A stable democracy, ongoing political reform, a new constitution and a solid vision for the future are driving Kenya forward into a new and prosperous era.

Kenya recognises that democracy and development can only be realised if there is respect for human rights, the rule of law and good governance.

For instance we have made significant gains in the education and health sectors, in poverty reduction, job creation, especially for the youth, and infrastructure development, among others. Our reform efforts have received international recognition and this has improved the country’s sovereign credit rating by Standard and Poor’s to B+. The prospects for this year and the subsequent years are even brighter and we hope to maintain the momentum and move towards being a newly industrialised state by the year 2030.”

While the civil unrest of 2008 to 2009 left casualties and displaced people, the Kenya of 2011 is marked by peace, greater unity and a more locally responsive government.

Kenya recognises that democracy and development can only be realised if there is respect for human rights, the rule of law and good governance. Of paramount importance, however, is peace, which must be nurtured and supported by strong institutions and legal frameworks,” said President Kibaki, addressing the African Union in late January. “These are the cornerstones of peace and development.”

The Government’s reform efforts received international recognition and Kenya today enjoys peace and greater unity.
Landmark constitution brings new opportunities

The nation is undergoing a massive shift as the new constitution makes the Government more locally responsive and gives more power to the people.

widely regarded as marking a national re-birth, Kenya’s new constitution was promulgated on August 27th last year, following overwhelming public backing for it in a referendum.

The new constitution is intended to deepen democracy, strengthen the rule of law and expand economic opportunity for all Kenyans. It is also expected that by increasing confidence in the country at home and abroad it will pay dividends in terms of encouraging both domestic and foreign investment.

The need for new rules defining the relationship between the people and the Government was highlighted by post-election violence in 2007 and 2008 that left hundreds of casualties and thousands displaced from their homes.

The new constitution replaces one that had been in force since Kenya gained its independence from Great Britain in 1963. It has been hailed by President Obama as setting an example for the whole of Africa by demonstrating the commitment of Kenya’s leaders and people to a future of unity, democracy and equal justice for all. Crucially, it provides for reduced presidential powers, devolved government and a new constitution.

Ambassador Amina Chawahir Mohamed Hossain, Permanent Secretary at the Ministry of Justice, National Cohesion and Constitutional Affairs, says the new constitution “changes absolutely everything” by giving power back to the people and making the Government more locally responsive.

As soon as you are able to establish government at the county level and devolve resources and share them out in a manner that allows for the expansion of opportunities for job creation and for small businesses, the Government will be able to provide the services that are so critical for people, such as the provision of basic infrastructure, health and education,” she says.

Up to now most investment has been targeted at major industries based in Nairobi or Mombasa. Ms Mohamed believes that under the new constitution, investment will spread all over the country. “I really hope that the counties will start competing for investment by offering incentives to investors, just as it happens in many countries,” she says.

By bringing development, job creation, better infrastructure and education facilities to all areas, it is hoped to stem the movement of people from rural to urban communities. The Ambassador says, “If you can get that in all the counties, then you will not have huge migration from rural areas to urban centres and a growth in slum areas.”

Services will be delivered where people live. She adds, “For the first time, people in the rural areas will not have to travel extremely long distances to seek their rights, which is fundamental.”

Ms Mohamed says the new constitution will improve Kenya’s credibility as a destination for foreign investment. “If you reform your judiciary, people will have confidence that any issues or disputes that arise will be dealt with quickly, fairly and objectively, and they will be more willing to come in.”

It is hoped that substantial progress will have been made in passing the 49 new laws required to bring the new constitution into force by the time President Mwai Kibaki hands over power in 2012 after serving his maximum term in office. A constitution implementation commission was sworn into office in January and has acknowledged the sense of urgency required. Its chairman, Charles Nyachae, has said that the greatest legacy the commission could leave the country would be to fully implement the constitution within the commission’s five-year lifespan.

Ms Mohamed believes the new constitution will spur the country’s economic development. “Kenya has a lot of potential, and we need to unleash it,” she says. “I think that the constitution does this for us. Almost 65 per cent of our population is classed as young, which is huge. There are just looking for opportunities and a level playing field, as well as a sense of direction and support to be able to move on. The constitution is the catalyst we need.”

Creating a just, equitable and cohesive Kenyan society

Officially launched in June 2008, the three-pillared Vision 2030 aims to move Kenyan industrialisation forward and improve quality of life.

The overarching ambition of Vision 2030 is to make Kenya globally competitive and prosperous within the next two decades. It is nothing less than a strategy to transform an entire country.

The blueprint for turning Kenya into a middle-income state has been developed through a nationwide consultation process and has as its foundation the macroeconomic stability achieved since 2002.

Vision 2030 is to be implemented in successive five-year medium-term plans, the first of which, covering the period 2008-2012, is already under way. The strategy has three pillars: economic, social and political.

The economic component aims to improve prosperity through a development programme, covering all the regions of Kenya, which targets a sustained annual growth rate of 10 per cent starting in 2012.

The focus is on six sectors in particular -- agriculture, tourism, manufacturing, wholesale and retail trade, IT-enabled services and financial services -- and there are plans for the creation of special economic zones.

The aim of the social pillar is defined as building a just and cohesive society with social equity in a secure and secure environment. This involves providing wider access to education, healthcare and affordable housing, and making progress towards gender equality.

With Kenya’s recently promulgated new constitution as its flagship, the political component of Vision 2030 is focused on building a fully accountable, democratic system founded on issue-based politics, respect for the rule of law and protection of the rights and freedoms of citizens. Public sector reforms will focus on how the Government engages its citizens.

“Kenya is going to be the first modern African country,” says Mugo Kibati, director general of the Vision 2030 Delivery Board. “The country that we envisage in 2030 will be a great economy and an innovation leader, but it will not be unidimensional. We will be a modern country in every way: economically, socially and politically.”

He says it is important for the Government to make Kenya globally competitive and prosperous within the next two decades’ time. “With a 20-year time frame, we are able to conceptualise and begin to undertake long-term projects that can really transform the nation. We are also able to think seriously about what we are doing today and what impact it will have on future generations.

“Kenya has always had a vibrant private sector, the best in this part of Africa,” says Mr Kibati. “We want the private sector to step up a notch higher, we want big mega-scale investments in this country.”

Building the right foundations, including infrastructure, is crucial to success. “Without a modern developed infrastructure we cannot have industrialisation and we cannot have successful tourist facilities,” he says. “Basic infrastructure – roads and rail ways, electricity generation and distribution, and fibre-optic cables across the entire country – are all major projects within Vision 2030.

“Other major projects encompass science, technology and innovation. It is important to ensure that we have universities and research institutions that have the calibre of those of a modern country.”

Another of the board’s most important tasks is to inform and involve the Kenyan public. “It is one of our mandates to ensure that every Kenyan is part of Vision 2030, everyone internalises it and everyone is a corporate body that is planning and making decisions.”

Mr Kibati says the Vision 2030 Delivery Board is humbly aware of the enormity of the task it has been given. He acknowledges that the journey to 2030 will be more of a marathon than a sprint and that it will require endurance and resilience. But he adds: “The journey has begun and we will succeed.”
Changing the world’s economy

Kenya’s Equity Bank is the nation’s award-winning financial institution that is removing barriers for the unbanked to access services through mobile technologies.

Dr. James Mwanga, Managing Director and CEO of Kenya’s Equity Bank, says that the bank’s achievements have been made possible by Kenya’s regulatory regime. Former executive director of the Kenya Bankers Association, John Wangyla, credits measures that the central bank has taken since the end of the 1990s with helping to create a much stronger sector. “Since then, we have seen the banks grow from strength to strength. Management has changed over time and today they are strong, profitable and well-capitalised institutions,” says Mr. Wangyla.

Kenya’s customers call themselves members, reflecting the feel of a social movement rather than a bank, and Equity’s members are numerous. Over the past five years, the bank has grown from being the smallest in the country to one of the largest in the region, boasting 5.7 million members and 35% of the total number of bank accounts in Kenya. Dr. Mwangi says that this figure will soon rise to 70 per cent given that 3,500 to 6,000 new accounts are currently being opened at the bank each day, most of which by clients who have never previously banked.

Since 2004, when it was established as a commercial bank, Equity has grown by 100 per cent every year except for 2008. It has become the third-largest company on the Nairobi Stock Exchange in terms of capitalisation since its listing in 2005 and it is now the largest local majority-owned company in East and Central Africa.

Much of this growth is due to innovative products such as Equity’s mobile phone product M-Kesho, which registered 700,000 new accounts in its first three months and is set to be a game changer in Kenya’s financial sector.

“When Equity became a bank in 2004, only 8 per cent of the population of Kenya was banked. Equity has been able to push that to 23 per cent. Through M-Kesho, we expect to have 50 per cent of the population banked within the next three years, simply because we have been able to remove all the barriers of access to financial services,” explains Dr. Mwanga.

Initiatives like these are why Equity Bank was voted Best Bank in Kenya in 2008 and 2009 by African investor magazine (Ai), while Dr. Mwangi was chosen as the 2010 African Banker of the Year by African Banker. He was cited as revolutionising Kenya’s banking industry through pioneering the first mobile banking technology in the world to reach out to the unbanked, as well as for championing the empowerment of ordinary citizens through inclusive finance.

The Financial Times named Dr. Mwangi as one of the top 50 emerging market business leaders who have shaped the economic performance of their regions. Equity Bank was also named Best Performing Africa investor 40 Company at the Ai Index Series Awards held at the NYSE in September last year.

Equity’s achievements have also been made possible by Kenya’s regulatory regime. Former executive director of the Kenya Bankers Association, Mr. Wangyla, credits measures that the central bank has taken since the end of the 1990s with helping to create a much stronger sector. “Since then, we have seen the banks grow from strength to strength. Management has changed over time and today they are strong, profitable and well-capitalised institutions,” says Mr. Wangyla.

Governor of the Central Bank Njuguna Ndungu says that if people have no place to put their money, there is no incentive to save. He adds, “Reaching out to a goal for us. We have worked under very tight conditions in terms of legal framework, but we did not shy away from introducing some of these very innovative products such as the mobile phone money transfer system, M-Pesa. We allowed that innovation and since then, it has produced more and more products that are now moving about two billion shillings (£15 million) a day in transfers.”

‘Equity is different because of our vision, which is to be an engine of socio-economic transformation in Africa’

Dr. James Mwangi Managing Director and CEO of Equity Bank

has led to an expanding middle class now numbering around 310 million of the continent’s total one billion people.

Consequently, banking is also growing rapidly throughout the continent as large groups diversify their activities and product offerings. Africa’s private sector needs strong banking institutions in order to flourish and the country’s well-capitalised banks have a significant role to play in assisting the growth of small businesses and supporting wealth generation.

African banks are well aware of this responsibility. Their efforts over the last decade have changed the perception of the continent’s potential both at home and abroad through the creation of new financial opportunities for citizens and communities that are helping to shape Africa’s future.

Within this phenomenon, Kenya’s Equity Bank holds a special place. “Equity is different from any other financial services provider in the sense that it is more about social investment than providing financial services because of our vision, which is to be an engine of socio-economic transformation in Africa,” says Dr. Mwanga.
Innovation sparks ICT growth

Pioneering ingenious mobile phone platforms, expanding internet access and plans to create East Africa’s new high-tech hub just outside Nairobi are making Kenya a nexus of ICT activity.

Kenya looks to be on the verge of becoming the Silicon Valley of Africa. The growth of internet and mobile technology use here, as well as its innovative—and accessible—new products and a massive new technology park in the offing, are just some of the elements shaping East Africa’s new ICT hub.

Internet usage in Kenya has grown significantly and is the highest in the region, rising steadily from an estimated 1.65 million users in 2004 to 6.78 million last year. Sophia Bekele, founder and executive director of DotConnectAfrica, a public-private partnership coordinating an initiative to unite Africa’s internet presence through the .africa domain, says, “At the moment the internet naming is mainly. com, org or similar. The Internet Corporation for Assigned Names and Numbers (ICANN) plans to expand this to cover a much wider range of domains allowing more specific identification. .africa is about bringing Africans together under one identity. This really resonates with Africans because they feel a deep connection to the continent.”

The rise in internet users has been particularly spurred by the introduction of data-enabled smartphones with internet access and Kenya has been the launch pad for pioneering mobile software that brings a raft of new possibilities, such as Craft Silicon’s recently developed Elma platform. Pitched as a lifestyle product, Elma enables users to cut financial and non-financial transactions using their mobile phones more economically than other products currently available on the market. Craft Silicon is one of the clearest examples of Kenyan technological innovation. Based in Nairobi and celebrating its tenth anniversary this year, the Kenyan company is a trailblazer in internet banking software, providing solutions for core banking, microfinance and electronic and mobile payments in almost 40 countries across four continents. It is also one of the largest software providers on the African continent. More than 80 per cent of software exported from Kenya comes from Craft Silicon. It currently generates between $3 million and $7 million annually.

CEO Kamal Budhabhatti says that the company has grown alongside Kenya’s ICT sector and although it may have grown faster in a more developed economy, emerging markets offer a unique opportunity that he hopes will see the financial solution provider generating up to $700 million in annual revenues and employing 1,800 people by 2020.

Mr Budhabhatti feels their Elma product is set to play a significant role in Craft Silicon’s future growth. Kenya now has the largest mobile money platform in the world. An estimated 15 million mobile phone users were using mobile money by the end of 2010—the equivalent of three out of every four adult Kenyans.

“Innovation is the backbone of this business. If we are not innovative, we will be out of business. For a company that has established itself in an emerging market, it is very difficult to compete with the big boys in developed economies. The only advantage is that we have a unique set of challenges in emerging markets and we must find ways of solving them. Solutions to problems in emerging economies should emanate from the emerging markets as there is a better understanding of the challenges,” comments Mr Budhabhatti.

Kamal Budhabhatti
CEO of Craft Silicon

Safaricom celebrates ten years at the top

The mobile phone company has made a name for itself with customer-driven product innovation.

Kenya and the UK’s most successful joint venture, Safaricom currently boasts an astounding 78 per cent share of the Kenyan mobile phone market. Established in 2000 as part of the liberalisation of the telecoms sector and now firmly entrenched in Kenya’s hearts and living rooms, Safaricom is the result of the partnership between global leader Vodafone and Kenyan state operator Telkom Kenya.

Now serving between 16 million and 17 million subscribers, Safaricom has been instrumental in introducing innovative products that have helped advance national development, in particular in Kenya’s rural communities. The company’s M-Pesa product, launched last spring in collaboration with the country’s Equity Bank, generated 700,000 new accounts for the bank in its first three months of operation.

A full telephone banking service that can be used to make delayed payments in the same fashion as a credit card, M-Kesho works in tandem with Safaricom’s M-Pesa platform, a first-of-its-kind mobile money transfer solution that enables customers to transfer or withdraw money, pay bills and buy goods. It can also be used for international money transfers.

The M-Pesa platform, which Vodafone is now planning to roll out internationally, has become so popular that Safaricom has been registering 150 per cent year-on-year growth in the product. Indeed, some commercial establishments in the country are beginning to insist on M-Pesa payments over cash, says Safaricom CEO Bob Collymore.

“People always talk about M-Pesa as being a competitor to the banking industry but it is not, it is a competitor to the cash industry, because everything you can do with cash, you can do with M-Pesa. The possibilities are tremendous. For example, there are some bars that now only accept M-Pesa because on a Friday night too much cash could make them a target for robbery,” he says.

“We have moved onto a platform that is capable of dealing with larger volumes and we will now open the floodgates. We already have 400 corporations that accept M-Pesa and that number could one day be 4,000 so there is a huge potential for growth in this area.”

Safaricom also foresees significant growth in data transfer. Last year, the company launched its Kipexkei service that allows subscribers to send and receive email and conduct online chat with the simplest of devices. This was added to a broad range of existing services including 3G, WMAN and an ever-expanding fibre-optic cable footprint. Safaricom generated £128 million in net profits in 2010.

Bob Collymore
CEO of Safaricom

Kamal Budhabhatti
CEO of Craft Silicon

Innovation is the backbone of this business. Solutions in emerging economies should emanate from the emerging markets as there is a better understanding of the challenges
In 2008, the new Ministry of Industrialisation set forth to lay the groundwork for a rising, industrialised middle-income nation. Under Vision 2030, industrialisation is highlighted as a key economic pillar of growth. In the Vision’s first five-year phase (2008-2012) the Government would like to see GDP grow by a rate of 10 per cent – supported in large part by manufacturing – as well as a significant rise in employment, foreign exchange and investment.

To better concentrate on these goals, the Ministry of Trade and Industry was split up and the newly formed Ministry of Industrialisation emerged with the mandate to provide a favourable framework and environment in which industries can thrive. In line with this, several long-standing institutions, a few of which had fallen somewhat into disrepair, are being revived.

The KPC, keeping up with petroleum demand

The Kenya Pipeline Company constantly grows and improves its transport and storage infrastructure to better serve the region’s growing needs for refined petroleum products.

Making their way across Kenya from Mombasa on the eastern coast through Nairobi in the centre and reaching all the way to neighbouring South Sudan, Uganda, the DRC, Rwanda, Burundi and Tanzania are a series of multi-product pipelines, built and operated by Kenya Pipeline Company, or KPC.

Originaly established to transport refined petroleum products from Mombasa Port to the hinterlands, state-owned KPC first built a 280-mile, 14-inch pipeline between Kenya’s main port and Nairobi, which was completed in 1976. Growing demand called for a longer network and so the Western Kenya Pipeline Extension (WKPE) was commissioned in 1991 and finished three years later. This enhanced network was then able to serve not only the Kenyan market, but the Great Lakes region as well.

Refined petroleum products are a necessary instrument in the region – and the entire region’s – economic development and therefore KPC’s steps to keep up with rising demand are crucial. Managing director Selest Kilinda says, “The storage and pipeline transport facilities have a very important role to play in the economic and social development in the region. We are indeed one of the major infrastructures in the Kenyan Government’s Vision 2030 development blueprint. We will try to ensure that the facilities are available, efficient and reliable to meet the demand together with the development agenda of the country and the region.”

This demand, calculated regionally in excess of 6 to 7 per cent per year, has called for yet another pipeline. Due to be functional by June, a new 14-inch pipeline running from Nairobi to Eldoret will guarantee KPC meets demand up to 2020, doubling the installed flow rate of the WKPE and bringing it up to a total of 757 cubic metres per hour.

Recent large discoveries of oil in Uganda have altered plans to form a joint venture between the Ugandan and Kenyan Governments and a developer to construct another pipeline from Eldoret to Kampala. Uganda’s capital, and further onwards to Rwanda. As Uganda has decided to build its own refinery, the land-locked country will no longer require refined imports and – depending on the capacity – may even be in a position to reverse the flow and export to Kenya.

The Western Kenya Pipeline enhancement will be operational by mid-2011 with a flow rate of about 757 m3 per hour

SELEST KILINDA
Managing Director of KPC

“At the moment, I think they are talking about throughput of 60,000 bpd [barrels per day] and that would probably be just enough for the Lake Region, including Uganda, DRC, Rwanda, Burundi and part of South Sudan,” comments Mr Kilinda. “However, if they develop a refinery for up to 100,000 bpd throughput, Kenya will definitely import from Uganda in line with the spirit of the East African Community.”

Kenya’s own refinery has a capacity to refine just 1.6 million tonnes of crude per year, an amount not sufficient for the local market. Nevertheless, Mr Kilinda says plans to modernise it and raise its actual production to reach its full potential of four million tonnes per year are at an advanced stage.

Kenya and Uganda have similar soil and foreign companies have once again taken up exploration activities in the former. KPC will remain relevant no matter the results, as even if oil is discovered in Kenya, any new refineries will most likely be built in the east, meaning refined petroleum products will still need transporting westwards. Additionally, if Uganda does produce enough petroleum for export to Kenya, then KPC will simply “reverse the infrastructure and build a pipeline to pump back oil from Uganda to Kenya,” says the managing director.

Apart from transport, KPC also stores and distributes petroleum products. It has more than 400 storage tanks, all certified by the Kenya Bureau of Standards. The quality of Kenya’s output is being controlled and certified by the Kenya Bureau of Standards.

KPC has a total storage capacity of around 622,000 cubic metres in Mombasa, half of which are located at the Kipevu Oil Storage Facility in Mombasa. KPC transports and stores refined petroleum products for Oil Marketing Companies in the East African and Great Lakes region.

For investors interested in developing oil and gas infrastructure in Kenya, Mr Kilinda advises partnering with KPC. “We have the only pipeline and if we wanted to develop new infrastructure we already have wayleaves,” he explains. “We still have a lot of room for developing and expanding our infrastructure, which can be used at very short notice. Developing infrastructure will take less time than it would to acquire new concessions, which is time-consuming and expensive. We welcome investors who want to partner with us; we have the know-how, the people and the infrastructure.”

Full steam ahead for a new geothermal era in East Africa

To accelerate the development of the country’s vast geothermal potential to the full, the Government created the GDC, a one-stop shop for investors wanting to get involved at all levels. A major milestone has been reached in creating one of the world’s newest geothermal sites in Kenya. In January, the Geothermal Development Company (GDC) started drilling appraisal wells approximately 110 miles west of Nairobi in the Menengai caldera, paving the way for the installation of new power plants at the extinct volcano. The company has set up two new rigs at the site and aims to harness around 1,000MW of power by 2018, which will help the country to meet its energy needs and dramatically reduce electricity tariffs. According to Dr Silas Simiyu, GDC’s managing director and CEO, the rigs’ inauguration represents the beginning of a journey “that will greatly shape the social and economic paradigms of Kenya.”

The Government is pushing for geothermal energy to be the main source of power generation in its Vision 2030. It realises that without the proper source of energy, the country cannot reach the level of industrialization it is targeting over the next two decades. Last year Minister for Energy Kiraitu Murungi, who believes it is time to phase out diesel generators, said, “The investor must be involved in any part of developing geothermal energy resources, according to Ruth Musembo, GDC’s PR and communication manager, who says, “The investor may invest at the surface exploration, exploration and production drilling, pipeline or power plant construction stages for electricity production and direct use applications, such as industrial and greenhouse uses.” Geothermal energy has a raft of applications and is not just apt for power generation. At a Dutch greenhouse by Lake Naivasha, the use of geothermal heating has resulted in a 40 per cent increase in flowers produced, which reduced the area required for growing flowers. Hot springs at Lake Bogoria will provide heating and spas for a burgeoning tourist resort. Also, pastoral industry in areas such as Masai Mara, where hides and skins are processed, can benefit from essential sulphuric acid produced from geothermal processes.

“If we look at geothermal energy holistically, we can see that the benefits of such a resource are immense. Using it as the main driver, we can move the country forward’

DR SILAS SIMIYU
Managing Director and CEO of GDC

In order for a country like Zambia to continue along its current path of growth, several key ingredients must be available. Without a doubt, cement is one of the indispensable parts of the mix. Until 2009, Zambia had just one large cement manufacturer. Late last September, Zambezi Portland Cement Limited (ZPCL) launched its production, thereby breaking a long-standing monopoly and making superior quality cement available at more competitive prices.

ZPCL chose Ndola, Zambia’s second largest city, as the location for its operations, where it built a £55-million cement plant. During the initial months, ZPCL was producing 400 metric tonnes (MT) per day, enough to convince companies heading in the mining and construction sectors that it meant business. After China-based Anhui Foreign Economic Construction Corporation inspected the cement and liked what it found, it agreed to buy all the cement required for its flagship project in Zambia: the 41,000-seat Ndola Stadium.

Today, the ZPCL plant is operating at full capacity, producing 1,350 MT of 42.5N cement per day in conformity with international standards EN-196 and EN-197. Managing director Antonio Ventriglia explains that for mining and construction companies in Zambia, his company’s cement couldn’t have come at a better time. “We’re supplying the mines with high-quality cement which is a big thing for them, because if they did not have the product on-site in Ndola, they would have to import it from South Africa, which would be really expensive due to the logistics of such transactions,” he says. This proximity allows ZPCL to handle orders quickly and keep delivery times low. Mr Ventriglia also comments that all the cement ZPCL produces is sold and consequently, they plan to raise production to 1,500 MT per day by June 2013.

Demand comes not only from domestic customers; plenty of the sales are to neighbouring Burundi and the DRC. “The reason we are able to capture this kind of market is and always will be our quality; it is our competitive advantage here,” asserts the managing director. Nevertheless, around 40 per cent of the cement ends up in Lusaka, the country’s capital and fastest-growing city. Once production has been expanded, he says they will consider exporting further abroad to Angola, for example. ZPCL brings to Zambia pure Portland cement with no extenders used in its production process and of a type that is ideal for use in all construction projects ranging from dams, bridges and roads to houses, office buildings and concrete pipes. The company has already secured important contracts in several multi-million-pound projects.

In the meantime, ZPCL is providing cement for the Government’s rural development projects. In July 2010, the company contributed 600 50kg bags of its high-quality cement towards the rehabilitation of the Lilwinita Girls School in Mpika.

ZAMBEZI PORTLAND CEMENT

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POWERING THE VISION
The Geothermal Development Company or GDC, is fast becoming the development of geothermal energy. The energy is abundant, reliable, and affordable, and environmentally friendly source of energy that we have to harness. By 2030, we at GDC aim to have 1,400 steam wells that will allow us to produce 5,000MW of geothermal energy.

ZPCL is currently producing 1,350 MT daily, with a predicted output capacity of 330,000 MT annually.
INVESTING IN AFRICA’S INFRASTRUCTURE

CEO’s Brief...
Throughout Africa and across industries, inefficiencies and under-penetration are a key theme:
- Large pent up demand for energy and energy infrastructure - Kenya’s electrification rate of 44% versus the European avg. of 100%
- Significant congestion on roads and ports in the region - 14% paved roads vs. the European avg. of 83.2%
- Unmet demand for Real Estate: estimate 150,000 housing shortfall annually

But for TransCentury, the inefficiencies and under-penetration are opportunities for investment:
- 13% annual growth in number of electricity connections
- 9% annual growth in port traffic
- 15% annual growth in the construction industry

Our subsidiaries are well positioned to take advantage of the inefficiencies and under-penetration within the power infrastructure, transport infrastructure and engineering services segments:

Power infrastructure:
- Power Distribution Cables
- Specialty Instrumentation Cables for mines, airports, oil & gas industries
- Transformer manufacturing & repair services
- Switchgear

Transport Infrastructure:
- Freight Rail
- Passenger Rail

Engineering Services:
- Sub-station construction
- Weigh bridge construction & management
- Industrial supplies and services, including generators, weigh scales, ink-jet printers, bearings etc

Affiliated Holdings:
- Consumer - Tea blending and packaging
- Investments - Includes investment in Property, Financial Services and various private equity

Most importantly, Trans-Century has the expertise and scale to execute:
- Revenue growth: 119.1% 7 yr CAGR, Over $80m
- EBITDA: 66.8% 7 yr CAGR, Over $10m

Join us as we INVEST IN AFRICA’S INFRASTRUCTURE

Dr. Gachao Kiuna

www.transcentury.co.ke
Small farmers band together once again for higher growth

Coffee, tea, flowers and cooperatives are perhaps the most significant buzzwords when discussing Kenya’s agricultural sector. While the first three are self-explanatory, the fourth gives a glimpse into the country’s colonial and post-independence periods, as well as a general overview of about three-quarters of Kenyan society.

More than 100 years ago, British farmers in Kenya founded a cooperative movement. Because they were scattered throughout the Kenyan countryside, they required inputs to be purchased collectively and needed assistance with the marketing of their produce. Over the years, these cooperatives gained quite a lot of momentum and when the native Kenyans inherited the lands, they also inherited these institutions. According to Joseph Nyagah, Kenya’s current Minister of Cooperative Development and Marketing, this is why Kenya’s agricultural sector in the 1960s was much more advanced than in most other black African countries.

Organisations created many decades ago include the Kenya Farmers’ Association, which imported fertilisers, chemicals and all inputs that Kenyan farmers required; the Kenya Cooperative Creameries (KCC), which died out in the 1990s but has been revived since 2004; and the Kenya Planters Cooperative Union (KPCU), formed by coffee farmers and which has shared a similar fate to that of the KCC.

Corruption and mismanagement in the 1980s and 1990s led to the demise of many cooperatives. These had been regulated by the Government, but owing to pressure from the World Bank and the IMF, the state pulled out to allow the private sector to take over. Rather than raising competition, the move to liberalise the cooperatives failed as they were unprepared for this sudden freedom and the farmers began seeing a decline in profits. Consequently, people left agriculture in pursuit of more lucrative activities, and the sector slowly came to a near-halt.

When President Kibaki came to power in 2002, he decided to reverse the trend. “When the new president took over he realised that this could not go on,” recalls Mr Nyagah. “He comes from the Kenja region, the home of the cooperative movement. The first thing he did was re-establish the Ministry of Cooperatives, separate from agriculture because he knows the role of cooperatives, particularly in central Kenya. We then passed a new Cooperative Act in 2004. The Government used to finance cooperatives to help them and now they provide a policy to ensure that there is no cheating, the books are kept well and the auditing is correct. They ensure that you procure properly and do not employ just your friends.

With a good dose of technical assistance and

The Kenyan Highlands comprise one of the most successful agricultural production regions in Africa. Kenya’s agricultural sector, headed by coffee, tea and fresh-cut flowers, provides just under a quarter of the nation’s GDP. It is the largest contributor to foreign exchange and employs around three-quarters of the country’s workforce under a quarter of Kenya’s GDP, it is the largest contributor to foreign exchange, and employs some 75 per cent of the country’s workforce. Coffee and tea are the biggest components, followed by fresh-cut flowers.

Kения is the world’s third-largest tea producer and the leading producer of black tea, the variety that accounts for 90 per cent of tea sales in the Western world. Production is divided into two categories: privately owned large plantations and smallholder farmers. While the former is in hands of major corporations such as Brooke Bond Kenya, James Finlay Kenya, Eastern Produce Kenya and Williamson Tea Kenya, the latter is responsible for about 60 per cent of production and has its own cooperative, the Kenya Tea Development Agency (KTDA), which processes and markets the tea.

Kения’s export earnings have been boosted of late by global price hikes in both tea and coffee. Additionally, the country has become the world’s largest flower exporter and is today the EU’s biggest source of flower imports. The UK is Kenya’s second biggest market for flowers, which receives more than one million flowers every week.