SPECIAL REPORT

Kenya @60

Focus On The Leading **East African Economy**

INSIDE: OVERVIEW • SEZs • FINTECH • TOURISM

'More Of A Humble Curator, Amplifying Africa's Voice'

Kenya's Prime Cabinet Secretary and Cabinet Secretary For Foreign Diaspora Affairs, Dr Musalia Mudavadi, spoke exclusively to FORBES AFRICA on the country's achievements and the road ahead as it prepares to celebrate its 60th birthday in December.

INTERVIEWED BY: TERRYANNE CHEBET

Q. | As Kenya marks six decades of independence, could you share your perspective on the most remarkable achievements and challenges that have characterized the nation's journey?
A. In the realm of democracy, Kenya is a beacon on the African continent. We take immense pride in our commitment to democratic principles, evidenced by our successful transitions of power over several decades through democratic processes.

The re-introduction of multi-party politics in 1991 under President Daniel Arap Moi heralded a new era for Kenya. This move shattered the chains of single-party rule, paving the way for increased political pluralism and a vibrant landscape in the exercise of freedoms.

Amidst these triumphs, however, our nation faced a grave challenge during the 2008 post-election violence. This dark period, marred by tribalism and electoral disputes, resulted in significant loss of life and displacement. We are resolute in our determination to prevent such a tragedy from recurring.

Meanwhile, the adoption of the new Constitution in 2010 marked a monumental milestone for Kenya. This transformative document introduced sweeping political and governance reforms, including the decentralization of power to counties through devolution. By empowering local communities, this constitutional shift promotes equitable development, ensuring that progress is felt in every corner of our nation.

Kenya's pioneering role in the mobile banking revolution has transformed the financial landscape. Services such as M-PESA, the mobile phone-based money transfer facility, have democratized financial transactions, making them accessible to a broader population. The M-PESA brand application is globally accessible.

Dr Musalia Mudavadi

Economically, Kenya has continued to be a powerhouse within the East African Community, boasting a robust economy fostered by consistent GDP growth averaging 5% over six decades.

On the global stage, Kenya's influence has soared, expanding its footprint in international trade, becoming a key member of regional bodies such as the East African Community (EAC), the Africa Continental Free Trade Area (AfCFTA), and forging essential economic partnerships like AGOA with the United States and having an Economic Partnership Arrangement with the European Union (EU). Moreover, Kenya has embraced a role as a peacekeeper, mediator, and active participant within the United Nations peacekeeping framework, underscoring its commitment to global harmony.

As we celebrate 60 years of independence, these achievements and challenges serve as stepping stones toward a future of even greater promise.

Q. | Within those years, Kenya has played a crucial role within the African Union (AU), even providing continental leadership in several cases. Can you articulate your vision for Kenya's ongoing leadership within the AU, especially concerning regional opportunities such as the AfCFTA and economic integration?
A. Kenya has emerged as a pivotal player within the AU and EAC, wielding influence in various spheres, notably in the context of the AfCFTA. Kenya recognizes it as a catalyst for economic growth and industrialization because we believe inter-Africa trade should be a borderless engagement under gradual integration, beginning with economic integration as we move towards political integration. This is one of the reasons why Kenya, under the leadership of His Excellency President William Ruto, is actively driving the agenda to institutionalize the EAC Monetary Institute (EAMI) and has offered to host the institution.

Q. | Kenya has taken a leadership role in addressing climate change on a global scale. How is Kenya actively tackling this issue?

A. We have indeed taken decisive, proactive and unapologetic measures at the national, regional and global stage. Kenya's approach to climate change centers on a holistic vision of green growth and sustainable development. We advocate for reframing economic growth and climate action as harmonious pursuits, not conflicting agendas. Kenya recognizes its abundant renewable energy sources, vast arable land, and significant biodiversity as invaluable assets in this endeavor.

You may also recall that at the September 2023 Africa Climate Summit in Nairobi, African heads of state led by His Excellency President Ruto, unequivocally affirmed Africa's commitment to being a part of the climate change solution.

To support global climate-related projects, Kenya has proposed the creation of a global Climate Financing Charter by 2025, a critical initiative outlined in the Nairobi Declaration. This charter will serve as the linchpin for securing funding for sustainable climate endeavors.

Q. | Nairobi, often dubbed 'Silicon Savannah', has established itself as a hub for technology and innovation. How do you envision Kenya's pivotal role in advancing innovation and technology across Africa?

A. Kenya's robust embrace of ICT has fostered a thriving digital economy. E-commerce platforms have enabled businesses to expand exponentially, locally and internationally, to the extent that M-PESA, our homegrown mobile phone-based money transfer facility is an international brand. We understand that the ICT sector is a significant contributor to the economy; it generates jobs within its domain and fuels employment across various sectors through automation and digital innovation.

Kenya's success story in ICT serves as an inspiring narrative to other African nations to harness technology for the collective advancement of the continent. Our recent achievement in providing over 5,000 government services online through the Gava Mkononi (government in your hands) initiative illustrates our commitment to efficiency, inclusivity and transparency.

By spearheading technological advancements in the digital age and embracing sustainable practices, Kenya envisions a future where innovation and sustainability coexist harmoniously.

Q. | Kenya has made significant economic progress over the years; tell us about the bottom-up economic agenda and how this will impact economic growth.

A. Our Bottom-up Economic Transformation Agenda (BeTA) represents a significant departure from traditional economic models, emphasizing the importance of empowering individuals at the grassroots level. Unlike conventional trickle-down economics, BeTA focuses on stimulating economic activities among the masses, ensuring that wealth is directly generated and received by those at the bottom of the economic ladder.

By embracing BeTA, Kenya aims to create an economic landscape where opportunities are accessible to all, promoting entrepreneurship, job creation, and shared prosperity. This inclusive approach is not just a philosophy; it's a practical strategy aimed at catalyzing economic growth from the ground up.

In essence, BeTA's vision is to transform Kenya into not just a middle-income country in terms of GDP averages, but as a middle-class society.

Q. | High-quality education is a cornerstone of national development and Kenya has been a leader in access to education across the continent, however, there is still a huge skills gap, and on the flipside, unemployment rates continue to soar. How is Kenya preparing the youth for the demands and opportunities of the 21st century?

A. Kenya transitioned from the 8-4-4 education system to the Competency-Based Curriculum (CBC), designed to instil essential 21st-century skills.

Moreover, Kenya has fostered closer collaboration between institutions of higher learning and Technical and Vocational Education and Training (TVET) institutions with industry partners. This collaboration aims to align the skills acquired by students with the demands of the job market.

Recognizing the need for specialized skills in emerging fields, particularly in technology, Kenya is also focusing on enhancing education in ICT, with a specific emphasis on areas such as AI. This targeted approach ensures that young people are equipped with the expertise required to seize opportunities in these rapidly-evolving fields.

Ultimately, the long-term goal of the education sector is to have globally-competitive, quality education, training and research for sustainable development.

Q. | What will Kenya's legacy be? What will you want the world to say about the country taking on an African leadership voice?

A. Our focus is clear: economic transformation from the grassroots upward. We are not merely making policy, but are nurturing a legacy of boundless growth and shared prosperity under BeTA.

We will never fear to champion Africa's agenda, because we do not seek to seize the African leadership voice.

Kenya's role is as more of a humble curator, amplifying Africa's voice, and offering guidance born from collective successes and failures. We echo the harmonious chorus of the AU.

In the spirit of continental unity, His Excellency President William Ruto has proposed a visa-free Africa, tearing down barriers imposed by hands that were not African.

We reject the limitations of the past, advocating for a continent where Africans trade, communicate, and explore freely and under His Excellency's wise leadership, Kenya will soon be a visa-free destination.

Our legacy, we hope, will be woven from the threads of unity, determination, the resilient spirit of the African, and a relentless pursuit of a better tomorrow for every African.

Impact & Investment: A Wealth Of Opportunities On The Continent

Q. | How much has Kuramo Capital driven in catalytic capital and what is its presence in Africa?

A. Kuramo Capital has a footprint in over 30 countries in Africa, through direct investments into businesses and indirectly through fund managers. So far, we have raised approximately $500 million in funds, and over $3.5 billion in catalytic capital. These funds have supported over 200 companies and created over 50,000 jobs across the continent.

Q. | In every country in Africa where you have invested, name a few that have had the biggest impact in that country and the pan-African space.

A. In Kenya, we have invested in GenAfrica, the country's largest pension fund manager, with over $3 billion in assets under management. GenAfrica provides attractive risk-adjusted returns as well as alternative investment products to further enhance returns, ensuring that Kenyan pensioners have reasonable retirement packages.

In the Democratic Republic of the Congo (DRC), we invested in Plantations et Huileries du Congo (PHC), the largest producer of palm oil, in a turnaround strategy to support the company to scale operations and continue supporting about 9,500 employees. To date, PHC is the second-largest employer in the DRC, and the country's largest private employer, supporting over 10,000 families with jobs, in addition to providing education and health facilities.

We invested in AfyA Care to help create the largest private hospital group in Nigeria. Its current capacity is over 200 beds with plans to scale provision of quality and affordable healthcare services in the country.

Q. | KAOF has direct and indirect investments in 200 companies in sectors such as FMCG, infrastructure, power, agribusiness, technology, and financial services. Tell us more about KAOF since its inception in 2011.

A. Kuramo Africa Opportunity Funds (KAOF) is a private equity fund, making both fund and direct investments across sub-Saharan Africa (SSA). The fund was founded in 2011, out of a passion for channeling private capital from foundations, endowments, family offices and sovereign funds into Africa. KAOF has since raised about $500 million that has been invested through three funds across multiples sectors in the region.

Q. | Kuramo Capital has served as an anchor investor in 15 first-time indigenous private equity funds and has played a significant role in raising over $3 billion towards investing in sub-Saharan Africa companies. Describe this journey.

A. Over the years, Kuramo's fund investment strategy has evolved on the back of lessons and market knowledge gained from our ground presence. From years of making fund investments, we noted that first-time managers often struggle locking down an anchor investor, consequently leading to failed fundraising rounds. Thus, Kuramo's investment strategy encompasses backing first-time indigenous managers in whom we have high conviction of their ability to execute investments as per their mandates and stir impact in Africa.

This has led to more fund managers in the Africa private equity ecosystem. More than $3 billion in catalytic capital has been raised by the 21 managers Kuramo has supported, 15 of which we anchored.

Q. | What are the top five investments in the pan-African space driven by Kuramo?

A. It is difficult to select only five investments across our portfolio companies as all of them stand out for their impact or performance. However, we can highlight five exciting sectors with significant potential. We are excited about the manufacturing sector, which has the potential of unlocking employment opportunities especially among the youth; the financial services sector, which is largely under-penetrated in SSA, creates tremendous investment opportunities in businesses driving financial inclusion. The healthcare sector has opportunities in providing quality yet affordable solutions. Access to affordable energy is key, as is food security and value addition in the agri-business sector.

Some of Kuramo's top-performing investments include GenAfrica, an East African asset management company, PlatCorp a lending institution, TransCentury, in the manufacturing sector, FSDH, a financial services group in Nigeria, Green Africa, an airline in Nigeria and PHC, as earlier mentioned.


Shaka Kariuki, Kuramo Capital Co-Ceo & Chief Investment Officer

'Trade In': Kenya's EPZ Ambitions

In a bid to boost foreign investment and meet targets to increase employment, lower the cost of living, secure livelihoods and bolster foreign exchange earnings, the Kenyan government has introduced several new zones for investors to make in Kenya, and sell elsewhere. FORBES AFRICA reports.

WORDS: MARIE SHABAYA

In 2022, Kenya exported a total of $7.4 billion, globally. Approximately, $767 million of this revenue came directly from the country's 89 Export Processing Zones (EPZs). The country's major exports include edible oils, apparel, food processing, pharmaceuticals, and agro-processing, among others. A long-standing policy mandate, Kenya started the EPZ program in 1990. This year, President William Ruto announced new plans to expand this number with an additional five new zones to complement this growth and encourage more foreign investment in the country.

Industrialization is a key lever in the current government's economic policy and the EPZs, set to be launched in Busia, Uasin Gishu, Kirinyaga, Kwale and Kilifi counties, are expected to boost not only the domestic economy but national development as well. These new export zones will be located in areas previously untouched by production, manufacturing and export-oriented activity and are intended to improve livelihoods for rural populations who previously had limited access to economic opportunities outside of subsistence agriculture.

Speaking to Kenya's paper of record, *The Daily Nation*, earlier this year, Ag. CEO of the Export Processing Zone Authority (EPZA), Hussain Adan Mohamed noted: "EPZs [in Kenya] have been instrumental in attracting foreign direct investment into the country, which has in turn led to the creation of new industries, new jobs and the transfer of technology."

The importance of these new flagship export processing hubs is reflected in the current fiscal budget which has allocated over $200 million to their development over the next year. Each of the zones will have specific areas of specialization, intended to leverage regional strengths and achieve national economic targets.

For example, the EPZ in Busia County, in western Kenya flanking Lake Victoria at its southern borders, is anticipated to help reduce the importation of edible oils which cost Kenya approximately $678 million, annually. Further east, the Sagana County Aggregation and Industrial Park (CAIPs) and Export Processing Zone, in Central Kenya, will be the country's first climate-smart, agro-industrial city to benefit from the county's reputation as a national agricultural hub.

Supporting these developments is a $2.8 billion debt-free equity investment from Afreximbank, a pan-African financial institution. Launched in May 2022 and part of a wider country program, the trade-related financing package is intended to support Kenya's industrialization and export-led agenda under the auspices of the national Bottom-Up Economic Transformation Agenda (BeTA).

BeTA is a multi-sectoral economic policy with five major pillars addressing various aspects of the country's economic growth. The projected outcomes of the policy scheme are higher employment, especially among the youth; poverty eradication, higher export earnings and favorable domestic costs of living. President Ruto has been at the forefront of these plans, placing EPZs at the heart of their implementation.

"The government has stepped up the establishment of five additional export zones in the coming financial year to complement the one in Athi River," announced Ruto to


Philip Mutooni

Avocado exporters provide a market for local [producers]. We [stand] between the international market and the farmers. We do international trade fairs, marketing, advocacy and lobby and capacity-building.

– Philip Mutooni, CEO of the Avocado Exporters Association of Kenya

constituents attending the annual Madaraka Day celebrations in June.

The Athi River complex, located 17 miles outside of Nairobi, is one of the oldest and most prominent EPZs in Kenya and was established by a World Bank financing facility in 1994. Today, it stands as a model for upcoming export zones in the rest of the country.

As in other jurisdictions, firms operating within these zones benefit from incentives to lower the overall costs of production ahead of export. The country's EPZ Authority (EPZA), has a flagship program for Micro, Small and Medium Enterprises (MSMEs) and larger organizations operating within these zones.

Incentives include a decade-long corporate and withholding tax holiday, a liberalized foreign exchange scheme, licensing support, and excise duty exemptions.

Among the largest export industries at these zones in Kenya is the avocado sector which is also a key export growth sector under the BeTA framework.

As of 2021, Kenya became the largest exporter of avocado fruits in Africa, with about 23% of total domestic produce shipped to international markets, annually. Additionally, a number of companies have also specialized in avocado oil processing which has made a name for the country in the food, cosmetic and pharmaceutical industries abroad. In fact, some of the continent's leaders in avocado oil production are registered EPZ companies in Kenya.

"Avocado exporters provide a market for local [producers]. We [stand] between the international market and the farmers. We do international trade fairs, marketing, advocacy and lobby and capacity-building," says Philip Mutooni, CEO of the Avocado Exporters Association of Kenya, a fast-growing members-only forum for the avocado export sector.

Roughly 70% of avocado production in Kenya is done by small-scale farmers who grow the fruit for subsistence purposes, with many selling their produce to EPZ companies for the export market. With the growth of the industry, the association has overseen growth in avocado exports by ensuring that exporters first adhere to strict local standards before competing to meet various globally recognized industry quality controls.

"Exporters [also] invest in farms, providing seedlings, depending on the agreement they have with the farmers. Government initiatives also invest in [avocado] farmers. Sometimes we have international importers who come and invest here," notes Mutooni to FORBES AFRICA.

The size of players in the market varies from SME exporters, supported by the EPZA incentives program, to large-scale growers who have been in the industry for decades. Agro-processing, focusing on extra virgin and crude oil, has been a recent option in value addition for the sector, with a majority of the output bound for the global market. Avocado oil is a premium product and can fetch as much as $50 per liter, depending on quality. "We have exporters who are doing oil processing. We have different oil processing pack houses in different regions of the country and they are doing well."

Exporters within the avocado sector operate within both the public and private EPZ zones in Kenya. Public zones are directly managed by the EPZA while the private zones are directly gazetted by the government. The recent push for additional export zones across the country is expected to earn close to $26 billion for the country in foreign direct investment.

Other areas of expanding export interest include halal meat processing, fertilizer production and apparel with additional plans to link the prominent Athi River EPZ to the Standard Gauge Railway (SGR) line, a $25 million public-private partnership (PPP), connecting Nairobi and Mombasa. The mega-project will introduce two cargo trains into the zone and will provide seamless transport for finished goods direct to the port in Mombasa, on the Kenyan coast. While plans are still under discussion, construction is expected to take 24 months and is anticipated to attract more investor interest to the country.

Business-Minded: Developing An Economic Hub For Investment In Kenya

Brenda Mbathi, the CEO of the Two Rivers International Finance & Innovation Centre (TRIFIC) says the journey towards establishing TRIFIC and its Special Economic Zone (SEZ) designation has been marked by a commitment to fostering economic development.

It began with a vision to create a hub for investment and innovation in Kenya. The process involved extensive planning, cooperation with government authorities, and fulfilling regulatory requirements to secure SEZ status. This designation allows TRIFIC to offer attractive incentives for both local and international investors.

Q. | TRIFIC has been defined as a game-changer, what role does it play in attracting investment in Kenya?

A. TRIFIC plays a pivotal role in attracting investment in Kenya by providing a conducive environment for businesses to thrive. As a game-changer, it offers an array of incentives and a well-equipped infrastructure that encourages both local and foreign investors to set up their operations. TRIFIC aims to stimulate investment, create job opportunities, and foster economic growth in Kenya.

Q. | What is the importance of SEZs in the economic development of East Africa and how do international companies benefit from a SEZ production site?

A. As the first privately-owned business services Special Economic Zone (SEZ) in Kenya, TRIFIC is of paramount importance in the economic development not only of Kenya but also Eastern Africa. SEZs offer a controlled and efficient environment for business services, which can significantly reduce costs for international companies. They benefit from tax incentives, streamlined regulatory processes, and

Brenda Mbathi, CEO, Two Rivers International Finance & Innovation Centre (TRIFIC)

access to a skilled labor force. This can make them more competitive and cost-effective, ultimately contributing to economic growth in the region.

Q. | Who is TRIFIC's target market and what is the current capacity?

A. TRIFIC's target market encompasses a wide range of business services, including business outsourcing services; financial services and investment; consulting and professional services; technology and innovation as well as corporate headquarters and shared services. The current capacity is designed to accommodate various businesses activities, offering flexibility and scalability to meet the diverse needs of investors.

Q. | As opposed to other cities and countries, why did TRIFIC choose Nairobi?

A. TRIFIC chose Nairobi, Kenya due to its strategic location as a gateway to Eastern and Central Africa. Nairobi is a major economic hub, making it an ideal location for businesses looking to access the wider African market. The city's infrastructure, skilled workforce, and connectivity make it an attractive choice for investors.

Q. | What benefits and attractive business incentives do you offer?

A. TRIFIC offers a range of benefits, including but not limited to:

- Tax Incentives
- Infrastructure
- Streamlined Regulations
- Access to Skilled Labor

Q. | Can you explain the benefits offered in SEZs and their impact on businesses and the economy?

A. Tax benefits and incentives offered in SEZs, such as those provided by TRIFIC, encourage investment, boost job creation, and promote economic growth by reducing the cost of doing business. These incentives attract both domestic and foreign investors, leading to increased economic development.

Q. | As Kenya celebrates 60 years of independence, and looking at the next 60, what impact will TRIFIC have had in the economy?

A. TRIFIC is poised to make a significant impact on the economy in the coming decades. It will likely contribute to job creation, increased exports, and overall economic growth in Kenya. By providing an environment for investment and innovation, TRIFIC can be a driving force in shaping Kenya's economic landscape in the next 60 years and beyond. F

TRIFIC
TWO RIVERS INTERNATIONAL FINANCE & INNOVATION CENTRE
SPECIAL ECONOMIC ZONE

Fintech In Kenya: Analyzing The Gains, Growth And Game-Changers

Innovation and collaboration have fueled the country's mobile money and tech space for decades. But where does it stand now and what can we expect in the coming years?

WORDS: LIMO TABOI

On a quiet Tuesday, on March 6, 2007 to be exact, the world of payments changed forever. The big story in Kenya's newspapers was in anticipation of the forthcoming launch of *Business Daily,* a new business-oriented newspaper, but on that day, mobile phone company Safaricom launched mobile money or M-PESA.

It was not the first such system in the world. At the time, there were money transfer services designed around enabling the working diaspora to send remittances back to relatives in their home countries.

But M-PESA was for local remittances, built for the social habits of Kenyans and focused on fund-raising and supporting one another. Tagged with the phrase, 'Send Money Home', it was a money-transfer service based on SMS. The first advertisement for the service showed an office manager sending money to his elderly parents, who were working on a small rural farm. It was simple to understand and an instant hit.

From Barter to Better: Fintech as Partners, not Competitors

Throughout Kenya's history, its banks steadily adopted new technologies. They computerized transaction processing in the late 1960s, then added tools and services like fax machines, SWIFT messages, VSAT, personal computers, email, and ATMs, the first of which was installed in Kenya in 1989.

According to Mbugua Njihia, a technology entrepreneur, "One can't have a fintech conversation in Kenya without appreciating the strides made since the days of our forefathers, from trails, routes, roads to the contemporary rails of the digital age, that power commerce."

M-PESA, and, at the time, a similar money-transfer service by rival Celtel, called Sokotele, was launched in a previously non-existent legal framework. Its pilot had been approved in 2006 by the Central Bank of Kenya (CBK) and by the time the regulator did an audit, at the request of Ministry of Finance in December 2008, M-PESA already had three million customers.

As mobile money gained even more users, it started to edge into other payment and financial spaces. In May 2010, Safaricom and fast-growing Equity Bank signed a deal to enable customers to withdraw cash at Equity's 550 ATM machines.

A partnership with a water pump manufacturer led to a "buy goods" platform, followed by another for electricity utility payments and one with Western Union, which enabled international remittance recipients to receive funds through the app on their phones, bypassing bank hall queues.

Then, an upgrade of Safaricom's API in January 2014 allowed M-PESA to bring more partners on board, and would eventually see around 30 banks link to the network, reinforcing the idea that banks were starting to see this technology, not as a competitor, but as a differentiator. They've partnered with mobile money and other software firms to roll out new banking services.

"One can't have a fintech conversation in Kenya without appreciating the strides made since the days of our forefathers, from trails, routes, roads to the contemporary rails of the digital age…"

The effects of these partnerships were seen in under a decade. At the Afro-Asia FinTech Festival in Nairobi in July 2019, KCB Group Chief Operating Officer, Sam Makome said that it had taken KCB, Kenya's largest bank by assets, 100 years to open one million accounts. But, after launching mobile banking, they were able to open the same number of accounts in just three months and that KCB was lending $100 million every month on mobile phones, an amount that used to take six months through traditional banking channels.

Guarding Consumers in the Fintech Age

As mobile money grew from an SMS-based service, these added features would eventually bring the platforms into the orbit of regulators. The Competition Authority of Kenya now requires platforms to indicate the fees of a transaction before a customer commits to making a payment. Also, by linking with government's Integrated Population Registration System (IPRS), banks could now verify customers' identities, enabling them to open accounts on their phones without going to the bank.

Firms also needed to adhere to many laws regarding cybersecurity, and to guard against money laundering, as well as adapt to new regulations such as those from the Office of the Data Protection Commissioner, established by 2020.

However, regulators with overlapping legal mandates may have different understandings of the services and who has the final oversight. As such, several African fintechs ran into trouble in Kenya.

In the modern world where anyone can download a free app, consumers can easily engage with products from technology firms in other jurisdictions. One cause for concern several years ago was with the reported rise of new players in the fintech space, such as sports betting apps. These provided a major revenue boost for telcos, sports clubs, and media partners, but also diverted investments away from other sectors like savings and insurance. It has been reported that 76% of the youth in Kenya are involved in betting. In 2018, government imposed several taxes on the gaming industry.

Local banks were also exposed to more competition and the number of Kenya-focused loan apps numbered over 500 in the Google App store. Some had high interest rates and fees, but what caught the attention of Kenya's leaders were their debt collection methods, some of which were designed to shame or humiliate indebted borrowers.

Soon after Kenya's President William Ruto was inaugurated in 2022, the CBK announced a framework in which the reportedly 4.2 million mobile phone digital borrowers that were reported by banks to credit bureaus, would be given a chance to repair their credit standings. The Digital Lenders Association of Kenya, which had disbursed over KSh500 billion ($3.9 billion at the time) in eight years, had rebranded to the Digital Financial Services Association of Kenya. They also resolved not to allow loans below KSh1,000 in line with CBK regulations, while others terminated contracts with debt collection agents.

The CBK, citing concerns about interest rates, debt collection and data privacy, opened a window for digital lenders to register, if they adhered to the new rules it set and Google also moved to remove lending apps that were not compliant in Kenya from its store.

International fintechs were licensed by the CBK as digital credit providers while others like personal finance app, Branch, acquired microfinance banks that had been struggling to compete against the new digital entrants.

Future Outlook: Applying Technology to Transform Lives

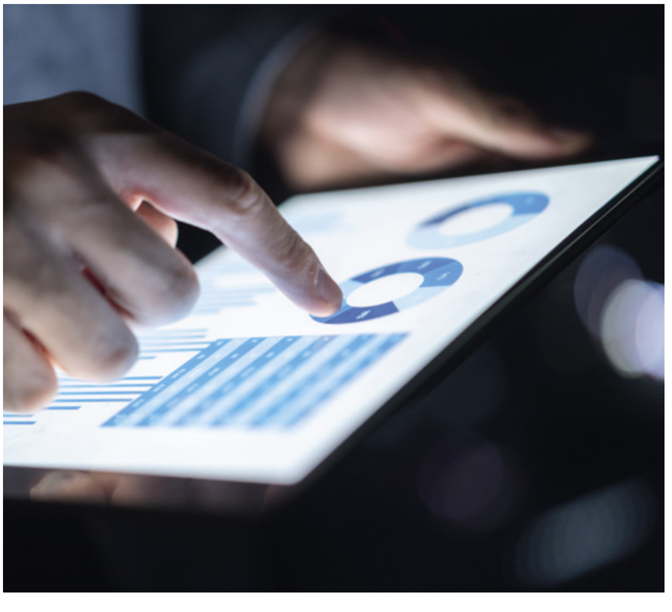
Today, Kenya is known as a fintech hub, largely due to the impact of M-PESA, which is now used by over 50 million people across Africa. Fintech and digital partnerships in the country have reportedly seen financial inclusion go from 26% in 2006 to 84% in 2021.

There are still gaps that the financial sector can fill such as the country's low savings-to-GDP ratio, low insurance penetration rate, and limited availability of credit to the agricultural and manufacturing sectors, which are large employers and priority sectors for subsequent government programs.

Kenya has a vision to consolidate its leadership in the regional, and global, payment space and to ensure it is not complacent. The CBK, in its *National Payments Strategy 2022-2025,* has set out to increase digital payments using five principles: trust, security, usefulness, choice and innovation. Developments like blockchain, the Internet of Things, cloud computing, machine learning, big data and artificial intelligence are all expected to change how banks, financial service firms and consumers interact.

Technology and banking firms continue to edge closer through innovative partnerships to find new financial products. Standard Chartered has a Nairobi office for its SC Ventures global unit that explores disruptive financial technologies and alternative business models, while pan-African bank, Ecobank has an annual fintech challenge and is assisting Fingo, a fintech that was one of its past finalists, to scale across different African markets. Safaricom has the Spark Venture Fund, which has invested in half a dozen early-growth startups and, in July 2023, its shareholders approved two new subsidiaries for larger investments in technology firms.

"Fintech has emerged as a key driver for the economy,



"Fintech has emerged as a key driver for the economy, and contextual financial services and that the application of technology to transform lives needs to remain central to serving customers, businesses, and developers."

– Juliana Rotich, Head of Fintech Solutions at Safaricom PLC's M-PESA

and contextual financial services and that the application of technology to transform lives needs to remain central to serving customers, businesses, and developers," says Juliana Rotich, Head of Fintech Solutions at Safaricom PLC's M-PESA.

Government sees fintech as being a source of data and taxes from the informal economy, which largely transacts in cash. Safaricom has a 'My County' app enabling counties in Kenya to roll out electronic services and licenses and receive payments, and it has reportedly signed on 11 of the country's 47 counties.

Another potential opportunity for the future lies in extending the interoperability of mobile money wallets across networks to merchants and agents. This would enable mobile money users to exchange cash or pay at any establishment irrespective of the network or payment platform that the customer or merchant uses.

In May 2023, the CBK launched a Quick Response (QR) Code standard for financial firms that it regulates, to use. It is expected to promote financial inclusion by enabling more businesses of all sizes to accept payments, and greater innovation around a single standard for the financial industry.

Large firms have acknowledged the opportunity to take Kenya's fintech gains into other markets. Kenya's two largest banks, Equity and KCB, have both invested in banks in the Democratic Republic of the Congo.

Safaricom has made investments as part of a Safaricom-Ethiopia joint venture, and in August 2023, rolled out M-PESA in Ethiopia where they have also signed partnerships with several banks. According to recent reports, M-PESA gained 1.2 million customers in Ethiopia within the first two months of the launch.

Moses Kemibaro, a technology analyst, adds: "Kenya's fintech journey reflects the nation's adaptability, innovation, and peculiarity and that, with a tech-first population and supportive regulatory environment, this promises even more groundbreaking innovations in the years to come."

'Enough Data Points To Start To Develop Our Own Playbook'

Maryanne Ochola leads a network of high-impact entrepreneurs dreaming of the future and building it, and has a ringside view of Kenya's next growth phase.

WORDS: ABY AGINA

A few minutes into the interview and you realize that Maryanne Ochola is a lady on a mission. She exudes enthusiasm and energy each time she speaks about the immense potential of Kenya's technology ecosystem.

"The Kenyan startup ecosystem is nascent and full of promise," she enthuses. "So nascent in fact that we are yet to qualify what gets to be called a startup and what doesn't. For now, we will go with innovative high-growth ventures that are also risky in nature as they may grow to become category-defining 'unicorns' or may not survive after a few years."

Ochola is the Managing Director of Endeavor Kenya, a firm that supports entrepreneurs and companies in the scale-up phase, especially enterprises that have passed through the initial startup phase and who demonstrate the potential for rapid expansion.

She leads a network of high-impact entrepreneurs who are dreaming of the future and building for it, and has a vantage view of Kenya's next growth levers that can be spearheaded by startups.

"The stakes are high; startup founders are on the cusp of a tech explosion. Kenya is one of the four top leading startup ecosystems in Africa, with approximately $2 billion raised by Kenyan startups since 2019. Kenya is punching slightly harder than its peers," she quips.

The other top startup ecosystems are Nigeria, South Africa and Egypt with Morocco also among the shining stars.

The Kenyan startup ecosystem dates back to the early 2000s. The government was clear on the nation's future, notes Ochola.

The Kenyan startup ecosystem is nascent and full of promise.
– Maryanne Ochola

"A number of important events saw Kenya turn the tide. These were the laying of the first undersea internet cable, the launch of M-PESA and the establishment of innovation hubs such as iLab at Strathmore University. These developments underscore the importance of two key assets – enabling infrastructure and physical spaces for like-minded innovators to convene and exchange ideas."

As these changes were happening, Ochola had just completed college and joined one of Kenya's top banks as a graduate clerk.

"I was in parallel witnessing the opening of the banking sector, the impact of M-PESA on banking, including the introduction of mobile and agency banking," says Ochola. "What stuck with me was the impact finance had in unlocking entrepreneurial opportunities across the country – from small, light manufacturing in Kenya's downturn suburbs in Kariobangi North to large-scale sugar mills in western Kenya."

As a market leader within East and Central Africa, Kenya continues to blaze the trail as a top investment destination. "Impact investing is being globally recognized as a new asset class and Kenya has become a top destination due to its stability and strong growth," adds Ochola.

As the country forges a new path towards becoming a full-fledged digital economy, its administration has been emphatic about startups.

"It has not been a smooth ride for Kenya's startups. Regulations to access to funding have been among some of the top impediments for attaining accelerated growth," rues Ochola.

But with the tide changing in global financial markets, there is hope.

"The last two decades have given us enough data points to start to develop our own playbook on where we take the ecosystem from here. There are far more entrepreneurs and a lot more capital, including local capital. What we now need is an enabling policy environment and deeper integrations between ecosystem actors. What worked in Silicon Valley is not a one-size-fits-all, however, what I know is true is that an intricate web of intentional interdependence between academia, corporates, venture capital firms, accelerators, government and the entrepreneurs themselves is a necessary ingredient anywhere in the world," concludes Ochola.

Savannah Calling

Kenya's tourism sector is poised for a massive take-off, say industry experts.

WORDS: ABY AGINA

One of the countries setting itself apart when it comes to tourism in Africa is Kenya. With an estimated population of just under 60 million, the nation is a country of many firsts, from producing record-breaking marathoners to being Africa's Silicon Savannah and home of the M-PESA. The East African country not only boasts a rich history and heritage but is renowned for its pristine beaches, expansive national parks and rich biodiversity.

Agnes Mucuha,
CEO of Kenya Association of Travel Agents

Industry leaders drawn from the tourism sector are upbeat about the country's next chapter, but also its post-pandemic present. "We are witnessing pent-up travel demand; a term we are now coining as 'revenge travel'," says Agnes Mucuha, the CEO of Kenya Association of Travel Agents. "This has seen a rapid recovery of the tourism sector. The industry is now above 3% of 2019 sales volumes."

According to *Reuters*, Kenya's tourism industry "surged 83% in 2022 to more than $2 billion as Covid curbs eased". Although the pandemic had devastating effects on the sector, industry players are optimistic of double earnings thanks to strategic investments by the government to boost infrastructure. "We have since the beginning of 2023, sold over 300,000 air tickets. This marks a 11% growth in ticket sales. The number of travel agencies has grown to 270 marking a growth of 12% compared to 242 agencies last year," adds Mucuha.

With global realignments shifting the paradigm, Mucuha believes Kenya is poised for a massive take-off in the tourism sector. "China will definitely be a key market for Africa," she says.

But more investments are needed if the country is to become an even greater travel and tourist hub.

"Developments in the [flight] route network are slowly beginning to pay off. Kenya Airways has been very proactive in developing new codeshare agreements. Kenya is now targeting a diversified customer mix," notes Mucuha.

The country's major airports include Jomo Kenyatta International Airport (JKIA), Moi International Airport and Kisumu International Airport, with plans afoot to expand JKIA to cater to the growing traffic.

"Kenya is now moving to become a year-round tourism destination for both safaris and conferencing," says Mucuha.

Industry players reckon that Covid-19 forced the industry to reimagine itself and usher in rapid digitalization. Kenya Tourism Board is aggressively marketing the destination leveraging off technology and forging strategic linkages to remain relevant and at the same time more engaged and connected with the emerging travelers of today.

The signing of the African Continental Free Trade Area agreement is also seen as a key pillar to reposition tourism and air travel on the continent. "We hope to leverage on the expanded marketplace and begin to promote the African product to the world," adds Mucuha.

All stakeholders concur, arguing that Kenya stands a solid chance of becoming an industry leader in tourism by using technology that could tilt its fortunes for the next 60 years to come.

Shazmin Manji,
Chief Operating Officer at Twiga Tours

"It is high time that Kenya utilizes the power artificial intelligence has to offer. Marketing the destination now means using more of virtual reality. We must play in that space as these are now the key buzzwords for African tourism," notes Shazmin Manji, Chief Operating Officer at Twiga Tours.

Manji adds that technology can help tour operators better position the country globally by helping travelers view destinations virtually; an arena that Kenya can easily build on as it is a key player in the technology innovations space in the East African Community with encouraging internet penetration. The Communications Authority of Kenya's quarterly report for 2023 shows that "mobile data/internet subscriptions stood at 47.96 million, out of which 67.1% were on mobile broadband".

According to Manji, the next chapter of the country will also be premised on a vibrant culinary sector with shopping predicted to be a key attraction for city travelers. Adventure tourism can also be developed to ensure the long-term sustainability of the sector.

"We see a gradual shift especially around investments in the property and residential space," notes Manji, adding that there is more room for improvement. Tourism must also prioritize conservation efforts more stringently as this will ensure the longevity of the country's prized national parks and endangered species. The bush beckons.

Positioned For Growth: Banking On Kenya's Socio-Economic Transformation

Q. | Equity Group operates in six countries across Eastern and Central Africa and aims to become a pan-African bank. What are the group's growth plans for sub-Saharan and Southern Africa?
A. Our vision is to facilitate trade and promote economic integration across Africa and we have signed agreements with the African Continental Free Trade Area (AfCFTA). This underscores our commitment to making a meaningful impact. We aspire to be a catalyst for trade and strive to play a significant role in fostering trade. As a bank, we see tremendous growth opportunities in sub-Saharan and Southern Africa.

Dr. James Mwangi, Equity Group Managing Director and CEO (left) and Wamkele Mene, AfCFTA Secretary General (right) display signed agreements during the official launch of a partnership between the African Continental Free Trade Area (AfCFTA) Secretariat and Equity Group at the 41st Ordinary Session of the Executive Council of the African Union.

Q. | What is Equity Group's role in transforming Kenya from a country with limited financial inclusion to one with widespread access to world-class financial products?
A. Equity is celebrated globally for democratizing banking in Kenya. When the bank was established in 1984, 4% of the population was banked. Equity's core purpose was to fill this void and we have worked alongside Kenyans, especially in the rural areas by providing financial access, dignity, and respect to individuals. Our efforts have contributed to raising financial inclusion to nearly 90%. Our approach combines economic empowerment with a socio-engine to promote financial literacy and entrepreneurship, creating a holistic impact.

Q. | Equity Group's Africa Recovery and Resilience Plan is a multi-pronged strategy for social and economic transformation. Can you provide insights and the expected impact of this plan for Africans and Africa?
A. Being aware that failure to plan is planning to fail, we realized that there wasn't a coherent plan for Africa's development, and we concluded that Africa has failed to take off because of this. We developed this groundbreaking initiative to unite African governments, the private sector, and international partners in a coordinated plan with a focus on agriculture, mineral resources, manufacturing, technology, and renewable energy. We have identified numerous flagship projects across these sectors, and are leveraging Africa's potential [and] resources.

Q. | Equity Group has made substantial investments in technology. Can you explain how this investment in technology has contributed to growth in Africa?
A. We have harnessed technology in multiple ways by improving transaction processing, which allows our customers to conduct transactions conveniently. Second, we've empowered our customers through self-service capabilities, making banking easier and more accessible. We are a regional leader in mobile-based payments and merchant services.

Q. | What do you foresee for Kenya, beyond its 60 years of independence?
A. Kenya is at an infraction point and is very well positioned to have a better future than the past 60 years. Kenya has created a predictable environment by creating an institutional and legal institution framework for decision-making. Kenya's massive investment in education and health, and creating a healthy, highly educated population that fits global skill, capability, and competencies. A country can never be better than its people and is an aggregation of the decisions its people make, and that leadership has put Kenya ahead of most African countries, and hence a preferred investment destination.

Kenya's massive investments in infrastructure have enabled business and reduced the cost of doing business, from ports, airports, and roads, making Kenya the gateway to Africa.

Third, when Kenya speaks, it speaks among the top three countries in the world with the best mix of clean energy. Climate change is resetting the global structure of the global economy. In the domain of green renewable energy, only 2% of Africa's potential has been exported, yet Africa holds 70% of the world's renewable energy. Kenya can be a global leader in the generation of power.

Lastly, Kenya has developed the largest financial sector in the region. Nearly 46 global private equity firms have set up in Kenya over the last five years as African headquarters, and global development banks have opened offices in Nairobi. The World Bank has its second largest office, after Washington, in Nairobi. We see Kenya very well positioned to have the foundation for very rapid growth while providing leadership to the African continent and Equity Group is proud to be part of that journey. F

Kenya 60 Years Ago: The Role Of Women In The Path To Progress

BY: IBADA AHMED

– The writer is Director, Iron Capital, and board member, Global Citizen

As Kenya celebrates 60 years of independence from British colonial rule, its freedom, like any other country's, was hard-won involving the actions of brave political leaders, activists, freedom fighters – and its women.

Women currently constitute more than half of Kenya's 55 million population.

It is crucial to understand their experiences in the political and socioeconomic landscape, by examining the country's history and current reality. Since 1963, women's rights in the country have made significant progress but not without notable setbacks.

The women who played a pivotal role in the struggle for independence bravely took an oath of unity in arms, at a time when it was not fashionable to do so. History calls these women a nation's "founding mothers". They include women like Mekatilili wa Menza, Muthoni Kirima, Mukami Kimathi, Mary Nyanjiru, Wambui Otieno, amongst several illustrious others. Six decades on, we remember these female freedom fighters and salute them.

Despite the role women played in the liberation, Kenyan culture continued to be shaped by customary laws and remained patriarchal; surprisingly, a different rhetoric from the one widely shared during the struggle for independence, where women were seen as important counterparts.

The social, political and economic systems were set up and preserved to uphold male supremacy in all sectors. Most Kenyan girls and women were socialized and indoctrinated to believe that success lay in creating and running a home well. Those that challenged this status quo only managed to take up leadership positions at the grassroots level and in the private sector. Owing to the nature of the job, compounded by intimidation, educational gaps and gender stereotyping, prominent political and leadership roles were often associated with men and perceived unsuitable for women during this time.

It was in the 1970s that the women in Kenya began making notable strides towards some semblance of equality; when Grace Onyango became the first female member of parliament and the first female deputy speaker in post-independence Kenya. She paved the way for others such as Philomena Chelagat Mutai, who became the youngest person elected to the Kenyan parliament in 1974 at the age of 25. This marked the beginning of a silent revolution against male hegemony in the corridors of power. The years that followed were important to the nation.

Although Kenya was making great progress, the country needed amendments to its fundamental governing laws – its constitution.

By 2010, a new constitution had been passed by parliament, but it needed ratification from its citizens. The same year, a nationwide referendum was called to vote, and a resounding 'yes' followed, with close to 69% of voters approving the new constitution. An outcome celebrated by not only Kenyans but the international community at large, marking a turning point for the country.

The 2010 Constitution unequivocally dismantled the patriarchal hegemony of power dominance that had no place in modern society. The new constitution guaranteed women participation in political, social and economic matters without prejudice. The new electoral policy in the constitution states that more than two-thirds of the members of elective public bodies shall be of the same gender; this became a big win for women.

Important improvements were also made for women's rights and gender equality. The constitution now provides a legal framework for the protection of women in the country. Women and men have the right to equal treatment, including the right to equal opportunities in political, economic, cultural and social spheres. Under the new disposition, parties to a marriage are entitled to equal rights at the time of the marriage, during the marriage and on the dissolution of marriage. Principles of land policy under the new constitution state that all genders have equitable access to land and guarantees the security of land rights.

The 2022 elections in Kenya saw a record number of women rise to positions of power – seven governors, three senators and 26 members of parliament. As the country celebrates the women who came before and laid the foundation, we also laud the women of today who have broken barriers to climb the political and private sector ladders.

They remain the voices and inspiration for other women following in their footsteps.

Yet, much work needs to be done as Kenya moves forward; work that will require involvement from all forces and stakeholders.