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KCB VENTURE

NOT FOR SALE

Corporate Magazine | October2020 - January, 2021

It runs in the Family

Secrets of building a great family business

A society in business

Making Mulleys

Things cannot just fall into place

Also in this issue, updates on the COVID 19 vaccine and how Biden will approach Africa

KCB

CONTENTS

Prevailing in Covid times

Needless to say, the year was one of the most eventful we have had in a long time; COVID-19 ensured that the business environment was severely disrupted. However, we have proved that we are resilient and, with a long term view, we will prevail.

The more reason why this issue puts a spot light on family ran businesses, how they can navigate the tough times and how to transition management from one generation to another.

We have talked to a few businesses that have succeeded by adopting business models that have ensured survival across the economic cycles. One in particular – Rwathia Distributors – has been distributing products for East African Breweries Limited for more than half a century without interruption.

We have seen the downfall of well established family business empires orchestrated by internal wrangles and bad management practices.

Globally, we have seen some businesses that can trace their roots to hundreds of years ago. Many thriving local family businesses can learn a thing or two on how to nurture their businesses for the long haul.

In the issue, we report on a major milestone that KCB Bank achieved: that of being the first bank in East and Central Africa to be accredited by the UN Green Climate Fund as the first financial institution for the implementation of green financing in East Africa.

We have covered the first road annuity programme in the country – financed by KCB Bank – and which is a reflection of our resourcefulness and market leadership. This is a novel way of financing large infrastructure projects which has been very successful in developed countries but which has yet to take root on the continent.

With the departure of Donald Trump as the President of the United States of America, we analyse the impact of President Joe Biden's and his government's policies on the continent of Africa.

We hope you enjoy the read.

Judith Sidi Odhiambo
Editor-in-Chief

> **Gloablly, we have seen some businesses that can trace their roots to hundreds of years ago. Many thriving local family businesses can learn a thing or two on how to nurture their business for the long haul.**

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Family-owned businesses key to post pandemic recovery

By Peter Kathanga

Family enterprises have shaped the business landscape for centuries and remain an important pillar as a source of employment, wealth creation, and economic growth.

In Africa, the roots of most businesses are families, which have within them the characteristics, habits and cultures that often determine their success.

Some of the best brands and leading businesses are family owned and are considered important and dynamic participants of the global economy. In Kenya, family run businesses play a major role in sectors such as manufacturing, agriculture, and small scale trading.

This oldest form of commerce nurtures the entrepreneurial spirit that is then hopefully passed from one generation to the next. A look at the last century demonstrates that family business has strong ties that bind and are critical in enabling them to withstand recession, pandemics, and even wars. This resilience is a hallmark of successful family owned companies.

Their ability to survive and adapt coupled with quick decision making, strong values, and long-term goals endear most budding entrepreneurs to this model of business.

And these firms are found in all sectors of the economy, from automotive to retail and wholesale, asset management, media, banking and capital market, telecommunication, consumer products, and oil and gas.

Unfortunately, a family-owned business as a model is facing an existential threat. A lot of family enterprises are characterized by an alarmingly low survival rate. Studies show that less than a third of family companies survive the transition from the founder to the second-owner management. Worse yet, is the transition survival rates from second to third-generation ownership.

Subsequent transition is nearly unheard of, except in select enterprises with strong foundations, structures, and succession plans. Some of these global brands include Ford Motor Company (Henry Ford family), Walmart, Volkswagen (Piëch-Porsche family), Reliance Industry (Ambani family), Tata (Jamshedji Tata family), Nike (Phil Knight family), Samsung electronics (Lee Byung-chul family), and Novartis (Edouard Sandoz family) among others

An interesting lesson from these leading family-owned businesses is that, although most of them have publicly listed, the family retains at least some considerable shareholding, seats on the board, and are not necessarily the CEOs.

Like every other business, family enterprises are being severely tested by the world economic crisis occasioned by the outbreak of COVID-19. On the one hand, this is seen as the final nail on the family business model; on the other hand, the continued existence of these businesses over generations is a testament to their strength and resilience. The pandemic is just another crisis in the journey and multigeneration-family business will be critical as the engine for post-pandemic growth.

The pandemic also presents an opportunity for the family business to take stock of their business models, question their operational sustainability and resilience, and to formalize their governance structures; to safeguard their businesses for today and the future.

In this edition of the Venture, we cast the spotlight on some of the best-run family-owned enterprises we could find. We examine the relationship between family business founders and the survival of these businesses as they transit from one generation to the next and the agile business decisions they need to make to help protect employees and keep the company afloat.

The writer is the Director, Corporate Banking at KCB Bank Kenya

> **Unfortunately, a family-owned business as a model is facing an existential threat. A lot of family businesses are characterized by an alarming survival rate. Studies show that less than a third of family businesses survive the transition from the founder to the second-owner management.**

FINANCE

KCB bags major green finance deal

The accreditation by the United Nations Green Climate Fund reinforces Kenya's position as a leader in green finance

KCB Bank Kenya has been accredited by the United Nations Green Climate Fund as the first financial intermediary for the implementation of green financing initiative in East Africa.

The accreditation paves way for the Bank to receive funds from the Green Climate Fund (GCF) for on-lending to beneficiary institutions involved in the development of green-climate resilient investment assets/projects in Kenya as well as in the region where the Bank operates.

The accreditation follows extensive due-diligence assessment, conducted by GCF since 2017 to ascertain the Bank's preparedness in managing climate change programmes.

The Bank is the first lender in Kenya and private sector entity to receive this accreditation, cementing the sustainability efforts within the Group especially for portfolio re-imagining in the green lending space.

"We are proud of the efforts and investment we have put over the years to mainstream and entrench a sustainable business that has earned us this recognition. It is a milestone for the Bank and the country as it opens up investment and development of the green economy through GCF's support," says KCB Group Chief Executive Officer and Managing Director, Joshua Oigara.

The Bank has been accredited under the medium to large private sector category, and is therefore capable of fronting projects of between USD 50 million (KShs.5 billion) and USD 250 million (KShs.25 billion).

KCB Bank Kenya was nominated by the National Treasury under the Ministry of Finance to participate in Green Climate Fund Accreditation in 2017. Under the GCF programme, the National Treasury is the National Designated Authority (NDA) for accrediting entities who apply for funding through GCF in Kenya.

Treasury Principal Secretary Dr. Julius Muia said the accreditation underpins Kenya's position as a leader in green finance.

"KCB now has direct access to funding to finance climate change mitigation and adaptation projects, as well as grants for capacity building," Dr. Julius Muia said.

During the rigorous accreditation process, an applicant entity's policies and procedures, track record, and demonstrated capacity to undertake projects or programmes of different financial instruments and environmental and social risk categories are assessed against the standards of the Green Climate Fund.

Kenya has continued to play a leading role in implementation of Sustainable Development Goals (SDGs) and Climate Change Advocacy in the global and local platform. This GCF accreditation supports the country's efforts for sustainable growth.

The GCF Panel reviewed KCB Bank processes, procedures and compliance with the fiduciary standards of the GCF, positioning the Group as a thought leader in the wider climate action community and at the forefront of environmental/green/climate change initiatives and solutions.

Kenya, which is a signatory to the UNFCCC, Kyoto Protocol, Paris agreement, SDGs and numerous global and regional frameworks geared to climate action, has put a lot of effort to operationalize various policies and laws.

"The National Climate Change Response Strategy, and its associated National Climate Change Action Plan, lay the groundwork for Kenya's Nationally Determined Contribution under the Paris Agreement, says CS National Treasury Amb. Ukur Yattani. "It is against this background that Kenya became the first country in the world to develop the National Policy on Climate Finance to improve our ability to mobilise and effectively manage and track adequate and predictable climate change finance."

The Fund will also enable KCB Bank Kenya to sustainably support the country's aspirations including the Big 4 Agenda and Vision 2030.

"There are sectors that we are looking to invest in. The Fund will enable us fill the climate finance gaps in all the sectors of the economy," Mr. Oigara added.

The Green Climate Fund (GCF) is a global fund created to support efforts of developing countries to respond to the challenges of climate change and to help limit or reduce their greenhouse gas (GHG) emissions.

It seeks to promote a paradigm shift to low-emission and climate-resilient development, considering the needs of nations that are particularly vulnerable to climate change impacts.

The fund was set up in 2014 by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC) and is the main Convention's financial mechanisms. Others include Adaptation Fund, Least Countries Development Fund, Global Environment Facility (GEF).

We are proud of the efforts and investment we have put over the years to mainstream and entrench a sustainable business that has earned us this recognition. It is a milestone for the bank and the country as it opens up investment and development of the green economy through GCF's support," says KCB Group Chief Executive Officer and Managing Director, Joshua Oigara.

KShs5 billion to KShs25 billion

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194

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FASHION

Kenyan luxury brand Quintessence Tailor staying afloat amid COVID-19 pandemic

Nafal Hassani-Mohammed knows his suits. As he should, because he is the Founder of Quintessence Tailor, an African luxury fashion brand that sells entirely customized bespoke suits, shirts and shoes that exude pure elegance.

So exclusive is Quintessence Tailor that the brand only serves one or a maximum of two clients at a time at their showroom located at One Padmore place in Kilimani, Nairobi.

Their suits, which retain a sense of sleek, classic, yet sophisticated elegance, will set you back between KShs80,000 and KShs200,000.

"With this customer centric approach, our clients get our undivided attention and extensively benefit from the expertise of our skilled personnel," says Nafal.

It is not just the comfort of an exclusive showroom customers seek, it is the uniqueness of a well-tailored suit made to the highest quality that can be accessed locally.

"There is no luxury without uniqueness. Our clients want to be unique. That's why at Quintessence Tailor, we offer custom made suits where our clients select their fabric, their lining, and their buttons and can even get their name embroidered on their suits among other options," he said.

To make these standout unique pieces that boast of luxurious fabric, Quintessence Tailor partners with Dormeuil, a French textile company which creates and designs luxury fabrics as well as bespoke suit service.

It also partners with London's Holland & Sherry, a supplier of bespoke fabrics around the world.

Even amidst the pandemic, Nafal reckons that the appetite for luxury goods is still high. The brand's target market includes affluent gentlemen who are well travelled and are looking for both quality and value for money. These are mostly corporate executives, bankers and lawyers who usually purchase their suits abroad, Nafal says.

According to the Knight Frank Wealth Report 2020, there were 42 Ultra High Net Worth Individuals (UHNWI) in Kenya in 2019. That number is projected to rise to 48 by 2024. The report describes these UHNWI as people worth over US$30 million.

When the pandemic hit the world and caused untold economic upheaval, every company's first priority was to protect the health and safety of its employees.

"This unprecedented situation created a lot of uncertainty in our business, from the discontinuity of the supply chain to a disruption of the market caused by the stay at home recommendation,"

"But our priority was the safety of our clients and staff. Therefore we followed the stay-at-home government recommendation and closed the showroom for about two months just out of precaution to give ourselves enough time to rethink our business model," he says.

KShs200,000

Their suits, which retain a sense of sleek, classic, yet sophisticated elegance, will set you back between KShs80,000 and KShs200,000.

Our clients want to be unique. That's why at Quintessence Tailor, we offer custom made suits where our clients select their fabric, their lining, and their buttons and can even get their name embroidered on their suits among other options,"

Luckily, right from the start, the brand had a digital presence which made it easier to switch to a virtual environment after people began hunkering down in their homes to reduce the spread of coronavirus.

"We introduced what we call an e-appointment where clients are taken through exactly the same process from the comfort of their home. It has turned out to be very convenient for our clients," Nafal says.

The pandemic's effect on fashion brands around the world has become apparent as numerous companies permanently close their stores or file for bankruptcy.

Back in May last year, fashion brand Victoria Secrets announced it was closing a quarter of its stores in the USA and Canada.

H&M will also close 250 of its stores globally this year as COVID-19 drives sales online. The brand, which was founded in Sweden will accelerate plans to increase digital investment.

Nafal Hassani-Mohammed, Founder of Quintessence Tailor, the exclusive and high end fashion brand that sells bespoke suits, shirts and shoes.

TRENDS&INTEL

TRANSPORT

First annuity road paves way for more

KCB Bank is the first bank in the country to finance the first road under the Annuity programme. Financing this programme aids in bridging the existing infrastructure gap

↓ KCB Bank, is the first bank in Kenya to finance the first road under the Annuity Programme which was started in 2015.

When the road annuity programme was started in 2015, it immediately ran into headwinds.

Kenyan contractors felt it was designed to lock them out at the expense of foreign contractors, notably Chinese contractors while commercial banks were wary of the program.

The then Cabinet Secretary for the National Treasury shelved the program in 2016 as the Government went back to the drawing board to improve the unique idea for the development of crucial infrastructure.

Road construction is an expensive undertaking that often forces the Government to take long-term loans as it struggles to find a balance between delivering high-quality public infrastructure at minimal cost.

Under the annuity program, private sector players are engaged to design, construct and maintain roads based on agreed periodical payments by the government.

The administration had settled on the model to help fulfill its ambition to upgrade 10,000 kilometres of roads facing a public funding shortfall.

The framework involves the formation of a consortium consisting of consulting engineers, contractors, financiers, and project managers to implement road projects.

A payment modality is then agreed on between National Treasury (through the contracting authority, which can be the Kenya Urban Roads Authority (KURA), the Kenya National Highways Authority (KeNHA) or Kenya Rural Roads Authority (KERRA), the contractor and the participating commercial bank.

The company that constructs the road is then paid a semi-annual reimbursement from the National Treasury at a uniform rate over an agreed period.

"Through this program, road construction in the country would be accelerated, because the Transport Ministry wouldn't be depending solely on the budget allocation from the exchequer," the Cabinet Secretary said during an inspection tour in 2017.

"Under the Annuity financing model, the consultants and contractors design and construct the roads while financing is done by bankers with guarantees from the government. Insurance companies will insure the works while performance guarantees will be provided by the banks, " Johnson Matu, chairman of the infrastructure committee at the Kenya Private Sector Alliance (KEPSA) told the World Highway in a past industry event.

"The contractor has the advantage and assurance that payment for work done will come in time. This will be based on the progress of the work, unlike the previous experiences that ended up with many contractors on the losing end after work," he added

After a year-long hiatus, stakeholders were brought back to the table and the first deal was signed for the construction of the Ngong-Kiserian-Isinya road.

The road construction contract was awarded to Intex Raf Construction Company at a cost of KShs8 billion and financed by KCB Group, in 2018.

Formally referred to us Lot 33, the project comprises of a total of 91 kilometres comprising of the following roads; Kajiado – Imaroro, Ngong – Kiserian – Isinya.

"The project was selected for development as a PPP because it proved that it would generate value for money to the government if done as a PPP rather than using traditional methods of procurement," said the Public-Private Partnership Unit.

Value for Money is determined as the difference between the costs to the government for doing the project as a PPP, and the cost of using traditional procurement methods.

> **Through this program, road construction in the country would be accelerated, because the Transport Ministry wouldn't be depending solely on the budget allocation from the exchequer,"**

"Projects that generate a positive value for money are considered the best projects to be undertaken as PPPs since there is optimal risk allocation, that allocates risk to the party best suited to manage it. Other than the provision of value for money, the involvement of private party results in improved service delivery and efficiency in the implementation of the project," the PPP statement continued.

With the government set to commission the road before the end of the year, officials at the National Treasury are now more buoyant and confident in this financing model. According to a public notice on their website, over 81 road projects in the education, transport, and energy sectors are set for annuity financing programs. These include the University of Embu PPP Hostel Project, Moi University hostel project, upgrading to bitumen standards of gravel and earth roads, rehabilitation and reconstruction of bridges, culverts, and road intersections.

Speaking during the June 2020 inspection tour of the road, KCB Director Corporate Banking Peter Kathanga said that the bank acknowledges that the road infrastructure gap has continued to grow due to increased demands and hence the need for a paradigm shift in financing road development.

"We take pride in being the first bank in the country to finance the first road under the Annuity Program. We are happy to be part of the solutions to unlock private investment in public infrastructure development and the potential this will have in catalyzing economic development," Mr. Kathanga said.

"Our aim is to help bridge the existing infrastructure funding gap. We are confident that this would greatly accelerate development while freeing up public funds for other projects."

As the road to the launch of this first annuity developed project comes closer, the government can only look back with pride and take the learnings from this first project to set the foundations for future projects that will open up rural economies, ease traffic jams in the city and provide decent and affordable accommodation for students.

"We are proud of this road annuity project. It is historic in public infrastructure development in this country as it showcases that we can successfully execute development under the annuity program," CS Macharia noted.

HEALTH

COVID-19: Will Africa get the short end of the vaccine stick again?

Kenya among countries in which trials are being conducted in race to beat virus

Africa may have been spared the worst of the COVID-19 pandemic when one compares data from the continent with that from other parts of the world. Or may be not. Only research can tell us why Africa's picture looks the way it does while time will tell what the future will look like.

But the biggest debate among key players is whether Africa will once again be left behind in the race to vaccinate populations where rich nations have already lined up to have the first go.

The World Health Organisation has warned that the worst fears - that poor nations would be left behind - is already taking place.

While the development and approval of safe and effective vaccines less than a year after the emergence of COVID-19 is a stunning achievement, Africa is in danger of being left behind as countries in other regions strike bilateral deals, driving up prices, the WHO warned on January 21.

As of that date, 40 million COVID-19 vaccine doses have been administered in 50 mostly high-income countries. However, in Africa, Guinea is the sole low-income nation to provide vaccines and to date these have only been administered to 25 people. Seychelles, which is a high-income country, is the only one on the continent to start a national vaccination campaign.

"We first, not me first, is the only way to end the pandemic. Vaccine hoarding will only prolong the ordeal and delay Africa's recovery. It is deeply unjust that the most vulnerable Africans are forced to wait for vaccines while lower-risk groups in rich countries are made safe," said Dr Matshidiso Moeti, the World Health Organization (WHO) Regional Director for Africa. "Health workers and vulnerable people in Africa need urgent access to safe and effective COVID-19 vaccines."

The COVAX Facility – which is co-led by the Coalition for Epidemic Preparedness Innovations (CEPI), Gavi, the Vaccine Alliance, and WHO – has secured 2 billion doses of vaccine from five producers, with options for over 1 billion more doses.

"COVAX is on track to start delivering vaccine doses and begin ensuring global access to vaccines, said Thabani Maphosa, Managing Director, Country Programmes, GAVI." This massive international undertaking has been made possible thanks to donations, work towards dose-sharing deals and deals with manufacturers that have brought us to almost 2 billion doses secured. We look forward to rollout in the coming weeks."

In Africa, the coalition has committed to vaccinating at least 20% of the population by the end of 2021 by providing a maximum of 600 million doses based on two doses per individual disbursed in phases. An initial 30 million doses are expected to start arriving in countries by March with the aim of covering 3% of the general population, prioritizing mainly healthcare workers and other priority groups and then expanding to cover additional vulnerable groups, such as the elderly and those with pre-existing conditions. Most of the doses are expected to arrive in the second half of the year. These timelines and quantities could change if candidate vaccines fail to meet regulatory approval or production, delivery and funding face challenges.

To make sure that vaccines are transported and stored adequately to remain effective, WHO, Gavi, UNICEF and other partners are working with countries to support their readiness to receive vaccines by mapping existing cold chain equipment and storage capacity as well as providing technical support for countries to be ready to receive and manage the vaccines.

According to the WHO vaccine introduction readiness assessment tool, African nations are on average 42% ready for their mass-vaccination campaigns, which is an improvement on the starting point of 33% tin November 2020. However, there is still a long way to go to reach the desired benchmark of 80%.

As the largest vaccine buyer in the world, procuring more than 2 billion doses annually for routine immunization and outbreak response on behalf of nearly 100 countries, UNICEF is coordinating and supporting the procurement, international freight and delivery of COVID-19 vaccines for the COVAX Facility. This is the biggest, most sophisticated ground operation in the history of immunization. UNICEF is stockpiling one billion syringes and buying 10 million safety boxes so that used syringes and needles can be disposed in a safe manner by personnel at health facilities, thus preventing the risk of injuries and blood borne diseases.

"UNICEF has put in place a global network of freight forwarders and logistics providers to deliver vaccines as quickly and safely as possible as part of this historic and mammoth operation," said Mohamed Fall, UNICEF Eastern and Southern Africa Regional Director. "This invaluable collaboration will ensure that we have enough transport capacity in place for delivering COVID-19 vaccine doses, syringes and safety boxes to the front-line workers who ultimately protect the millions of children who depend on their vital services."

All the 54 countries on the continent have expressed interest in the COVAX Facility. Eight higher and middle-income countries will self-finance their own participation, while lower-middle income and low-income countries will access the vaccines at no cost through the Facility. The vaccines distributed by COVAX will have received WHO Emergency Use Listing authorization and as such will have undergone stringent validation of their safety and effectiveness. However, vaccine nationalism is threatening the COVAX initiative.

The COVAX initiative has raised US $6 billion in pledges but needs an additional US $2.8 billion in 2021 and WHO and partners are urging countries and donors to contribute and help end the pandemic globally.

Africa Medical Research Foundation says that it is important to engage communities early on in order to drive up acceptance when the time comes to administer the shots.

"As we prepare communities, it is the duty of government, the public health and scientific community, as well as policymakers and donors to consider low-risk approaches with high yields. Top of this is to create effective mechanisms for early community engagement as partners in the research process, not merely recipients of the results. Communities must be first in science for its products to have acceptance and demand," says Amref in an article authored by Githinji Gitahi, Lolem Ngong and George Kimathi.

The Kenyan Health Cabinet Secretary Mutahi Kagwe told The Standard newspaper that the government has already procured the AstraZeneca vaccine, which will be arriving as early as February.

"The first group to get the vaccine will be essential workers especially health workers. It will be on a voluntary basis…we will not force anybody," Kagwe said.

According to the CS, the Government has ordered 24 million doses of the vaccine.

Rwanda health offvcials have also indicated that the nation is in line to receive vaccines by March.

Uganda's ministry of health announced in December that it has ordered 9 million doses of COVID-19 vaccine amid surging new infections in the country.

The ministry said in a statement issued here that the vaccines will cover 20 percent of the country's total population of 45 million people.

"Plans are underway to secure additional doses of the vaccine to cover more people," said the statement.

As we prepare communities, it is the duty of government, the public health and scientific community, as well as policymakers and donors to consider low-risk approaches with high yields.

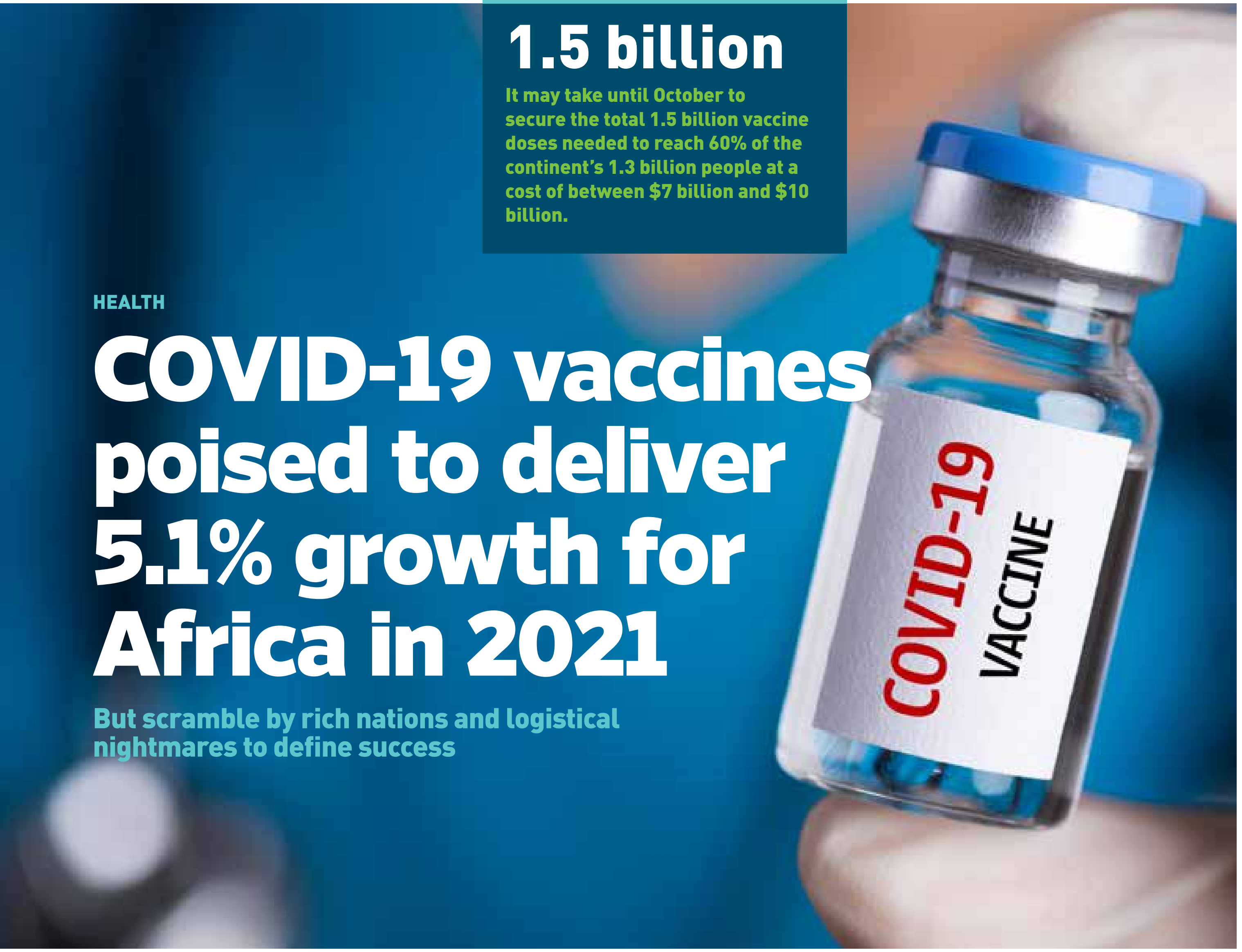
Covax

Africa is banking on the multi-national COVAX Facility has already secured two billion doses of vaccine from five producers, with options for over one billion more doses.

HEALTH

COVID-19 vaccines poised to deliver 5.1% growth for Africa in 2021

But scramble by rich nations and logistical nightmares to define success



African governments will have to overcome some of the most difficult logistical challenges faced by humanities if they are to successfully deliver the COVID-19 vaccine which is expected to provide a recovery economic shock.

Analysts at Mckinsey say that the global focus on the pandemic is shifting to how quickly and successfully vaccines can be distributed, an effort that will be the largest simultaneous global public-health initiative ever undertaken.

The scale of the challenge is gargantuan ranging from the sheer volumes of doses that need to be made and transported around the world to concerns about safety, efficacy, and durability, to the challenges around storage, delivery and acceptability in communities.

"Governments will likely be expected to mount communication and education campaigns to address the concerns that consumers have about vaccine safety," say Mckinsey experts in a new report. "In particular, without proactive planning, underserved populations disproportionately affected by COVID-19—including ethnic, minority, and socioeconomically deprived groups, as well as rural populations—may face disparities in vaccine adoption."

> **Governments will likely be expected to mount communication and education campaigns to address the concerns that consumers have about vaccine safety,"**

1.5 billion

It may take until October to secure the total 1.5 billion vaccine doses needed to reach 60% of the continent's 1.3 billion people at a cost of between $7 billion and $10 billion.

Global Insurance firm Allianz projects that East Africa will be the hotspot of economic recovery in sub-Saharan Africa, posting an average growth of 5.1 percent in 2021 against a continental average of 3.2 percent.

Allianz SE chief economist Ludovic Subran said in December that economic growth in Kenya, Tanzania, Uganda and Rwanda will significantly rebound after a tough year due to the ravaging effects of COVID-19.

Subran estimates that there will be a "confidence shock" triggered by the expected vaccination campaign, boosting consumption, investment and trade following the worst recession in its recent history recording a -4.2 percent GDP decline.

"A fast and successful vaccination campaign could lift spirits even more, adding 2 percentage points to GDP growth," said Subran. "A botched vaccine campaign, however, would work in the opposite direction."

Africa has reasons to worry, says John N. Nkengasong, the director of the Africa Centers for Disease Control and Prevention (Africa CDC).

"We've seen a scramble for access to therapies before. It happened with HIV and H5N1 influenza, for example. Africa has ended up at the end of the queue every time," says Nkengasong in an article published by respected science magazine Nature. "Yet the global economy depends on the continent for its exports of raw materials, food, energy and labour."

Nkengasong says that that it would be "extremely terrible to see" rich countries receiving COVID-19 vaccines while African countries go without.

Africa's hopes of receiving the vaccine are now pegged on the global COVAX initiative which aims to accelerate the development and manufacture of COVID-19 vaccines, and to guarantee fair and equitable access for every country in the world.

COVAX has announced that it is already planning for the first deliveries of vaccines in the first quarter of 2021, with the first tranche of doses – enough to protect health and social care workers – delivered in the first half of 2021 to all participating economies who have requested doses in this timeframe.

This would be followed by further delivery of doses to all participants in the second half of the year – targeting supply of doses equalling up to 20% of participants' populations (or a lower amount if requested by the participant) by the end of the year.

→ Vaccinations are not likely to begin in Africa until mid-2021.

Additional doses to reach higher coverage levels will then be available in 2022. All deliveries are contingent upon several factors, such as regulatory approvals and country readiness.

"The arrival of vaccines is giving all of us a glimpse of the light at the end of the tunnel," said Dr Tedros Adhanom Ghebreyesus, Director-General of the World Health Organisation (WHO). "But we will only truly end the pandemic if we end it everywhere at the same time, which means it's essential to vaccinate some people in all countries, rather than all people in some countries."

> **In December 2020, UN Secretary General Antonio Guterres told a special General Assembly meeting on the pandemic, Guterres said the WHO guidance "should have been the basis for a coordinated global response."**

In December 2020, UN Secretary General Antonio Guterres told a special General Assembly meeting on the pandemic, Guterres said the WHO guidance "should have been the basis for a coordinated global response."

"Unfortunately, many of these recommendations were not followed. In some situations, there was a rejection of facts and an ignoring of the guidance," said Guterres. "When countries go in their own direction, the virus goes in every direction."

Vaccinations are not likely to begin in Africa until mid-2021, according to Nkengasong. He estimates that it may take until October to secure the total 1.5 billion vaccine doses needed to reach 60% of the continent's 1.3 billion people at a cost of between $7 billion and $10 billion.

In the current property market, patient capital is king

With a sturdy Nissan pick-up and experience living and working in Githurai in Nairobi, Timothy Kamau is a good person to go to if you need transport on that side of the city.

Of the many transport jobs he has had since the COVID-19 pandemic began, the most memorable was a trip he made to Makuyu in Murang'a, about 100 kilometres from his base in Githurai 45. He was taking a young woman back home, and the pick-up was loaded with a few household items: a bed, mattress, a 6-kilogram cooking gas cooker, clothes, utensils and a microwave oven.

The woman had been working in a casino at one of the malls in Nairobi and had been earning enough to rent a two-bedroom flat, although she had been living alone, and was in relative comfort.

When the casino was closed because of the restrictions on social interactions to limit the spread of COVID-19, she stayed home and used her savings to survive. The savings ran out and she disposed of a few of her household items to pay the rent and buy provisions.

She sold her gas cooker at KShs15,000, half what she had paid for it, and paid the rent, but would eventually dispose of her sofa set and a few other items as her place of work remained closed.

The television set was the last to go, with the money going towards the transport back home, KShs3,500, and this at a 50 per cent discount as the transporter would ordinarily charge KShs7,000 for such a job.

Life back in the countryside will be much more affordable than in the outskirts of the capital and this urban-rural migration has become the pattern for a lot of wage workers who lost their means of income because of the pandemic.

This has been replicated in other parts of the world, like North America, where thousands of Mexican migrants went back to rural towns and villages in the land of their origin, with similar patterns reported in India, Madagascar, Indonesia and even Uganda.

47%

of tenants surveyed asked their landlords for discounts of between 25 and 30 per cent, matching their own reduced incomes.

4.8%

Rent reductions were across the entire Nairobi Metropolitan area, with Donholm in the east recording the largest quarterly drop – 4.8 per cent – while Kitisuru recorded the largest drop compared to last year – 7.7 per cent.

In Nairobi, the result has been emptied apartments as tenants sought more affordable housing due to job losses and the pay cuts that came with the reduced economic activity due to the COVID-19 pandemic.

Despite the grim spectre of empty apartment buildings in Nairobi and the weary departures to the countryside, the trends in the property market suggest that the long-term impact will be minimal.

The short-term impact was reflected in routine surveys of the property market, with the Hass Property Index for the second quarter of 2020 showing that rent dropped in a majority of Nairobi suburbs and satellite towns as tenants asked for discounts.

The property firm reported that 47 per cent of tenants surveyed asked their landlords for discounts of between 25 and 30 per cent, matching their own reduced incomes.

"COVID-19 has resulted in the closure of many industries across the economy and thereby reducing incomes of business owners and employees who are in turn exerting pressure on landlords to reduce rents," said Ms. Sakina Hassanali, Head of Development Consulting and Research at HassConsult.

Rent reductions were across the entire Nairobi Metropolitan area, with Donholm in the east recording the largest quarterly drop – 4.8 per cent – while Kitisuru recorded the largest drop compared to last year – 7.7 per cent.

There was a slight resurgence in the third quarter of the year, HassConsult reported, as rents increased by 2.5 per cent overall and 4.9 per cent compared to last year.

"A few suburbs have backed the trend of falling rents which still continue as tenants are negotiating for discounts amid the tough economic environment," said Ms. Hassanali.

Things were slightly different in the commercial market, where there has been an oversupply of office space.

Both Hass Consult and Knight Frank reported that rental prices for commercial properties stagnated because most organisations put their requirements on hold since a squeeze on budgets meant they needed to conserve operational capital.

↓ Reduced economic activity occasioned by the COVID-19 pandemic has caused tenants to look for more affordable housing due to job losses and pay cuts.

With workplace location pings dropping by up to 70 per cent at the peak of the restrictions, there were increasing requests from tenants to surrender their commercial space, said Knight Frank in a report.

"As at the end of the first half, the average occupancy rate was at circa 73%, with certain districts such as Westlands having higher occupancy rates," said Knight Frank.

The economic slowdown resulted in fewer developers completing construction Fewer commercial office buildings were completed in Nairobi over the review period compared to second half of 2019.

Still, HassConsult reported, there was only a marginal drop in the prices of land compared to last year, with the study they released in the last quarter of 2020 showing that land was stable compared to other asset classes.

"We have not seen a major drop in land values despite the challenges such COVID-19 and the tough economic environment proving that investors still see this as the best bet over the long-term," said Ms Hassanali.

As news of potential vaccines emerged in November and December 2020, and the end of the various reliefs given by the Government loomed, the research showed that investors held on to their properties.

> **We have not seen a major drop in land values despite the challenges such COVID-19 and the tough economic environment proving that investors still see this as the best bet over the long-term,"** said Ms Hassanali.

Around the world, some companies have considered making working from home more permanent, leading to suggestions that they may halve the office space they need. Already, Kenyan corporates like Safaricom and KCB have a majority of their staff working from home.

Kariba Moko, Partner at Moad Capital says there would be a dip in revenue generated from office space and the owners of commercial buildings would have to convert the spaces for other uses, such as halls, screening rooms or even apartments.

On the residential side, he says: "There'll be a rethink in how house designs are made." He says the company sees house customisations, where a homeowner reconfigures the interior of the house to suit their needs, becoming a key feature going forward. They have applied this idea to their latest project, Tungo Place.

Nairobi could benefit from a phenomenon catching on around the world – an increase in city homes – and commercial buildings may convert into city homes in the Kenyan capital.

It is evident that the oversupply of office space in Nairobi will continue, but Kariba maintains that investment in real estate in the capital remains viable, in the long term.

"(That's) because we are a growing economy. However, developers may need to look at 360-degree solutions where you not only build to sell but have a plug and play office model," says Kariba.

Despite the movements in the market because of the pandemic, the analysis by the real estate firms and investors like Kariba suggests that the long-awaited bursting of the so-called property bubble might not be happening soon.

"With 26,000 mortgage loans in a population of 50 million and real estate heavily backed by cash buyers, I'd put my money on Aliko Dangote beating Bill Gates on the Forbes list than on Kenya experiencing a real estate burst as envisioned by naysayers," Kariba says.

Kenya's young and upwardly mobile population with its constantly increasing need for solutions to meet their housing needs means that property remains an area to invest in, especially if there is patient capital.

How Biden will approach Africa

Experts project new U.S. administration will shift gears

U.S. President Joe Biden faces an uphill task repairing Washington's relations with the rest of the world, not the least of which is Africa.

Biden took office on January 20 to find a Department of State described in a U.S. Senate report as "plagued by a hiring freeze, a bungled 'reform' effort, proposals to slash its funding by one-third, and persistent vacancies, all of which have hampered its effectiveness."

In Africa, approximately 20 vacant ambassadorial posts are evidence of the problems bedeviling the department entrusted with the duty of driving America's foreign policy around the world.

USA ambassador to Kenya Kyle McCarter is among a string of officials who left their jobs ahead of the Biden Inauguration.

20
In Africa, approximately 20 vacant ambassadorial posts are evidence of the problems bedeviling the department entrusted with the duty of driving America's foreign policy around the world.

Biden has promised to "bring to the presidency decades of foreign policy experience and a demonstrated commitment to Africa."

"We will repair our alliances and engage with the world once again. Not to meet yesterday's challenges, but today's and tomorrow's. We will lead not merely by the example of our power but by the power of our example. We will be a strong and trusted partner for peace, progress, and security."

Kehinde A. Togun, who has led democracy and governance programs in the Middle East and sub-Saharan Africa, says that under Trump, "the United States seemed to jettison many of the values it most wanted to promote overseas — rule of law, democratic norms, and respect for citizens' voices. Now, with Joe Biden as president and Kamala Harris as vice president, this moment could mark a reset."

"The new administration will have its work cut out domestically and globally. Nonetheless, democrats on the African continent are eager to have an ally again. They also hope to have an administration that reevaluates how (and to whom) the U.S. government provides security sector assistance, reprioritizes international accords, speaks with moral clarity, and no longer gives cover to authoritarian wannabes," says Togun. "It's unlikely that the new administration will meet all of these hopes and aspirations; however, if Biden's statements and posture during the campaign are any indication, democrats on the African continent will get some much-needed victories."

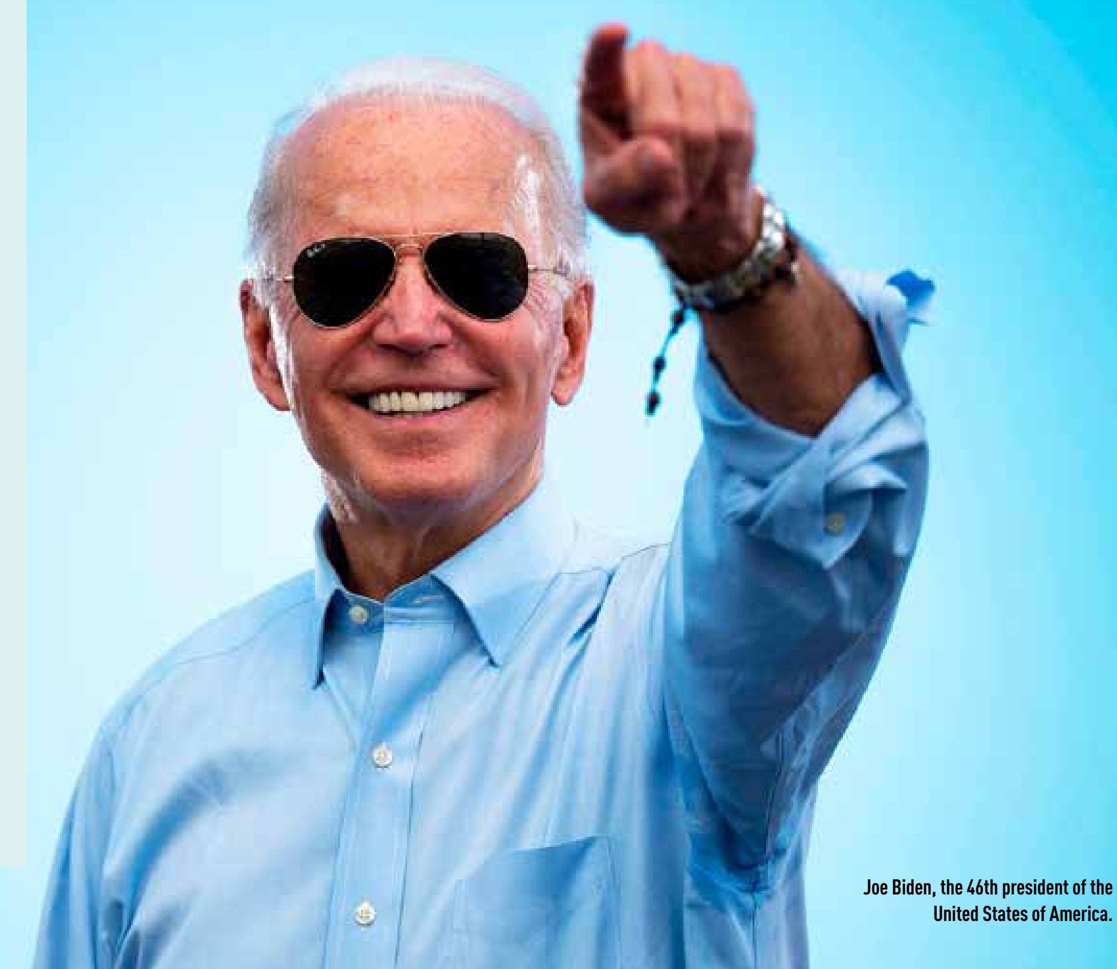
Biden's Priorities on Africa

Asserting America's commitment to shared prosperity, peace and security, democracy, and governance as foundational principles of U.S.-Africa engagement.

Restoring and reinvigorating diplomatic relations with African governments and regional institutions, including the African Union.

Ensuring the U.S. Government and U.S. Foreign Service reflect the rich composition of the American citizenry, including African diaspora professionals.

Continuing the Young African Leaders Initiative and deepening America's commitment to engage with Africa's dynamic young leaders.



Joe Biden, the 46th president of the United States of America.

> **The new administration will have its work cut out domestically and globally. Nonetheless, democrats on the African continent are eager to have an ally again.**

According to International Crisis Group's Chief of Staff, Brittany Brown who worked on African affairs under Presidents Bush, Obama, and Trump, foreign policy on Africa has not shifted drastically in the last 50 years.

It however did under President Trump.

"Typically, things don't change that much from democrats to Republicans, especially on Africa. You see some small changes, but for the most part, our policy has been relatively consistent at least for the last twenty years if not, you know, fifty years, when it comes to Africa," said Brown.

But President Trump went about making drastic changes in the way things worked right from the first week in office, among these the Dodd-Frank Act part of which contains rules requiring disclosure from companies trading in products that contain conflict minerals from Africa.

The other frontier that took up the Trump administration's attention was China.

"Under Obama, China in Africa was viewed as complex. In some cases, as an enemy and in others as an ally. Under Trump, China was viewed as the enemy. What we immediately saw was that we had to make a shift on some of our policies that. They had to become a bit more adversarial towards China," said Brown in a post-election podcast. "You also saw that there was less support for institutional strengthening, civil society, human rights … so it was also how do we also make a little bit of a shift so that things were focused on trade and investment. It went from trade and investment being one of the many to trade and investment being the most important."

She estimates that some of the policy shifts that will occur toward Africa under Biden will include re-engaging and rebuilding relations with the African Union and regional blocks such as the Economic Community for West Africa States (ECOWAS) and the Inter-Governmental Authority on Development.

"We're seeing people who are old Africa hands in the U.S. coming into leadership positions. One of the other things I really hope will be priority for these new teams coming is the importance of putting strong ambassadors forward," said Brown. "I hope that we move to a more complex understanding of China again. China hasn't been all bad for the continent. There's a lot of good things that China has done. Like the U.S., it's complicated."

TRENDS&INTEL

TRENDS&INTEL

TRAVEL

2020: The year of the defender and luxury cars

The launch of the Land Rover Defender 110 was one of the most anticipated car releases for 2020. Fans of the Land Rover series and James Bond Movies were about to have a treat of a lifetime as the launch could have featured both. However, the COVID-19 pandemic cut short the excitement as the company had to scale down the official launch. Despite the pandemic, they launched successfully as buyers had waited long, snapping up the cars.

According to Hussein Ibrahim, Managing Director of Inchcape Kenya, 2020 began on a high note as the company experienced significant growth, especially from January until March when the COVID-19 pandemic hit. The company had to make the necessary adjustments to ensure the safety of customers and staff. However, the most significant task was to find ways to adjust to the new normal while ensuring that their customers were able to get the services they need.

> The company sold out the limited stock launch series, including the 2-liter and 3litre limited petrol versions. According to Inchcape Kenya, the next stock will include the 90 series, with a shorter wheelbase.

Individuals, corporates, NGOs, Diplomats, and Government institutions are key customers for luxury brands such as the Landrover series, BMW, and Jaguar from Inchcape Kenya. According to Hussein, customers are not only looking for cars that make a statement whose utility can serve their needs. No shoe fits all, but in this business, and customers rarely walk in the showroom and buy what they see. They prefer to build their cars.

"Most of the conversations we are having with our customers is on style, taste, among other specifications. Hardly do customers walk in and pick what we have. The interesting thing about this is the processes of building the car, choosing the different types of specifications and combinations they need to make that suits them, that's the joy of this process," Hussein explains.

There has been an increase in demand for luxury cars in recent years. In spite of the pandemic, Inchcape has continued to experience a demand for luxury cars. The company recorded a significant number of sales units compared to 2019.

"Right now, we are just about 5 or 6 units shy compared to what we did in 2019. Compared to the rest of the companies, we had a better run in 2020," says Hussein.

Like other companies, Inchcape had to make some changes to maintain customer delivery, especially during the pandemic. Many customers were already in the purchase process and had to be catered for. Car manufacturers such as Jaguar and Landover made new changes and standards that had to be incorporated in the showrooms across the world, which applied here in Kenya too.

Hussein says Inchcape had to change how they were handling the cars, the facility, and one-on-one interactions. Some elements in the vehicles were removed, and others had to be included to ensure they were operating in a safe environment.

During the pandemic, the digital space came in handy with online activations. A virtual launch was held as well as an exclusive 5-day test drive where a limited number of customers got an opportunity to experience the car.

Digitization of services, especially in marketing and customer services, has been vital for luxury brands. Hussein says they had to ensure that the car-buying journey is not entirely dependent on face-to-face interaction, hence the introduction of virtual tours.

Interestingly, the company sold out the limited stock launch series, including the 2-liter and 3litre limited petrol versions. According to Inchcape Kenya, the next stock will include the 90 series, with a shorter wheelbase. It will have some variations in diesel engines and other additional specifications.

↑ Hussein Ibrahim, Managing Director Inchcape Kenya.

Few facts of the Defender 110

Hill Descent Control (HDC)
Assists you with tricky descents by maintaining a constant speed and applying braking separately to each wheel. Hill Launch Assist ensures the vehicle doesn't roll backward as it pulls away on an incline. The car also utilizes Gradient Release Control, which is designed to prevent the vehicle accelerating too quickly on a steep incline when the driver releases the brake.

All Terrain Progress Control (ATPC)
This is a state-of the-art optional system. It enables you to set and maintain a steady speed in challenging conditions such as slippery surfaces, including mud, wet grass, ice, snow and dirt roads. Operating like a conventional cruise control system, it functions between 1.8km/h and 30km/h, enabling you to maintain full concentration on the terrain ahead.

Coil Suspension And Electronic Air Suspension
The coil sprung suspension system combines double wishbones at the front with an advanced multi-link rear suspension, to create an agile and responsive chassis. A comfortable and capable drive is ensured by Electronic Air Suspension. Select from an access height of 40mm below normal ride height, to an extended height of up to 75mm. For extreme off-road conditions, a further extended ride height of 70mm is available. Even across unsteady surfaces it provides exceptional wheel articulation and poise.

TRANSPORT

Modern Nairobi battles to reclaim lost Green City in the sun tag

Massive efforts by the public and private sector are on course to improve Nairobi's image that for years, has had a reputation for heavy traffic jams, neglected public amenities and ailing garbage collection

When the railway builders created a port on a swamp that's today's East Africa's financial services capital, they wouldn't have imagined that in a hundred years, the railway depot would have exploded into one of Africa's most important cities.

The span that the city occupies was described by the British colonialists as a brackish swamp which was occupied on different sides by the Kikuyu, the Kamba and the Maasai peoples.

One hundred and twenty years on, Nairobi is poised for a leap into another growth era for a city that four million people now call home.

From the swanky malls to modern offices, international conference facilities and an ever-growing infrastructure network, Nairobi has grown in a century from a swamp into a city that never sleeps.

Take the Two Rivers Lifestyle Center that sits on approximately 9.7 acres and which is billed as Africa's seventh largest to Sarit Center, East Africa's first enclosed mall which dates back to 1983 and which has been refurbished to reflect modern customer needs. Sarit Center has been lately expanded to house over 500,000 square feet of space defined by retail shops, offices, medical facilities an expo center of global standards and other utilities attracting over 25,000 visitors every day.

"We want to be able to meet the demands of our customer base by providing them with world-class facilities so they can find everything they need here," Sarit Centre Finance and Operations manager Atul Shah said in a recent interview.

Also nearing completion is the iconic Global Trade Center, a city within a city concept which boasts an office tower rising 184 meters, the highest in East Africa, which is coming already equipped with state-of-the-art software/hardware facilities; the 103 to 116-metre serviced apartment community, which is the highest in East Africa holding the largest capacity and the 143-metre Luxury 5-star Hotel.

"GTC represents an overall upgrade of urban lifestyle in Kenya with its four benchmark elements of invaluable flows of global elites, intelligence, and capital," Avic MD Wong Yong said. "As an emblem of the era, it will be remembered as an everlasting lighthouse in the horizon of countless dreams that root deeply on this continent."

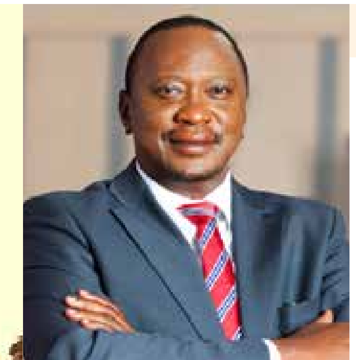
For all of its swanky developments, Nairobi has long carried a reputation for its heavy traffic jams, neglected public amenities and ailing garbage collection system.

An increase in the number of private vehicles, has turned Nairobi's traffic into the worst only after Mumbai according to an article in Down to Earth, a magazine that focuses on environment and development.

"Nairobians spend a whopping 55.79 minutes in traffic. It is estimated that the congestion leads to around KShs. 58 million ($5.6 million) a day of loss in productivity and as many as 13,000 people get killed in road accidents every year," says a report in the magazine.

There are however, massive private and public sector efforts to improve this image.

Many private sector efforts to keep Nairobi's image have been undertaken. From the 500-lot underground parking bay constructed by the Holy Family Basilica in the Central Business District to the buzzing digital innovation hubs that earned Nairobi the nickname the Silicon Savannah, Nairobi is never short of new innovations. Add to the upcoming modern apartment buildings, office blocks, hotels and shopping malls on every corner of the city and the regeneration efforts become clearer.



> **President Uhuru Kenyatta has consistently taken a personal interest in ensuring that Nairobi becomes a better, more habitable city that taps into its reputation as a regional and continental trade hub.**

55.79mn

Nairobians spend a whopping 55.79 minutes in traffic.

President Uhuru Kenyatta has consistently taken a personal interest in ensuring that Nairobi becomes a better, more habitable city that taps into its reputation as a regional and continental trade hub.

The President has been keen on infrastructure development which has resulted in the on-going construction of the Nairobi Expressway which will cross the city from east to the west and the rapid bus transport system now under design.

The Nairobi Metropolitan Area Transport Authority (NaMATA), with the support of Institute for Transportation and Development Policy (ITDP), is already drawing on detailed field studies to develop an integrated service plan for BRT and regular bus services in the metropolitan area.

Nairobi's planned bus rapid transit (BRT) system will offer an efficient, time saving public transport mode. The system covers Nairobi City County and the adjoining counties of Kiambu, Kajiado, Machakos, and Murang'a. The interconnected BRT lines are named after Kenya's Big Five animals: Simba (Lion), Kifaru (Rhino), Chui (Leopard), Ndovu (Elephant), and Nyati (Buffalo).

To drive urban renewal, President Uhuru Kenyatta formed the Nairobi Metropolitan Service and appointed Major General Mohammed Badi to head it. Already, the re-carpeting of roads in city estates is ongoing and plans for the establishment of the mass transit bus line are at an advanced stage.

In November 2020, President Kenyatta launched a commuter railway system that will connect the capital city and 10 satellite towns to help ease traffic congestion within the city.

The project is part of the Nairobi Metropolitan Transport Master Plan that is aimed at carrying out modernization and expansion of underutilized railway transport to reduce congestion on city roads.

The system consists of new diesel mobile units and commuter rail buses. In addition, the Nairobi Central Station will serve as the nerve center of operations connecting to 10 stations in satellite towns, including newly built stations in Donholm and Pipeline residential estates.

President Kenyatta said the railway transport will be extended to Jomo Kenyatta International Airport (JKIA) by 2021, allowing air travelers an alternative mode of transport to and from the airport without suffering the frustration of being caught up in the traffic jam.

"We have invested in rehabilitation of the Nairobi Railway station as well as access roads with additional stations to be constructed and will serve an estimated 40,000 passengers a day," he said.

Kenyatta said the government has prioritized the development of the urban commuter rail and to reduce traffic congestions and boost the economy of the city.

On Christmas Eve, the President reiterated his commitment to the restoration of green spaces in Nairobi and the improvement of the city's environment.

The President said through the various environmental conservation projects being rolled out across the city, Nairobi was on course to reclaiming its 'Green City in the Sun' status.

He spoke in Nairobi's Westlands suburb where he unveiled a Presidential Declaration on the conservation of the iconic mugumo (fig) tree along Waiyaki Way.

The imposing tree dominated national news when the government opted not to cut it down to pave the way for the ongoing construction of the Nairobi Expressway.

With the Presidential declaration in place, the giant tree has officially been adopted by the Nairobi Metropolitan Services (NMS) for preservation as a beacon of Kenya's cultural and ecological heritage.

"Indeed, we had this recognition world over of the 'Green City in the Sun' but unfortunately, over the years we abandoned it and we are here to reaffirm and to declare our commitment as a country and as a people to our environment," the President said.

The President said the iconic tree, which is estimated to be between 125 to 150 years, links Kenyans with the country's past, present and future.

The Head of State said the ongoing construction of the JKIA to Kikuyu expressway, which will be ready in 2021, is aimed at easing traffic congestion in Nairobi, adding that by preserving the fig tree, the country is demonstrating the possibilities of actualizing development while at the same time preserving the environment.

"There can be no greater significant symbol of that commitment than our presence here in front of this fig tree that was here long before Nairobi ever was... clear indication that it is possible for us to live with nature, it is possible for us to preserve and conserve, while at the same time develop our infrastructure rapidly and our capacity to ensure that our citizens live decent clean lives that each and every person is entitled to," said the President.

TRANSPORT

Fresh attempts at decongesting Nairobi roads

Traffic congestion has been linked to the growing number of motor vehicles in the roads of the city. Residents of the city prefer using personal vehicles even for distances that they can use on public transport

The traffic congestion in Nairobi is one of the memories that many first-time visitors to the city often take away. During rush hour, as the city rushes to and from workplaces, traffic grinds to a halt. The gridlock worsens when it rains, further slowing down movement.

The Kenya National Highways Authority (KeNHA) estimates that it takes up to two hours to drive across the city, from one end to the other during rush hour. All this to cover a distance of about 40 kilometres between Mlolongo on Mombasa Road and Uthiru on Waiyaki Way.

This congestion comes at significant economic cost. The Nairobi Metropolitan Area Authority (NaMATA), which ranks Nairobi as the fourth most congested city in the world, estimates that the economy loses KShs. 100 billion annually. This loss is as a result of the delays and fuel wastage as more time is spent on the road.

The Institute of Economic Affairs (IEA), on the other hand, projects that traffic jams in Nairobi cost KShs. 50 million daily, in lost productivity.

The traffic congestion has been linked to the growing number of motor vehicles on the roads. Residents prefer using personal vehicles even for distances that they can use on public transport. This is because of the absence of a reliable and scheduled public transport system in Nairobi and many parts of the country.

However, all this may soon change if ongoing efforts to decongest the city are anything to go by. In recent days, there have been attempts to facilitate free flow of people, goods and services across the city.

This saw the creation of NaMATA, the state agency mandated to oversee development of an integrated, efficient, effective and sustainable public transport system within the Nairobi Metropolitan Area that covers Nairobi, Murang'a, Kiambu, Kajiado and Machakos counties.

Ongoing initiatives to make decongestion of traffic a reality include: construction of the Nairobi Expressway spearheaded by KeNHA, introduction of the Nairobi Commuter Rail Service by Kenya Railways and the planned Bus Rapid Transport (BRT) system championed by NaMATA. All this is geared towards enhanced mobility, which is meant to facilitate economic activity in the city, which serves as the hub of the region.

Upon completion, the 27 kilometer Nairobi Expressway will be a dual carriageway, stretching from Mlolongo on Mombasa Road to James Gichuru junction which links to the exit to the western part of the country. The uninterrupted movement on the toll road is projected to significantly cut the travel time between these points to just 20 minutes.

Traffic congestion in Nairobi is linked to the growing number of motor vehicles in the city.

The Nairobi Commuter Rail System is operating daylong hourly trains serving the city and its environs. It will be operated from the Nairob Central Railway Station and expanded to cover the rest of the city.

The BRT run by NaMATA is meant to provide residents with a scheduled, reliable, bus-based commuter transport system. With dedicated right of way, it will help facilitate faster transport.

However, despite these sustained efforts, critics have warned that the Nairobi Expressway, being a toll road, will only serve those who can afford it, and not necessarily address the congestion problem. Residents have also taken issue with the KShs. 100 fare levied on all routes served by the commuter rail.

Alongside all these efforts, IEA has also recommended recognition of non-motorized transport as an alternative means of mobility.

> **The Nairobi Metropolitan Area Authority (NaMATA), which ranks Nairobi as the fourth most congested city in the world, estimates that the economy loses KShs. 100 million annually.**

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Family Businesses

Starting a family business is no mean feat. Yet, they are the significant majority of firms around the world. It is estimated that globally, family owned companies contribute between 70 per cent to 90 per cent of the world's Gross Domestic Product

Secrets of building a great family business

Well defined family values and leadership structures, innovation and trust are often the bedrock of some successful family businesses

Businessman Maina Gikonyo is not famous. His name might hardly ring a bell.

In any event, his given and surname are so ubiquitous that they can be found in practically every village in Central Kenya or families with roots in Central Kenya.

But the grey-haired, soft-spoken, and unassuming Gikonyo, who sits at the helm of Rwathia Distributors, is a household name at Kenya Breweries Ltd, one of East Africa's foremost blue-chip firms.

You will find Gikonyo easily weaves in and out of corporate conversations with Jane Karuku, the Group MD and CEO East African Breweries Limited (EABL) at business growth and development sessions. He's equally at ease while socialising at whiskey tasting sessions hosted by Kenya's century-old brewer for those who love a sophisticated twist and a tale to their tipple.

He deserves a seat at the table at Kenya's century-old brewer and one of Kenya's biggest companies. Rwathia is KBL's largest distributor, supplying in the region of 600 bars, hotels, and clubs and turning over a significant percentage of the beverage maker's distributor business.

Rwathia is a family business but not in the strictest sense of it.

It is owned by a group of families whose original locale is Rwathia location in Kangema, Murang'a County, about 118 kilometres north of Nairobi. The board is chaired by Maina's father, the indefatigable 105-year-old Gerald Gikonyo Kanyuira.

Rwathia Distributors is one of Kenya's oldest family business success stories where the second generation seamlessly and successfully took over the running of the firm from the founders.

Another sterling family success is the security services firm, Securex. Tony Sahni studied in Kenya and the United Kingdom and after his studies, he tried his hand at different businesses in the U.K. and then in Kenya.

After several years doing business elsewhere, he discovered that his father's security services business, started half a century ago in 1970, was always tugging at his heart.

His dad, Kishora Lal Sahni, embraced his son when he sought to join the business, and the resulting tag-team created a more powerful force that has grown the business both in reach and scale. (See separate story).

The odyssey has only just begun. Tony's youngest son studied Electrical Engineering, did a business management course, then, on his own volition, pursued a Masters in Counter-terrorism and Organized Crime. Now, he has started working in the business with a lot of leeway from his father to make the leap if he wants.

Starting a family business is no mean feat. Yet, family businesses are the significant majority of firms around the world.

It is estimated that globally, family businesses contribute between 70 to 90 per cent of the world's Gross Domestic Product.

"When you look at the US, Canada, India, Australia, 80 to 90 per cent of the companies in those countries were founded by an entrepreneur who had passion, who set up a business and ran with it. Walmart, BMW, Hyatt chain of hotels and Samsung, are some of the businesses that were started as entrepreneurial ventures but grew into huge multinational corporations," says Paul Ouma, Coach, and Founder of the Institute of Family Business.

> **It is estimated that globally, family businesses contribute between 70 to 90 per cent of the world's Gross Domestic Product.**

In Kenya, about 70 percent of the privately-owned companies are family-owned.

According to a report by Asoko Insights on East Africa's family-owned business landscape, family-owned businesses within the agriculture, food, and beverage sectors together represent the second-largest concentration of leading businesses in the country and are estimated to earn more than $10 million a year.

So, how does one grow a business from a dinner table conversation into a forceful brand?

In a November 2020 KPMG barometer from a study in Africa, family businesses were in agreement that it is important to build relationships based on trust with all their stakeholders (employees, the community, customers, and suppliers) and not just with family members. In addition, 65 per cent of respondents agreed that the emotional bond among family members is powerful and often

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Family businesses need to build trust, not just with family members but also with employees, stakeholders and the community.

“Drafting a family charter is very important for family businesses. It’s crucial for addressing obvious things, like compensation, and codifying them.”

65%

In addition, 65 per cent of respondents agreed that the emotional bond among family members is powerful and often helps them maintain a positive self-concept in their family business.

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There are two main ways family-run enterprises operate: they are either owner-managed or owner-controlled. Owner-managed means that the company’s owner or founder holds an executive role in the business, maintains oversight, and makes critical operational decisions on its daily management.

Owner-controlled means that the founder has brought in professional talent of senior managers to run the business. The owner or founder has a say in the strategic direction the company takes.

Experts say that family business founders and leaders need to have a vision and a strategic plan to grow a modest family business into a powerhouse.

“You have to move into a situation where you’re not the one doing everything. So you have to learn how to delegate. When you delegate, you need to have structures, and this pushes you to create organisational or departmental structures. As you establish these structures, then governance comes in because the organisation needs to be governed. That’s where you now say, look, I need to have an advisory board and a board of directors. These people will help the founders to run the business better,” says Ouma.

At a CEO’s summit for African family-led businesses, Darshan Chandaria, himself a second-generation Kenyan business leader, said;

“Drafting a family charter is very important for family businesses. It’s crucial for addressing obvious things, like compensation, and codifying them.”

Setting up suitable family governance structures is important because it ensures unity and focus among the family members who are also the business owners. This enables them to have discipline and trust to grow the business.

Antoinette Wa-Tindi, Membership & Partnership Director at the Association of Family Business Enterprises (AFBE), says that this involves having a family constitution, shareholder agreements, a family council, and holding regular family meetings. These are some of the effective ways to address the interactions between family and business.

“These are the structures and practices that many family businesses globally and even locally have put in place. They have proven to be an ideal way of addressing how or when a member is eligible to join the business, how conflicts between family members are addressed, and the responsibilities and roles of each family member in the business,” says Wa-Tindi.

In addition to developing governance systems, family values form the basis of what is important and how issues are handled. These values are based on the founder’s beliefs, such as integrity, respect, or religion.

Ramco is the oldest family-run business in Kenya. It dates back to 1948. Today it is chaired by one of the original entrepreneur’s sons, with members of the third generation holding top management positions.

According to the KPMG survey, most African family businesses are relatively young compared to their counterparts in other regions around the world.

“This provides a great opportunity for African family businesses to learn best practices from older and more established family businesses which, if implemented, could enable African family businesses to thrive and continue to drive economic growth across the African region,” says the report from the survey. “The Africa Free Trade Agreement is going to provide African family businesses with many more opportunities, but they will need to ensure that they are ready for this growth, the increased competition and the need to be more innovative.”

The generations in families also form great building blocks for family businesses. Some family business leaders deliberately pursue this course by tasking their children with simple assignments at the business premises over the weekend or during the school holidays.

“The last thing on young business owners’ minds is what to do when they’ve finished running their businesses. You must begin with the end in mind if you are to build a multigenerational business. That is how the founder is able to manage succession. It’s a relay race,” says Ouma.

According to Dr. James Wanjagi, a part-time consultant at Strathmore Business School and founder and CEO of Iricon Training and Consultancy, successful family businesses should provide education for both the family and the company.

“Formal education is important, but the natural, informal education from parents to children where they see the excitement of entrepreneurship from the onset often leaves a lasting impression,” says Wanjagi.

To ensure seamless, informal family business education from parents to children, the next generation should be integrated into the family business as soon as they are old enough to be involved.

“When it comes to the next generation’s formal education, the first step is finding one or two leaders from the same (next) generation who can be champions, who can convince others in their generation that it is important, relevant and worthwhile. The forming of a ‘Next-Generation Education Committee’, choosing the best, brightest, and most interested to lead the process,” says Wanjagi.

Business leaders or their children can learn strategy, finance, operations, technology, marketing, and governance in business school.

The growing generation learns soft skills training in areas such as communication, formal ways to conduct complex problem solving, benchmarking global firms in the same industry, and family business decision making processes.

Strategy, Wanjagi says, is critical for the success of any business.

Due to the COVID-19 pandemic, most businesses, including family-owned, have seen the importance of embedding technology within their operations and developing a digital strategy to drive the business forward.

“Most successful family-owned businesses do not just develop the business strategy, but they also define and develop expansion, growth, financing and marketing strategies to enable them to grow,” he says. “In addition, entrepreneurship is taught after students graduate from either tertiary or other higher-level formal education systems. It is my view that it should be taught earlier, and should include project-based learning.”

Ultimately, successful family businesses demand a certain level of accommodation from the founder, like the eldest Sahni allowing Tony the money, space and time to do his own research and travel the world in search of innovative new solutions, or Gerald Gikonyo allowing his son Maina to come into Rwathia Distributors and to bring in the new knowledge and technology on which the company’s growth was founded.

The Africa Free Trade Agreement is going to provide African family businesses with many more opportunities, but they will need to ensure that they are ready for this growth, the increased competition and the need to be more innovative.”

Most family businesses in Africa are relatively young compared to their counterparts in other regions around the world.

Banking on multi-generational mortgages to catalyze homeownership

Intergenerational mortgages are an increasingly global trend that the government and its backers is considering to get more Kenyans into home ownership

Most banks offer only up to 90 per cent mortage financing and over the years, researchers have noticed an interesting trend.

It usually involves one member of the family, usually the father or the mother, paying the deposit and then the children paying the monthly fee, says Kiplangat Cheruiyot, a Research Officer at the Kenya Bankers Association.

In the world of property financing, such arrangements are called intergenerational mortgages, an idea that the Government and its backers in the push to get more Kenyans owning homes is increasingly considering.

The intergenerational mortgage depends on one of the most common characteristics of home ownership in urban areas – the fact that the buyer of a home is most likely to leave it to their offspring.

From his observations, Kiplang'at says: " We are living in the age of multigeneration families. In Nairobi, we have a sizeable number of communities living together with their adult children who have come of age. Developers must therefore review their housing designs to cater for these generations."

It might be a relatively new phenomenon in East Africa, but intergenerational mortgages is an increasing global trend that has seen added acceptance in other jurisdictions, notably the United States and Europe.

In the United States, it is known as the Bank of Mum and Dad (Bomad), and researchers have found that the children of wealthier parents are more likely to become homeowners. In this situation, wealthier parents spare their children the 18 years of saving it would take to save enough for a deposit for a home by making the deposit themselves and leaving it for the child to pay off over time.

In Kenya, all the conditions are present for a slightly different form of intergenerational mortgage, where families live together, share resources and pay for the house together, with the children inheriting the house and the debt.

First, there is great demand.

Although major urban areas have high demand for houses, the available houses are beyond reach for most Kenyans. This deficit continues to rise due to fundamental constraints on both the demand and supply side and is exacerbated by an urbanization rate of 4.3%, equivalent to 500,000 new city dwellers per annum.

"The demand for a multi-generational home purchase has risen in the past few years as families are finding it more financially feasible to live together and share resources," says Elizabeth Costabir, CEO of BuyRent Kenya.

From his point of view doing research for the Kenya Bankers Association, Kiplangat observes: "Ideally the housing challenge in Kenya, and the same can be said of the wider East Africa, is that we have similar situations.

The available houses are too expensive for most Kenyans, against huge demand for low-cost houses."

Kenyans need about 200,000 new houses every year, but only 50,000 units get built, most of them beyond the reach of a majority of Kenyans.

The cumulative effect of this is that Kenya has a deficit of approximately two million units, according to the National Housing Corporation.

This shortage is largely driven by a rapid population growth rate of 2.5 per cent per annum. With over 97.1 per cent of the population earning below KShs100,000 per month according to the Kenya National Bureau of Statistics.

The resulting situation is that most Kenyans are not well capitalized to afford mortgages.

"We don't have a good supply of affordable low-cost houses. About 35 per cent of houses developed are in the upper-income bracket, while 48 per cent of houses supplied are in the middle bracket, yet the demand of the houses is in the low bracket," says KCB Director of Mortgages Sam Muturi.

"In the outer Nairobi metropolis, the cheapest house you can get is KShs.4 Million, this is still way too expensive for most Kenyans," he says.

Part of the solution to this is the affordable housing programme by the Government, which aims to increase home ownership especially in urban areas where only 26.1 per cent of people own the homes they live in according to the 2015/16 Kenya Integrated Household Budget Survey (KIHBS).

This program which is largely private sector driven but robustly facilitated by the government, aims to develop 500,000 housing units to ease the demand for affordable houses.

This will be achieved through partnerships with various stakeholders including county governments, landowners, developers, and financers like KCB Bank Kenya that provide end-user mortgages.

To qualify for multigenerational mortgages, a number of circumstances come to play. Lenders analyze the risks involved against the collateral— the house. A family must demonstrate capability for repayment for the entire loan tenure.

The need for multi-general loans also calls for the developers to build the houses in ways that can accommodate various generations within a home.

It is also attractive for lenders, says economist Tony Watima, as it provides "a feasible and viable way of homeownership as the prices of the house continue rising beyond what most households can afford."

Creditors should appreciate the fact that the risk is shifting from aging wealthy, but riskier borrowers to family members who are coming of age. In this way, the overall risk can be lessened for the lender, whilst creating an appetite for mortgages.

For now, the Kenya Mortgage Refinance Company (KMRC) has been tasked to provide secure, long-term funding to lenders (banks, micro-finance, and SACCOs), diaspora value preposition mortgages, and development of the multigenerational mortgages.

Charles Hinga, Principal Secretary State Department for Housing and Urban Development, sees multigenerational mortgages among the innovative financing solutions that Kenya can use to unlock and accelerate home acquisition.

It will first be implemented through the tenant purchase schemes, which will allow for multi-generational payment plans, "where the number of years to retirement are not considered as would be the case when applying for a traditional mortgage."

This adds to the compelling advantages to paying mortgages such as tax relief for mortgage borrowers.

Borrowing money from a registered financial institution to purchase a home or to improve a home guarantees the borrower a tax relief on interest paid to the registered financial institution of up to a maximum of KShs300,000 per annum.

Handing over the house to your offspring will soon be an added advantage.

> **Kenyans need about 200,000 new houses every year, but only 50,000 units get built, most of them beyond the reach of a majority of Kenyans.**

Kenya lacks a good supply of affordable low cost houses with the highest demand being in the low income bracket.

Making Mulleys

The supermarket chain Mulleys, was a dream that began with its founder to ensure his family lived a comfortable life. The success of the retail chain has perhaps surpassed his dream, with 10 branches spanning four counties from Machakos, Kitui Makueni to Nairobi

Kevin Mulei, CEO Mulleys Supermarket.

Peter Ngumbi Mulei was an avid and shrewd businessman, selling wood carvings in Tanzania, Zambia, Uganda and South Africa and running shops, but he had one shortcoming – he had not gone to school and always came up against a language barrier.

He made a promise to himself to ensure his children and his siblings go to school so that they would not have to face the same problem.

Peter had started out in business in Nairobi in the 1960s with a retail store whose success had resulted in the opening of eight more in the nascent estates in the capital city. But the lack of an education and the struggle to keep up with the operations of the nine shops was too much for Peter, and he consolidated his businesses and went back to Machakos in 1968. He linked up with his friend and they set up a combined retail and wholesale store.

His family was growing and as soon as his three sons - Kevin Mulei, Eric Ndonye and Stephen Kyalo - finished secondary school, he kept his promise of giving them a good education and sent them to the United States of America to study.

They all finished their university studies and came back to help their father with the business, which caused a stir as many were surprised that they had gone so far to study only to come back to Machakos to help their father run a shop.

"People were wondering how one can have the opportunity to go all the way to America to get an education and come back and be a shopkeeper. They made fun of us. However, our goal was to take our business from one generation to the next which was unheard of in our area. We were determined to grow our business from a small business to a big business and have a legacy," says Kevin.

At the time, they only had 12 employees, and within three years they had grown to 200 employees and changed the model of doing business by going to shops to take orders instead of shop owners coming to the shop, which excited the customers.

As the wholesale business grew, Kevin wanted to replicate something he had grown to like when he was in the United States.

"When I was in the States then we didn't have supermarkets in Kenya. I would get very fascinated at how you would walk in a supermarket, select something on your own, look at it and put in a basket compared to what we were used to at the shop, where you had to point at something for the shopkeeper to give you and if you took too much time to make a decision they would be very angry," says Kevin.

> **People were wondering how one can have the opportunity to go all the way to America to get an education and come back and be a shopkeeper. They made fun of us.**

Mulleys supermarket, run by the Mulei brothers who have built their father's legacy.

To make this a reality, Kevin rallied his brothers and some of the management team on a mission across the country for benchmarking from the existing supermarkets. They studied the top tier retailers at the time – Nakumatt, Tuskys, Naivas and Uchumi - to see how they could also get there.

In 2008, the brothers came together and bought a piece of land in Machakos town and put up the building that would house the supermarket.

"Unfortunately, we built it with our own money instead of going to the bank so by the

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Mulleys supermarket has grown progressively with the brothers ensuring that they can be accessed conveniently.

time of finishing this huge building, we had no money to buy goods. Because we had a good relationship with our suppliers at the wholesale shop, some of the companies managed to bring us goods," says Kevin.

With the supermarket taking shape and ready for launch, the Mulei brothers knew it was time to put their house in order before opening the doors of the supermarket.

"We had to divide the roles so my brother Eric Ndonye was in charge of marketing and logistics, Stephen Kyalo took over the responsibilities of finance and I became the CEO and I handle human resources," he says.

They were on the final stretch of preparations to open the supermarket when in 2009, their father passed on. The situation brought about a lot of uncertainty as many felt that they would not be able to continue building the business without their father's presence. The sons had to pick up the mantle from their father and were determined to build his legacy.

> **On the first day of operations, the cash machines failed and they had to shut down, with long queues of shoppers waiting to check out.**

"People were saying we would have done so well if our father was alive, but our dream was so big and we kept pushing on. Five months later we opened the doors of our supermarket," says Kevin.

December 2010 will always be a memorable day not only for the Mulei's but for the Ukambani region as they got to witness the opening of the first supermarket in the region owned by one of their own.

The Muleis settled on Mulleys as the name, which retained the roots of the business owner and brought to it a modern and global outlook the same way Tusker Mattresses had been renamed Tuskys.

They were basking in the glory and enjoying the proud moment but would soon get a taste of the reality of running a supermarket.

On the first day of operations, the cash machines failed and they had to shut down, with long queues of shoppers waiting to check out.

To manage the situation, they had to sell the baskets with products at discounted prices and had to shut down to sort the issue. The following day, the issue of machines was sorted and they were ready for another day in business, but there was another setback.

"Everyone came back to shop and everything was going great, then we realized we didn't have enough coins,"

They had only KShs40,000 worth of coins, which is too little when you are running a busy supermarket, and had ran out of them within half an hour.

They realized that day that they needed at least half a million worth of coins in the supermarket, and had to shut down again and sort out the issue. They had another issue on the third day but got the hang of it from then on and everything continued smoothly.

The next 11 months saw the business grow and led to the opening of another branch in Machakos town near the bus stop, which made it convenient for travelers.

Over the next seven years, the supermarket grew to 10 branches spread out across the four counties of Machakos, Kitui, Makueni and Nairobi.

The growth of the supermarket has been progressive with the Mulei brothers ensuring that customers can access the supermarkets at their convenience.

Kevin says they are guided by the fact that today's customer is very sophisticated and always seeking value for money.

They have developed a model christened AVA – availability, visibility and accessibility – as an essential tool in retail management. They thus place their stores near bus parks.

The Mulei brothers have managed to build their father's legacy and this came about because he got them started on the business at an early age, which they are also doing with their children, to ensure they understand the business and can carry on the family legacy.

"Just like our father did, holding our hands and introducing us to the aspects of business, moulding and coaching us in the retail world, we are now doing so with our children, by incubating them in the business world and exposing them to the business world in every opportunity we get especially during the school holidays. Though they have a choice to do what they want to do, we are encouraging them to study something that is in line with the business," Kevin says.

Running a family business has had its fair share of challenges such as gaining confidence from investors, financiers, suppliers, among others. They negotiate these by remaining united and focusing on building their father's legacy.

"Muleis is a close-knit family and we consult with each other daily. However, there is a perception that comes with family-owned businesses as some of them are prone to conflict hence investors tend to shy away from such controversies, but the good thing is most businesses in the world today sprung up from family businesses or they are family-run," says Kevin.

To maintain professionalism in the business and generate the next generation of retailers, the Mulei's started the Peter Mulei Management and Mentorship program which has so far seen more than 120 beneficiaries gain mentorship, training and exposure into the retail business.

Kevin Mulei and his siblings managed to open a branch each year for eight years, which has now given them the confidence to go on an expansion drive across the region. They have already made investments in good systems and bringing onboard professionals such as consultants to assist in the expansion drive. However, the success of the business has been largely attributed to their unity.

For them, the task ahead is to continue building the business while encouraging and incubating the next generation of Muleis to take up the mantle when the time comes.

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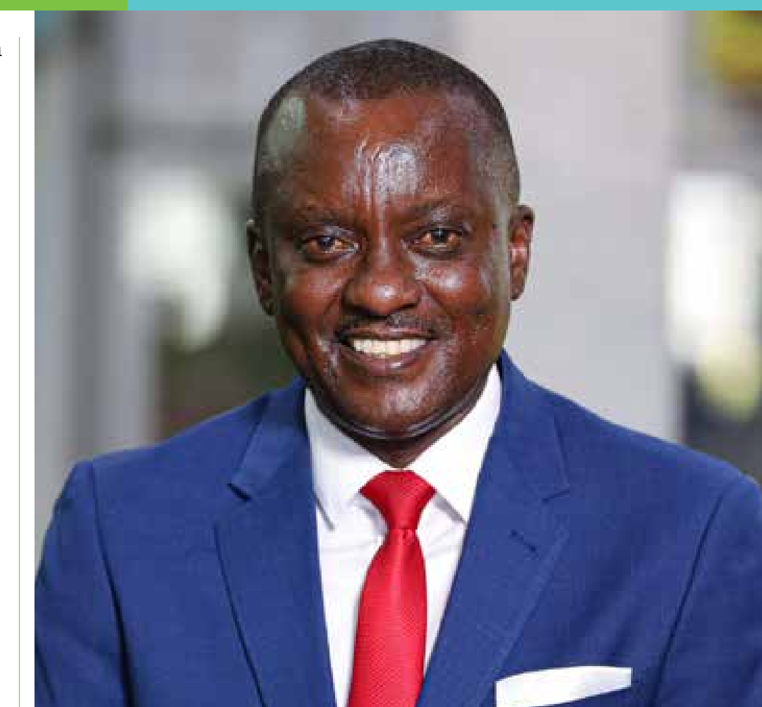
Over the next seven years, the supermarket grew to 10 branches spread out across the four counties of Machakos, Kitui, Makueni and Nairobi.

120

The Mulei's started the Peter Mulei Management and Mentorship program which has so far seen more than 120 beneficiaries gain mentorship, training and exposure into the retail business.



> **Kevin Mulei and his siblings managed to open a branch each year for eight years, which has now given them the confidence to go on an expansion drive across the region.**

A society in business

Rwathia Group was formed by like-minded clans and families that today, stands firm as an economic empire

Maina Gikonyo does not stand out in a crowd, but when the top management at Kenya Breweries Limited meets him, they treat him with a certain measure of respect, even reverence.

They have very good reasons to pay attention to the grey-haired man. He is the Managing Director of Rwathia Distributors, the oldest and one of the biggest alcohol beverage distributors in Kenya.

For the last 15 years, Maina has led the operations of the distributor serving bars, restaurants and hotels within Nairobi's Central Business District and the area around Pumwani, Kariokor and Ngara.

Rwathia Distributors is based in a large compound on Quarry Road in Pumwani, a few metres from the Kariokor Muslim Cemetery. The warehouses were built with beer in mind: the columns are shaped like beer bottles with the cornices on the pillars shaped like bottle tops.

Maina serves at the behest of a Board of Directors whose chairman is Gerald Gikonyo Kanyuira, his father, who clocked a century this year. Gerald is a sort of an eccentric, snuff-taking old man who operates from a hotel in the CBD, one of many properties owned by the Rwathia Group, and has lived on the firm belief that he did not need a house in the leafy suburbs as long as he had property in the city.

Gerald is the last of a group of men who came to Nairobi from Rwathia, a location in Kangema, Murang'a, right before Independence looking to make money. They started by establishing businesses in the African locations of the city – Eastlands and Pumwani hawking vegetables in the Asian quarters.

From hawking, they went into retail shops and then restaurants and when opportunities to do commerce in the emerging Central Business District opened up after Independence, built commercial buildings. The group now owns a number of notable buildings in the city centre: Magomano Hotel, New Kinangop Hotel, Timboroa Hotel, Alfa Hotel and Rwathia Distributors, and a string of bars, restaurants and nightclubs.

Rwathia is a big location and the investments were made by members of clans or families who would entrust a number of individuals with their money. "You'd find that a business like Rwathia Distributors has around 400 shareholders but each group was brought by a certain person from their village who would be trusted to collect money, even from villagers, and as little as KShs50 or KShs100 to come and invest their money for them," Maina explains.

Rwathia is not therefore, strictly speaking, a family business, but has been admired for the way the founders created a formidable range of enterprises that has stood firm without its tussles spilling over into the public.

Maina Gikonyo, MD of Rwathia Distributors

> **"Jobs were not easy to come by. It was easy for me to get convinced to come into the existing businesses and try to help the older parents and directors as they aged,"** says Maina.

Even as the founders grew old, says Maina, they brought their offspring into the businesses to learn by a form of apprenticeship how they were run. Maina himself joined the business in 1995 soon after coming back home from studies in the United States.

"When I came to Rwathia, I was the youngest director at the time. Most of them were our parents and they were quite advanced in age. Some of them have since passed on and only one is left, my father," Maina says.

He is now the only one in the family who is in the upper echelons of management, along with his father, the chairman of the board.

Maina landed at Rwathia almost by default as he had come back to Kenya in 1990, at a time the economy was on a downward trend, with economic growth at 2.2 per cent and reducing, and an economic depression that had been brought on by a severe drought, high inflation and the suspension of foreign aid.

While he had hopes that things would improve with the imminent change of government with the advent of multi-party democracy, that was nearly a decade away, he was encouraged to seize any opportunities that came his way.

"Jobs were not easy to come by. It was easy for me to become convinced to come into the existing businesses and try to help the older parents and directors as they aged," says Maina.

Managing the relationships between the generations has been fairly easy as the fathers were more than willing to let their sons into the business and they recognized the shortcomings they had, chief of which was the lack of formal education.

"I can imagine that they saw something lacking in themselves, a void that we came and filled up. The younger generation has always felt appreciated when they came into the businesses and true to form, we have been able to instill a level of sophistication that was difficult for them," says Maina.

At the beer distributor, this has been in the form of software to manage stocks better, among them a system developed with the help of East African Breweries Limited that helps with that aspect.

The caliber of staff employed now are different from that at the time they started the business. One of the biggest successes over the years, Maina says, has been the use of systems and trained staff to run the business.

Before the modernization of the business, the salesmen were the truck drivers, and all they would do is drive to the bars and offload the products. Now, they go in, collect data and keep tabs on how the bars are doing.

Maina has also overseen the growth of the distributor's territory from Kamukunji, Pumwani, Shauri Moyo and Eastleigh to the whole of the CBD and Upper and Lower Ngara. The number of trucks that ply the routes now stands at 14 from an original five in 1995.

Working with the manufacturer, the distributor also supports the businesses they serve with promotions, campaigns, staff training and sometimes getting banks to give them credit to finance growth.

While they have navigated other storms, the COVID-19 pandemic has hit the businesses the hardest as social distancing and restrictions on gatherings left bars and restaurants closed and hotels empty. Staff were laid off as the trucks that distribute to the 600 bars in Rwathia's territory remained parked in the yard.

At the time of the interview, business had picked up somewhat, spurred by the emergence of the cash-and-carry model of sales as opposed to the traditional model of service in bars or restaurants, known in the industry as on-trade. The going was not yet good, though, as only 180 bars, less than a third of the 600 in their territory, had reopened.

COVID-19 aside, Rwathia Distributors' future is dependent on a variety of factors, from Maina's point of view, as it is part of an industry that is perpetually targeted for tax increases by the Treasury.

Currently, Excise Duty on alcoholic beverages increases every year, "and this will not change in a long time."

He also shares the concern of others in the alcoholic beverages sector who are worried about the impact of parallel import of high-end spirits without paying duty while riding on the advertising that others have invested in.

Maina hopes that just like those of his generation who joined the business, the third generation of the Rwathia group of companies will join them and bring in new ideas and ways of running the enterprise.

The Rwathia group has also deemed it fit to go beyond the original investment direction, Maina says. "We have realized that in this business, we probably cannot depend on the alcohol trade for a very long time. We have started diversifying so that we don't put all our eggs in one basket," he says.

They now supply the Kenya Defence Forces, have contracts in six counties for the Last Mile electricity connection project, and a project to install smart meters for the Nairobi City Water and Sewerage Company.

Given the large number of original investors and the fact that some of them were polygamous, some of the third generation Rwathia investors are people his age while others are much younger.

It might be difficult to predict with any accuracy how the Rwathia Group will go but theirs will certainly be one of the most notable stories in the history of Nairobi.

> **While they have navigated other storms, the COVID-19 pandemic has hit the businesses the hardest as social distancing and restrictions on gatherings left bars and restaurants closed and hotels empty. Staff were laid off as the trucks that distribute to the 600 bars in Rwathia's territory remained parked in the yard.**

Rwathia Distributors is one of the oldest and biggest alcohol beverage distrubutors in Kenya.

OUR STORY

Things cannot just fall into place

As a young man, Tony Sahni dabbled in various businesses in the UK, but none of them were ever the right fit, until he came back home to Kenya

The attempted coup by a section of the Kenya Air Force in 1982 marked a turning point for many people in the country. For Tony Sahni and his three sisters, a decision was made by the family that they would pursue their studies in the United Kingdom.

All his sisters got into professional careers and got married and Tony tried out different things: he got into business selling tea and coffee to hospitals, started a manufacturing business that did not work, started a trading company and also got employed.

"And I learned a lot," he reflects. "I mean, what I learned during those eight years in the UK, I probably couldn't have learned in university. There was hands on experience and practical experience."

Something in him kept calling him back to Kenya, where his father, Kishora Lal Sahni, had started Securex, the security services company, in 1970.

"My heart was always here. So I said to my dad, 'You know what? Enough is enough. My sisters are married. I will come back.' That's how I came back home," he says.

He started working at Securex but also partly ventured out on his own, setting up a hardware shop in Gikomba, acting as an agent for Bajaj, the Indian company, selling light bulbs and seeking to compete with the Dutch multinational. He also imported chocolates and dabbled in event organization.

Tony Sahni, CEO Securex Agencies Ltd.

The number of Securex guards has grown from 200 in 1991 to 7, 000 currently.

He started working at Securex but also partly ventured out on his own, setting up a hardware shop in Gikomba, acting as an agent for Bajaj, the Indian company, selling light bulbs and seeking to compete with Philips, the Dutch multinational. He also imported chocolates and dabbled in event organization.

Tony was not always successful but he sees these experiences as part of a learning process. In addition to burning his fingers, he also realized those ventures were not his passion, and he found that he always gravitated back to Securex, where he could see some gaps in the business.

"A couple of people came to me and said, 'You know, why aren't you looking at your own security business?' That's when I started focusing," he recalls.

He became a research and development man and a salesman rolled into one. The research and development involved travelling to security exhibitions in the more developed parts of the world – New York, Taiwan, Shanghai - and seeing things he could bring back to Kenya. The sales involved going to downtown Nairobi, the neighbourhood of Gikomba, Kombo Munyiri Road, Kirinyaga Road, and River Road to sell security services.

"A lot of multinationals didn't want to deal with these people, and we saw a gap. So we approached that market, and we scored. We grew very fast in that market," he says.

He also developed a strategy of going to every customer and ensuring that whatever time they called, Securex would respond within two hours and resolve the issue within 24 hours.

Tony also took up the role of Chief Recruiter, interviewing every person who applied to be a security officer and then ensuring that he kept the door open for any member of the staff to bring their issues to them.

"It was a very disorganized way of doing it. There was no structure around it. But slowly, things just fell in place," he says.

He credits the company's growth to the focus on innovation, customer care and employee welfare.

He gave me a lot of guidance. He always told me what the pros and the cons were, and then he let me make my decisions. And I'm not saying I made the right decisions," says Tony.

It also helped that as he embraced his multiple roles and worked to build the company, his father encouraged him and didn't mind the ventures, even when they turned out to be misadventures.

"He gave me a lot of guidance. He always told me what the pros and the cons were, and then he let me make my decisions. I'm not saying I made the right decisions," says Tony.

Even when he made the wrong decisions, the old man would ask him to draw on the lessons learnt and move on.

Running a family business founded by one of the parents involves creating a balance, if that is even possible, between the filial relationship and the business relationship. Fights between members of the family can be material to the business as they can disrupt it or result in irrational decisions made on the basis of emotions or vendettas.

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He doesn't come and interfere with the decision making. So we have a great relationship in the office. Sometimes we have arguments, but of this we still enjoy whisky together," says Tony.

The Sahni family

Tony's vision is for Securex to be known more as the provider of security solutions.

MAIN STORY

Tony's wife is also part of the business, working in the background and building processes and systems, and their son has now joined them.

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Securex has just turned 50

The father and son at the helm of Securex managed to find a balance: the father carefully encouraging the son to make the right decisions and depending on his business acumen to grow the company.

The elder Sahni is now 87 and can no longer go to the office every working day. He goes to his corner office at the modern, well-designed and fitted office at 9 Riverside about three times a week but "he's still hands on but doesn't interfere with the business."

"He doesn't come and interfere with the decision making. So we have a great relationship in the office. Sometimes we have arguments, but of this we still enjoy whisky together," says Tony.

Tony's wife is also part of the business, working in the background and building processes and systems, and their son has now joined them.

The youngest Sahni studied Electrical Engineering at the university, a business management course and then, without any push from his father, pursued a Masters in Counter-terrorism and Organized Crime.

His father reckons that having so much of the family business in the background at home, with both parents discussing the business, the grandfather in the mix and this going on even when they are on holiday, somehow rubbed off on him, and his route back was almost natural.

It's too early to say that the youngest Sahni will be taking over the business eventually, says Tony.

The man who grew the business from 200 guards in 1991 to the current 7,000 by bringing in innovation, customer care and attention to employee welfare is struggling to understand how his Generation Z son works.

"We do have our tussles as father and son," he admits, "Because one thing I've got to realize is that this new generation have a very different way of working."

He is yet to get used to being told to state what he wants done without dictating when and how it should be done, and his insistence that office hours start at 8am has been met with resistance.

Tony has come up against the steep learning curve the older generation encounters in trying to work with Generation Z.

"My mindset, I have to now change this. So I have to listen more because the reality is they have a different way of thinking. And even I need to adapt. And I can't keep on thinking the old school way, because those things will not work in the future," says Tony.

The filial and business relationships aside, the fundamentals of the business remain, and Tony's vision is for Securex to be known less as the company that provides the ubiquitous guards at office buildings in cities and towns and more as the provider of security solutions.

His next target is the middle class, and Tony spoke to Venture before Securex launched Rafiki, a range of affordable smart home products with security and lighting solutions. The typical Rafiki security kit is a box with an alarm system, door sensors, and a Closed Circuit Television system, with a mobile phone application to monitor it. It can be bought off their website and an individual can install it for themselves.

"My goal is to target the woman of the house who can go to work and check her phone and see what her maid is doing with the children. If the child opens the door, the mother knows immediately. So she can actually know what's happening in the house and she can focus on her work," he says.

He reckons that the current mindset of security being a man at the gate will change, as technology will put users in more control.

"You will see a lot of technology coming in. Things like remote monitoring. People are going to use artificial intelligence. You will see cameras. So if you need 20 security officers, you'll probably keep 10. But for the rest, you will use artificial intelligence, cameras, electronic locks, with remote monitoring companies sitting and monitoring your site sitting in an office. So technology will play a big role, but people will never go," he predicts.

Securex has just turned 50, and while the growth can be credited to Tony and his father, with their combined personalities and characteristics, the business has evolved from being a purely family business to something else. While he still drives the vision, looking at new products and innovations and leaving his door open for employees in the ways he knows best, he has ceded a lot of power to managers and is well aware that the old disorganized way cannot work, and things cannot just fall into place.

"We've got a very good team of managers. You hold them responsible, give them decision making powers and they work for you. They run the show for you," he concludes.

Side-stepping the common pitfalls of family businesses

Over the years, Kenya's enterprise scene has been treated to the good, the bad and the ugly of family businesses.

A few of them, from different industries and sectors have thrived through successive generations while some have floundered after the founder's demise.

Others have been like one big soap opera, pitting the owner's kin against non-family management in public spats, often grinding operations to a halt and posing reputational risks. Then there are also those that become the subject of never-ending court cases, of sibling turned against another.

"Running a business is challenging. Being family-owned adds even more complexity. The root cause why family businesses are special and more difficult to run draws from the complexity it presents, in the form of age, family structure, number of people involved, their experience, economic status and education levels, among others," says Dr Fred Ogola, who teaches strategy and decision-making at Strathmore Business School (SBS).

It is no wonder then that the rate of failure for family business has been startling, both locally and on a global scale. According to Deloitte, only one in three family businesses worldwide successfully transitions from one generation to the next.

The challenges of family businesses can be summed up to governance and succession. For many of these businesses, succession is a point of great vulnerability. Conflicts within the family in the course of operations also tend to spill over into the business.

From his experience, which also includes running family businesses, common challenges include: preference for informality, a blurring of lines between family and business; and continuity, where those expected to succeed the founder end up having neither an idea of how to do this nor the desire to take it up.

This is in addition to disregard for risk when starting and running a business, safe in the knowledge that if everything else fails, they could still go back to their other engagements. This causes many such businesses to limit their ambition without preparing effectively for success.

As a result, family members find themselves in senior positions they are neither qualified for nor committed to. This sees these businesses getting stuck in their ways with the leadership staying on for far too long.

Experts advise that businesses need to formalize their operations and processes to enhance their chances of survival.

"Appointments and procurement need to be done formally, with contracts, even if it involves a brother. That way, if someone else takes over in future, they can still run the business. The business should also have the best human resource practices and avoid putting unqualified family members in positions that can suffocate the business," says Dr Ogola. There is also a need for strong governance structures and practices beyond having a board.

A growing ecosystem is coalescing around family-owned businesses to support them to thrive and circumvent these challenges. These include academic institutions, consulting houses and membership organizations.

SBS runs a Family Business Executive Programme, where founders and successive generations learn practical skills and insights to sustain their businesses through generations. These include strategy, structures, conflict resolution, risks, succession planning and other fundamentals of running a family business. It also includes a coaching programme for each family.

> **The challenges of family businesses can be summed up to governance and succession. For many of these businesses, succession is a point of great vulnerability. Conflicts within the family in the course of operations also tend to spill over into the business.**

Family businesses need to formalize their operations to enhance their chances of survival.

Paul Ouma, the director of the programme, argues that for family businesses to succeed, they need to set up several structures that guide how members interact with the business and the assets it owns. This includes a family council, a board of directors and trustee.

There is also the Association of Family Business Enterprises that champions strong, professionally-run family businesses that survive through generations. This is through networking opportunities, learning resources and advocacy on matters affecting the businesses.

Despite the many heart-breaking stories of failed family businesses, there are a number of shining stars. Locally and globally, there are many examples of thriving family-owned businesses. These include Devki Steel, Ramco Paints, Chandaria, Samsung, Walmart, among others. They provide inspiration that a family-owned business that is passed through generations is possible.

Family business is one of the biggest contributors to job creation.

Why family business is a huge topic of interest in schools

> **Successful family businesses should provide education for both the family and the business. Formal education is important, but the natural informal education from parents to children where they see the excitement of entrepreneurship from the onset often leaves a lasting impression,"** says Dr Wanjagi.

Family businesses are a very important aspect of the national economy. They play a vital role in economic development because they are a big contributor to job creation, skills growth and trade and innovation. It is no wonder then, that they generate a lot of interest not only in Kenya but globally.

According to Dr James Wanjagi, a part time consultant at Strathmore Business School and, Founder and CEO of Iricon Training and Consultancy, the family owned business segment, which extends to a wide range of industries, is a key driver of Kenya's economic engine.

However, while the current undergraduate business education only prepares family business students for the business system education, it does not give them a clear picture of the environment in which they will work.

"Successful family businesses should provide education for both the family and the business. Formal education is important, but the natural informal education from parents to children where they see the excitement of entrepreneurship from the onset often leaves a lasting impression," says Dr Wanjagi.

To ensure seamless informal family business education from parents to children, the next generation should be integrated in the family business as soon as they are old enough to be involved.

"When it comes to the next generation's formal education, the first step is finding one or two leaders from the same (next) generation who can be champions, who can convince others in their generation that it is important, relevant and worthwhile. The forming of a "Next-Generation Education Committee," choosing the best, brightest, and most interested to lead the process.

"They would determine exactly what education would be needed and the best way for it to be delivered to the family members that would be interested in joining the family business. It's the formation of an apprenticeship program that forms the foundation for understanding the business," says Dr Wanjagi.

Still, there are scholars already entrenched in family businesses who already have knowledge and experience working at family firms. So what more could they learn in a class environment that the business hasn't taught them?

They benefit by learning soft skills training, for example communication, they learn formal ways to conduct complex problem solving, they get the opportunity to benchmark global firms that are in the same industry and learn more about the family business decision making process.

Some of the essential topics in family business include strategy, finance, operations, technology, marketing and governance.

Strategy, Dr Wanjagi says is key for the success of any business, and it will be defined by how well the family business develops and implements it.

"Most successful family-owned businesses do not just develop the business strategy, but they also define and develop expansion, growth, financing and marketing strategies to enable them to grow," he says.

Because of the COVID-19 pandemic, most business, including family-owned, have seen the importance of embedding technology within their operations and developing a digital strategy to drive the business forward.

The family business unit remains a big contributor to job creation, however, Dr Wanjagi says entrepreneurship is not well infused in the education system to turn Kenya's youth from job seekers to into job creators.

"Where it exists in the education system, there is no tie-in to the family-business, there is no practical driven approach where business owners are routinely invited to share "street-smart" best practices. We also do not teach the need for an entrepreneurship mindset as it takes a certain mindset to be an entrepreneur,"

He continues: "In addition, entrepreneurship is taught after students graduate from either tertiary or other higher-level formal educations systems. It is my view that it should be taught earlier, and should include project-based learning," he says.

> **Most successful family-owned businesses do not just develop the business strategy, but they also define and develop expansion, growth, financing and marketing strategies to enable them to grow,"** he says.

The next generation should be integrated into the family business as soon as they are old enough to be involved.

MAIN STORY

MAIN STORY

Creating
a multigenerational business

Succession planning is one of the major challenges family run businesses contend with across the globe. Experts say involving the owners' children at an early age is a good idea that could have benefits in succession and continuation of the business

Taking the leap to start a business can be daunting, and rightfully so for many reasons. For starters, there's the lack of security that comes with being employed, then there's the compounded fear brought about by the uncertainty of what the future holds. Not to forget the taxes and businesses licences that need to be paid, and of course, there's the issue of having the capital to start and run the business. Now when you add family to the equation, the idea seems scarier.

According to a 2018 Family Business Survey conducted by PricewaterhouseCoopers, family businesses are in robust health, with Revenues expected to continue growing for the vast majority (82%), compared to 84% globally.

"As such, it can be said that family businesses are the drivers of the economies in which they operate." Says Antoinette Wa-Tindi, Membership & Partnership Director at the Association of Family Business Enterprises (AFBE).

Paul Ouma, Coach & Founder of the Institute of Family Business (IFB) says that some of the world's biggest multinational corporations, had their humble beginnings but grew to international business domination.

Family-owned businesses (FOBs) like any business, needs goal-setting strategies and a succession plan.

Ms. Wa-Tindi and Mr. Ouma are both certified coaches who run training programs in Nairobi that are geared at mentoring, nurturing and offering strategic guidance to FOBs in the country.

Most of the known family run businesses in Kenya are in the retail sector; Naivas, Tusky's and Nakumatt. But we also have others in the education sector like Riara and Makini.

There are two main ways family run enterprises operate; they could either be owner managed or owner controlled.

70%

In Kenya about 70 per cent of the private owned companies are family owned.

According to a report by Asoko Insights on East Africa's family-owned business landscape. FOBs within the agriculture, food and beverage sectors together represent the second-largest concentration of leading the country and are estimated to earn more than $10 million a year.

In order to grow from a modest family business into a powerhouse you need to have a vision for the company and a strategic plan to achieve it. IFB describes this as moving from the bed sitter stage, to the main house stage.

"A bed sitter is everything acting as the sitting room, to your kitchen. That's how start-ups are." Says Mr. Ouma. You have to move into a situation where you're not the one going to do everything. So you have to learn how to delegate.

"When you delegate, you need to have structures, and this pushes you to create organisational or departmental structures. And as you get into establishing these structures, then governance comes in because the organisation needs to be governed. And that's where you now say, look, I need to have an advisory board and a board of directors. These people will help the founders to run the business better. That's how it works". Mr. Ouma further explains.

Setting up good family governance structures is important because it ensures there is unity and focus among the family members who are also the business owners. And this enables them to have discipline and trust to grow the business.

Ms. Wa-Tindi explains that this involves having a family constitution, shareholder agreements, a family council as well as holding regular family meetings are some of the effective ways to address the interactions between family and business.

"These are the structures and practices that are many family businesses globally and even locally have put in place. And they have proven to be an ideal way of addressing how or when a member is eligible to join the business, how conflict between family members will be addressed, and responsibilities and roles of each family member in the business." Explains Ms. Wa-Tindi.

Family-owned businesses (FOBs) like any business, needs goal-setting strategies and a succession plan.

In addition to developing governance systems, family values form the basis on what is important and how the business handles issues. These values are based on the founder's beliefs such as integrity, respect for all regardless of the size or stature or even their religion.

Ramco is the oldest family run Business in Kenya, it dates back to 1948. Today it is chaired by one of the sons of the original entrepreneur, with members of the third generation holding top management positions.

According to a 2016 Family Business Survey by Price Waterhouse Coopers (PWC) only 24% of family businesses in the study reported having a clear and communicated succession plan and by 2018 this figure had fallen to 17%.

Succession planning is one of the major challenges facing family businesses across the globe.

"We have seen situations where from an early age, the owners take their children to the business premise over the weekend or during the school holidays, they are given small tasks to do at the office, simple tasks like data entry, getting involved in deliveries, interacting with customers at the store front. The parents do this to start getting their children involved in the business at an early age." Says Mr. Ouma.

The last thing on young business owners' minds is what to do when they've finished running their businesses. But you must begin with the end in mind if you are to build a multigenerational business. That is how the founder then is able to manage succession. "It's a relay race." Describes Mr. Ouma.

There is growing recognition of contributions of family businesses to our economy in general which suggests an upward trajectory. We have seen family businesses list on the Nairobi Securities Exchange, others, like the Chandaria's have looked at diversification across the region to accommodate the aspirations of the next generation.

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There are KShs51-billion worth of unclaimed assets, and that's a bad thing

The Unclaimed Financial Assets Authority has tried reuniting owners with their assets, but it still holds a trust fund of over KShs51.9 billion, more money than is allocated to running Nairobi, Kiambu, and Mombasa counties for a financial year

What do Barack Obama Senior, Sauti Sol, Raila Odinga, JM Kariuki, and James Kanyotu have in common?

The government is holding financial assets that belong to each of them: shares in the case of Obama; unclaimed, albeit miniscule, royalties for Sauti Sol; and shares that belonged to the patriarchs of the Odinga, Kariuki and Kanyotu families.

Talking about the big names whose unclaimed financial assets it holds has been one of the strategies deployed by the Unclaimed Financial Assets Authority (UFAA) to draw attention to itself and the reason it exists.

Since it started operations in 2014, UFAA has gone about mopping up idle financial assets, which come from all manner of transactions: an employee who has unpaid wages in the form of unpresented payroll cheques, a beneficiary of an insurance policy of which funds became due and payable over two years ago to a college student who has not operated their bank account for more than a year.

These assets ordinarily end up unclaimed due to the passage of time, death of owners, loss of contact, migration, mergers, and acquisitions, name changes, and incomplete records.

The authority has been successful and so far, it boasts of a trust fund value of over KShs51.9 billion. On the other hand, only KShs500 million has been paid out to claimants.

This means that despite doing all it could to reunite owners with their assets, UFAA still holds more money than is allocated to run Nairobi, Kiambu, and Mombasa counties for a financial year. While the law's backers had argued that the money could be used for development by the government, that has not happened yet.

John Mwangi, the authority's chief executive officer, sees a way out of this quagmire of surplus cash lying idle in the form of amendments to the law – the Unclaimed Financial Assets Act - and its accompanying regulations.

He says the proposed amendments are "geared toward simplifying the claim process but also maintaining proper check for the benefit of the claimants."

The authority has also a national policy on unclaimed financial assets to aid in the review of the Act and the regulations.

In addition to the regulatory amendments, the Authority has recently partnered with Huduma Centres to be used as collection centers.

It has also partnered with Safaricom to enable payment through M-Pesa; as well as automation of the claims process to make it easier to log claims conveniently and remotely for Kenyans who are residing out of the capital Nairobi and outside the country.

Jacob Owade, a consultant on unclaimed financial assets, sees reunification as a continuous occurrence and process rather than an event, and that ought to start with more effort on the part of the UFAA.

"I think UFAA can do more to reach out to the rightful owners using traditional mediums such as newspapers and radio and aggressively combining that with social media outreach and education about unclaimed assets, how they come about and who is a potential owner of unclaimed assets," Mr. Owade said.

From observing UFAA, he reckons that it needs to communicate more, educate more, and reach further into the corners of the country, and do all these frequently and consistently.

"Education about unclaimed assets is the most powerful weapon UFAA can use to increase awareness about unclaimed assets and its core mandate of reunification," he says.

One of the weak points in the claim process is the requirement of a holder's letter – a letter from the institution that handed the asset over to the UFAA.

"Imagine my 70-year-old mother coming from the village to chase up a 'Holders Letter' from a company where my father left his assets 30 years ago when he passed on. Do you see how that can become a barrier?" Mr. Owade posited.

He argues that if a holder has turned over the assets and a claimant can verify that from UFAA website and provide the required identifying documentation, there is no need for another administrative bureaucracy to show that the assets belong to the

51.9B

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UFAA CEO, John Mwangi

>>>

claimant.

"If you have ever tried chasing up documents in Kenya then you would be able to see how this requirement can become a barrier to the claims process," he highlighted.

In August, the UFAA announced that it had begun to move over 800 million units of unclaimed shares that remained uncollected by owners and beneficiaries to the Unclaimed Assets Trust Central Depository Account.

These shares, worth over KShs26 billion, had been reported unclaimed and were in the custody of reporting institutions on instructions from the Authority.

There was initially speculation that these shares would give UFAA new muscle to make decisions at several listed firms where it holds notable stakes on behalf of Kenyans.

26bn

Shares, worth over KShs26 billion, had been reported unclaimed and were in the custody of reporting institutions on instructions from the Authority.

MAIN STORY

However, experts say that UFAA only holds these shares in a custodial capacity and this doesn't grant them authority to do anything other than that. After a prescribed period, the Authority would dispose of these shares and hold value as cash for the claimants to collect.

"The Authority will not get a seat in these boards. UFAA is a holder of last resort and they hold the shares in a custodial capacity. The ownership of the shares or any assets that are passed to UFAA never transfer to the Authority. They are held in perpetuity until the rightful owner or their heirs are reunited with the assets," Mr. Owade said.

Although, the law does not allow UFAA to get on the boards of listed companies based on the shares received, the Authority feels it has rights over the corporate actions of the reported shares, such as a rights issue, bonus issues dividends among other corporate actions.

With a number of high-profile succession disputes across the country, the Authority spoke on its measures to approach and handle claimants that are disputed on claims by more than one family member or heir.

"The Authority does not engage in any dispute resolution in succession cases. We rely on the courts to advise on the rightful beneficiaries," Mr. Mwangi said.

"We only deal with the appointed administrator by the Judiciary System. UFAA will require succession documents that are issued by the court. Administrators are always identified and listed so after due diligence, UFAA pays the rightful appointed Beneficiary," says the CEO.

Brenda Otumba, a Nairobi-based advocate with an interest in succession law, says the best way to deal with inheritance disputes is to do everything possible to make sure they never happen. This means rethinking how good estate planning works.

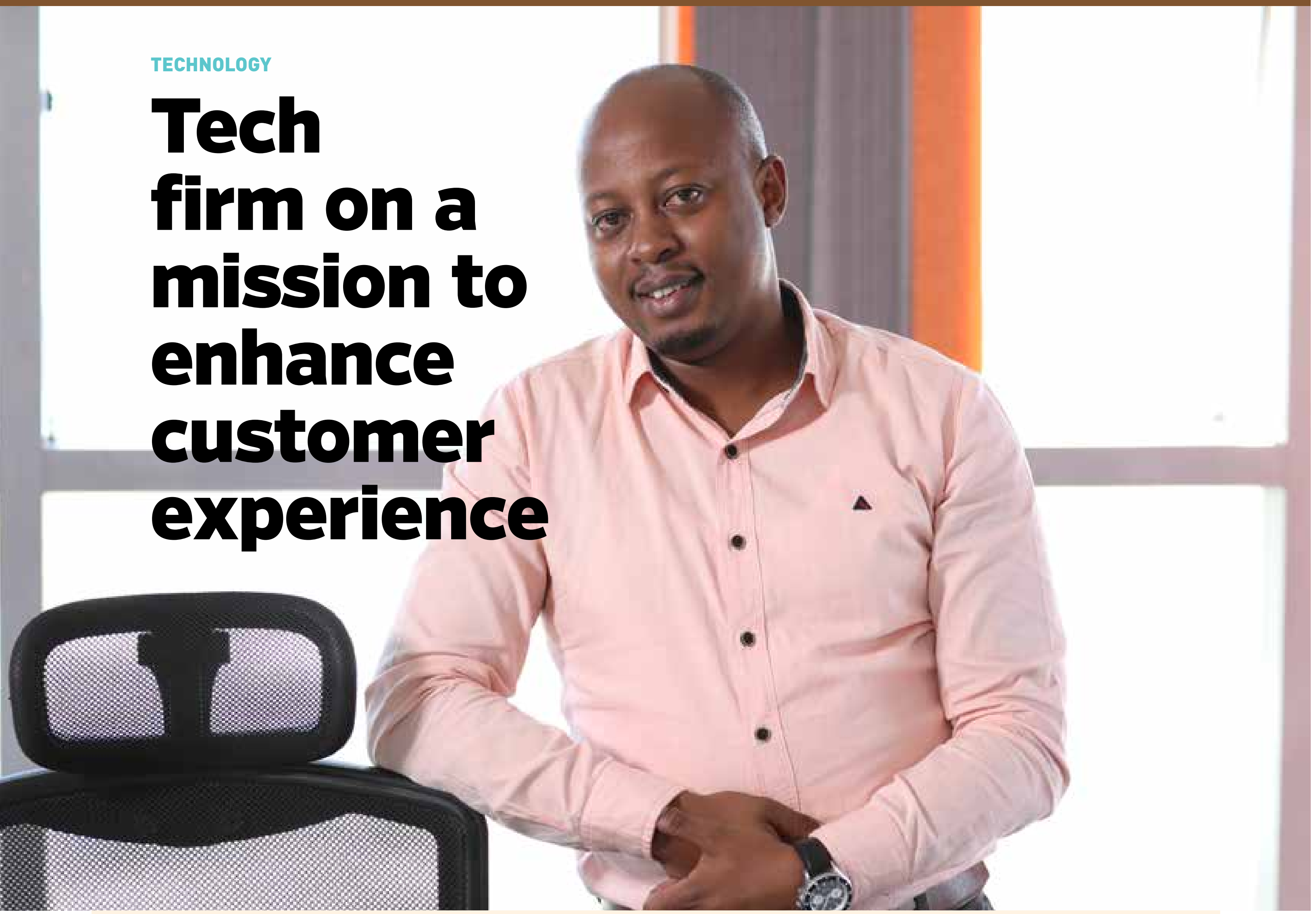
"Where there is a dispute, UFAA would expect that the members present their petition in a competent court of jurisdiction which would adjudicate on what would be considered fair and equitable. If not all the value of such assets is claimed, UFAA has to rely on the judgment and hold the portion of value that remains unclaimed in perpetuity in the hope that the owners would either come in to claim or proactively search for them in an endeavor to pass the value to them," she said.

Experts encourage Kenyans to speak freely with their families about their properties and also prepare and fill their wills detailing what happens to their assets upon their deaths to prevent family fallouts.

Experts encourage Kenyans to speak freely with their families about their properties and also prepare and fill their wills detailing what happens to their assets upon their deaths to prevent family fallouts.

"List every asset in your estate and store the latest account statements, insurance policies, wills, trusts, and other important papers in a place known to the family," Mr. Owade advises. "Talk with your loved ones about your assets. Discuss more than insurance; include information about bank accounts, which may show regular transfers for insurance premiums, and tax returns."

Other good financial practices for Kenyans to adopt to ensure their assets are not declared unclaimed include constantly updating your know-your-customer (KYC) profiles, maintaining active accounts, and updating their beneficiary information for insurance policies, retirement savings, and all other financial assets in case you're not available to claim. On the other hand, holders should always update their clients on their account status.



↑ Hezron Muriuki, Founder and CEO Nouveta.

TECHNOLOGY

Tech firm on a mission to enhance customer experience

The firm develops technology solutions to help organisations engage with customers conveniently, effectively and seamlessly

Frustrated by the back-and-forth involved when seeking services from public and private entities, Hezron Muriuki set about developing a solution, to make it easier.

"Paying for a service meant getting the invoice printed from the relevant office, going to make the payment at a bank outside the premises, photocopying the deposit slip, before submitting it. We began thinking of how to have all this done under one roof using technology to be able to serve customers where it is most convenient for them," he recalls.

That marked the birth of Nouveta in 2016. Its name is a play on a combination of French and Latin words, which translate to 'new life'.

"We sought to breathe new life in service delivery. We wanted to integrate payments in delivery of service," Hezron explains.

He adds that the firm's goal is to develop technology solutions that help organisations engage customers effectively, on whichever channel is convenient for them. These solutions are delivered through mobile, web, portable devices, SMS, social media, among other customer touchpoints to facilitate service delivery. It also supports serving customers who present themselves physically at the premises.

With just two staff members, the firm started building platforms. So exponential was the growth, that by the sixth month, its head count tripled. Today, Nouveta has 44 members of staff.

"We have had ups that have been an opportunity to celebrate, and downs from which we have learnt. We have focused on building resilience in our operations. We are not in this game to win, because there is not a start-stop whistle. We are in the business of innovations and building clever, future-proof solutions that will not need to be replaced in a few years," he says. The firm's approach is co-creating, implementing and co-owning solutions with the client.

It has not been smooth sailing for Nouveta. In its early days, it was challenging getting a financial service partner. Many of those they approached were skeptical about backing a two-year old startup. This led to cash flow challenges.

"I was once told that we were not going to succeed and that I had better get back to employment," Hezron recalls. Nonetheless, he soldiered on.

In 2018, the firm encountered what he describes as 'an existential crisis', not growing as fast as projected. So bad was the situation that at some point, the directors considered folding.

"We sat back and resolved to continue doing what we were doing. We were clear that our strategies were solid enough to turn around the business," he says.

Soon the search for a financial partner that had the firm knocking on many doors, led to National Bank in early 2018. This kicked off conversation that culminated into a strategic partnership that continues to date.

"National Bank listened to us and realized that we knew what we were talking about and our solutions had traction. They have been supportive including the senior leadership, who always step in whenever there is an issue," he explains.

> **"I was once told that we were not going to succeed and that I had better get back to employment," Hezron recalls. Nonetheless, he soldiered on.**

Together, the bank and Nouveta is supporting service delivery for Nairobi City County, which was anchored on the firm's flagship solution - RevenueSure. In what was the firm's biggest deal yet, it involved provision of an end-to-end service delivery solution to not only facilitate payments via mobile, web or bank, but also generate digital certificates.

"Working with Nairobi City County has forced us to rethink our strategy and how we wanted to grow as a business. When we started, we had not imagined that we would be a service provider for a county. When we got the opportunity, we went full steam ahead. We have learnt a lot on this assignment. Our focus has been on providing services to the county, while giving Nairobians a service they can access and use conveniently," he says. A WhatsApp payment platform has also been launched for Nairobi County services.

Though the firm currently operates in Kenya, Nouveta has its sights trained on other markets in the East and Central Africa region, as well as Francophone Africa.

"We are attracted to markets that are under-represented when it comes to technology solutions. Our solutions are very repeatable; we can go to any new market," Hezron says.

Locally, he sees opportunity in the aggressive digitization of government services. This has been further necessitated by the COVID-19 pandemic, which requires minimal physical contact. Already, the firm sees the pandemic opening up opportunities.

"Luckily, our solutions are technology-based and were needed more during the pandemic, leading to increased uptake of our customer engagement and experience solutions," he says.

This was after the initial shock, when the pandemic struck, which saw a client halt services, directly affecting 19 staff members. The physical offices also stayed shut in compliance with containment measures to halt spread of the virus.

Even as Nouveta aggressively pursues opportunities locally and beyond, it still grapples with the challenge of getting the right skill-set.

"Our culture has been to hire for attitude and not for skill. We train them to do what we need them to do to deliver to our clients' specifications. We are not concerned with CVs, and what was studied in school. They just need to have certain skills and attitudes," says Hezron, who has a science degree and worked as a strategy consultant at a globally renowned consulting firm and later in technology and customer services firms.

Going forward, Nouveta has lined up a number of solutions targeted at different industries that have gaps. This includes a digital wallet for school fees, a SACCO solution for serving members and an aggregated platform for the hospitality industry.

"Customer engagement and experience is changing every day. The future looks very different from what we have currently. Service delivery is moving away from face-to-face interactions with technologies such as virtual reality. We envision a future where organisations will anticipate needs before one knows that they need them. We are focused on the impact of our solutions," he adds.

INVESTMENT

Grounding the Methodist Church in Kenya

In a bid to become a self sustaining entity, the church has put up a commercial block that generates income going into expansion of the church's wings. It has also made other investments to ensure they don't have to rely on members to fund projects

For many churches, 2020 was the year in which spiritual communion, one of the foundations on which they operate, was challenged. With lockdowns and restrictions on social interactions came the reality of reduced contributions from their congregations.

For Reverend Joseph Ntombura, the Presiding Bishop of the Methodist Church in Kenya, the pandemic has proven true one of his foremost beliefs about how churches can shape their future.

"I see the future of our churches being dominated by getting their own income. The three pillars of churches are: they become self-supporting, self-governing, and self-sustaining," he says.

He is in a good position to make that assertion, speaking from his office at the top floor of the first of three blocks at the Methodist Church's headquarters on Oloitoktok Road in Kileleshwa, Nairobi. It is from this office that he has embarked on guiding the church that first landed in Kenya with the missionaries in the year 1862 in being grounded on the three pillars.

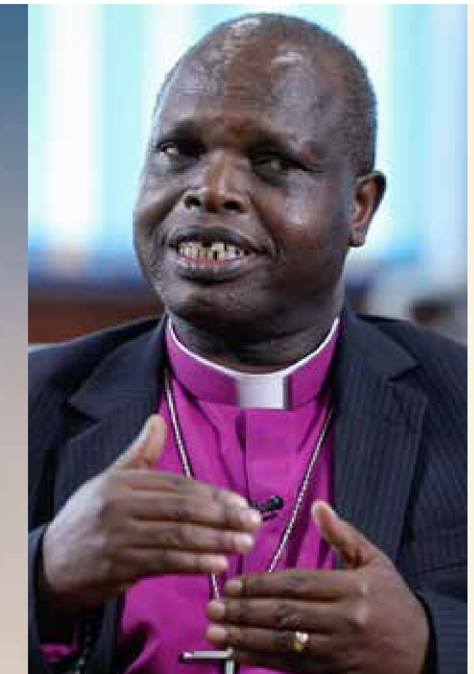
The Methodist Church realized early on the need to become self-sustaining, and embarked on developing a resource that almost all mainstream churches in Kenya have had in plenty – land.

With about 10 acres of land in a prime location in the capital city, the church first borrowed about KShs200 million to develop an office block, a purely commercial building with the church only occupying the top floor.

It was a good decision made at a good time. Companies were seeking to move out of Nairobi's crowded and traffic-jammed Central Business District and quickly filled the three-storey building.

Opened in 2007, the building is now occupied by a number of international companies and with the loan taken from National Bank of Kenya now out of the way, the income generated has been going into expanding the church's wings.

"We have many customers, both international and local, and this is what mainly sponsors many of our mission activities and is the main source of our income," says the Presiding Bishop.



Bishop Joseph Ntombura

> Bishop Ntombura credits the Methodist Church's good relationship with KCB Bank and National Bank of Kenya to the stability that comes with an association that began long before both came to be known by their current names and modern branding.

KShs 200m

With about 10 acres of land in a prime location in the capital city, the church first borrowed about KShs200 million to develop an office block, a purely commercial building with the church only occupying the top floor.

The church has since taken another loan to build a second block and another to build a third block, and so confident is it about the demand for office space on that side of Nairobi that Bishop Ntombura says the current loan will be paid in full by mid-2022.

The church has developed the Methodist Resort and Conference Centre on a large plot adjacent to the headquarters. The resort offers 100 ensuite rooms, 12 conference rooms, a 25-meter swimming pool with a children's section and a gymnasium and spa. There are also three lush gardens for weddings, graduation parties, birthday parties and team building events.

"The investments that we are doing are very good for the church in that we don't have to rely purely on our members to finance or to fund every project that the church is running. The church has its own income and sometimes it supports small projects that we have in our branches or synods," he says.

Bishop Ntombura credits the Methodist Church's good relationship with KCB Bank and National Bank of Kenya to the stability that comes with an association that began long before both came to be known by their current names and modern branding.

"As far as KCB Bank is concerned, from history, we tend to think that we began even before KCB itself was formed because the Methodist Church used to bank with a bank called Grindlay's, which was incorporated into the family of KCB," says Bishop Ntombura.

When everything was modernized, he says, KCB Bank and the Methodist Church arrived at the agreement that their relationship was formalized in 1994. Both know it was longer because the church had been keeping, and continues to do so, its vital documents with KCB Bank.

Perhaps the most important of these documents is the church's Deed of Church Order (their constitution), which is kept in a special silver box that has been in the custody of the bank since its existence as Grindlay's.

The box is of special significance during the handover of power from one Presiding Bishop to the next, akin to the handing over of the sword to the Commander-in-Chief after swearing in, and it is returned to the safety of the bank immediately after the ceremony.

With National Bank of Kenya, the relationship began in the 1970s.

The Presiding Bishop also credits the good relationship over the years to good Christians who recommended the church to the banks. At National Bank of Kenya, this was the late Reuben Marambii, who was the Bank's Managing Director.

"He has been a very senior leader in this church and he knew it very well. It was not a very difficult thing for him to be convinced that once the church was in need of money, it did not require a lot of scrutiny," says Bishop Ntombura.

Managers at KCB Bank have similarly been supportive, he says.

Still, he says, the church is yet to achieve its full potential in grounding itself on the three pillars, and banks will need to support them more.

"Our churches have a lot of land. We have a lot of assets that will require development or improvement in order to generate income or funds that can run the projects of the church and avoid reliance on donor funds, which are no longer there anyway," he says.

Bishop Ntombura is acutely aware of the change in circumstances in evangelization, where the churches in Africa are now expected to go back to Europe and spread the Gospel in the same way it was brought to this continent more than a century ago.

The church is yet to reach all corners of the country and also faces the challenge of losing members to the newer churches with more appealing methods and messages, which attract the youth.

Over the last six years, the Methodist Church has gone about missions and has grown to cover 45 counties from 23 in 2013.

"So it's a church that is rapidly growing and expanding very, very, very fast," he says.

He says that with the strong foundations now in place, the Methodist Church has a great future, and Kenya is considered the fastest growing congregation in Africa.

There are now synods in Tanzania and Uganda, Rwanda, the Democratic Republic of Kenya, while South Sudan has approached the Kenyan synod to help growth in that country.

"We are actually seen to be a church of the continent," says Bishop Ntombura, and it all starts from being well grounded at their headquarters in Kenya's capital city.

EVENTS

Regional calendar events go virtual, marred with cancellations

On 21st February 2020, Brazilian footballer and Paris Saint-Germain superstar Neymar da Silva Santos Junior took to Instagram to announce to his 144 million followers that he wasn't going to attend the 2020 Rio Carnival, apparently to keep out of trouble.

Rio carnival is the world's biggest festivity attracting up to 20 million visitors annually. The event that is held in Rio de Jeneiro, Brazil's most cosmopolitan city draws millions of domestic and international tourists to the beachside city every year. In Brazil, it is a must-attend event for every who-is-who in entertainment and sports. For Neymar, it was the first time he didn't attend in almost a decade.

In 2019, he courted controversy when he was spotted kissing and partying with Brazilian musician Anitta (Larissa de Macedo Machado) at Rio's Sambadrome at a time when his PSG teammates were at the verge of being eliminated from the champions league by Manchester United. It was, therefore, not surprising when he issued a short cheeky statement

"With immense joy I announce that I won't be at the 2020 Carnival," Neymar said on social media. "That way there won't be any controversy this time."

In September 2020, the organizers of Rio samba announced that there won't be the carnival in 2021. Although lucky that they hosted their 2020 event, a lot of leading calendar events were canceled to contain the spread of coronavirus. In some instances, these events went online.

Forbes Report that by May 2020, virtual events were up 1,000% since Coronavirus.

"If COVID-19 threw a wrench into your organization's event planning, you're not alone," Wild Apricot says in the 2020 Virtual Event Research Report for Membership Organization 2020.

"Organizations everywhere found themselves scrambling to reinvent their in-person conferences and meetups into virtual events."

Some of the virtually held events included NBA2020 season, Sundance, Cannes etc.

Although virtual events don't offer the same experience as in person events it has been an opportunity to make the best out of the present circumstances.

"Virtual events have been increasing in popularity for a while, but the social distancing requirements of COVID-19 have pushed them front and center," says Zuhura Ogada, Chairperson Event Managers Association of Kenya.

In the business realms, several organizations opted to hold their annual general meetings virtually to comply with the COVID -19 containment measures. However, concerns have been raised that these events are devoid of the experience of actual meetings.

One of the joys of attending conferences pre-COVID were spontaneous meetings, corridor chats, and drinks with like-minded people, says Diana Raiselis, a German Chancellor Fellow who researches nightlife with Clubcommission Berlin.

"A conference's actual program is only one small part of an event — the post-session side chats, unexpected experiences, and spontaneous run-ins make up the rest," she said. "I think it's a

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1,000

Only around 1,000 pilgrims will attend the Hajj this year due to new crowd control restrictions put in place by Saudi Arabia. The holy sites in the cities of Mecca and Medina normally host more than 2 million people during the pilgrimage

In 2020, the annual pilgrimage to Mecca in Saudi Arabia only received a fraction of the regular number of worshippers.

Even non-contact sports events like Safari Rally, Rhino Charge, and Lewa Marathon were postponed

question of depth or breadth," Raiselis added, "there's something about physically being with other people and sharing an experience that creates connection."

Similar views are shared by Philip Macharia, CEO of Trendscope Events. "For business events, networking is a major part of conferences and it's hard to allow for serendipity in online events, encounters need to be somehow scripted."

In July, CNN Travel reported that Hajj, Islam's most important annual pilgrimage to Mecca in Saudi Arabia received just a small fraction of its regular number of worshippers, amid concerns over the coronavirus.

"Only around 1,000 pilgrims will attend the Hajj this year due to new crowd control restrictions put in place by Saudi Arabia. The holy sites in the cities of Mecca and Medina normally host more than 2 million people during the pilgrimage," CNN reported.

Across East Africa, many calendar events including cultural, religious, and business summits were either digitally delivered or canceled.

In Kenya, the popular Carmel Derby and Rusinga Festival that celebrates the Samburu and Abasuba cultures were held virtually.

"We are heartbroken that our annual gathering cannot take place, as it has for the last eight years. We must keep on moving though. Therefore, we have considered the views of many to go online for a different experience, with curation that includes an online campaign dubbed "going down memory lane" on 17th December and a virtual storytelling session - in partnership with Goethe Institute - on 18th December 2020," Ms. Anne Eboso, Rusinga Festival Organizer said in a statement.

Other calendar events including Lamu Cultural Festival, StoryMoja Festival, Lake Turkana Festival, Maulidi festival were cancelled.

Even non-contact sports events like Safari Rally, Rhino Charge, and Lewa Marathon were postponed.

Across the border in Uganda, the annual Festival of the Ugandan Martyrs— Namugongo Martyrs Day— held every 3rd of June to celebrate what is considered to be one of the largest religious gatherings in the world was cancelled.

Other leading events cancelled in the pearl of Africa included Nyege Nyege International Music Festival, Bayimba Festival, Uganda's biggest multi-arts festival, Ekyooto Cultural Festival, and Rolex Festival.

Even Tanzania had event cancellations. In April, Tanzania officially announced the cancellation of the 2020 edition of the annual Union Day celebrations. The day is marked to commemorate the merger of Tanganyika and Zanzibar to become Tanzania.

In Rwanda, the 26th Commonwealth Heads of Government Meeting (CHOGM) was postponed. The meeting was scheduled to take place in Kigali in June 2020.

"Our organization's deep reservoirs of solidarity and expertise will be invaluable tools as we work together globally to ensure no country is left behind. We look forward to welcoming the Commonwealth family to Kigali for CHOGM once the pandemic has been defeated," Rwandan President Paul Kagame said.

The Kagame administration also banned the annual Walk to Remember and a night vigil at the national stadium, among the most significant events to mark the genocide.

Ethiopia arguably had the most significant event cancellation. In April, Ethiopia's Election board indefinitely postponed the election set for August saying the coronavirus makes it impossible to prepare.

It became the first major election in Africa to be postponed because of the coronavirus. Several African countries had upcoming presidential votes in 2020, including Burundi and Tanzania. Togo was lucky to complete its February 22 vote before cases spiked. In some countries, political gatherings have been banned forcing players to engage virtually.

The decisions to rejig these events must have been hard to make but for the greater good for everyone, we live to celebrate them another day. For now, health remains a priority.


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