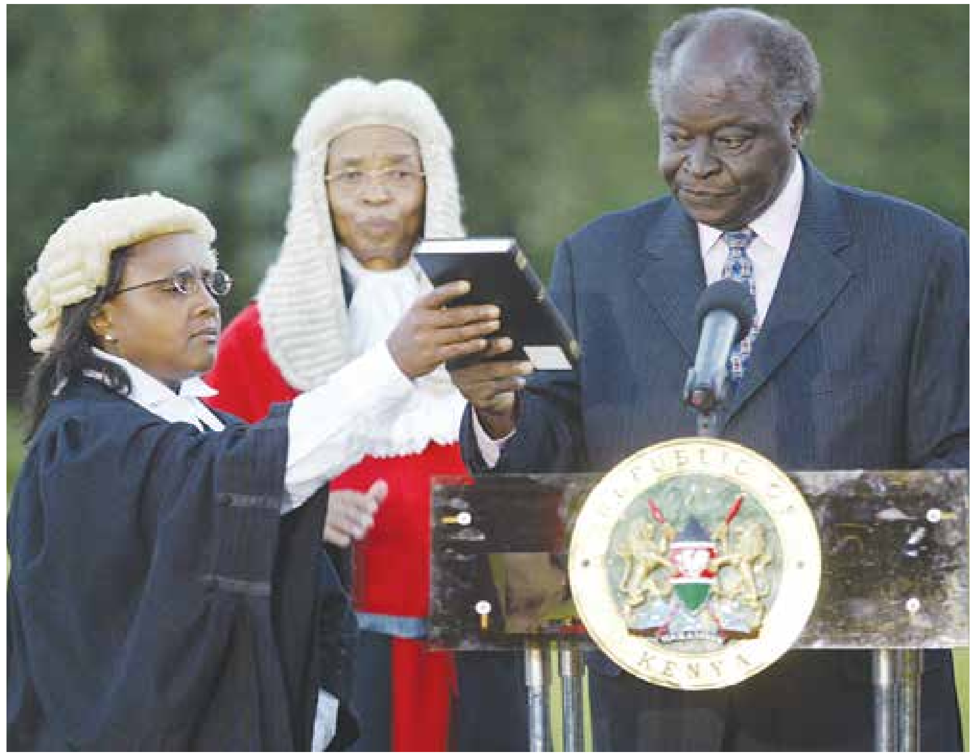
Special Feature



> But Kibaki's presidency was also tempered with a series of monumental failures. He assumed the presidency under circumstances which could have dealt with the scourge of negative ethnicity.

>> Fourth, and perhaps most important, was the revival of the economy from decades of mismanagement. During his first term, the country's GDP growth rate rose from 0.6% when he took over to 7% at the end of his first term.

Failures

But Kibaki's presidency was also tempered with a series of monumental failures.

He assumed the presidency under circumstances which could have dealt with the scourge of negative ethnicity. The National Rainbow Coalition that assured his electoral victory was overseen by an organ known as the Summit.

The membership of this Summit represented the country's regions and major ethnic groups. These included Mwai Kibaki (Kikuyu), Moody Awori and Wamalwa Kijana (Luhyia), Raila Odinga (Luo), Kipruto Kirwa (Kalenjin), Charity Ngilu and Kalonzo Musyoka (Kamba), and Najib Balala (Mijikenda).

Soon after electoral victory, the Summit was shunted aside. An assortment of the central figures of the Jomo Kenyatta regime – all of them Kikuyu – were reconstituted as Kibaki's main advisers. This led to the re-emergence of the so-called Mount Kenya Mafia that dominated the Kibaki presidency.

Second, and a corollary to the above, was the dishonouring of the memorandum of understanding that had laid the basis for the National Alliance Rainbow Coalition and opposition unity.

This included the promise that Kenya would have a new constitution within the first 100 days of the Kibaki administration. But the undertaking was abandoned. Instead, three years down the road, Kenyans were presented with a draft constitution so mutilated and watered down that they rejected it in a referendum in 2005.

Within two years the euphoria that had accompanied Kibaki's ascension to the presidency swiftly dissipated into gloom and disenchantment. The criticism that this triggered was that the Kibaki regime was bent on self-destruction.

The third failure was the lack of commitment to genuinely fight corruption despite having campaigned on a reform and anticorruption platform. Instead, Kibaki abetted and condoned corruption by an inner circle of his cabinet ministers.

In one case of questionable procurement contracts in the ministry of defence and calls for the sacking of the minister in charge, Kibaki simply transferred the errant minister to another portfolio.

In another case wherein a minister was accused of conflict of interest and abuse of office for private gain and amid an uproar against the minister, Kibaki is reported to have rhetorically asked, of no one in particular, whose goat the minister had eaten! He clearly didn't see the misdemeanour in terms of resources that had been stolen from the Kenyan people.

The final, and perhaps the most ignominious legacy on the part of President Kibaki was the blatant rigging of the 2007 presidential election.

The violence that the stolen election caused pushed the country to the brink. More than 1,300 people were killed and more than 500,000 displaced.

Had the international community not swiftly intervened to facilitate a power sharing agreement, there is no saying what might have become of Kenya.

Arguably, therefore, his able stewardship of the economy notwithstanding, Kibaki will be remembered as the president who squandered a historic opportunity to remake Kenya and ended up plunging the country into unmitigated chaos, all for the sake of clinging onto power following an apparent electoral loss. ■

Kibaki's capitalist outlook on education in Kenya brought mixed results

Kibaki gave Kenya's education a free market capitalistic orientation. Documents such as the 1964–70 Development Plan and the 1965 Sessional Paper No. 10 show how he wanted to introduce cost-sharing through a loans scheme for university students.

MICHAEL MWENDA KITHINJI
Associate Professor, University of Central Arkansas

Emilio Mwai Kibaki, retired third president of independent Kenya who has died , had a rich and multifaceted legacy as a long serving public official.

But it is in education that he left an indelible, but complex, mark.

Kibaki's personal achievement as a highly accomplished intellectual looms large over his long policy and political career. A graduate of Makerere University College and the London School of Economics, he became a member of parliament at independence in 1963. This set the stage for his appointment in the executive.

He rose from an assistant minister of finance and chairman of the Economic Planning Commission in 1963 to become commerce and industry minister in 1966. He was appointed finance and economic planning minister in 1969, and became vice president in 1978. He held the finance docket until 1982.

President Daniel arap Moi demoted him to health minister in 1988. Three years later Kibaki left the ruling party to form the Democratic Party. He became president in 2002, a position he held until his retirement in 2013.

Kibaki's influence on education in Kenya became visible in the early years of independence when government spending on education rose steadily. By the 1970s, Kenya devoted 30% of its budget to the sector. As chairman of the economic planning commission, he had a major role in drafting government policy plans that guided the country's ideological and policy thrust.

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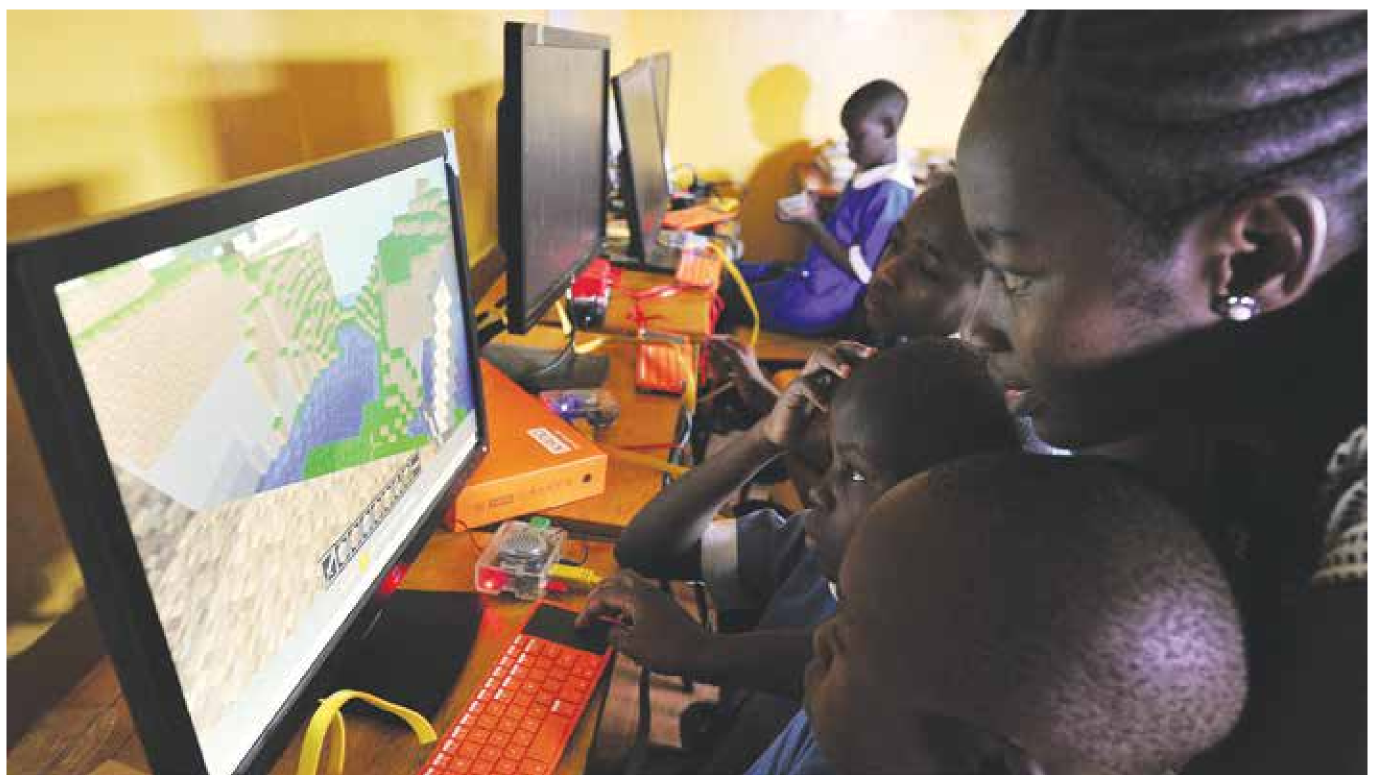


Many years later, Kibaki's first major policy pronouncement as president was the declaration in January 2003 that primary education would be free.

While he favoured mass education for all Kenyans, his capitalist orientation paved the way for entry of private providers. Also, although he generally supported provision of free basic education, especially at primary level, he disapproved of fully subsidised higher education. Instead, he favoured cost-sharing and privatisation.

Free-market adherent

As a free market adherent, Kibaki worked closely with the policy advisors from the World Bank and the International Monetary Fund. In the early 1970s, Kenya was among the non-oil producing countries that experienced budgetary constraints following the sharp rise of global oil prices. Kenya turned to the Bretton Woods institutions for financial support.

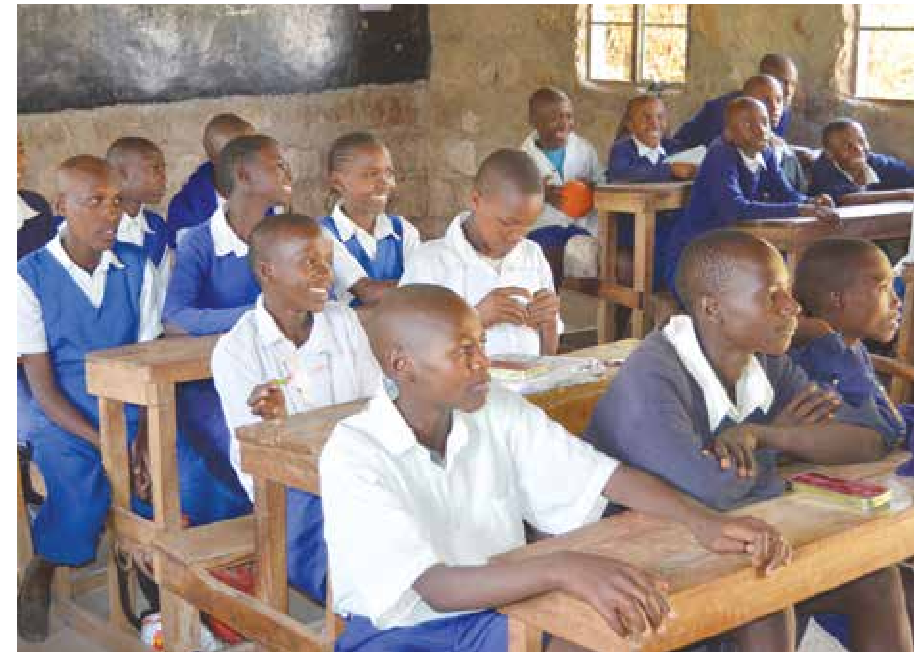
As was to become the norm, the institutions would only advance support on condition that governments reduced recurrent expenditure. Education was one of the areas targeted for cuts.

The IMF and the World Bank required that government implement the university loans scheme that it had outlined in its policy plans. Senior education officials opposed the scheme but were overruled by Kibaki, then Minister of Finance.

The scheme became official in July 1974. This marked a fulfilment of Kibaki's desire to control higher education expenditure.

Under the scheme, the government would continue providing free tuition to university students. But it would advance them loans to cover expenses such as accommodation, food and books. The loan advanced to students attracted annual interest of 2% and repayment would commence 3 years after graduation.

The first university cohort to be advanced loans graduated in 1977, with their first loan repayments due in 1980.



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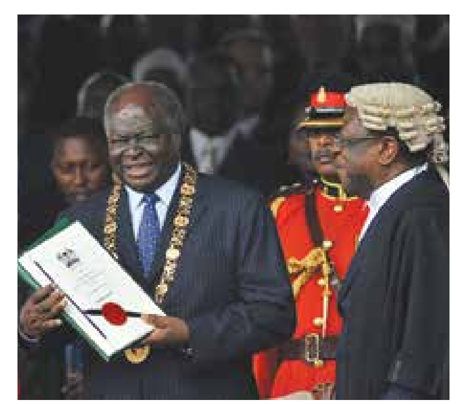


But the scheme never succeeded. The main reason was due to failure by the ministry of education to enforce recovery. This failure marked the flagging political fortunes of Kibaki in the early 1980s. He steadily became eclipsed politically by the newcomers in Moi's government.

The final blow to the loans scheme came in 1982 when Kibaki was transferred to the less glamorous ministry of home affairs. This ended a 13-year-run as minister of finance. He retained the vice-presidency until 1988. It was not until 1995 that Moi's government revived the university loans scheme. This was done through the creation of the Higher Education Loans Board.

Kibaki would further reveal his free market inclinations in 1984. As the country's vice-President, he contradicted the education officials who had refused to recognise degrees offered by two pioneering private universities. These were the United States International University and the Catholic Higher Institute of Eastern Africa (now the Catholic University of East Africa).

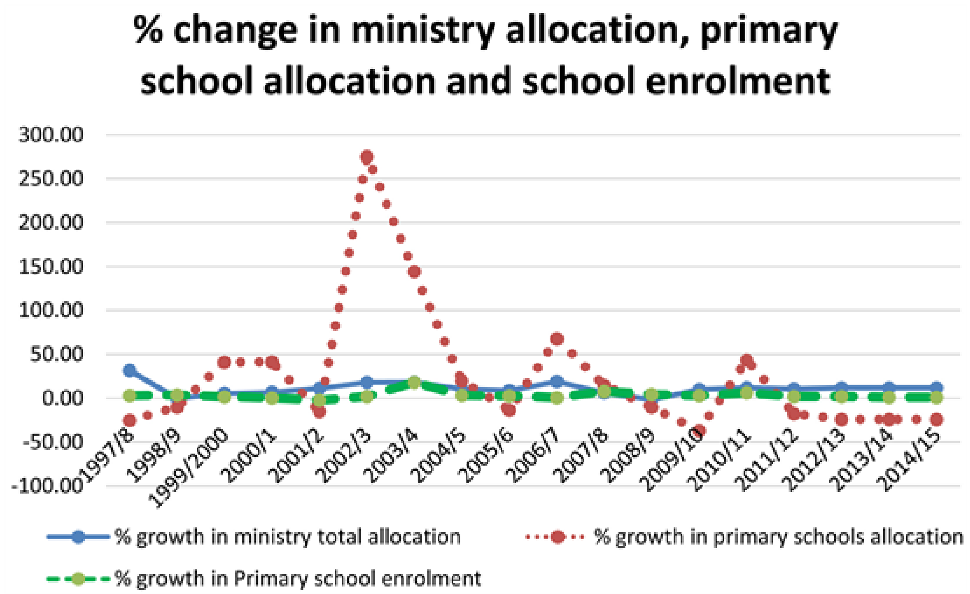
The Ministry of Higher Education had accused the United States International University of providing substandard education. And it had denied a request by the Catholic Higher Institute of Eastern Africa to convert to a university.

>>

Special Feature

Kibaki insisted that government had no "restrictions on the setting up of private universities in the country." This is documented by Michael Kithinji in his investigation of the dynamics that influenced the development of university education in Kenya and East Africa before and after independence.

Kibaki's intervention helped open the doors to the flourishing of private universities.



Percentage growth in ministry of education allocation, primary education allocation and school enrolment, Source: Republic of Kenya, 1998-2015.

Complex legacy

During his presidency Kibaki pursued a duo policy of free basic education and largely unsubsidised higher education, with mixed results.

The introduction of free primary education had an immediate impact on primary school enrolment. The student population rose by more than a million from 6.3 million in December 2002 to 7.6 million by the end of 2003.

Some analysts have faulted Kibaki's free primary education program for causing overcrowding and overburdening teachers. But criticism overlooks the existing neglect and decay of education facilities that Kibaki encountered when he became president. The challenges caused by free primary education only served to uncover the deep malaise that had hindered educational access to thousands of school age children.

Expansion of primary education exerted pressure on higher levels of learning. To accommodate the growing numbers of students completing primary education, the government and communities across the country established additional secondary schools especially for day scholars.

Similar transformation occurred at the university level where the number of full and constituent public universities increased dramatically and private sector ones from a handful to over 25.

But universities, both public and private didn't live up to their calling as centres of excellence due to minimal research output. And university expansion under Kibaki happened at the expense of other tertiary institutions. The majority of vocational and technical institutes converted to universities. This meant that the 80% of students who missed university admission lacked opportunities to gain professional or artisanal skills.

> As a free market adherent, Kibaki worked closely with the policy advisors from the World Bank and the International Monetary Fund. In the early 1970s, Kenya was among the non-oil producing countries that experienced budgetary constraints following the sharp rise of global oil prices.

Kibaki's policies on education demonstrate his pro-market position that endeared him to the Bretton Woods institutions and the West in general. It is therefore not surprising that in 1974 Time Magazine ranked him among the top 100 individuals around the world with the potential to become head of state. ■

High Court building trial chamber on Constitution HIll in Johannesburg, South Africa

South Africa's constitutional democracy debate: echoes of an inglorious past

Paradoxically, the picture in Commonwealth Africa is slightly less depressing. This, despite obvious tensions and challenges in realising the grandiose ideals in the constitutions of southern Africa, which migrated northwards on the continent.

HUGH CORDER
Professor Emeritus of Public Law, University of Cape Town

Some prominent politicians from South Africa's governing African National Congress (ANC) recently questioned the role of the courts in the constitution.

In January, tourism minister Lindiwe Sisulu insulted the judges as "colonised" for enforcing the constitution, which she blamed for continued black deprivation 28 years into democracy.

Later, Sihle Zikalala, the premier of KwaZulu-Natal province, called for a return to parliamentary democracy. He accused the ("unelected") judiciary of frustrating government's transformation agenda. They both sit on the ANC's national executive committee, its highest decision-making body between national elective conferences.

They may well be testing the waters ahead of the next elective conference in December. But nothing excuses the short-sighted irresponsibility of such utterances, and the ghastly consequences that may ensue.

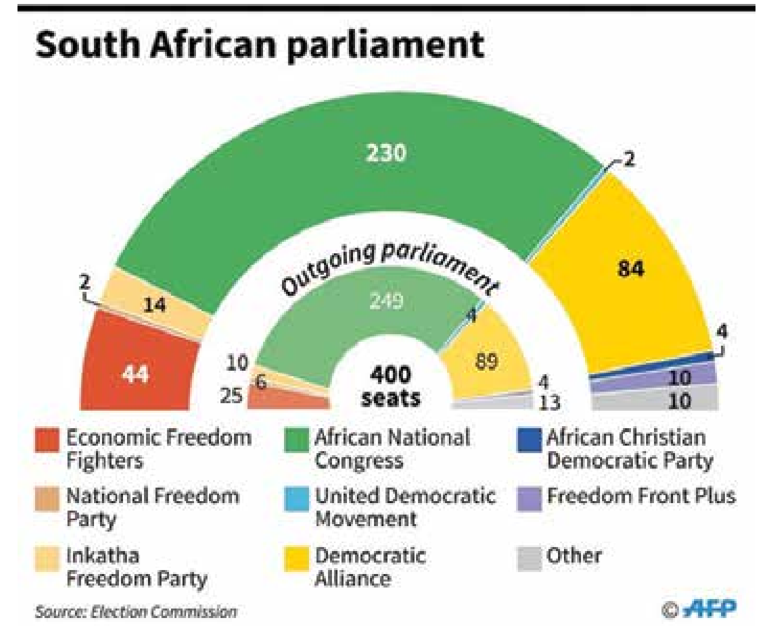
If South Africa is tempted by these options, it will be discarding centuries of struggle aimed at establishing a democratic system in which public power is regulated by law.

Since the origins of communal life, the regulation of public power has challenged humanity. Power has developed from the brute force of the strongest bully in a clan, to the patriarchal dominance of traditional leadership, to the authoritarian dictates of monarchs and autocrats. Divine and secular monopolies of untrammelled authority have been overthrown.

The inexorable trend has been to secure a degree of monitoring and regulation of the exercise of public power.

Of critical significance has been the establishment of popular representation in national governments. A landmark is found in the 'Glorious Revolution' of the late 1600s. It established parliamentary dominance over the monarch in Britain. Another is the emphatic elimination of the French aristocracy about a century later.

The French Revolution was accompanied by a "declaration of the rights of man and the citizen". The American Bill of Rights developed gradually through a series of constitutional amendments from the 1800s.



'Parliamentary sovereignty' in Britain was counter-balanced by the rights-infused concept of the rule of law. Decolonisation in Africa and Asia used models of governance based on universal suffrage, and a protected core of inalienable rights.

Regulating public power

Perhaps the most far-reaching revolution has been the most recent shift to participatory democracy after the fall of the Soviet empire in the 1990s. This coincided with the last gasps of racist hegemony with the independence of Namibia and the formal freedom of South Africa.

> In January, tourism minister Lindiwe Sisulu insulted the judges as "colonised" for enforcing the constitution, which she blamed for continued black deprivation 28 years into democracy.

These interconnected events led to a rash of constitution-making throughout central and eastern Europe, and African members of the Commonwealth. There were fundamental elements common to all their constitutions. These were:

- universal suffrage;
- the protection of civil and political rights;
- a measure of the separation of powers to balance the authority of the legislature, executive, and judiciary; and
- the designation of the courts as final arbiters of the limits of the constitutional authority of government.

This shift was a huge stride towards the responsible and accountable exercise of public power. It allowed the most vulnerable in society to feel a degree of protection. It opened the space for public benefit organisations to use the law to seek social justice. This is particularly vital given that almost all states today have heterogeneous populations. They are made >>

>> up of diverse ethnic, religious, cultural and other groupings, with unequal bargaining power.

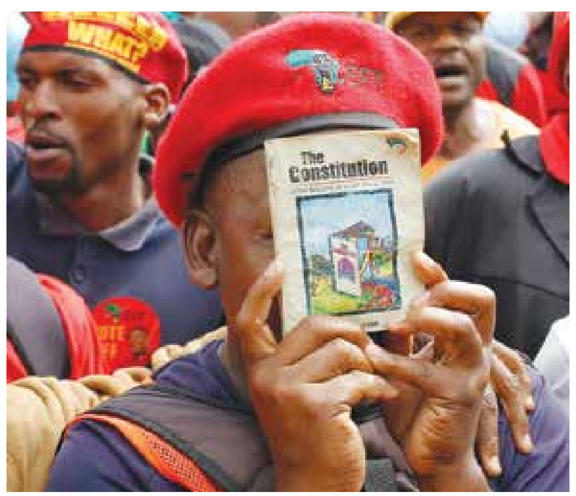
Debating democracy

A constitution is only as good as the measure of effective protection it gives to those who differ, even radically, from the policies of the government.

Naturally there were many obstacles in implementing and enforcing such schemes. There have been both partial and almost complete reversions to the unjust patterns of the past. Hungary and Poland are prominent examples in Europe. Populist autocracy has proven very tempting, particularly in those countries formerly part of the Soviet Union, led by Russia.

Paradoxically, the picture in Commonwealth Africa is slightly less depressing. This, despite obvious tensions and challenges in realising the grandiose ideals in the constitutions of southern Africa, which migrated northwards on the continent.

> From these values flow the necessity of an entrenched bill of rights and the courts' authority to review all acts of public power against the constitution. The judiciary has performed this task admirably, often requiring government to tackle socio-economic injustices.



Until now, none of these shortcomings has seriously questioned the fundamental principles of participatory democracy. These principles lie at the heart of such political compacts. There have been instances of party politicians directing their ire at the courts, accusing the judiciary of exceeding its authority. But the constitutional fundamentals have remained generally intact.

Have the intemperate and destructive comments of Sisulu and Zikalala shifted the ground?

In particular, the call for a return to parliamentary sovereignty marks an irrational and dangerous retrogression. Parliamentary sovereignty authorises the majority to make laws unrestrained by legal limitations. This was the system imposed on South Africa by Britain in 1910. Then the electorate represented only about 20% of the male population.

Parliamentary sovereignty in the hands of this minority allowed the rampant development of apartheid policies, laws and executive action. They decimated the rights of black South Africans.

Their damaging effects linger still. The blatant racism diminished the dignity of all South Africans. The scale of its horror prompted President Nelson Mandela's inaugural comments that: "Never, never, and never again" would the country go down the route of injustice and evil, whether approved by a majority or not.

The constitution was painstakingly negotiated, with hard bargaining over a four-year period. There were no clear winners, but grudging agreement by every delegation on basic rules of engagement.

Critically, these included the supremacy of the constitution and the rule of law. They upheld the protection of human dignity, equality, and freedoms, non-racialism, non-sexism, and universal adult suffrage to ensure multi-party democratic governance. These are the founding values of the country's constitutional democracy. Without this framework, chaotic social and economic destruction would have been the legacy.

The imperative of judicial review

From these values flow the necessity of an entrenched bill of rights and the courts' authority to review all acts of public power against the constitution. The judiciary has performed this task admirably, often requiring government to tackle socio-economic injustices. In no instance has it inhibited lawful actions which seek to change the wicked patterns of the past. Nor has it strayed onto parliament's or the executive's terrain.

The abject failure to achieve meaningful change lies overwhelmingly with a corrupt and ineffective executive, not with the courts.

Facade of Constitutional Court of South Africa

Sisulu, Zikalala and those who rally to their cause should ask themselves how they would respond if

1. their mortal enemies achieved a parliamentary majority, by electoral or other means;
2. they had no basic rights to protect their dignity, equality, freedom of association, of expression, of movement and to vote;
3. the agents of the parliamentary majority locked them up without trial. If they took their property, denied their children access to school, prevented them from swimming at a beach or attending a soccer match, all on arbitrary grounds. Without the law interpreted and enforced by the courts, their only resort would be to physical force.

Of course, they must be assuming they would be the representatives of the parliamentary majority.

> The constitution was painstakingly negotiated, with hard bargaining over a four-year period. There were no clear winners, but grudging agreement by every delegation on basic rules of engagement.

Given the decline in ANC support, this is a far-fetched idea. But even if they were in such a powerful position, how would they deal with those who opposed their policies and laws?

Those who peddle such dangerous ideas should be countered at every opportunity by reminders of what was done in the name of a legislative majority under apartheid, and elsewhere. ■

To stay in the game, directors need to rewire corporate missions and bring new faces to the table

Boards are facing pressure from inside and outside the tent to find relevancy and step up to the new world order. And it is clear that to respond to this new challenge, board directors need to pay full attention to the state of society and the planet for the simple reason these are two vital elements of their operating space.

RICHARD CALLAND
Associate Professor in Public Law, University of Cape Town

In the first ever case of its kind, ClientEarth – a UK-based organisation that works with NGOS to fight legal battles on environmental issues – is taking Shell's board of directors to court for failing to properly prepare for an energy transition. This involves moving from carbon-emitting fossil fuels in line with climate science, and at a pace and scale that aligns with the Paris Agreement goal to keep global temperature rises to below 1.5°C by 2050. In mid-March the campaign group began legal proceedings based on the claim that Shell board's mismanagement of climate risk puts it in breach of its duties under the UK Companies Act. Under English law, company directors have a duty to assess, disclose and manage material risks to the company.

Younger generations are looking down the barrel of an increasingly volatile world where their futures are at stake. Without a doubt they must have representation at the table to challenge existing narratives and accelerate understanding and action.

In an age-old narrative of litigation where the interests of the planet and public are often out-gunned by the corporate dollar, pound, renminbi or rupee, the entrance of an empowered NGO into the courtroom arena to strike at the legal duties of the board changes the rules of the game. And it should make board directors everywhere sit up and take note.

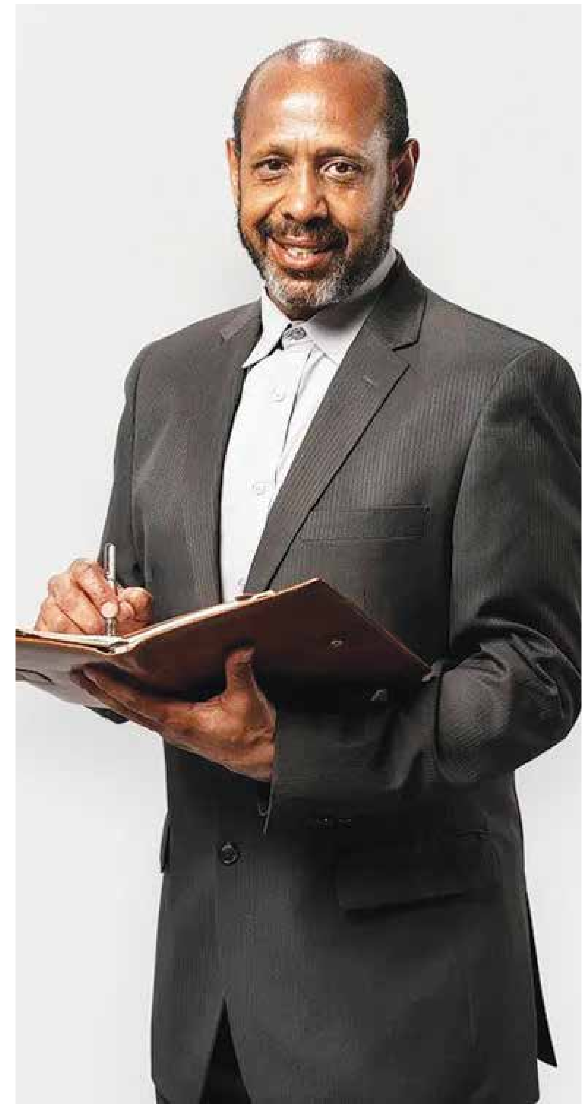
In March, the Institute of Directors stated it was: no longer tenable for British directors to be involved in governance roles in the Russian economy.

It called on them to do their "moral duty" and resign over the invasion of Ukraine.

In a poll of its members and wider community, 86% supported the view that all British directors should now resign their Russian board mandates. Many answered the call and relinquished their well-paid positions in Russian companies, but some chose to stay put, risking public opprobrium and legal action.

Larry Fink, US billionaire and chairman and CEO of the investment company BlackRock asked CEOs in his now-familiar annual letter this year if they wanted to be a dodo or a phoenix. He stated categorically that stakeholder capitalism is capitalism, driven by mutually beneficial relationships between you and the employees, customers, suppliers, and communities your company relies on to prosper.

Into this context the Intergovernmental Panel on Climate Change released its latest assessments. They outlined with brutal clarity the effects of climate change and the narrowing window for action left to humanity. In his response to the latest mitigation report UN Secretary General Antonio Guterres laid out the facts for everyone when he said: Some government and business leaders are saying one thing – but doing another. Simply put, they are lying.



Greater gender, ethnic and cultural diversity are vital, and recruitment must look beyond business alone, to welcome members from the non-profit and public interest sector.

Boards are facing pressure from inside and outside the tent to find relevancy and step up to the new world order.

And it is clear that to respond to this new challenge, board directors need to pay full attention to the state of society and the planet for the simple reason these are two vital elements of their operating space. If our climate and nature can't thrive, nor can business.

As many an activist and sustainability thought-leader has put it "you can't do business on a dead planet".

Social instability or violent conflict can undermine economic growth and development – revolution or war, even more so. Scarcity of vital ecological "infrastructure" - such as water, or the agricultural conditions needed to feed the near-nine-billion global population, will threaten the business prospects or operations of many companies.

Building on earlier scholarship work on corporate transparency, my current research focus on shifts in corporate law and governance indicates that directors will increasingly be held to account for failures to take such external risks – and their companies' contribution to causing them – into account.

From many years of experience serving and advising boards, my sense is that directors are "diligently coasting". They deliver what's expected rather than seeking what is needed.Now, a step-change is needed.

The danger of being blind-sided

A combination of systemic shocks and global pressures suggests a seismic ratcheting up of risks and also social, legal and political changes. When pent-up concern suddenly catalyses an epochal reaction, businesses may be blind-sided or flat-footed in response.

A critical piece of self-reflection is recognising that it is often the business-as-usual practices of the for-profit sector that is eroding social well-being and environmental integrity, or that of their wider value and supply chains.

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Younger generations are looking down the barrel of an increasingly volatile world where their futures are at stake. Without a doubt they must have representation at the table to challenge existing narratives and accelerate understanding and action.

>> In theory at least, non-executive directors are best placed to bring this perspective to bear – provided they are sufficiently well informed and have the independence of mind to challenge a status quo approach. They will need to provide new direction and oversight.

Hence, resetting the mission of a company so that profitability is a means to an end – the organisation's social purpose – and not an end in itself is essential.

In practice boards must have the right information at their disposal so that they can benefit from strategic foresight.

To this end they need to build their ability to understand the complex context in which business must operate, the tough systemic changes that characterise the current era of global change (social, economic and political as well as environmental). In turn, this will enable directors to ask the right questions of their executives.

Courage needed, and new skills

The change will take courage as well as new skills – and in most cases new and different kinds of board members.

Greater gender, ethnic and cultural diversity are vital, and recruitment must look beyond business alone, to welcome members from the non-profit and public interest sector. Many boards are already progressing with diversity and inclusion, often in response to the regulatory environment.

In Norway, Spain, France and Iceland, for example, the law requires that women make up 40% of board members at publicly listed companies.

However, age continues to be a blind spot. A 2018 survey by the consultancy firm PricewaterhouseCoopers showed that the average age of board directors in top US listed companies was 63 and with just 6% of directors 50 or younger. Only 21% of directors highlighting the importance of age diversity.

Younger generations are looking down the barrel of an increasingly volatile world where their futures are at stake.

Without a doubt they must have representation at the table to challenge existing narratives and accelerate understanding and action.

These unusual board voices, often bringing with them the perspectives of those willing to risk everything – freedom, career, media opprobrium – to change the climate, nature and social sustainability discourse, offer the fastest route to positive disruption. Their meaningful inclusion is vital; the future legitimacy of the corporate board will depend on it.

It is time for boards to challenge the sacred cows of business-as-usual and refashion themselves in response to the new reality. They must step up to meet the challenge of the age and ask the difficult questions. This is the gauntlet we at the University of Cambridge's Institute for Sustainability Leadership are throwing down to boards – to reset their mission and rewire their approach to leadership, so as to fundamentally rethink the role of business in society and the economy. ■

The war in Ukraine: Africa risks paying a heavy price for neutrality

The war in Ukraine has also diverted global political attention from Africa's problems, and made it harder for the UN to lead international peace-making efforts. From Putin's point of view, the more chaos in the world the better to divert his enemies.

NICHOLAS WESTCOTT
Research Associate, Centre for International Studies and Diplomacy, SOAS, University of London

Far from being swift, Russia's invasion of Ukraine now looks likely to become a long-running war of attrition. It will therefore have an accumulating, and increasingly drastic, impact on Africa unless it can be brought to swift end.

But can African countries influence that? And do they want to?

This article argues that both African and western countries need to change their approach if Africa is to suffer less damage from the crisis. If it continues to sit on the fence, it risks exacerbating conflict in Africa itself.

The Ukraine war has compounded the economic problems caused by the pandemic. Both the International Monetary Fund and UNECA have emphasised the economic damage being done to African countries. On top of food price inflation and Africa's dependence on food supplies from both Ukraine and Russia, the World Food Programme has highlighted the shortage of emergency supplies to feed the starving in drought-struck eastern Africa.

The 20%-40% increase in oil and gas prices has hit consumers and manufacturers as well as farmers through the price of fertiliser. And as revenue falls and demand for government spending rises, there is a growing risk of debt distress. This is true even of hitherto stable countries like Ghana.

This economic pressure, and particularly rising food prices, may not only provoke protest but precipitate political instability and conflict across the continent. It was, after all, food price rises that stimulated the Arab Spring in 2011. Sri Lanka's current foreign exchange crisis shows how politically dangerous it can be.

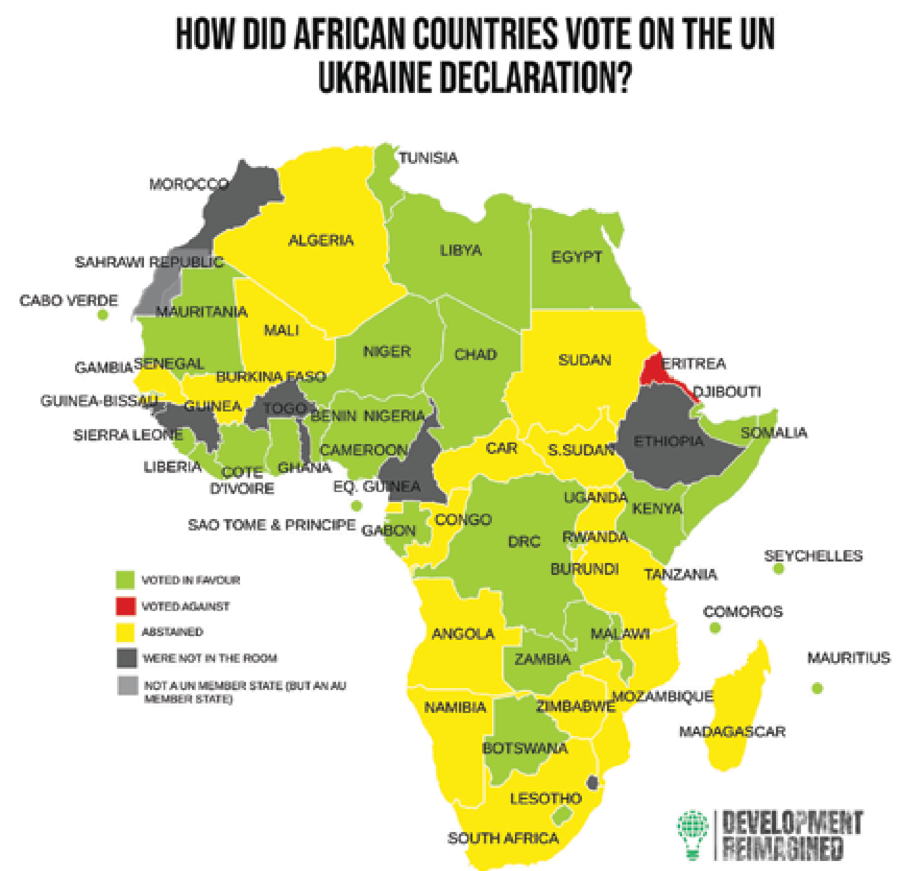

Ukrainian Armed Forces shooting on the front line with Russian troops in an unknown place of Ukraine

The war in Ukraine has also diverted global political attention from Africa's problems, and made it harder for the UN to lead international peace-making efforts. From Putin's point of view, the more chaos in the world the better to divert his enemies. But, unless the African Union is willing and able to step in, the lack of global attention risks more African conflicts getting out of hand.

The Ukraine crisis, therefore, significantly increases political stress and potential conflict throughout Africa. Economic, political and social stress levels are already high due to climate change and demographic growth. Countries like Nigeria and Mozambique as well as those in the Horn of Africa and Sahel have latent or actual conflicts that will be exacerbated.

African governments are already appealing for more economic support to mitigate these stresses. But many donor countries are now diverting more money to defence, and it would be quicker and more effective to tackle the root of the problem: Russia's invasion of Ukraine.

Yet African governments seem increasingly reluctant to put pressure on Russia.



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The neutrality questions

The shocking breach of national sovereignty and territorial integrity initially led many to support the Kenyan arguments at the UN Security Council against the invasion, and on 2 March 28 voted for the UN resolution condemning the invasion and only one, Eritrea, against. Even so, 17 abstained and 8 absented themselves.

A month later, however, in the vote to remove Russia from the UN Human Rights Council on 7 April, only 10 voted for, 9 against and the remaining 34 sat on the fence.

A few authoritarians, like President Isaias Afwerki in Eritrea, and a number of states that depend on Russia for security, like Mali and the Central African Republic, were always likely to support it. But other countries with sound democratic credentials, like Senegal, Ghana and Botswana, have also avoided picking sides.

Many Africans firmly believe they should remain neutral. They argue that this is not Africa's quarrel and that western countries are hypocritical, defending their own invasions, like Iraq, while opposing Russia's in Ukraine. They also wonder why the suffering of Ukrainians should be more important than the suffering of Ethiopians, to which the west has paid so little attention.

Not all agree

South Africa has been accused of prioritising its political ties to Russia over its principles of sovereignty and self-determination: Ramaphosa urged a peaceful solution, but criticised NATO for its expansion rather than Russia for its invasion.

For European and North American countries, the immediate point of historical reference is the Second World War: dictators who invade their neighbours cannot be trusted and must be firmly opposed for the safety of the whole world. Hence their remarkable unity and swift response.

For Africa, however, the historical reference is the Cold War, when the Soviet Union supported the liberation struggle against (western) imperial powers. >>

>> This looks to Africans more like a replay of the Cold War, of Russia vs 'the west', than of World War II (democrats vs dictators) and non-alignment therefore seems natural.

Russia actively promotes this interpretation on social media in Africa, pedalling a narrative that NATO is the aggressor and Russia the victim, writing the Ukrainians out of the script.

But this creates four problems for Africa. It prolongs the war. It implies accepting Russia's right to a 'sphere of influence' over neighbouring countries, whatever the views of their citizens. It means ignoring the principles of self-determination and non-interference. And it risks Africa becoming again a playground for great power rivalry.

Soviet imperialism was just as real as western imperialism, simply more local. Ukrainians and other east Europeans, achieved their independence from Russia long after most African countries, and are equally determined to keep it. Many therefore rushed to join NATO and the EU, with the full support of their citizens; and Ukrainian refugees have received a warm welcome in neighbouring countries because their hosts are all too aware that unless Russian aggression is stopped, they too could be refugees tomorrow.

What would an alliance with Russia bring African countries in a multipolar world where the international rule of law is ignored and might alone makes right?

The Syrians know already: ruthless and effective military support for a client dictator enabling him to crush and expel all dissent.

The Libyans also know, though Russia's military support for General Haftar was neutralised by Turkey's intervention.

Even in South Africa the Russian alliance nearly brought the country a ruinous contract to build nuclear power plants that would have generated more corruption than energy.

ABOVE: Ukraine's President Volodymyr Zelenskiy visits positions of armed forces near the frontline with Russian-backed separatists in Donbass region, Ukraine April 9, 2021.

BELOW: United Nations security council hold a meeting on the situation between Ukraine and Russia at UN headquarters in New York.

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The West's mistakes

But western countries also need to recognise they are not innocent. From an African perspective, trade still feels unbalanced, the costs of 'structural adjustment' are still resented, and while western donors see themselves defending human rights, financial probity, good governance and civil society, others see them as hypocritical, supporting dictatorial regimes past, like Mobutu Sese Seko in Zaire (now DRC), and present, like Rwanda and Uganda.

Most recently, the benign western self-image has been badly damaged by the vaccine inequality exposed by the Covid-19 pandemic.

> The longer the war continues, the worse the economic damage to Africa, and the greater the risk that conflict breaks out in African countries themselves. Russia will not stop the war until forced to do so, by arms or by bankruptcy.

Western governments have been using the wrong arguments, appealing to the need to preserve the international rule of law and multilateral institutions when many Africans see these as skewed in favour of 'the west' and Africa as perpetually disadvantaged.

African perceptions of western hypocrisy have been reinforced by the contrast between support for Ukraine and the precipitous departure from Afghanistan, relative indifference to Syria's suffering, and hostility to African refugees.

The scenes of European border guards discriminating against black refugees played directly into the narrative that 'the west' supports white folks more than black.

Even if ending the war is clearly very much in Africa's self-interest, Western countries need to address this perception if they are to persuade African countries to put more pressure on Russia.

Two steps are needed:

1. The West would be wise to admit its own past sins and omissions, and admit African countries to a fuller part in the global order, to give them more confidence that it will work in their interests and is a preferable alternative to acting as clients to one superpower or another.
2. Africans themselves need to look at where their real interests lie. Distrust of 'the west' is understandable, but does that make Russia a trustworthy alternative?

The Ukrainians don't think so, nor many Libyans, and certainly not the millions of Syrians who have been forced into exile by Russian bombs.

The dangers of sitting the fence

Will Africa benefit from standing aside, urging talks, while the conflict continues and the world economy is irreparably damaged?

The longer the war continues, the worse the economic damage to Africa, and the greater the risk that conflict breaks out in African countries themselves. Russia will not stop the war until forced to do so, by arms or by bankruptcy.

If African countries mean what they say about respecting sovereignty and building a fairer international system, they need to step in, not step away. But they also need to be clearer to western countries what their price is.

To stay neutral risks signalling African weakness and marginalisation in international affairs.

A confident, assertive, self-interested and united Africa would say: 'Stop this: it is wrecking all of us.' Sitting on the fence helps no-one, especially when the fence will inevitably one day collapse. ■

Commentary

Digital banking is the in-thing – but it excludes many users in Tanzania and Senegal

Across countries in Africa, only 33% of adults have an account at a bank or another financial institution. Among the women, this rate is only 27%.

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Financial services like accounts, credit cards and retirement plans allow people to protect their savings, earn interest, borrow for big expenses like a house or medical bills, and even start their own businesses. This is why financial inclusion is mentioned in eight out of 17 of the Sustainable Development Goals.

But opening and maintaining these kinds of accounts can be difficult when banks are difficult to reach. To solve this, some have proposed using digital technologies to reach the "unbanked".

Services like mobile money, which allow people to use their mobile phones to make or receive payments, have become quite popular.

In recent years, more than 157 mobile money operators like M-Pesa and Orange have taken off across the African continent.

These have become even more popular for contactless communication during the Covid-19 pandemic. In response to the pandemic and lockdowns, the use of mobile money increased more than three times in Rwanda. Many governments in sub-Saharan Africa waived mobile money fees and increased transaction limits to encourage use.

This means people who cannot use these digital services are being left behind as the financial system evolves. My research across countries has found evidence for significant barriers which contribute to inequalities in who is able to use digital financial services. These barriers include lack of access to a mobile phone, expensive mobile airtime, lack of financial literacy, and the infrastructure for the reliable service needed to make financial transactions.

Governments and service providers will have to remove these barriers before access to finance can become more equal.

Location matters

My research analyses data from the demographic and health surveys in 2016 and covers Senegal and Tanzania, as well as the Philippines and Nepal. The surveys asked women whether they had a financial account and whether they used a mobile phone for financial transactions. They also provided the locations where survey respondents live.

This survey is the first to provide cross-country data on both use of traditional finance and use of digital financial services, along with other characteristics of households like wealth and education. I linked this to other databases containing the locations of infrastructure like mobile phone towers and physical banks to complete my analysis.

Using various statistical and econometric methods, my research found that most banks and their users were clustered in major cities like Dakar and Dar es Salaam.

Inequalities were not only geographic. Use of traditional financial institutions was highest among the wealthy and well-educated. Those in the wealthiest 20% of the population were up to 21 percentage points more likely to use traditional finance than those in the poorest 20%. They may have better knowledge about financial matters or be better targeted for the products offered by commercial banks.

Both dimensions of inequality, by location and by wealth or education, indicate

Services like mobile money, which allow people to use their mobile phones to make or receive payments, have become quite popular. In recent years, more than 157 mobile money operators like M-Pesa and Orange have taken off across the African continent.

the need for new ways to reach remote areas and people otherwise excluded from the financial system.

Digital access

Turning from physical banks to digital banking, I found that mobile phone ownership was much higher than traditional finance use. Mobile phone ownership reached 61% in Senegal and 51% in Tanzania, while traditional finance usage was only 7% and 24%, respectively. Mobile phones were much less unequal than traditional finance. This is why many have hoped that delivering financial services through mobile phones could be a promising avenue for eliminating inequality in access to finance.

But despite high rates of mobile phone ownership, I found that mobile network quality and mobile phone service were not equally spread. Mobile phone towers were concentrated in the same major cities as banks were. In rural areas, towers were spread thin and were of lower quality, so service might become poor and unreliable. Analysing data on mobile network download speeds showed that connection could be slow outside major cities.

In addition, perhaps because access to these mobile networks can be expensive, the use of digital financial technologies was also concentrated among the wealthy and well-educated, just as was the case for traditional finance. Those in the wealthiest 20% of the population were up to 16 percentage points more likely to use digital finance than those in the poorest 20%.

My findings are consistent with other research, which has highlighted the spatial clustering of financial institutions. A detailed study of Senegal's banking sector published by the International Monetary Fund summed up a similar finding: 63% of automated teller machines and 64% of points of service for traditional financial institutions in Senegal were located in Dakar.

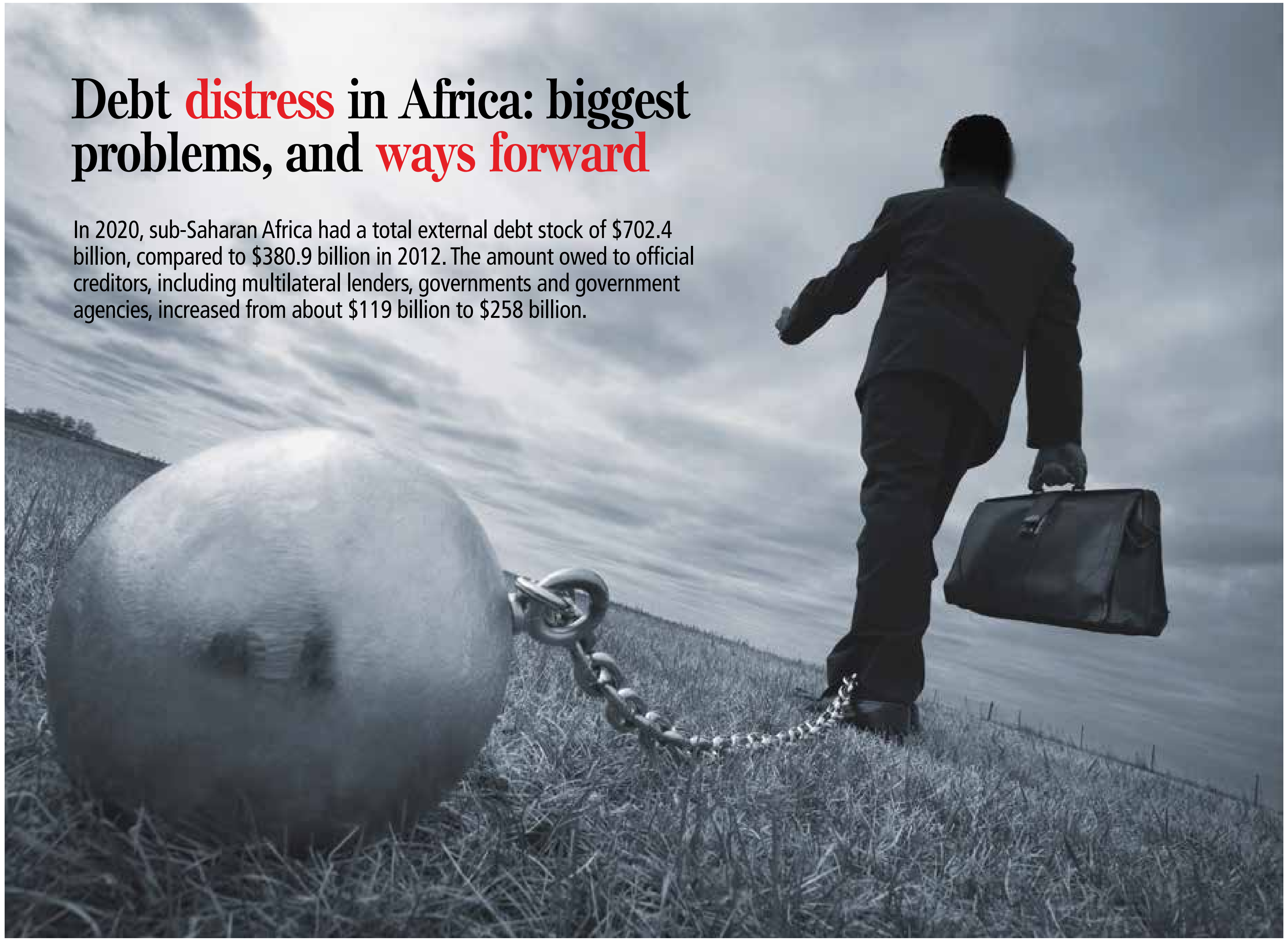
In a 2020 survey covering Tanzania alone, 19% of those who did not use a bank said that this was because it was too far away. Another 37.5% said they did not have enough money to justify it, indicating that financial services were seen as costly and difficult to access.

Others have confirmed that mobile phones themselves can still be very expensive – and, therefore, unequal. In Tanzania, even a basic phone costs one-twentieth of annual income for some and a smartphone can be one-sixth of annual income. Then there's the cost of network access. In Senegal and Tanzania, one gigabyte of mobile broadband costs 10.2% and 8.7%, respectively, of average monthly income.

Other researchers have also shown that similar inequalities persist for cash-in or cash-out points, where users can exchange cash for mobile money. Over 47% of mobile money access points in Senegal are in Dakar. Almost 15% of Tanzanians do not live within 5km of a financial access point of any kind.

Financial inclusion

To eliminate inequality in access to finance, providers and governments must do more than simply offer digital financial services. They must improve the infrastructure for strong mobile networks even in remote areas. Improving financial literacy and reducing the costs of digital financial services will also help these technologies reach those who have been excluded from the financial system. ■



Debt distress in Africa: biggest problems, and ways forward

In 2020, sub-Saharan Africa had a total external debt stock of $702.4 billion, compared to $380.9 billion in 2012. The amount owed to official creditors, including multilateral lenders, governments and government agencies, increased from about $119 billion to $258 billion.

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The Covid pandemic has had a profoundly negative impact on Africa's sovereign debt situation. Currently, 22 countries are either in debt distress or at high risk of debt distress. This means that African governments are struggling to pay the debts that they incurred on behalf of their states. For example, Mozambique and Zimbabwe are already in debt distress. Others at high risk include Malawi, Zambia and Comoros.

This situation is likely to be exacerbated by the war between Russia and Ukraine. The conflict is causing commodity prices, particularly food and gasoline, to rise. It is also disrupting the supply chains of critical goods like fertilisers.

The ability of countries to manage their debt is complicated by the changing composition of the debt. They now owe more money to a broader range of creditors.

In 2020, sub-Saharan Africa had a total external debt stock of $702.4 billion, compared to $380.9 billion in 2012. The amount owed to official creditors, including multilateral lenders, governments and government agencies, increased from about $119 billion to $258 billion.

In the past, official creditors of African countries were primarily the rich Western states and multilateral institutions like the World Bank and the International Monetary Fund. This group has now expanded to include China, India, Turkey and multilateral institutions like the African Export-Import Bank and the New Development Bank.

In addition, the amount of bonds issued by African states on international markets has tripled in the last 10 years. These bonds are held by a broad range of investors such as insurance companies, pension funds, hedge funds, investment banks and individuals.

In our new book we address the challenges that these changes have created for sovereign debt management for the 16 countries in the Southern Africa Development Community.

We hope the book will stimulate debate among academics, activists, policymakers and practitioners on how Southern Africa Development Community should manage its debt. Five recommendations emerge from the contribution. These include the need for enhanced debt transparency and an approach to debt management that takes into account a host of factors beyond just finance.

The landscape

The book contains a series of essays initially presented in several virtual workshops held in 2020. The participants sought to understand the debt challenges facing countries in the Southern Africa Development Community. They also offered policy-oriented recommendations for dealing with them.

The book includes contributions from a multi-disciplinary group of international experts as well as African researchers. In their contributions they discuss the complexities of debt management and restructuring – generally and in the Southern Africa Development Community member states.

They pay attention to the impact of the Covid-19 pandemic on the debt situation but also recognise that it is only one factor contributing to the difficult debt situation in the region. Thus, they also focus on the broader domestic and international factors that are shaping debt management in the region.

In an effort to chart a way forward, the contributing authors addressed the following four themes:

> The ability of countries to manage their debt is complicated by the changing composition of the debt. They now owe more money to a broader range of creditors. In 2020, sub-Saharan Africa had a total external debt stock of $702.4 billion, compared to $380.9 billion in 2012.

- The impact of structural changes in the global economy on the Southern Africa Development Community debt landscape. An example is the increasing importance of finance in the global economy;
- The challenges of sovereign debt management and restructuring in the region;
- The implications of the lack of transparency on the accumulation and use of sovereign debt;
- Options for incorporating human rights and social considerations into sovereign debt renegotiations and restructuring.

Contributors make five key recommendations:

The first concerns debt transparency. The recommendation is that countries in the region should adopt comprehensive debt data disclosure requirements and state borrowing procedures that are transparent and participatory. The aim would be to facilitate holding relevant decision makers accountable.

Debt transparency is the cornerstone of reforming debt management. Sovereign debtors should follow well publicised, predictable and binding legal procedures in incurring new financial obligations. In addition, they should disclose the amount and contractual terms of their loans. This should include any arrangements for enhancing the security of the loan. An example is resource-backed loans. In these loans repayment is either made in natural resources or is guaranteed by the revenues generated by the sale of the natural resource.

Sovereign debtors should disclose this information to their creditors, the multilateral financial institutions of which they are member states. They should also make the information publicly available through national platforms.

Good governance. This involves strengthening national debt management policies to deal with issues of governance.

Transparency on its own won't ensure responsible borrowing. Debt management frameworks and practices should conform to all the principles of good governance. The list includes transparency, partic- >>

>> ipation, accountability, reasoned decision-making and effective institutional arrangements.

Legal predictability. This involves strengthening contractual provisions in debt contracts.

Debt is a contractual relationship. It is therefore important – for debtors and creditors – to enter into contracts that are as comprehensive as possible. This means contracts should fairly allocate risks between the parties. This would include, for example, accommodating who is better able and more willing to accept the risks.

In addition, contracts should provide the parties with clear answers to issues that could arise between them.

This would require policymakers providing guidance to their debt managers on the terms and conditions they can accept in contractual negotiations.

Comparability of treatment during restructuring. This means that, when needed, all creditors should participate on comparable terms in any sovereign debt restructuring. Southern Africa Development Community sovereign debtors can improve creditor confidence by offering all creditors comparable treatment. This would give them comfort that any relief they provided would benefit the debtor rather than other creditors.

This should facilitate the debtor's efforts to reach agreement with all its creditors.

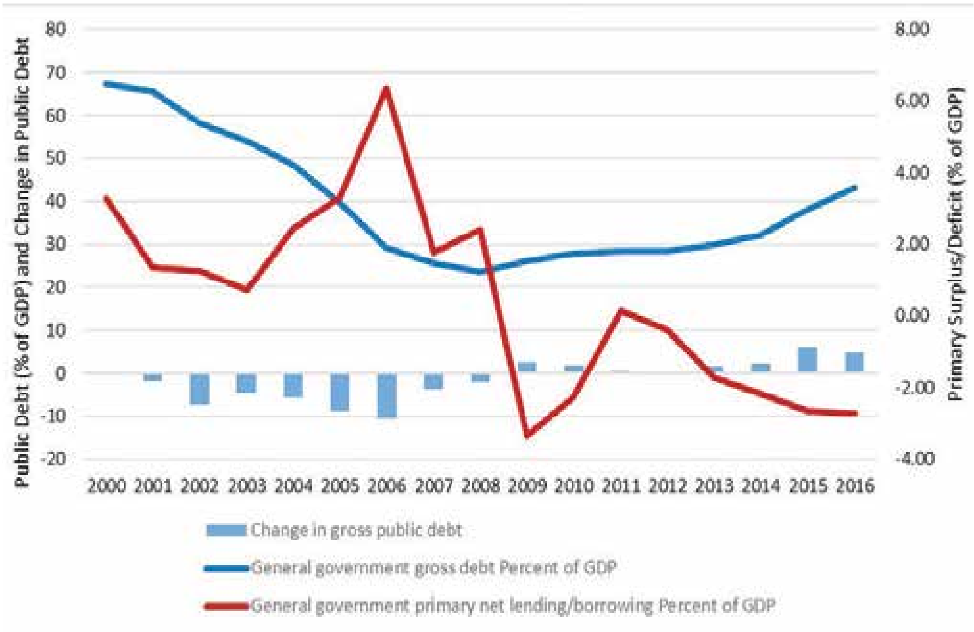
A comprehensive approach. Sovereign debt is not just a financial issue. It has implications for the social, political, economic, cultural and environmental situation in the debtor country. It requires a comprehensive approach to debt restructuring that incorporates all relevant stakeholders. This includes citizens of the debtor states, multilateral creditors, bilateral creditors, and private creditors such as bondholders, institutional investors of various sorts and commercial banks.

It also requires that all necessary issues are addressed. These range from financial sustainability to the social, human rights and environmental impacts of the restructuring.

The sovereign debtor and its creditors must therefore seek to effectively engage with each of these actors and with all of these issues.

These recommendations show that there is a need for more innovative approaches to sovereign debt. One possible approach is the DOVE (Debts of Vulnerable Economies) Fund.

It will use funds raised from all the stakeholders in sovereign debt to buy the bonds of African debtors in distress and commit to only agree to a debt restructuring that complies with a set of published principles based on international standards that support a comprehensive approach to the debt restructuring. ■



Primary deficits and public debt in sub-Saharan Africa have grown since 2009. Source | Brookings Edu

Sovereign debtors should disclose this information to their creditors, the multilateral financial institutions of which they are member states. They should also make the information publicly available through national platforms.

Three priorities Africa's newbie on the World Bank board should focus on

Executive directors must approve all World Bank loans and guarantees, country assistance strategies, the administrative budget of the Bank, and the Bank's key operational policies and procedures. They also monitor the management and staff of the Bank compliance with these policies.

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President Cyril Ramaphosa recently appointed a senior South African politician, Ayanda Dlodlo, to serve a two-year term as a member of the World Bank's 25-person Board of executive directors. She will represent a constituency consisting of Angola, Nigeria and South Africa.

Dlodlo has previously held two cabinet positions – as minister of public service and administration and state security.

The appointment of such a senior politician to executive director position offers South Africa an opportunity to influence the World Bank's relations with Africa.

The 25 executive directors of the bank fulfil a dual function. Firstly, they operate as the governing board of the World Bank. Their second function is to represent the interests of their countries at the bank.

Given these two remits we propose three issues that Dlodlo should prioritise in her term as executive director.

The role

Executive directors must approve all World Bank loans and guarantees, country assistance strategies, the administrative budget of the Bank, and the Bank's key operational policies and procedures. They also monitor the management and staff of the Bank compliance with these policies.

In all these activities, the board has a fiduciary responsibility to act in the best interests of the World Bank.

Their second function is to represent the interests of the countries in their constituency. This inevitably means that the Board is a more political board than the board of most banks.

In an effort to mitigate its politicisation, the board has developed the custom of operating largely by consensus. Formal votes by the board are unusual. This is significant for two reasons.

First, World Bank member states have weighted votes, with their votes being weighted according to a formula based on their economic size and role in the global economy. Each executive director has a vote equal to the sum of the votes of the states in their constituency. Thus, a minority of powerful executive directors, with large weighted votes, can outvote the majority of the board.

China, France, Germany, Japan, Saudi Arabia, the UK and the US are each represented by their own executive director. These seven executive directors have over 50% of the total vote in the Bank. The remaining 182 World Bank member states belong to constituencies each of which is represented by one executive director.

Second, the practice of consensus means that any executive director that earns the respect of their colleagues can become an influential voice in the board's decision-making process regardless of their constituency's vote.

The constituency that Dlodlo will represent is particularly small. It was created in 2010 when the World Bank approved a resolution increasing the number of elected executive directors from 24 to 25. This decision followed a concerted campaign by African states and their allies, in which South Africa played a leading role, to improve the voice of African states in the governance of the Bank.

This reform demonstrates the role that South Africa can play in advancing the interests of African countries at the bank.

Priorities

Dlodlo's first priority should be to advocate for improved support for Africa. World Bank support is a matter of both the quantity of funds and its quality.

Dlodlo and her fellow African executive directors therefore need to take a pronged approach.

Firstly, they should argue, that the Bank should increase the level of financial support that it provides to Africa so that it can deal with the adverse economic effects of the war in Ukraine. The war is leading to increased prices in goods like food and fertiliser for which certain African countries are heavily dependent on Russia and Ukraine.

The constituency that Dlodlo will represent is particularly small. It was created in 2010 when the World Bank approved a resolution increasing the number of elected executive directors from 24 to 25.

Second, they should advocate that the financing should be provided in a form that allows African countries the maximum possible flexibility in how they can use the funds. In particular, the terms of the financing should help countries promote their own agenda for dealing with the challenges that they face in promoting sustainable and inclusive development.

This means that the support should be focused on helping governments and communities use the funds consistently with the international norms and standards they've signed up to. These include the sustainable development goals, the declaration on the right to development and the core human rights treaties.

Secondly, Africa's representatives on the World Bank board should advocate for a more creative and sustainable approach to Africa's looming debt crisis.

Currently, 22 low-income African countries are either in debt distress or at high risk of debt distress. The international community's response has been tepid. The Debt Service Suspension Initiative which provided temporary debt repayment standstills has ended. While many eligible African countries took advantage of it, they received limited support. It is also becoming evident – as acknowledged by the World Bank President – that the Common Framework for Debt >>

>> Treatments beyond the initiative has serious shortcomings.

This suggests that there is a need for new approaches. The World Bank is one forum in which to organise more creative and sustainable avenues to dealing with African debtors in distress. For example, Africa's executive directors could advocate that the World Bank support efforts to hold all Africa's creditors, including its bondholders, to the applicable international norms and standards.

The third area in which Africa's executive directors can play a role is in promoting a more accountable and responsive bank.

Over the last three decades the World Bank has been a leader in promoting more transparent and accountable development finance. But there are still shortcomings in its approach to its own accountability for compliance with its operational policies.

A substantial cause of these problems is the failure of the Bank management and staff to treat accountability as part of the learning process at the Bank rather than as a means for assigning blame. This is unfortunate because development projects are inherently complex and uncertain.

Even the best and most committed development practitioners are likely to make mistakes. They therefore need to have a means of identifying and learning from these mistakes.

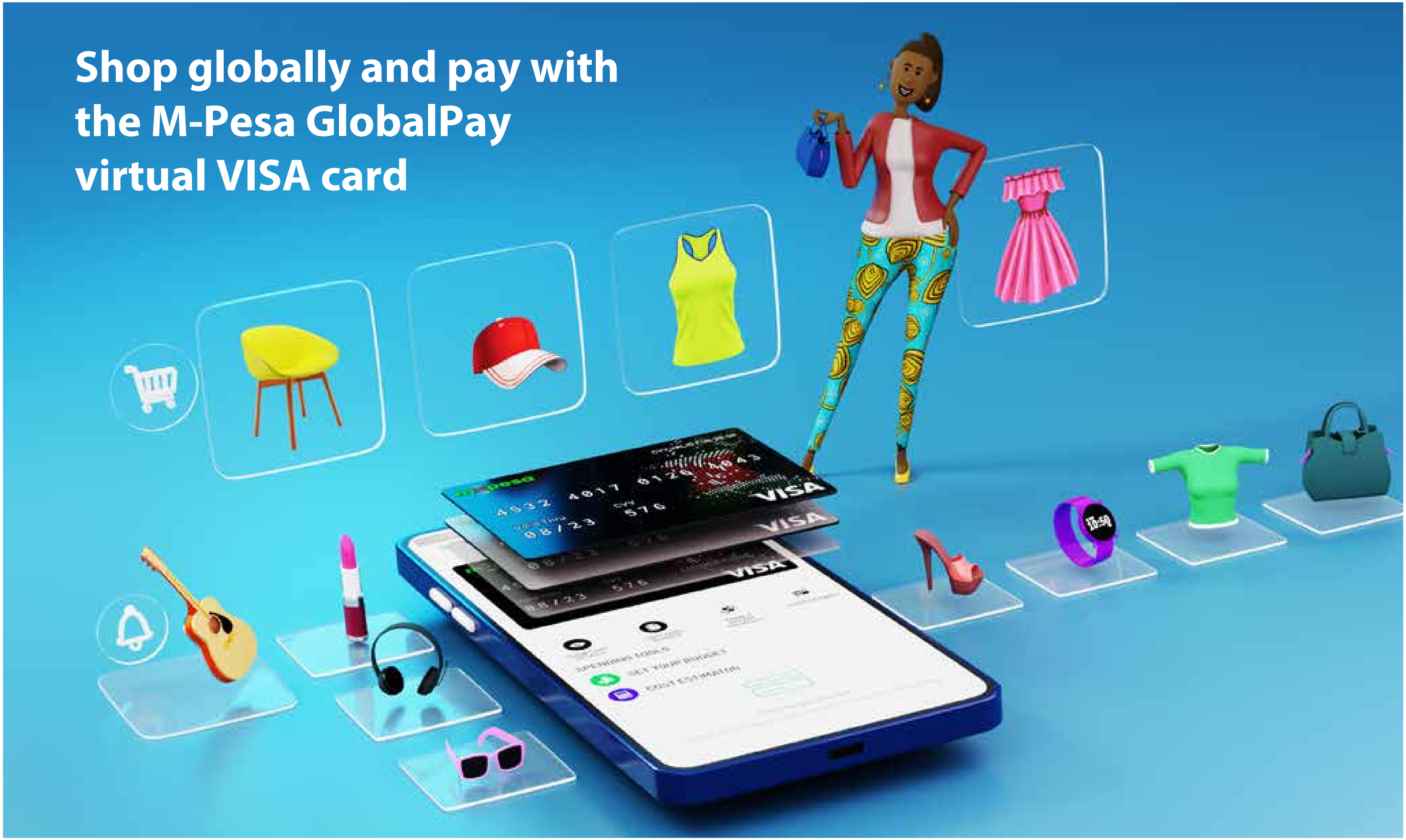
They also need to learn about these mistakes expeditiously so that they can take action before their unintended mistakes have irreversible adverse social and environmental impacts.

Communities are both an important source of information on these problems and the unfortunate victims of their effects. Consequently, an independent mechanism that allows these actors to raise their concerns and get them addressed in a timely and effective manner is a necessary element in the development process. It also offers the World Bank a unique and essential perspective on the impacts of its operations.

The Bank created the Inspection Panel, its own independent accountability mechanism in 1993. In 2020 the executive directors created an expanded mechanism, the Accountability Mechanism to investigate complaints from external stakeholders that they have been harmed by the management and staff's failure to comply with these policies.

Dlodlo should use her position to help change the Bank's general approach to accountability so that it is more open to admitting its mistakes, correcting them and learning from them. ■

Over the last three decades the World Bank has been a leader in promoting more transparent and accountable development finance. But there are still shortcomings in its approach to its own accountability for compliance with its operational policies.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