

Emerging Market Opportunities for Kenyan Corporations in East Africa and Beyond

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Structure

- Introduction
- Opportunities in Kenya
- Opportunities in East Africa
- Opportunities Beyond
- How to identify opportunities that match your organizational strength
- Positioning yourself for the opportunities
- Interaction Time



Introduction

Opportunity



Definition

- Opportunity
 - A set of circumstances that makes it possible to do something
 - A favorable or advantageous circumstance or combination of circumstances
 - A favorable or suitable occasion or time
- (Free online Dictionary)

NB: Opportunities are mainly external



Before Opportunity ...

Potential!!!

Potential



Definitions

- Potential
 - Having possibility, capability, or power.
(Free online dictionary)
- Potential is Internal – its capacity
 - Michael Porter calls these distinctive capabilities
 - You develop the capabilities you need to exploit the opportunities that come along your way

What you see depends on your lenses!





Opportunities in Kenya



Domestic Economy

- The Kenya economy's short to medium term forecast is for sustained and rising growth based on the following fundamentals:
 - ✓ Increased investor and business confidence due to peaceful March 2013 elections
 - ✓ Sufficient rainfall so far
 - ✓ Stable macroeconomic environment
 - ✓ A projected easing and stability of international oil prices
 - ✓ Stability of the Kenya shilling
 - ✓ Reforms in the security, governance and justice sectors



- MTPII under preparation will aim at the following:
 - Successful project implementation based on high levels of PPP and Direct Foreign Investment
 - Raise GDP growth to double digit (which is possible in a few years time) as promised by Jubilee Government
 - Continued implementation of Kenya Vision 2030 foundation and 3 pillars
 - Implementation of 9-point Jubilee Government Action Plan:



1. Modernizing Agriculture
2. An improved environment for doing business
3. More jobs for youth
4. Affordable credit for youth and women enterprises
5. Equitable resource distribution through Devolution
6. Heavy investment in ICT sector
7. Water for irrigation and human use
8. Strengthen Medium-Small Enterprises
9. Deepening economic and political relations with our neighbours (EAC, COMESA, etc)



Vision 2030



The Three Pillars - Social

- Education
- Health
- Water & Sanitation
- Environment
- Housing and urbanization
- Gender, youth and vulnerable groups
- Equity and poverty eradication
- Science and technology



The Three Pillars - Political

- Rule of law
- Electoral and political processes
- Democracy and public service
- Transparency and accountability
- Security. Peace building and conflict management



The Three Pillars - Economic

- Tourism
- Value addition in agriculture
- A more inclusive wholesale and retail trade sector
- Manufacturing
- BPO
- Financial Services



Some Statistics from the Ministry of Devolution and Planning

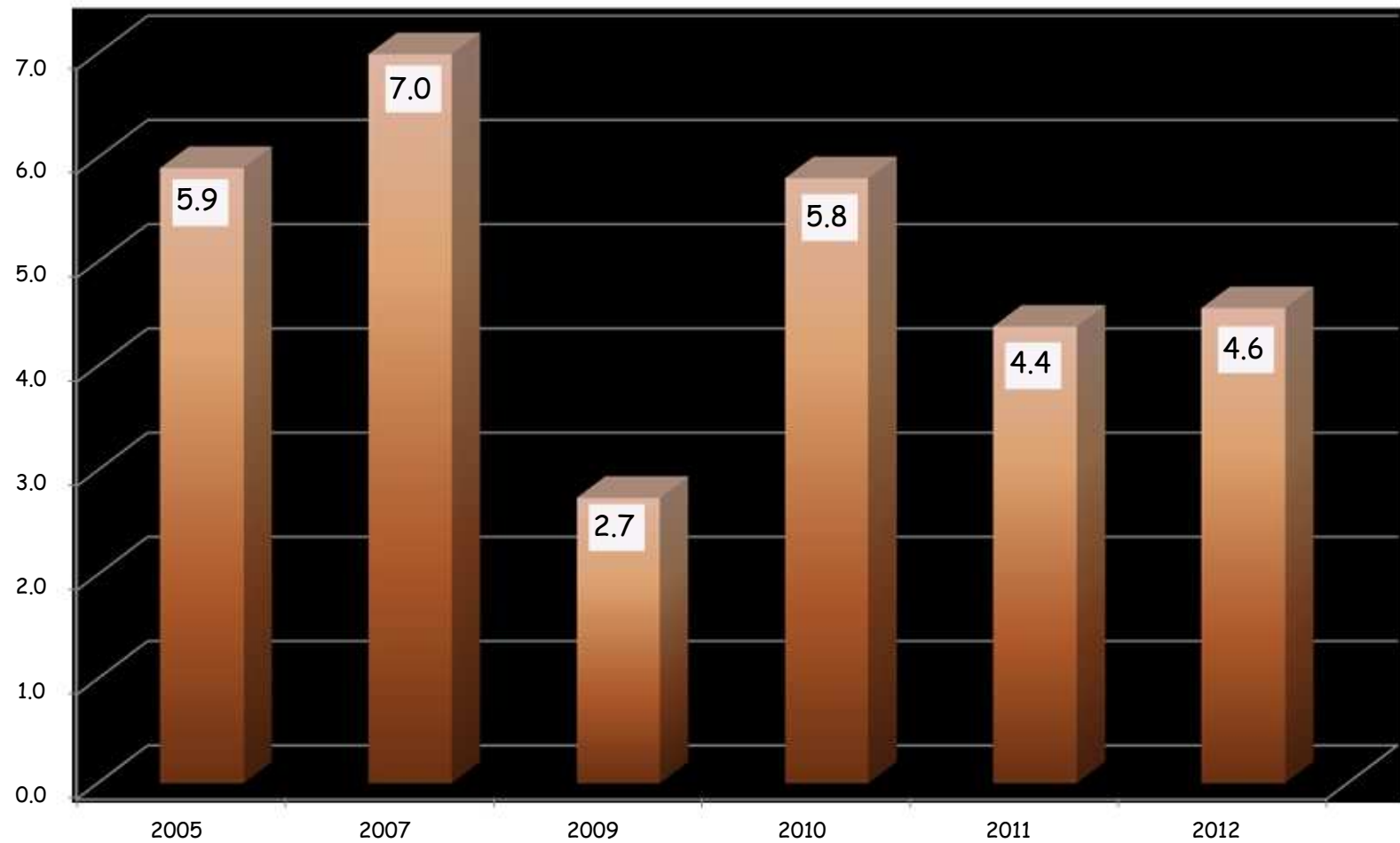
[http://www.knbs.or.ke/Economic
%20Surveys/Cabinet Secretary Pr
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May 2013.pdf](http://www.knbs.or.ke/Economic%20Surveys/Cabinet%20Secretary%20Presentation%20on%20Economic%20Survey%20May%202013.pdf)

GDP Growth rates and projections for selected countries

COUNTRY	<u>2011</u>	<u>2012</u>	<u>2013</u>
USA	1.8	2.2	2
JAPAN	-0.7	1.6	0.7
EURO AREA	1.5	-0.4	-0.1
CHINA	9.3	7.5	8.3
UGANDA	5.1	4.2	5.7
TANZANIA	6.4	6.5	6.8
RWANDA	8.6	7.7	7.5
BURUNDI	4.2	4.2	4.5
SOUTH AFRICA	3.1	2.6	3.3



GDP growth rate



Main sectors Driving the Economy

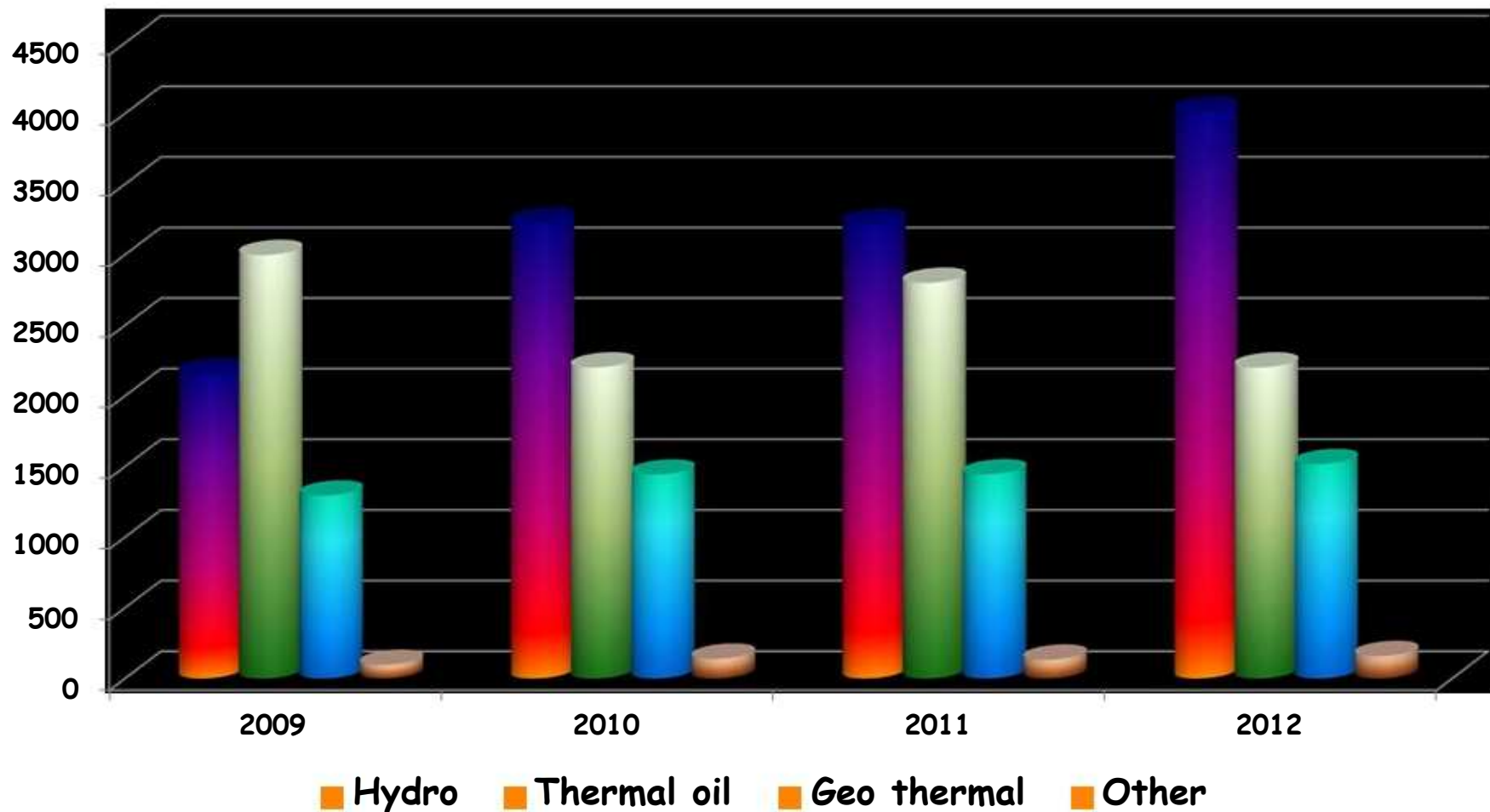
SECTOR	2011	2012
Agriculture & Forestry	1.5	3.8
Wholesale & Retail trade	7.3	6.4
Transport & Communication	4.7	4.0
Manufacturting	3.4	3.1
Financial Intermediation	7.8	6.8
Constrcution	4.3	4.8

KEY CROPS PRODUCTION

COMMODITY	2011	2012	% change
Tea ('000 Tonnes)	377.9	369.4	(2.2)
Coffee ('000 Tonnes)	36.3	49.0	35.0
Fresh horticultural produce '000 Tonnes")	216.2	205.7	(4.9)
Maize (Million bags)	34.4	40.0	16.3
Wheat ('000 Tonnes)	105.9	162.7	53.6
Rice ('000 Tonnes)	80.2	83.6	4.2



Generation of Electricity





Rest of Africa



Region

- Regional infrastructure
 - Roads
 - Railways
 - Energy
- Oil and gas discovery in Uganda, Kenya, South Sudan, Tanzania, Mozambique
- Growing economies – Tanzania, Rwanda,
- Potential economies – South Sudan, Somalia, DRC

Transport





Sub-Saharan Africa

- Sub-Saharan Africa is, geographically, the area of the continent of Africa that lies south of the Sahara. Politically, it consists of all African countries that are fully or partially located south of the Sahara.

Sub-Saharan Africa



Heightened Interest in Africa

- The only continent yet to be fully exploited
- The only region, except Asia, that had a positive economic growth in 2009 (2%) 4.5% in 2010 5% in 2011 (Forbes)
- IMF projects a 6% growth in 2012
- 60% of global uncultivated arable land
- Rich in minerals
- Bulging middle class with spending capacity >USD 1tn in 2013 (McKinsey)
- Improving political environment
- Growing tourism
- Global consciousness on the exploitation of Africa

Drivers of increased appetite in the region

- Self Awareness – Africa has become more self aware and ready to do business with itself
- Regional integration – larger market
- Improved political stability in Southern Sudan
- Rebuilding of Rwanda
- Significant Oil and Gas discoveries in the region
- Emerging stability in Somalia
 - Lower piracy levels in the horn of Africa

Challenges facing the region

- Poor governance
- Hunger, malnutrition
- Youth unemployment
- Low literacy levels
- Health – Malaria, pneumonia
- Political instability - transitions, electioneering
- What opportunities do we see?

Where are the Opportunities?

- Agriculture
 - Over 60% of global uncultivated arable land is in Africa
 - World population is rising – now over 7bn
 - Irrigation,
 - Fertilizers, pesticides, seeds,
 - Equipment,
 - Agribusiness – Blade poultry farm
 - Food Processing,
 - Marketing of finished products, locally, abroad
 - The Agricultural Value Chain

Where are the Opportunities?

- Tourism
 - Africa boasts some of the worlds favorite tourist destinations with over 50m visitors in 2012
 - Indicator investments – Branson in mara, Briatore in Malindi
- Mining – Africa is the virgin land of minerals, oil and gas
 - Where are you positioning yourself?
 - Inner core,
 - Middle level?
 - Service layer?

Where are the Opportunities?

- Infrastructure – one of the greatest challenges of Africa
 - Poor roads,
 - Railways,
 - Water,
 - Power
- Poor infrastructure hinders markets hence investment and development
- \$80b required for infrastructure in Africa – PE, PPP
- Power supply contracts, inputs

Where are the Opportunities?

- Fast Moving Consumer Goods Market
 - Manufacture – Nice & Lovely
 - Distribution
 - Transport/logistics
- Technology
 - This is changing so fast,
 - Business is now being conducted on the mobile – ready?
 - Cloud computing – the game changer
 - Risk Management,



Where are the Opportunities?

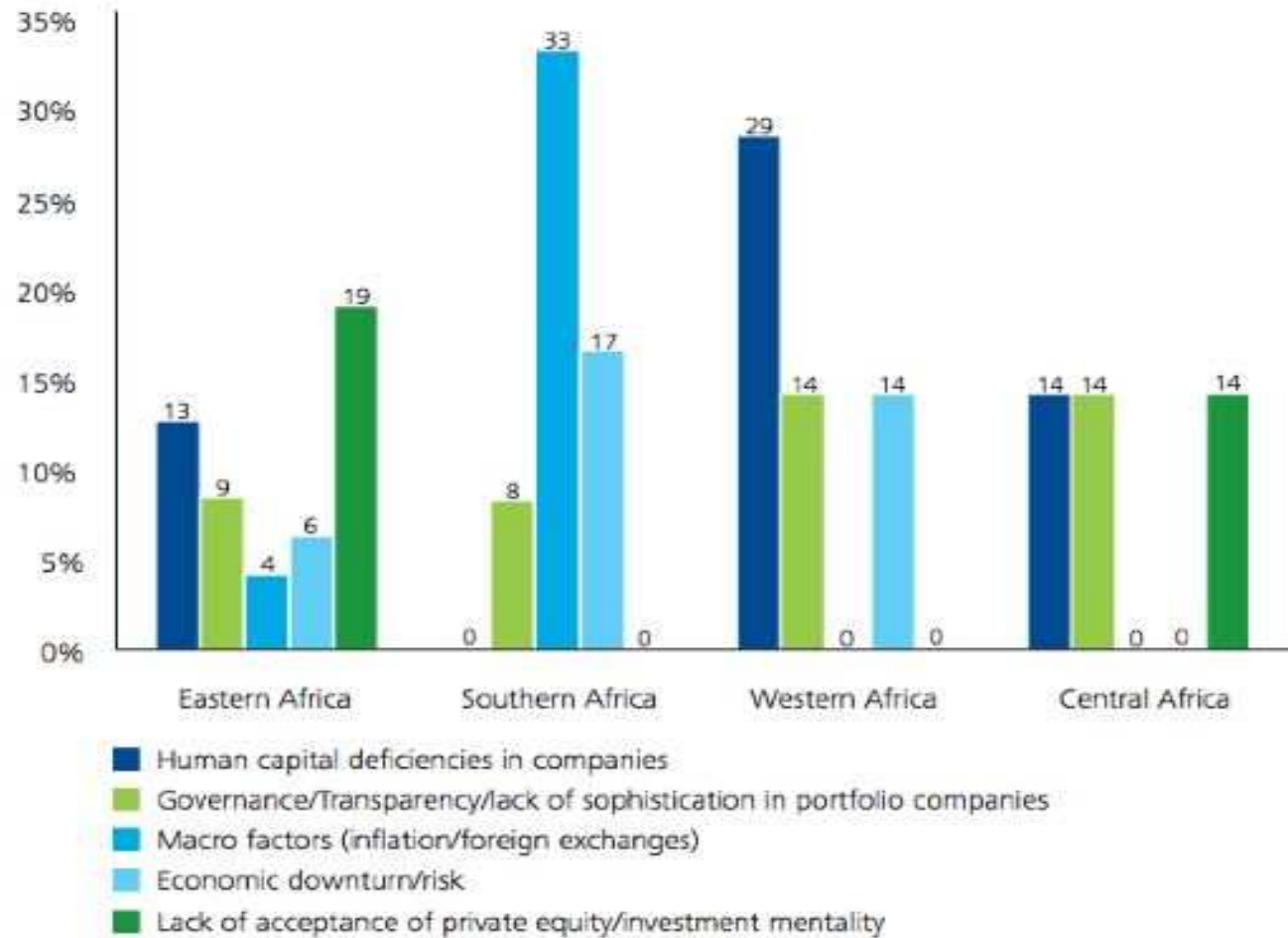
- Education
 - Large areas of Africa still uneducated
 - Large sums spent on education abroad
 - Technical colleges
 - E-learning

Where are the Opportunities?

- Green energy opportunities
 - Wind power - Funding of Turkana wind project (12.5Bn from world bank)
 - Solar power
 - First solar farm in kenya connected to the national grid (Uhuru farm) <http://www.theeastafrican.co.ke/news/Giant-solar-power-farm-switched-on/-/2558/1696158/-/b4u33qz/-/index.html>
 - Hydro power
 - World largest dam costing \$20Bn to start in DRC in 2015, Omo river in Ethiopia

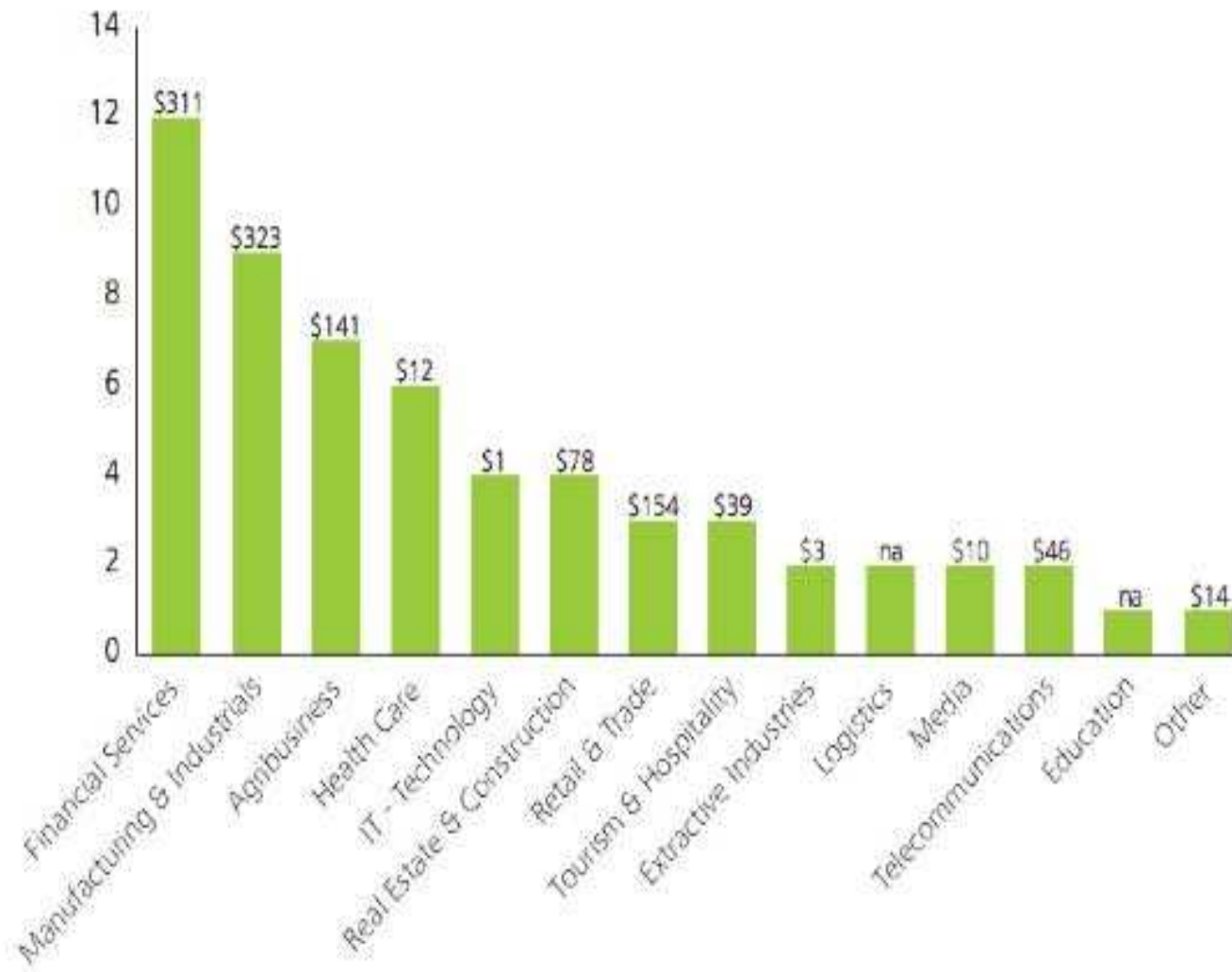
Top Challenges per Region

Top challenges and barriers per region



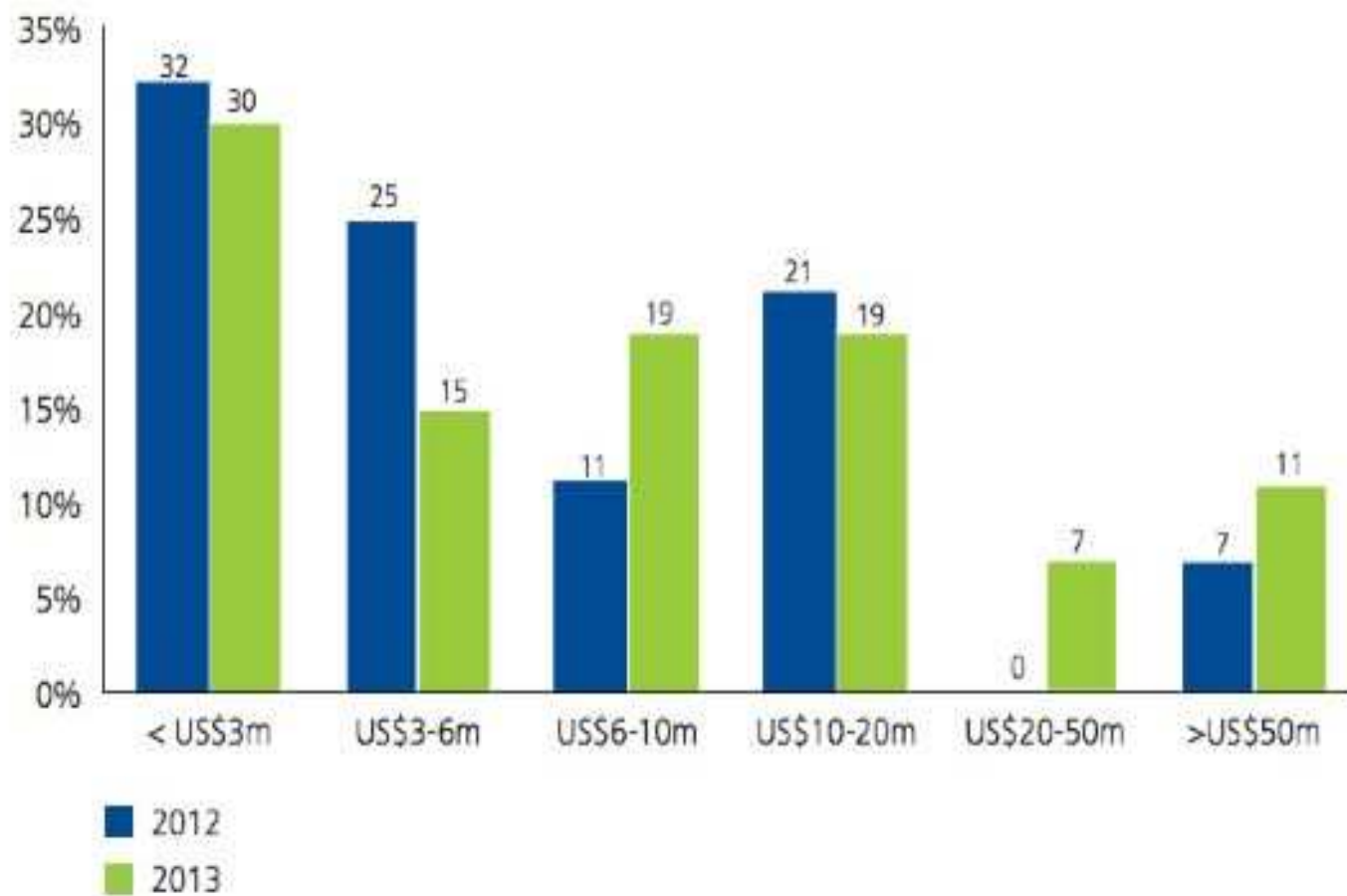
Where are VC's putting their money?

2012 Number and Reported Value (US\$m) of SSA Deals by Sector



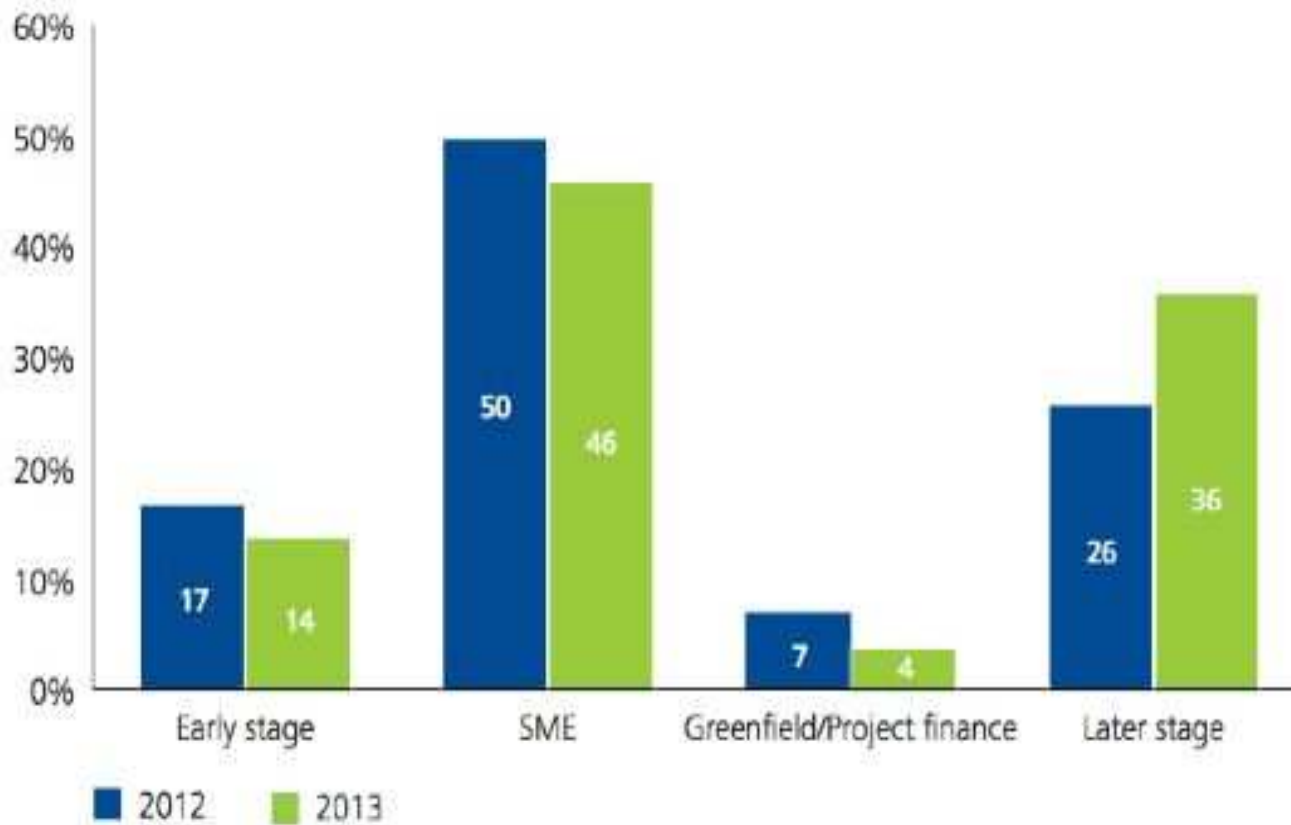
Deal Sizes in USD

Investment size per transaction



What are the investment targets

Target companies in Eastern Africa



To exploit these Opportunities

- Expansion Abroad Requires
 - A firm home base
 - Capital
 - Expertise – Human Capital – GE experience
 - A popular product that gives you an edge – competitive advantage
 - Information – Do your homework
 - Systems

Positioning Yourself

- Discover yourself.
- Whats your passion?
- What are your strengths?
- What can you do and what cant you?
- Use the abundance knowledge all around you.





Dare we Dream?

***“The future belongs to
those who believe in
the beauty of their
dreams”***

Eleanor Roosevelt

My Sources

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Thank You

Questions?



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