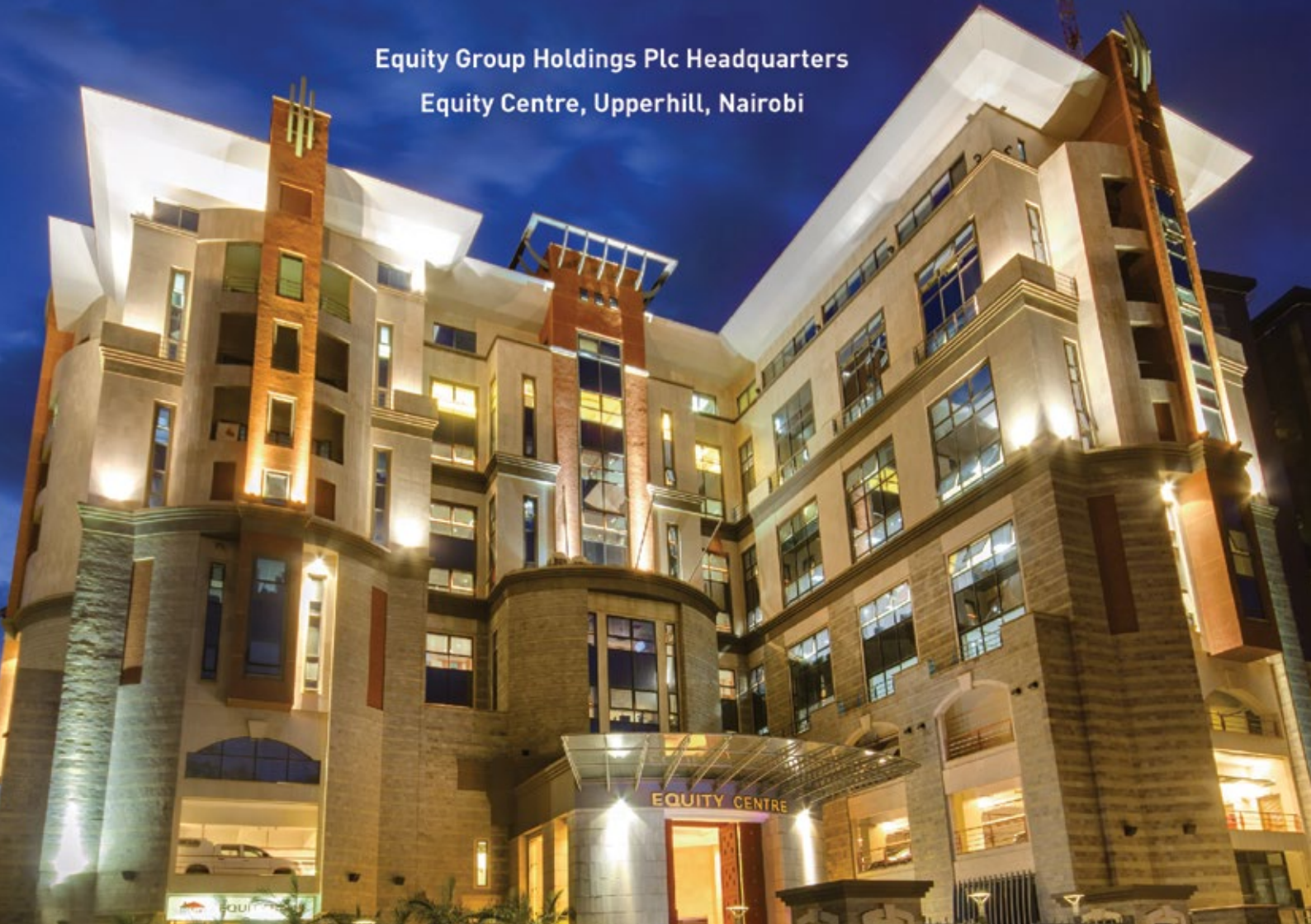


# **AFRICA RECOVERY AND RESILIENCE PLAN**

Equity Group's social and economic transformation plan



Equity Group Holdings Plc Headquarters  
Equity Centre, Upperhill, Nairobi



# Foreword

2022 year presents a 1945 moment. Like then, the world was devastated by war and needed to reconstruct. After nearly 3 years of the global COVID-19 pandemic, the world is socially and economically in need of a reset. The pandemic has exposed the unsustainable nature of the world's social and economic order and even before the COVID-19 dust had settled, the Russia/Ukraine war exposed the soft underbelly of the world.

The global economy doesn't need to be rebuilt or reconstructed like the old order. We need to build it back better with purpose and for sustainability. The theory of globalization, competitive advantage, just-in-time supply and economies of scale has been put into question. Broken global supply chains have exposed the vulnerability and overdependence on certain systems. The world has come to terms with the reality of inequality and ideological plays in social and economic decisions.

The world needs to build back better, purposefully and deliberately to build a sustainable world. Overdependence on 5 countries for global food supply, manufacturing, electronics, edible oils and energy have demonstrated the risk that global shocks and disruptions from micro and macro economies, a pandemic or social and ideological issues causes. Just like 1945, the world is ready for a reset that addresses inequality, climate change and redistribution of economic opportunities. Africa stands well positioned to be the new pivot for a global reset and to rebuild a much more sustainable global economy. In the 1960's, Africa was the world's leading producer for palm oil - a raw material for edible oil. Africa can use its 60% of available, arable land to tap the opportunities of unmet demand. Africa can equally fill the gap of the wheat and sunflower supply previously provided by Russia and Ukraine. Africa can lead the world in resolving the climate change challenge by providing electric car solutions through value addition of its mineral resources and manufacturing strategy. Agro-processing of agricultural produce would significantly enhance manufacturing scale leading to industrialization. Productivity gains and value creation in the primary sectors of agriculture and mining could altogether propel and enhance investments and trade.

# Foreword (continued)

We have seeded the Plan with USD 7 billion dollars from our own balance sheet in order to finance the advancement of MSMEs in the private sector and to empower it to be on the driver seat to help expand opportunities through activity enhancement in the primary sectors of Agriculture, Manufacturing, Trade and Investment and support for MSMEs, as a tool for integrating communities while advancing on knowledge, science, technology and innovations as well as social impact investments and environmental considerations to make sure that no one is left behind and that the environment is protected.

We appreciate the understanding and collaboration we have been able to build with 12 global development banks, the Bretton Woods institutions of the IFC, the World Bank, and the IMF; with the United Nations, the national Governments of Kenya, Rwanda, Uganda, Tanzania, South Sudan and the DRC; the regional trade community blocks such as the East Africa Community and the African Free Continental Trade Area, and the European Union and the Commonwealth nations and others partners and global foundations such as the Susan Buffet Foundation, the Mastercard Foundation, and the Bill & Melinda Gates among others. We know that accomplishing the bold vision of the 'Africa Recovery and Resilience Plan' – a sort of Marshall Plan for Africa, will take partnership, co-creation and it will be through these collaborations that we will generate the most benefit and the most impact for more people.

We call upon partners and collaborators who want to contribute to the 'Africa Recovery and Resilience Plan' in a meaningful and impactful way, to join us on our journey towards transforming the lives and livelihoods of the African people, and uplifting a continent seeking Equity for All.



Yours sincerely,

**Dr. James Mwangi, CBS**

**Group Managing Director and CEO**

## Overview of the “Africa Recovery and Resilience Plan”

### The Plan

The Africa Recovery and Resilience Plan is aimed at catalysing a **natural resources-led transformation of Africa, led by enhancing agricultural throughput, formalizing extractive value chains and connecting these primary sectors to global supply chains that are broken and require diversification and secure sourcing.**

Equity Group's execution of the “Africa Recovery and Resilience Plan” will be underpinned by its **Social and Economic Engines** that capacitates value chains (Social Engine) and provide holistic financial solutions to productive ecosystems (Economic Engine).

**Equity Group's excess liquidity (currently 1.5% of cumulative GDP of east and central Africa) will be redirected to the private sector across various value chains.**

### 6 Pillars of the Plan

The Plan comprises 6 strategic pillars that ensure a systematic and holistic framework for execution:

- **Ecosystems of natural resources in agriculture and extractives** – more coordinated, connected and capacitated supply chains and mechanization will drive higher throughput of raw materials and ultimately lead to a more inclusive industrialization of Africa.
- **Manufacturing and logistics ecosystem** – Africa has an opportunity to leverage off and expand existing productive capacities to industrialize by connecting to global value chains that are in the process of regionalizing and diversifying.
- **Trade and investment** – access to new markets, technology, capital and skills will enrich and enhance offtake of African products and services
- **MSMEs** – connectivity of small businesses into formal value chains will drive inclusive, broader and more sustainable growth
- **Social and environmental transformation** – capacity building of value chain stakeholders, especially amongst smallholder farmers and MSMEs will drive productivity gains of African value chains
- **Technology-enabled economy** – online businesses will accelerate connectivity and velocity in ecosystems

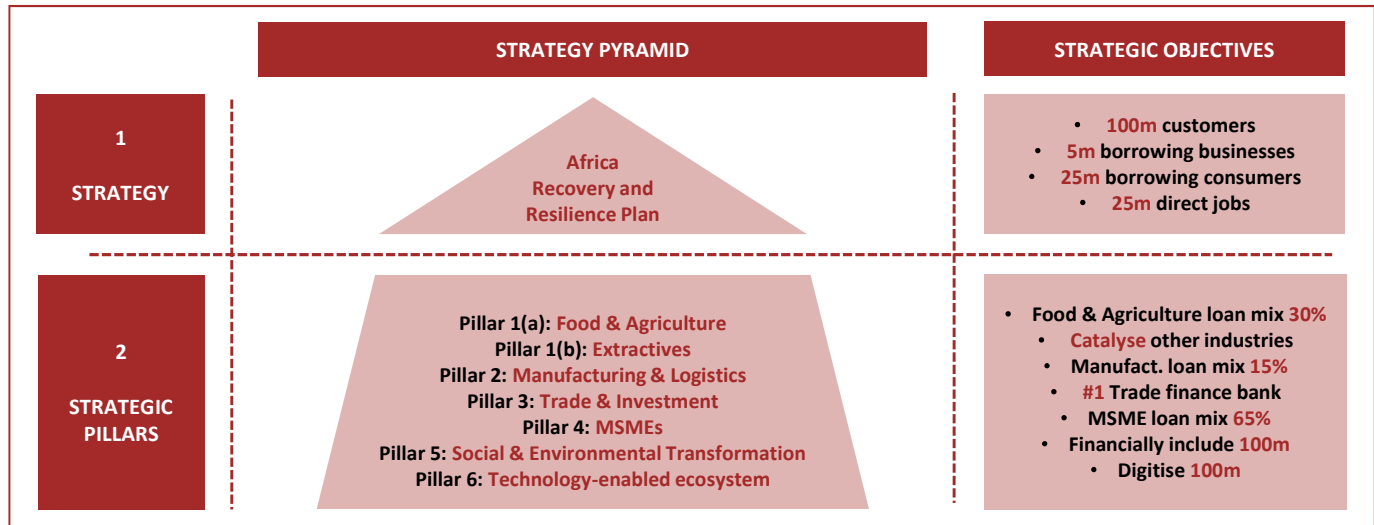
### Objectives of the Plan

2025 objectives include:

1. **Inclusivity of 100 million online customers:** Economic inclusion of more productive households and financially enable value chains
2. **Multiplier effect of 5 million borrowing businesses and 25 million borrowing consumers:** borrowing businesses to expand productive capacities to drive value chain expansion and employment, whilst consumer borrowing to enable household aspirations
3. **Employment of 50 million:** 25 million direct jobs to be created as businesses grow and a further 25 million indirect jobs created as value chains expand and deepen
4. **Additional private sector lending in excess of almost 2% of regional GDP:** loan book to be directed to agriculture (30%), manufacturing (15%), MSMEs (65%)

## 2025 strategy framework

Equity Group's 2025 strategy is a multi-pronged and holistic solution to achieve social and economic transformation of Africa. The strategy comprises 6 strategic pillars that will be operationalized through a collaborative, deliberate and ecosystem-centric approach





# Africa Recovery and Resilience Plan

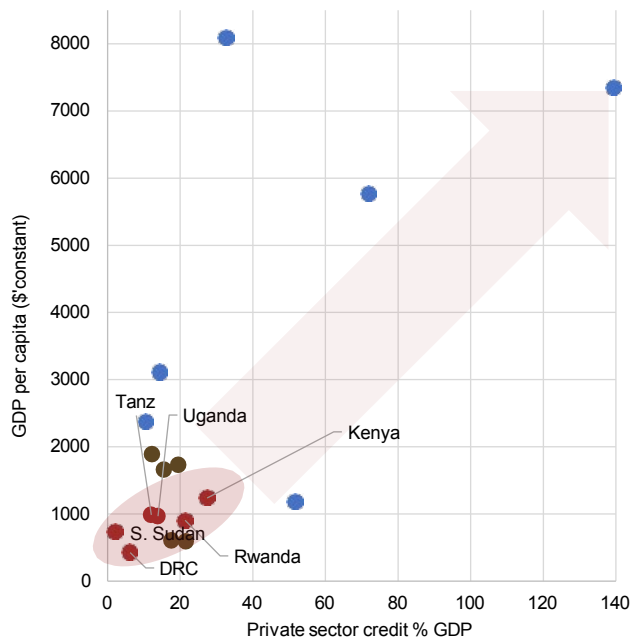
Part 1: Introduction to Equity Group's social and economic transformation plan

**Africa provides secular  
growth opportunities**



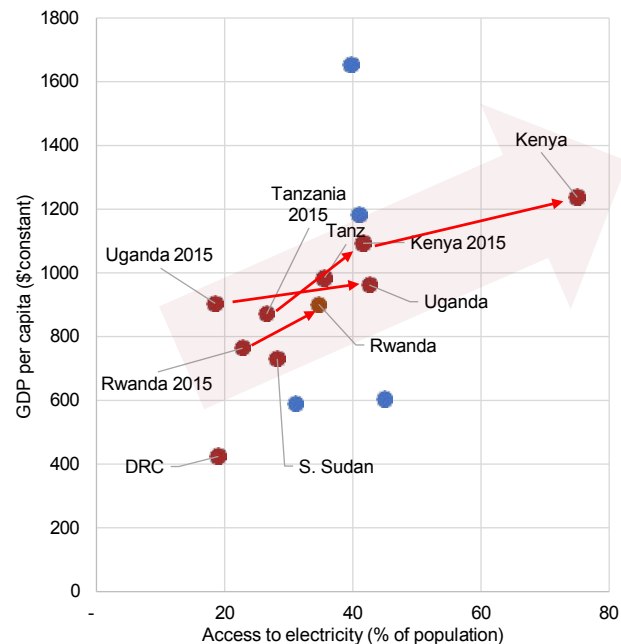
## Secular growth opportunity 1: Improving access to credit and infrastructure supporting Productivity Gains

Low credit penetration highlights significant productivity gains in funding value chains

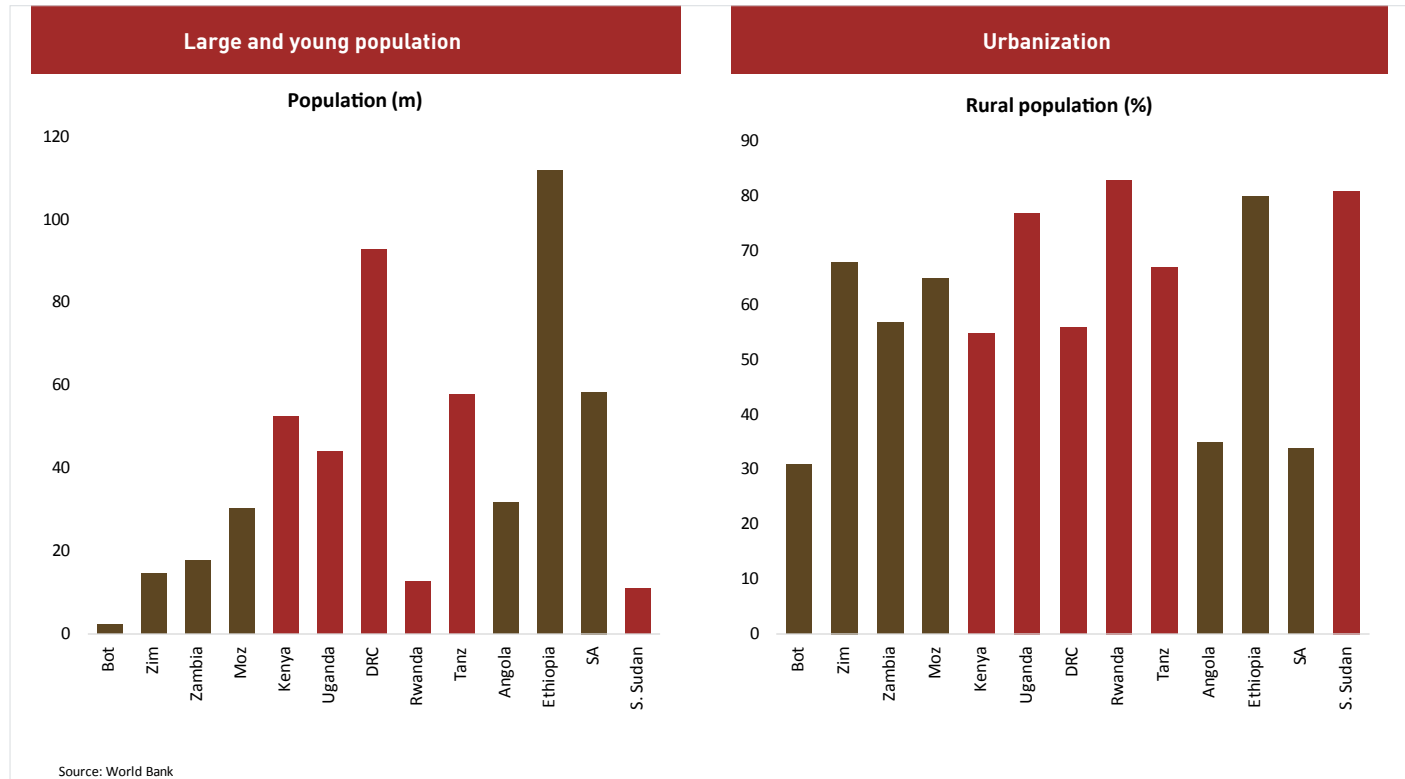


Source: World Bank

Improving access to infrastructure will support productivity gains

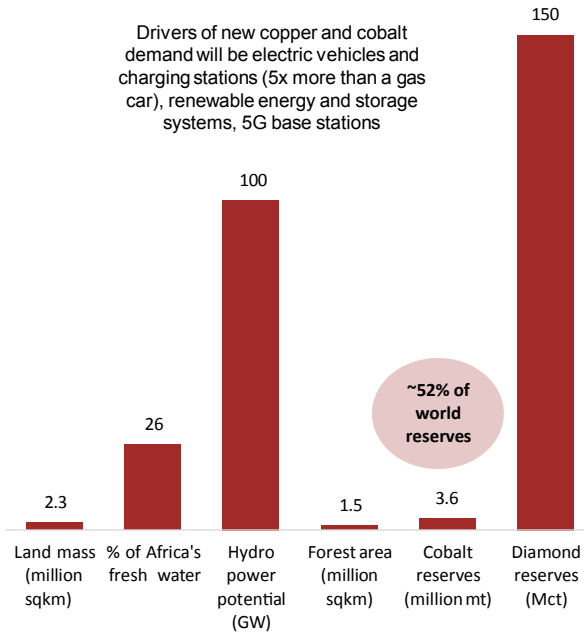


## Secular growth opportunity 2: Attractive demographic potential for Consumption



## Secular growth driver 3: Natural endowment positions DRC / EAC as gateway towards Green Industrialization & Regional Energy Hub

### DRC significant resource endowment



Source: World Bank, UN, Reuters, UNOC, Tullow Oil

### East Africa energy hub

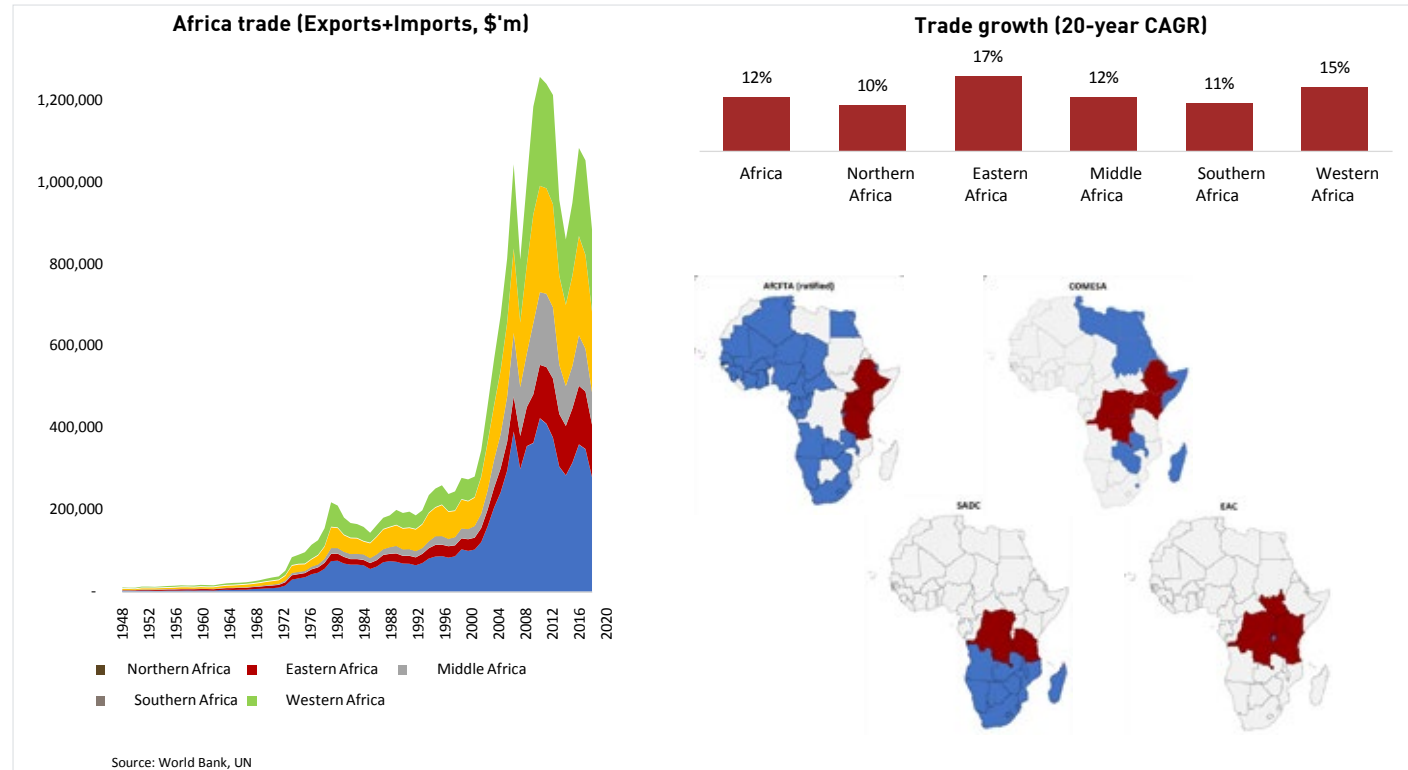
East Africa energy hub

Energy reserves - barrel of oil equivalent (bn)

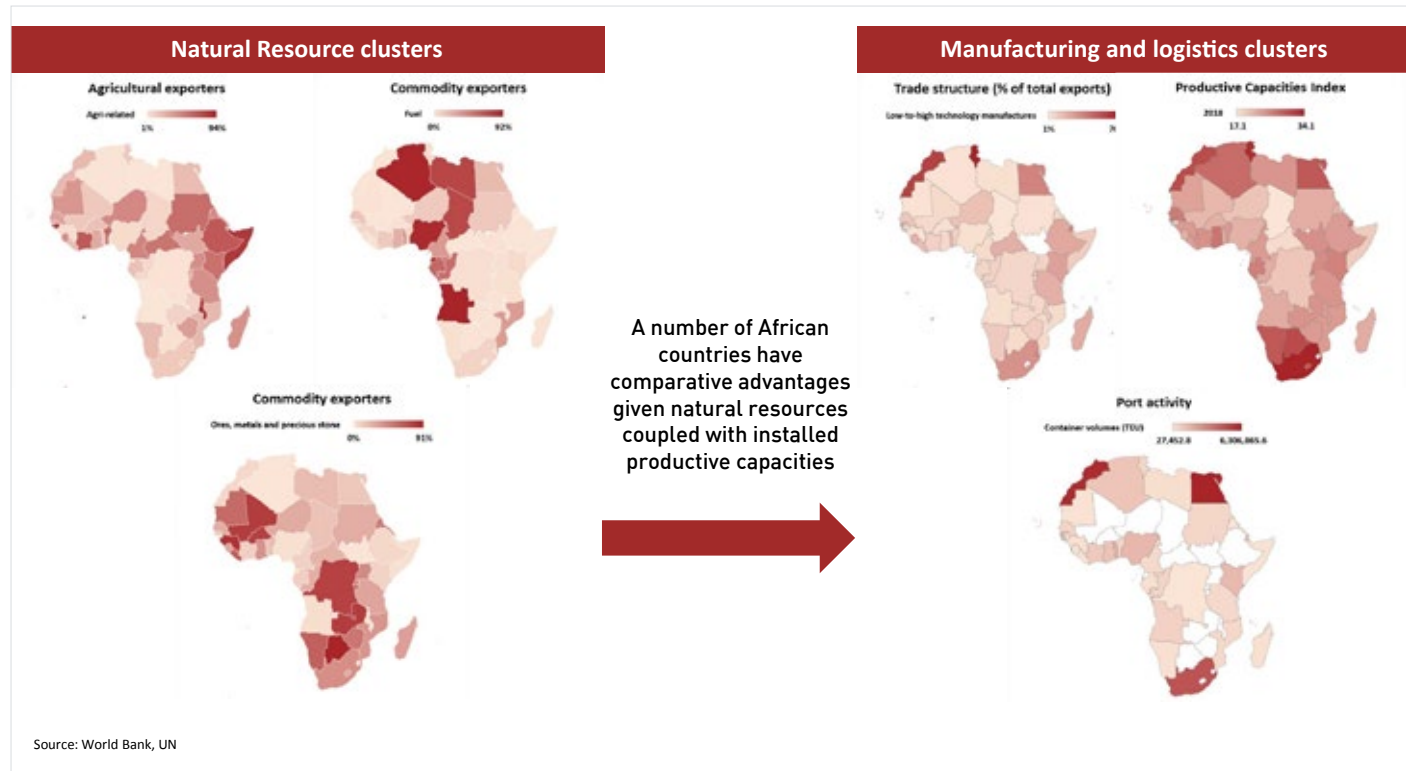
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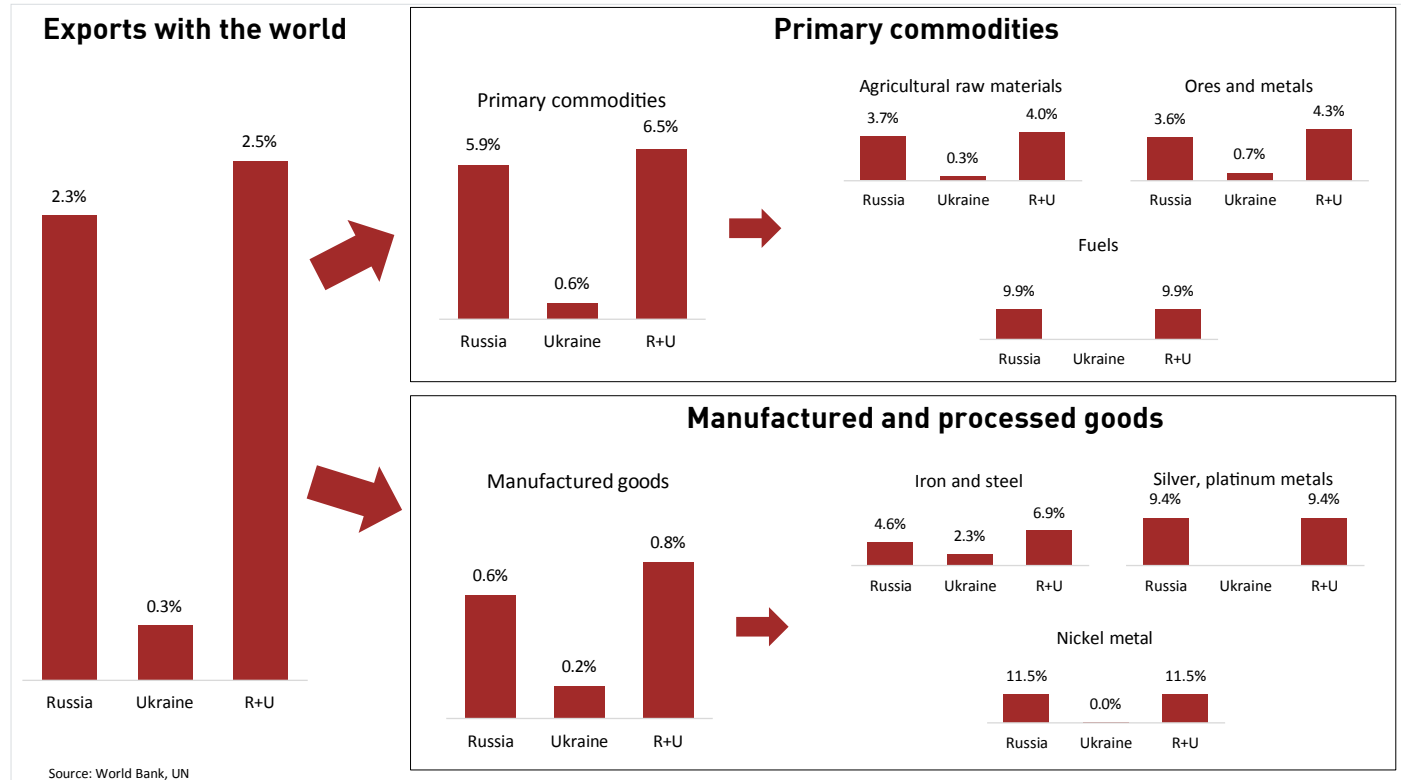
## Secular growth opportunity 4: Improving connectivity across East and Central Africa to drive Trade Flows



## Secular growth opportunity 5: Africa will provide an alternative for disrupted global supply chains post COVID-19, COP26...



## Secular growth opportunity 5... Africa provides an alternative commodity sourcing alternative over the medium-term

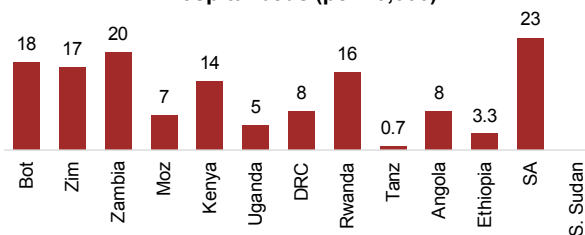


**...BUT economic and social  
development at risk of being setback  
many decades**

## Problem Statement 1: Social development remains low; requires policy reforms & catalyst to redirect funding & crowd-in impactful investment

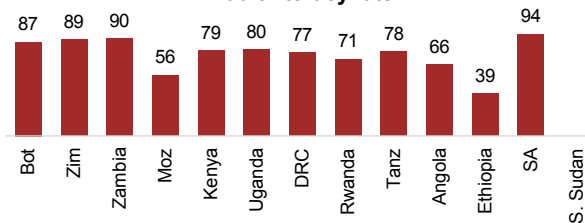
### Public goods require investment

#### Hospital beds (per 10,000)



### Low literacy rates need interventions

#### Adult literacy rate



Source: World Bank

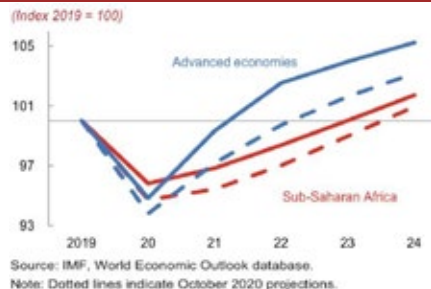
### Social constraints inhibiting labour productivity – Human Capital Index low



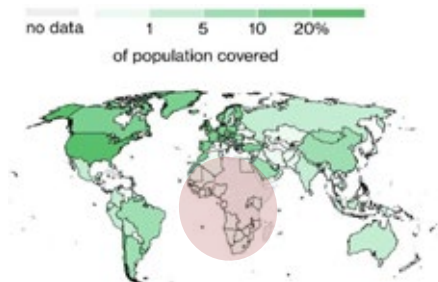


## Problem Statement 2: Post COVID-19 economic recovery diverging with developing markets showing weakest recovery

### Per capita GDP recovery in Sub Sahara Africa much slower



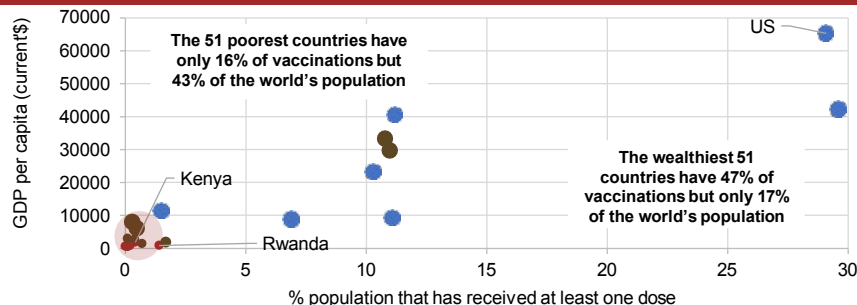
### World Map of Vaccinations



According to the IMF:

- Diverging economic recovery and risk of global inequality increasing and the protracted recovery poses risks that supply potential is permanently damaged particularly in developing countries where prevalence of small firms shallow capital markets could dampen investment and employment for a protracted period.
- A key risk is the misallocation of resources as a result of lifeline measures to support struggling firms which may lead to inefficient allocation of factors of production that drags long-term growth
- Unemployment and underemployment challenges at risk of being exacerbated – unemployment rates have risen by c.1.5 percentage points above their pre-pandemic averages in both advanced and emerging / developing economies

### Vaccination inequality



Source: IMF, Bloomberg

## Problem Statement 3: Regional fiscal and monetary capacity is limited, especially post the COVID-19 policy measures

### Monetary policy tools reaching limits in most countries, East Africa some capacity

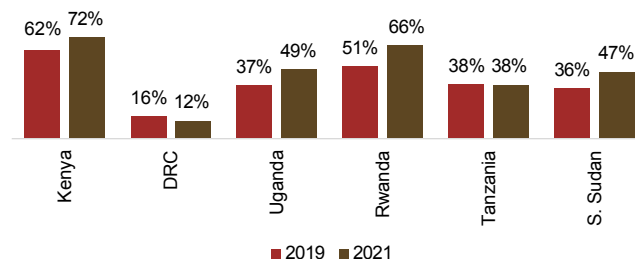


Sources: Haver Analytics; IMF, International Financial Statistics database; and IMF, World Economic Outlook database.

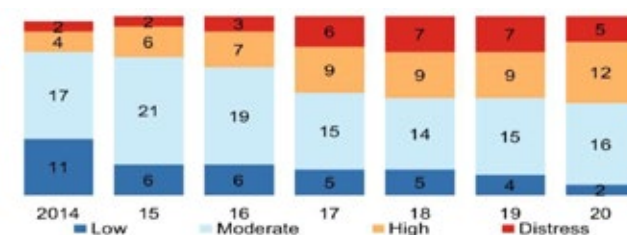
Source: IMF

### Limited fiscal capacity to support stronger economic growth

#### Debt to GDP



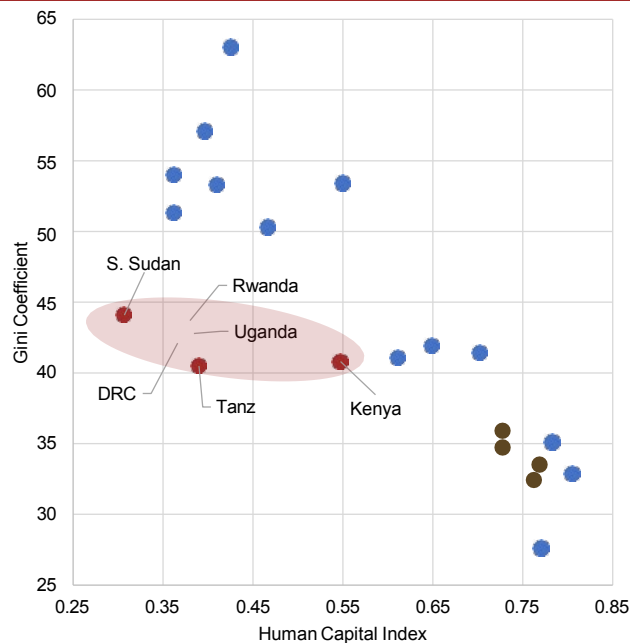
### Debt distress on the increase in the region



Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.

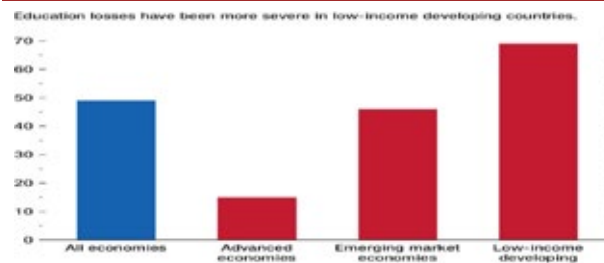
## Problem Statement 4: Risk to economic recovery poses risks to social considerations and will increase income inequality further

**Income inequality at risk of rising with COVID-19 adversely impacting education and health**



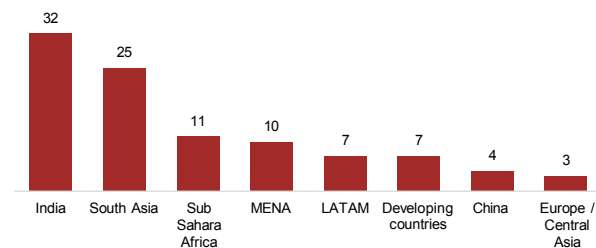
Source: UN, World Bank, IMF, Pew Research Center

**Global education losses due to COVID-19 – average missed days of instruction in 2020**



Sources: UNESCO-UNICEF-World Bank Survey on National Education Responses to COVID-19 School Closures; and IMF staff calculations.

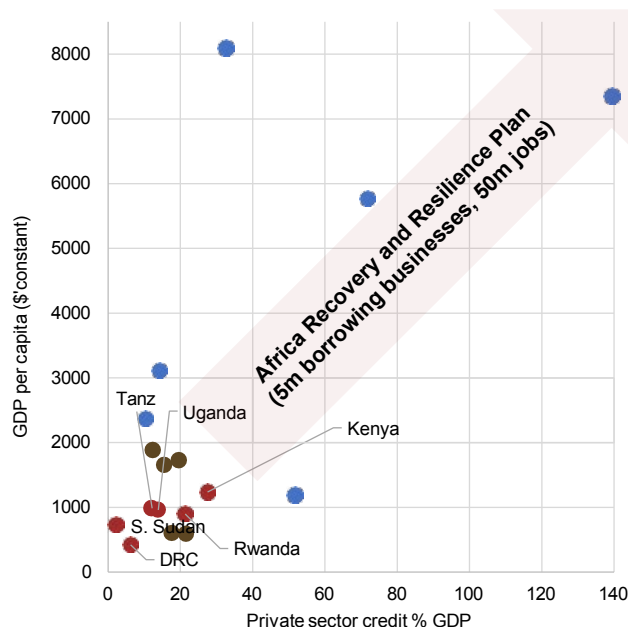
**% reduction in estimated combined size of middle and upper-middle classes in 2020**



**Catalysing social and economic  
transformation – Equity Group's  
six capabilities**

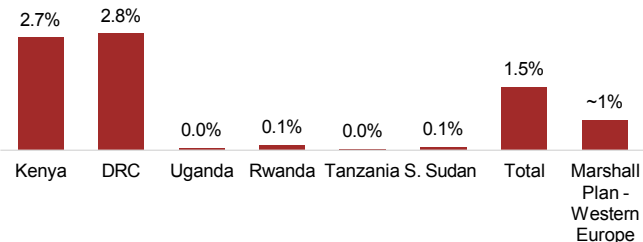
# Capability 1: Equity Group's lending capacity can support a "Marshall Plan" for the East and Central Africa region

Low credit penetration constraining private sector development and growth



Source: World Bank, Equity Group

Equity Group credit capacity 1.5% (\$4bn) of cumulative GDP of the countries it operates

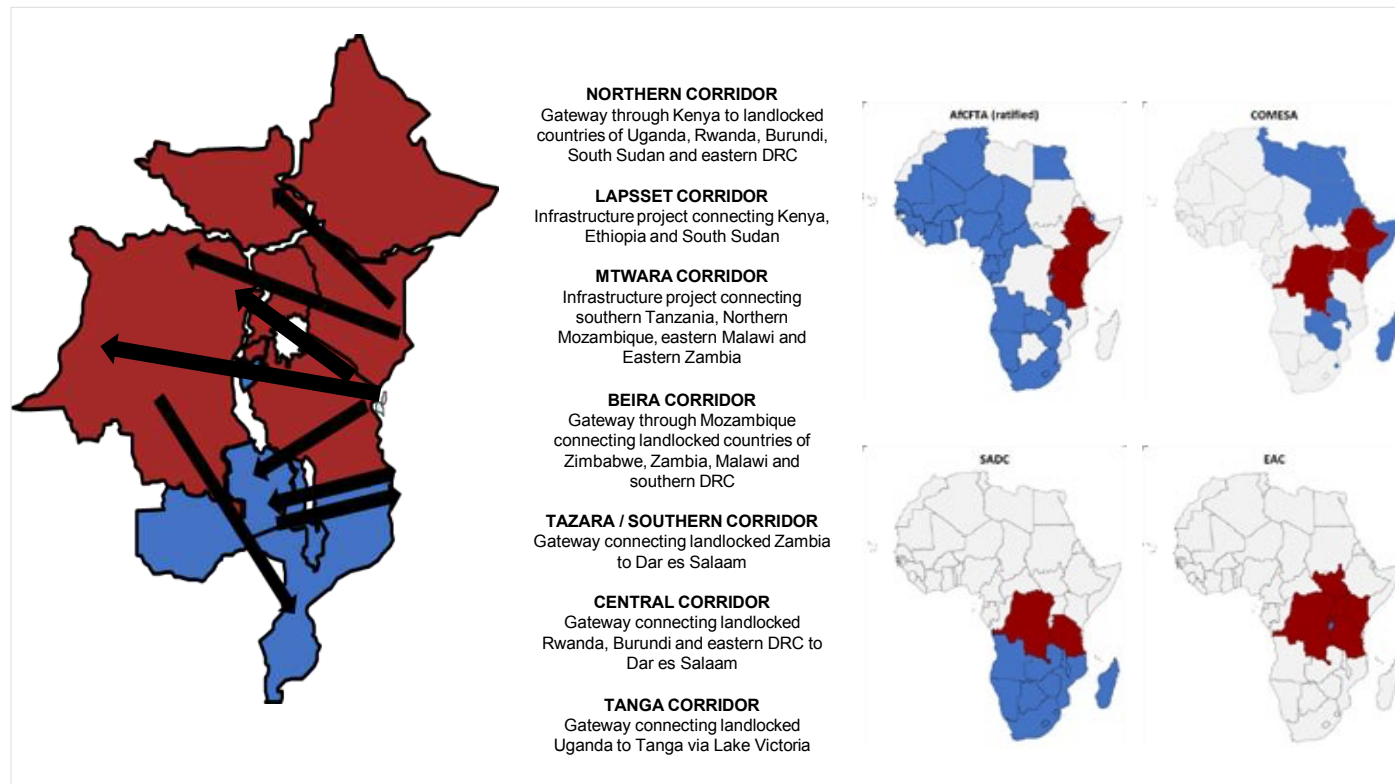


Equity Group credit capacity growing faster than cumulative GDP of the countries it operates

10-year CAGR

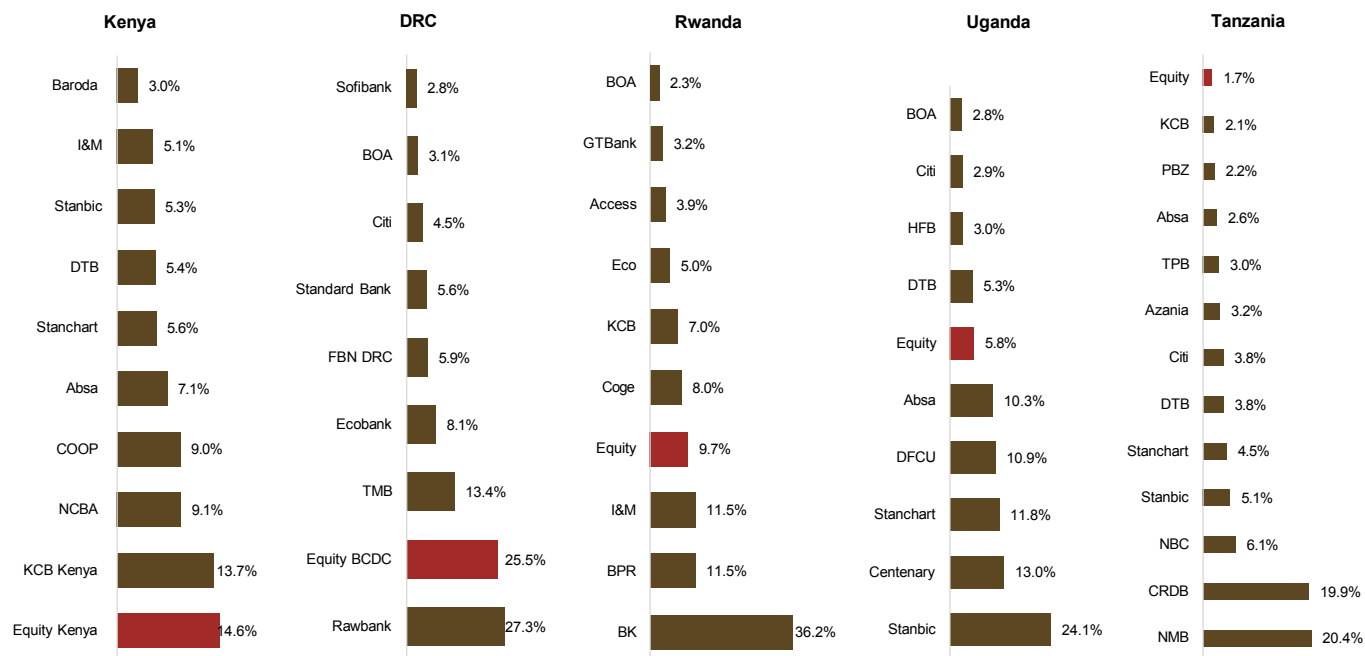


## Capability 2: Equity Group's regional presence to drive cross-border trade



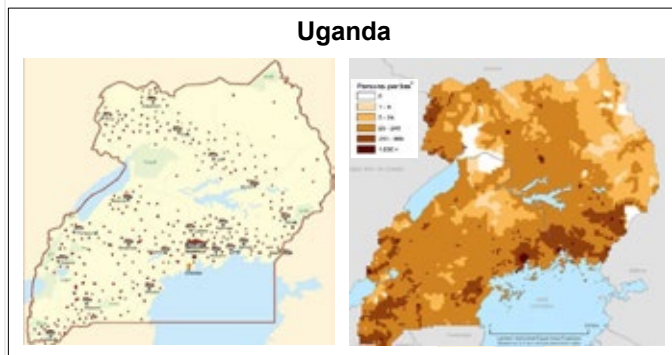
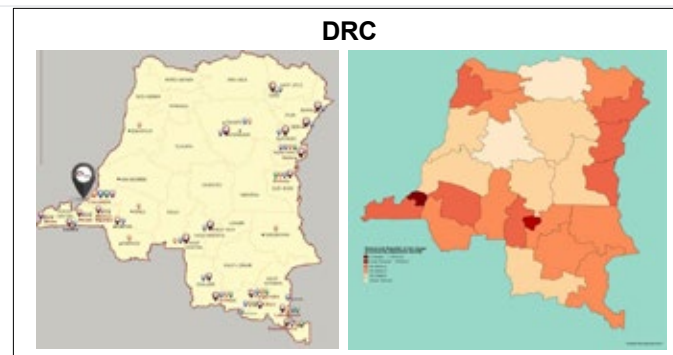
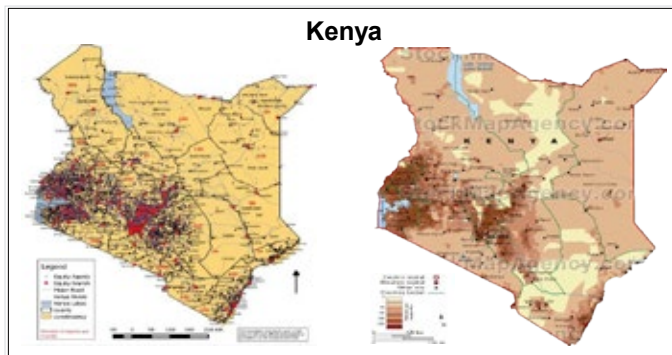
## Capability 3: Market positioning in the region makes Equity Group a relevant and impactful partner

### 2020 / 2021 asset market share



Source: Central Banks, Bank financial statements, Equity Group

## Capability 4: Expansive infrastructure network that overlaps population densities supports access to goods and services



Source: Equity Group, KNBS

**Bank Agents: 62,854**  
**Branches: 339**  
**Point of Sale Terminals: 40,053**  
**ATMs: 693**



## Capability 5: Impactful and tested business model to drive social and economic transformation of the East and Central Africa region

### Corporate philosophies

#### Our Purpose

Transforming lives, giving dignity and expanding opportunities for wealth creation

#### Our Vision

To be the champion of the socio-economic prosperity of the people of Africa

#### Our Mission

We offer integrated financial services that socially and economically empower consumers, businesses, enterprises and communities

#### Positioning Statement

Equity provides Inclusive Financial Services that transform livelihoods, give dignity and expand opportunities

## Capability 5 (continued)

### Business Model Pillar 1: Business model underpinned by Social and Economic Engines that catalyse

#### Building capacity in value chains

**EDUCATION AND LEADERSHIP DEVELOPMENT >** TODAY'S LEARNERS WILL BECOME TOMORROW'S PRODUCTIVE ECONOMY AND WILL DRIVE PRODUCTIVITY GAINS OVER THE LONG TERM



#### Wings to Fly

- 97% secondary school completion
- 83% attained university entrance

#### Equity Leaders Program

- 17,040 university scholars
- 715 attending / alumni global universities

**FOOD & AGRICULTURE >**  
TRANSFORMING  
SUBSISTENCE FARMERS  
TO AGRI-BUSINESSES

**2.32m**

Farmers impacted

**184,000**

SME farmers supported

**FINANCIAL LITERACY >**  
TODAY'S  
UNBANKED TO BE  
TOMORROW'S CUSTOMER

**2,331,965**

Women & Youth Trained in  
Financial Education



**ENTREPRENEURSHIP  
TRAINING > TRAINING**  
TODAY'S WORK FORCE TO BE  
TOMORROW'S EMPLOYER



**344,326**  
Entrepreneurs  
Trained

**KES 154.7bn**

Loans to 209,541 MSMEs under  
Young Africa Works Program

#### Supporting communities

**HEALTH >** SUPPORTING A HEALTHY  
AND PRODUCTIVE COMMUNITY



**54** Clinics opened

**822,359**

Patient visits

**SOCIAL PROTECTION >** PROVIDING A  
BRIDGE TO A BETTER TOMORROW



**4,026,751**

Households Reached with Social  
Protection Programs

**KES 100.7bn**

Cash transfers

**ENERGY & ENVIRONMENT >**  
GROWING FOR A SUSTAINABLE FUTURE



**12.8m**

Trees planted

**339,146**

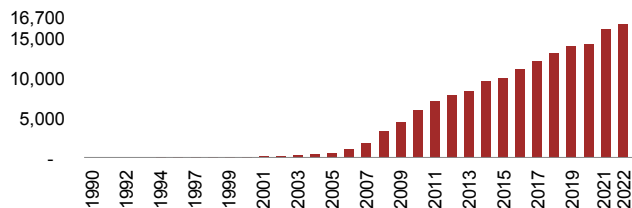
Clean energy products distributed  
benefitting an estimated 1.3m  
Individuals

Source: Equity Group

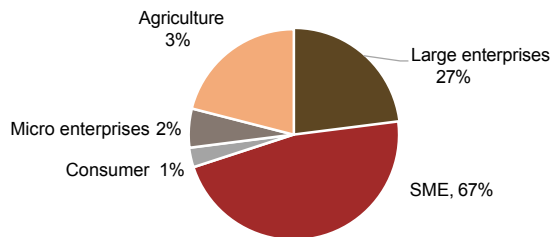
## Capability 5 (continued)

### Business Model Pillar 2: Business model that drives Financial Inclusion across households and businesses

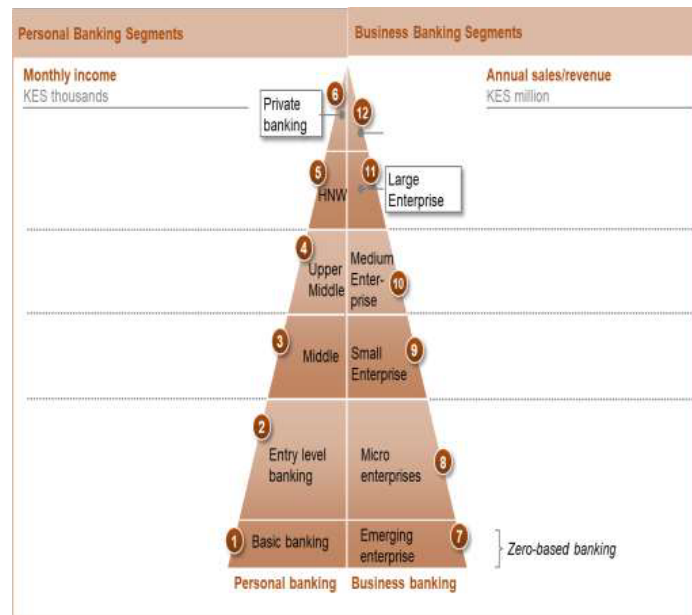
Number of customers ('000)



Loan mix

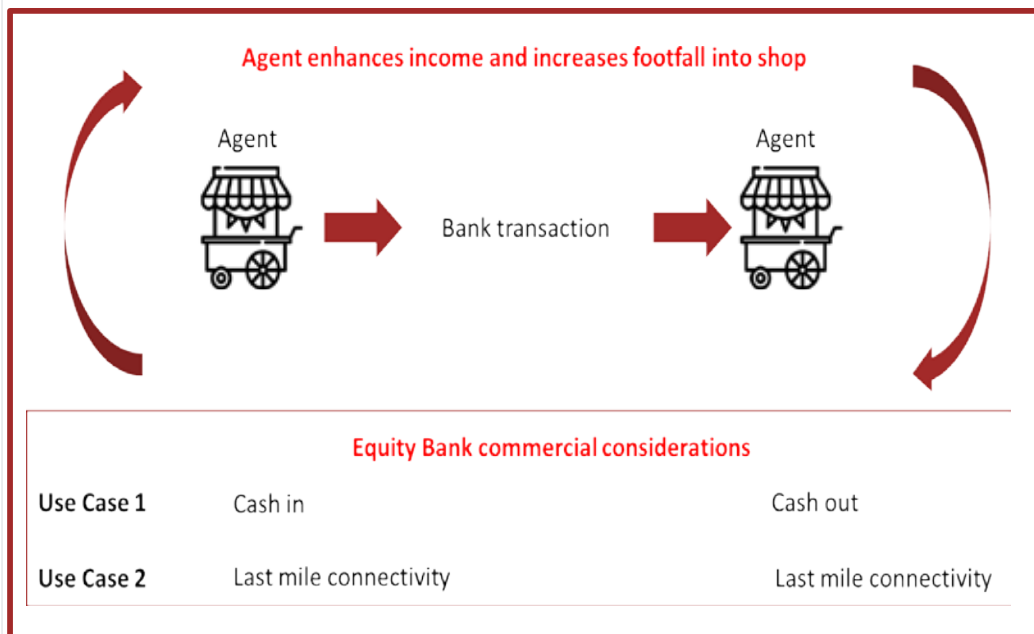


Source: Equity Group



## Capability 5 (continued)

### Business Model Pillar 3: Business model that supports Shared Prosperity



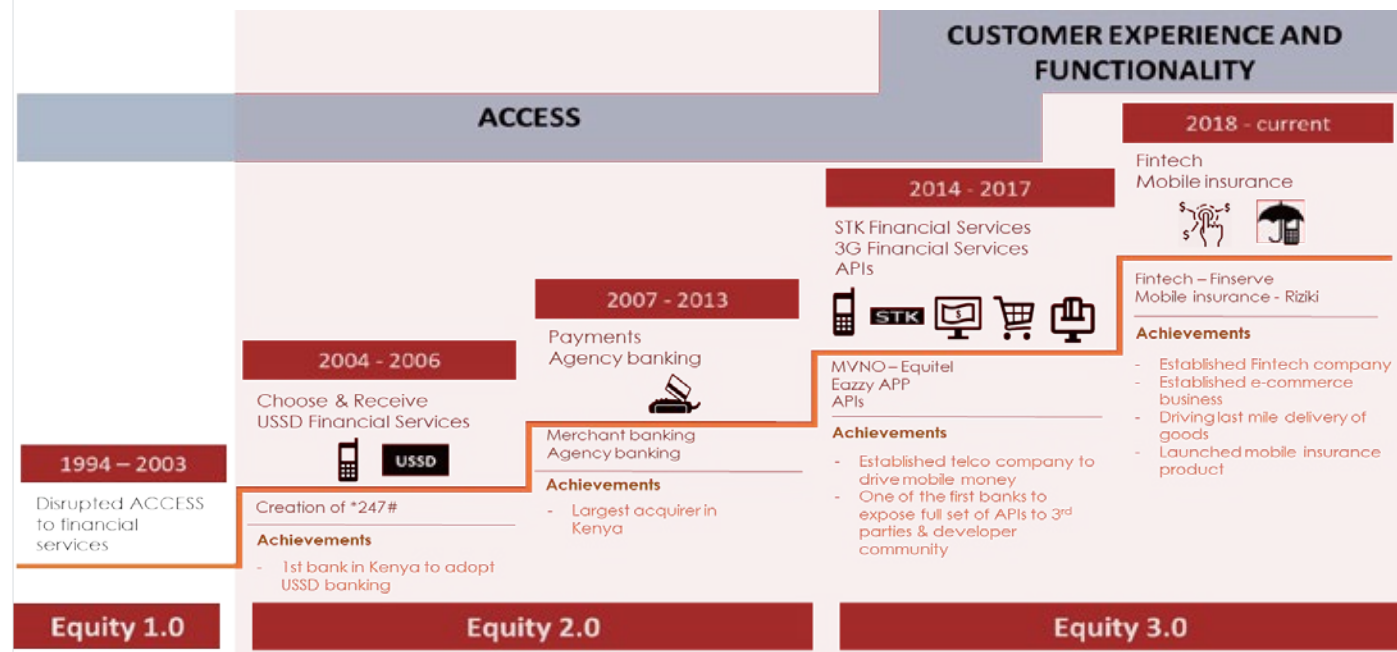
Shared-prosperity and collaborative model enhances acceptance of the Equity in communities and supports a sustainable interaction with communities and enables scalability.

Example: Agency model provides a scalable distribution network across informal markets that is symbiotic with the communities in which Equity Group operates

Source: Equity Group

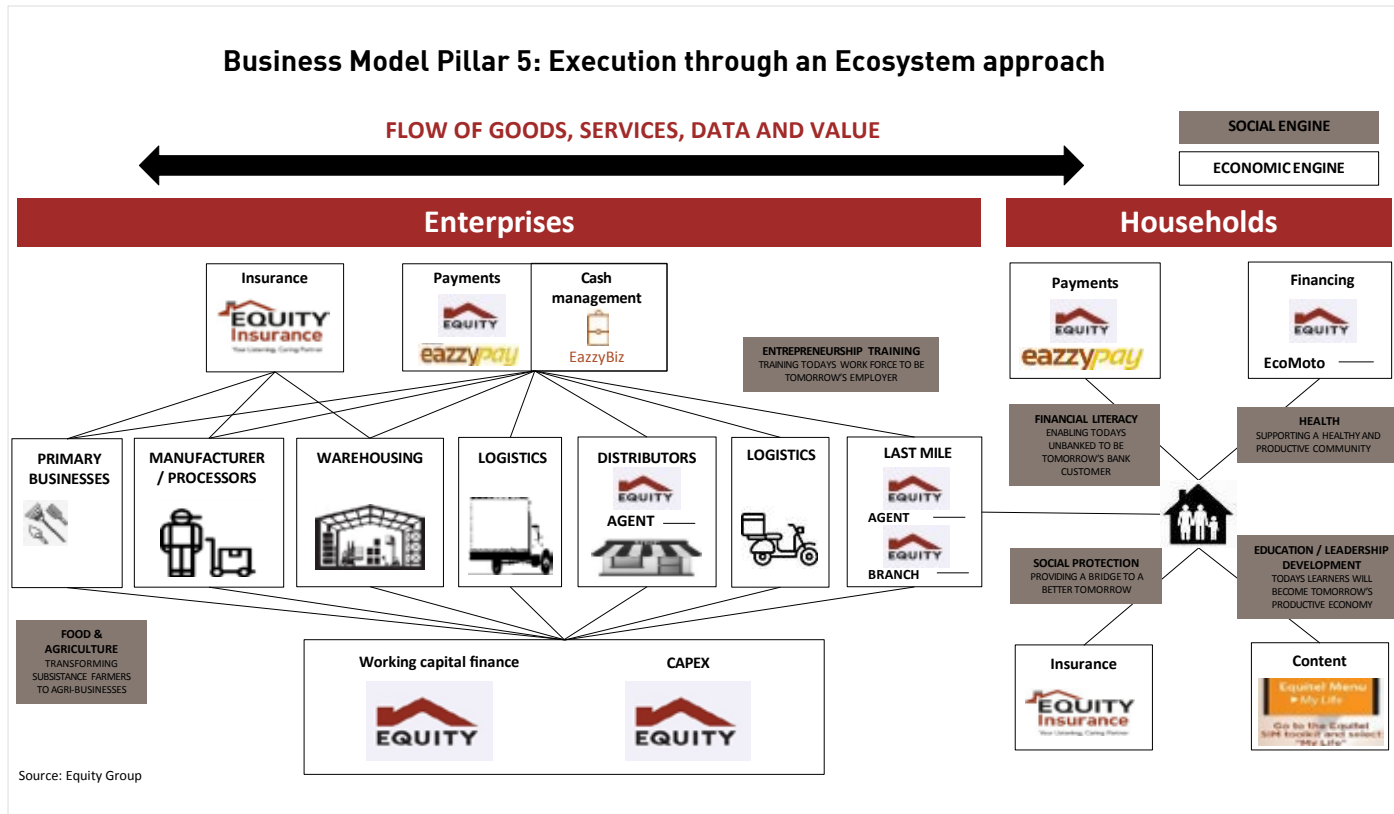
## Capability 5 (continued)

### Business Model Pillar 4: Business model that is technology enabled



Source: Equity Group

## Capability 5 (continued)



## Capability 6: Collaborative approach has enabled Equity Group to catalyse and crowd-in investment flows and capacity building into the region



# **Support for the Africa Recovery and Resilience Plan**



# Engine 1 will require collaboration and support

## 1. FUNDING SUPPORT

### Tier 2 capital

- Need to leverage up balance sheet

### Debt financing

- Access to long-term financing

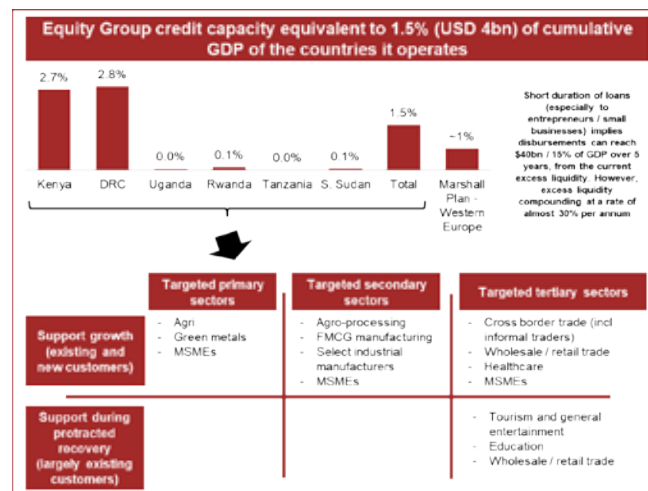
### Crowd in foreign direct investment

- Need support and collaboration to connect private capital into the region including investment flows from diaspora

## 2. RISK REDUCTION

### Risk share facilities

- Lending on lower collateral requirements
- Targeting micro and small business
- Targeting whole value chains



## 4. INNOVATION

### Skills support

- Crowd in programmers into the region for a fit for purpose economy

## 3. CAPACITY BUILDING

### Technical assistance

- Capacity building programmes particularly for businesses in food & agriculture, trade sectors
- Capacity building internally to enhance internal skills

## Engine 1 will require support from key stakeholders

### 5. COUNTRY AND REGIONAL INITIATIVES

#### Support from government

- Transparent and consistent fiscal and monetary policies to support development of conducive business environment
- Development of economic infrastructure including capital markets, credit markets e.g. development of credit reference bureau in DRC
- Development on hard infrastructure (road, rail, power etc) and soft infrastructure (access to internet)
- Access to macro data
- Central banks to support conversion of \$ into long-term local currency funding

#### Support from IMF, multilaterals, DFIs

- IMF to consider channelling some of the SDRs to private sector banks who will act as intermediaries of proceeds towards the private sector
- Support rebranding the region to support catalyse investment flows into the region
- Support funding and risk reduction
- Support capacity building

#### Support from UN agencies

- Support build capacity building and civic education
- Mobilization of communities

## Pillar 2 will require partnerships

### 1. SCALE SUPPORT

- Foundation looking for support to scale up all its programmes across its 6 focus areas
- Need to crowd in other impact partners

### 2. CAPACITY BUILDING

- Need capacity building across out 6 Social pillars which are aligned to the 17 SDGs

### 3. IMPLEMENTING PARTNER

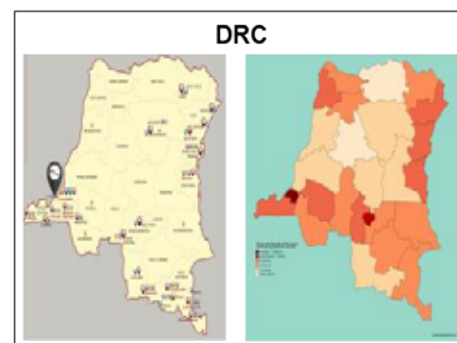
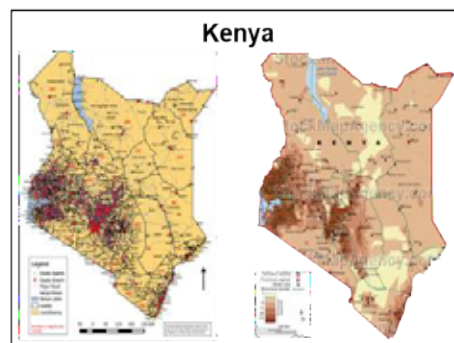
#### Technical assistance

- Capacity building programmes particularly for businesses in food & agriculture, trade sectors
- Capacity building internally to enhance internal skills

### 4. COLLABORATION

#### Skills support

- Crowd in programmers into the region for a fit for purpose economy



#### Enterprise development and financial literacy

Facilitate job creation and economic growth through providing MSMEs with advice, mentorship and entrepreneurship training.

#### Social protection

Support enrolment and transfer solutions for marginalized communities including: elderly, orphans, refugees, internally displaced, arid populations

#### Education and leadership development

Provide secondary school scholarships to financially disadvantaged. Graduates access professional and leadership development; top performers prepared to attend leading global universities.

#### Health

Provide an integrated, scalable, and sustainable healthcare delivery model which focuses on disease prevention and general health care

#### Food and agriculture

Accelerate economic growth by commercializing agriculture to help create jobs, improve market access, and expand agricultural production

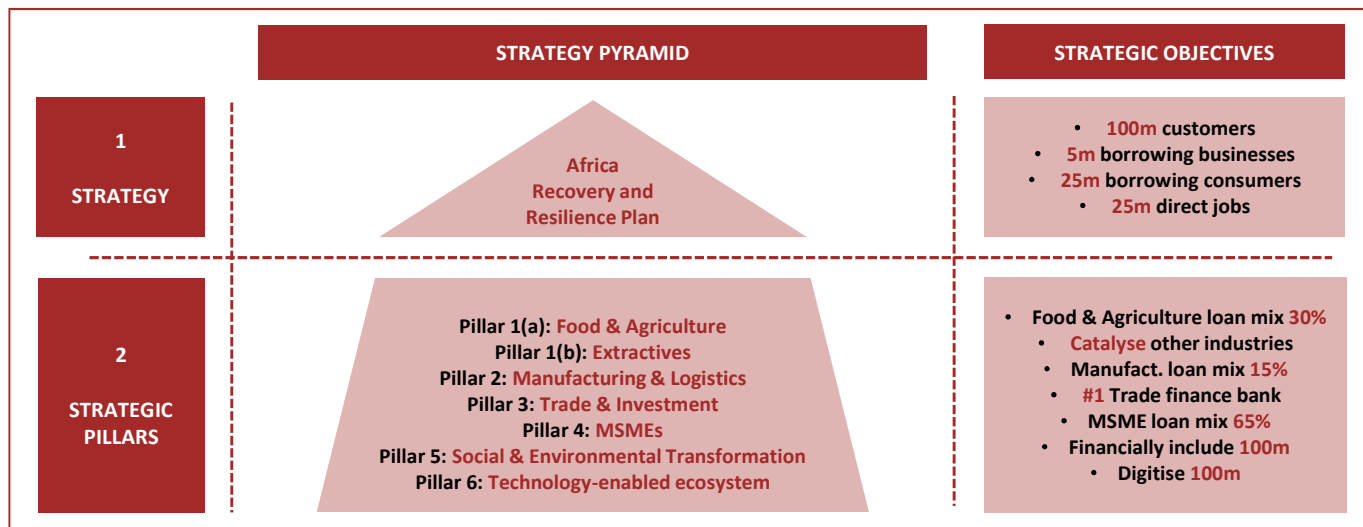
#### Energy and environment

Promote the conservation of natural resources through expanding forest cover, improving water security and providing renewable energy and energy efficient technologies as smart alternatives

# **Equity Group strategy execution – Africa Recovery and Resilience Plan**

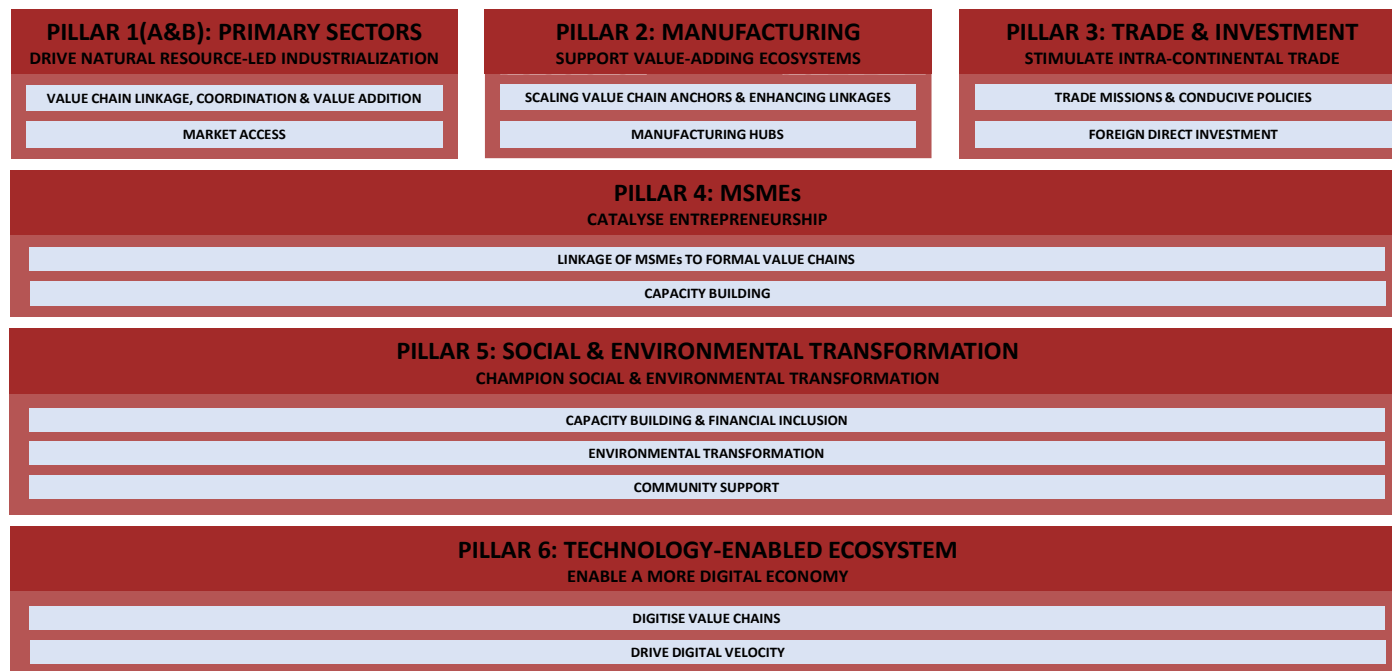
## 2025 strategy framework

Equity Group's 2025 strategy is a multi-pronged and holistic solution to achieve social and economic transformation of Africa. The strategy comprises 6 strategic pillars that will be operationalized through a collaborative, deliberate and ecosystem-centric approach



# Overview of strategic pillars and pillar programmes

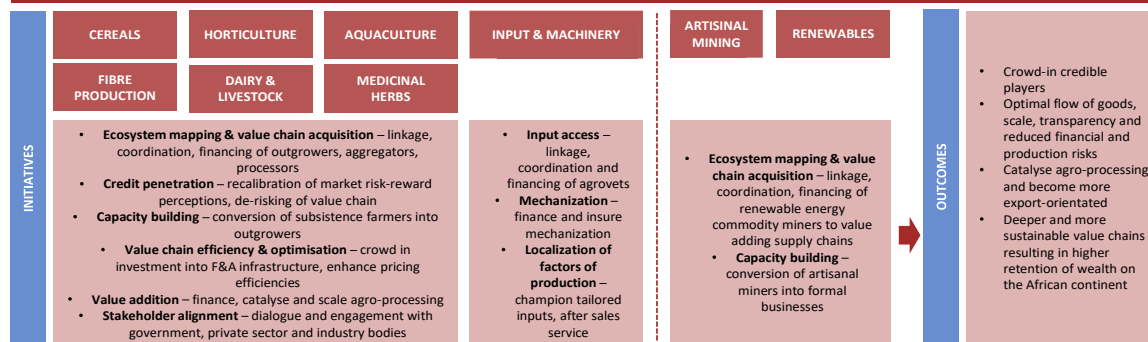
EGH strategic plan has 6 pillars each comprising programmes which in turn comprise various initiatives that aim to: (i) systematically link, enrich and deepen value chains; and (ii) together provide sequential, holistic and coordinated solutioning towards social and economic transformation of Africa



# Food and agriculture pillar programmes and their respective projects and outcomes

## PILLAR PROGRAMME: VALUE CHAIN LINKAGE, COORDINATION & VALUE ADDITION

African primary value chains, particularly food & agriculture (F&A), are fragmented, uncoordinated and lack scale – EGH to connect, coordinate, finance and enhance productivity of primary value chains through holistic financial solutioning and capacity building. At the same time, African F&A value chains remain largely subsistence and primary in output, whilst extractives have significant artisanal activity – EGH to support formalization, value addition and crowd-in investment



## PILLAR PROGRAMME: MARKET ACCESS

African value chains have limited domestic and foreign market access that limits scale, throughput and pricing power – EGH to champion Africa as an alternative F&A supply chain



# Manufacturing pillar programmes and their respective projects and outcomes

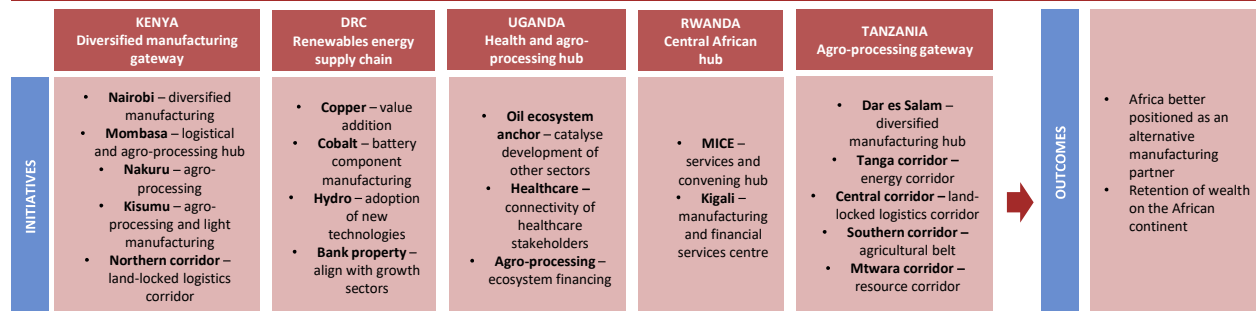
## PILLAR PROGRAMME: SCALING VALUE CHAIN ANCHORS & ENHANCING LINKAGES

Manufacturing ecosystems are rich in cash, assets, transactional activity, MSMEs and wage earners. At the same time manufacturers are anchors to cash cycles of a number of African value chains – EGH to be an enabling and scaling partner to anchors. At the same time domestic value chains need: (i) enhanced connectivity, coordination and financing; and (ii) scale and reliable logistics – EGH to support value chains with holistic solutioning of value chains and support logistics sector to ensure efficient throughput, storage and movement of goods from producers to manufacturers to households.



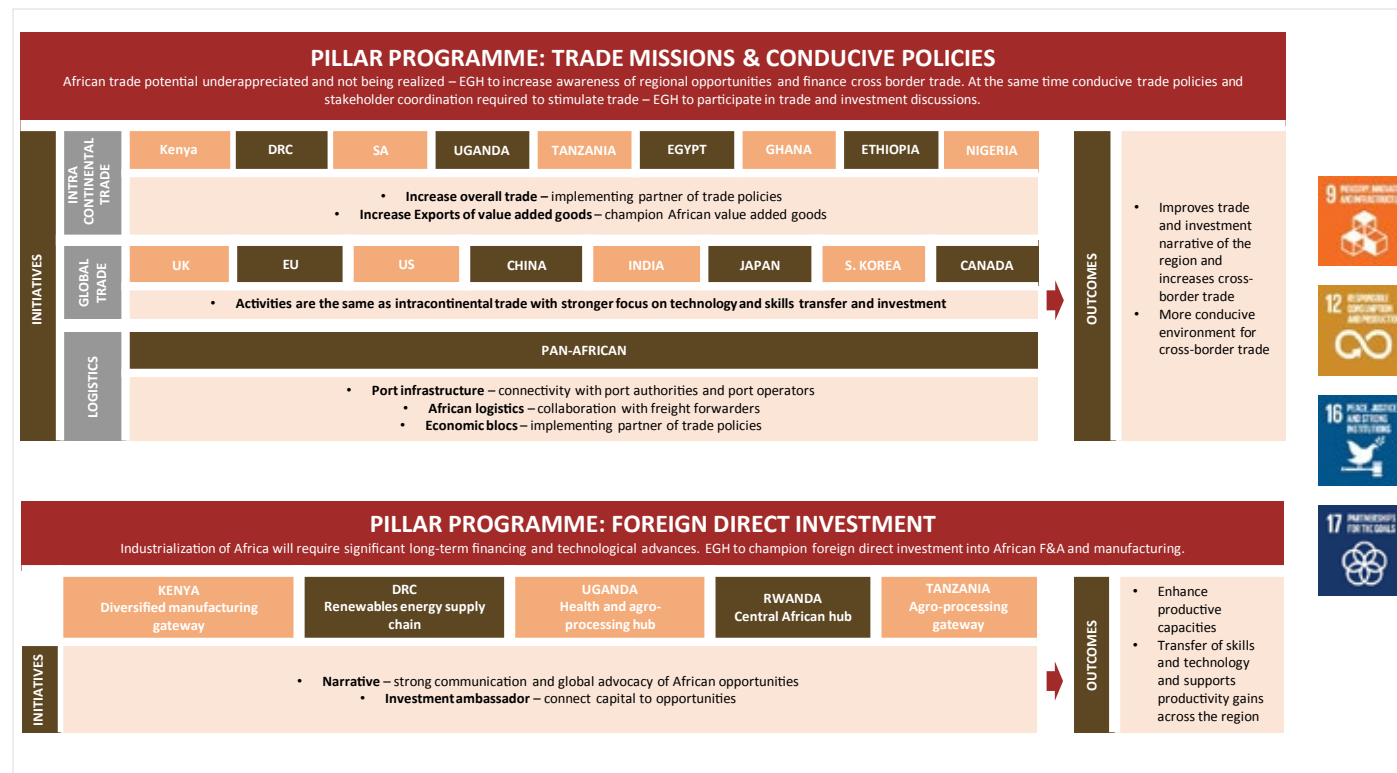
## PILLAR PROGRAMME: MANUFACTURING HUBS

Increased utilization of installed and differentiated productive capacities will drive complementing manufacturing hubs across Africa – EGH to assist piece together country capabilities to catalyse African manufacturing hubs.

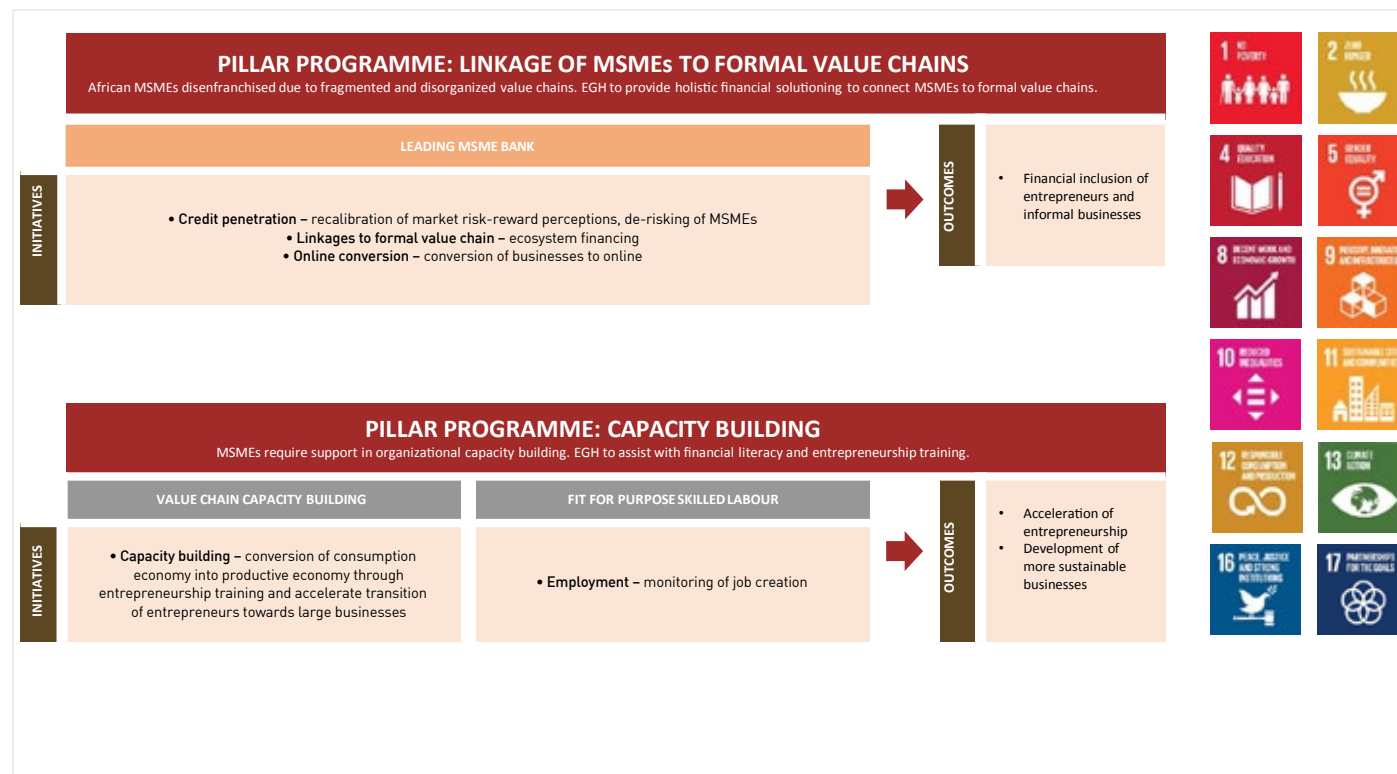




# Trade and investment pillar programmes and their respective projects and outcomes



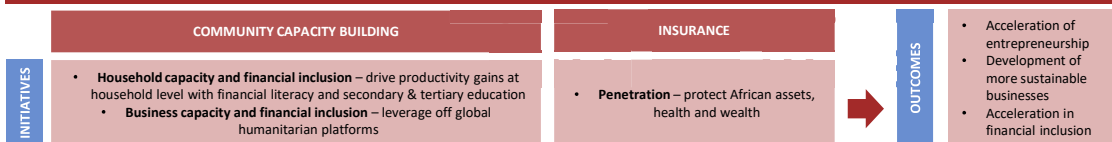
# MSME pillar programmes and their respective projects and outcomes



# Social transformation & Environmental pillar programmes and their respective projects and outcomes

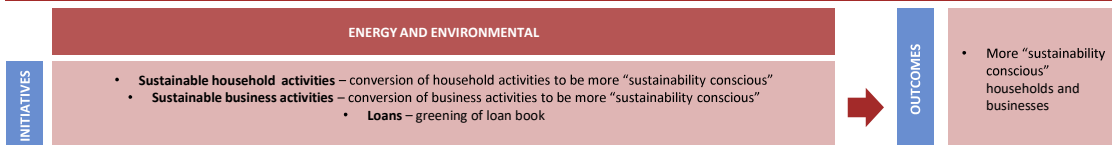
## PILLAR PROGRAMME: CAPACITY BUILDING & FINANCIAL INCLUSION

Relatively low levels of literacy rates and inadequate awareness of the power of financial services across Africa impede development and financial inclusion of households – EGH to build capacity and drive financial inclusion. At the same time, access to financial services across Africa remains low – EGH to provide fully integrated financial services.



## PILLAR PROGRAMME: ENVIRONMENTAL TRANSFORMATION

As the world looks towards a more sustainable future, households and businesses will need to adapt and mitigate the risks with climate change – EGH to champion adoption of more sustainable household and business activities.

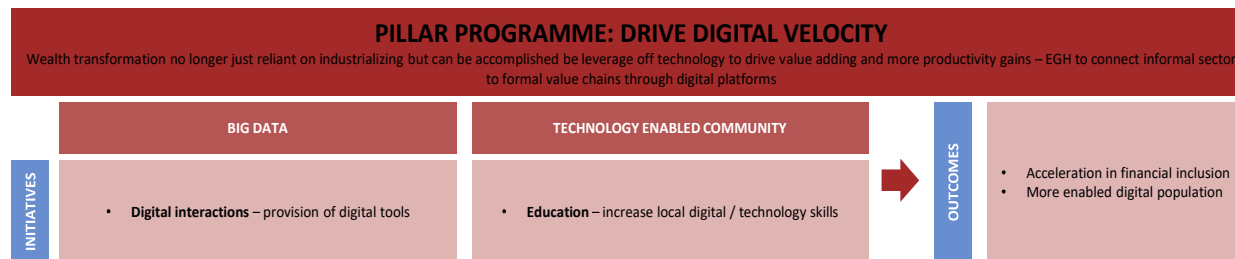
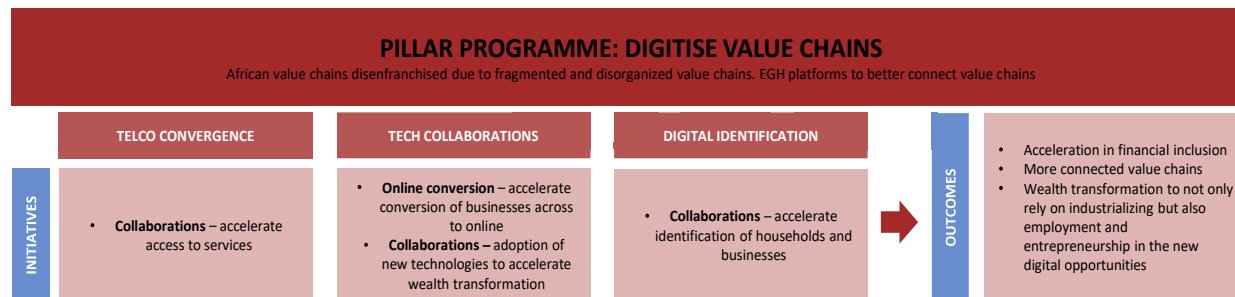


## PILLAR PROGRAMME: COMMUNITY SUPPORT

Many African households continue to be marginalized when it comes to basic necessities adversely impacting productivity. EGH will continue to provide support across healthcare and social support

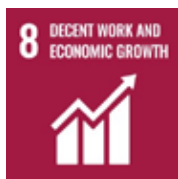


# Social transformation & Environmental pillar programmes and their respective projects and outcomes



**Appendix 1:**  
**Equity Group Foundation Pillars**  
**– Social Engine**

## Education and leadership development pillar



### Objective

Develop and inspire young leaders through access to secondary and tertiary education plus mentorship and career training

### Interventions

- Education scholarships
- Paid internships
- Leadership activities

### Achievements

- 37,009 Secondary school scholarships
- 17,040 scholars in university
- 3,262 students in TVET
- 715 students in global universities

### Partners



### Support required

- Financing for scholarships to secondary education and technical training
- Innovation fund to incubate and finance innovations from youth
- Internship and employment opportunities

### Role of partners / government

- Policy formulation conducive for the sector

# Health pillar



## Objective

To drive access to affordable, high quality healthcare services across Africa

## Interventions

- Provision of affordable, quality outpatient services
- Provision of financial support and quality assurance to local health entrepreneurs

## Achievements

- 54 franchise health clinics established
- 822,359 patients attended
- Over 1m reached on Covid-19 health education
- Integrated with National Health Insurance Scheme

## Partners



## Support required

- Funding: – Grants, Co- financing, Risk sharing for health sector lending
- Implementing Partners
- Technical Assistance – Training, Capacity Building

## Role of partners / government

- Policy formulation conducive for the sector

## Food and Agriculture pillar



### Objective

Support the transformation of small-scale farmers into agribusiness entrepreneurs through technology, training, access to markets and finance.

### Interventions

- Increasing agricultural productivity and incomes of small-scale food producers, through secure and equal access to land and inputs, knowledge, financial services, markets
- Financial intermediation in food production, processing, transport and in export
- Access to finance

### Achievements

- 2.32m farmers impacted
- 184,000 Small and Medium Sized Farmers Supported

### Partners



### Support required

- Technical Assistance for MSMEs and Farmers, financial instruments and mechanism that support the value chains and that include women and youth especially those from Education and leadership pillar . Digitization of most of the processes to bring efficiency and policy advocacy.

### Role of partners / government

- Policy formulation conducive for the sector



## Energy and Environment



### Objective

Combat climate change through conservation and promoting the use of renewable energy through training and financing

### Interventions

- Transition to clean energy for household, Institutions and corporates
- Increase adoption of low carbon production technology
- Establishment of green mini-grids, mini-hydro plants
- Investments in climate smart technologies
- Supporting waste management interventions /waste to energy
- Restoration of degraded land & water towers through afforestation & conservation

### Achievements

- 339,146 households reached with renewable energy products impacting over 1.35 million individuals
- Over Kshs. 3.78 billion in household savings by switching to clean energy
- Kshs. 46 billion OLB in climate finance
- 360,000 metrics tons of CO2 reduced
- Over 12.8 million trees planted and 456,342 trees saved

### Partners



### Support required

- Grants for training & capacity building
- Carbon offset and green bonds

### Role of partners / government

- Policy formulation conducive for the sector

## Enterprise Development and Financial Inclusion



### Objective

Stimulate job creation and economic growth to individuals + MSMEs through financial literacy, entrepreneurship training and business development services

### Interventions

- Financial literacy training
- Entrepreneurship skills training, mentorship & advisory
- Digital Literacy training
- Business Development Services

### Achievements

- 2.3m youth/women/MSMEs trained
- 344,326 MSMEs received entrepreneurship, financial and digital literacy training
- Kshs.154.7 billion loans accessed by trainees

### Partners



### Support required

- Funding/technical assistance for training programmes
- Risk share facilities
- Support to scale up training outreach
- Technical Assistance

### Role of partners / government

- Policy Formulation
- Infrastructure development
- Private public sector co-implementation

## Social protection



### Objective

Offer social assistance and capacity building to poor, vulnerable and marginalized populations and transition beneficiaries from systemic dependence on aid to self reliance

### Interventions

- Social Payments and Safety Net Programs
- Financial literacy training for refugees and vulnerable households
- Support access to digital inclusion tools

### Achievements

- 4 million beneficiary households reached
- Kes 100.7 billion disbursed
- 22 successfully operating programs in Kenya, Rwanda, Uganda, South Sudan

### Partners



### Support required

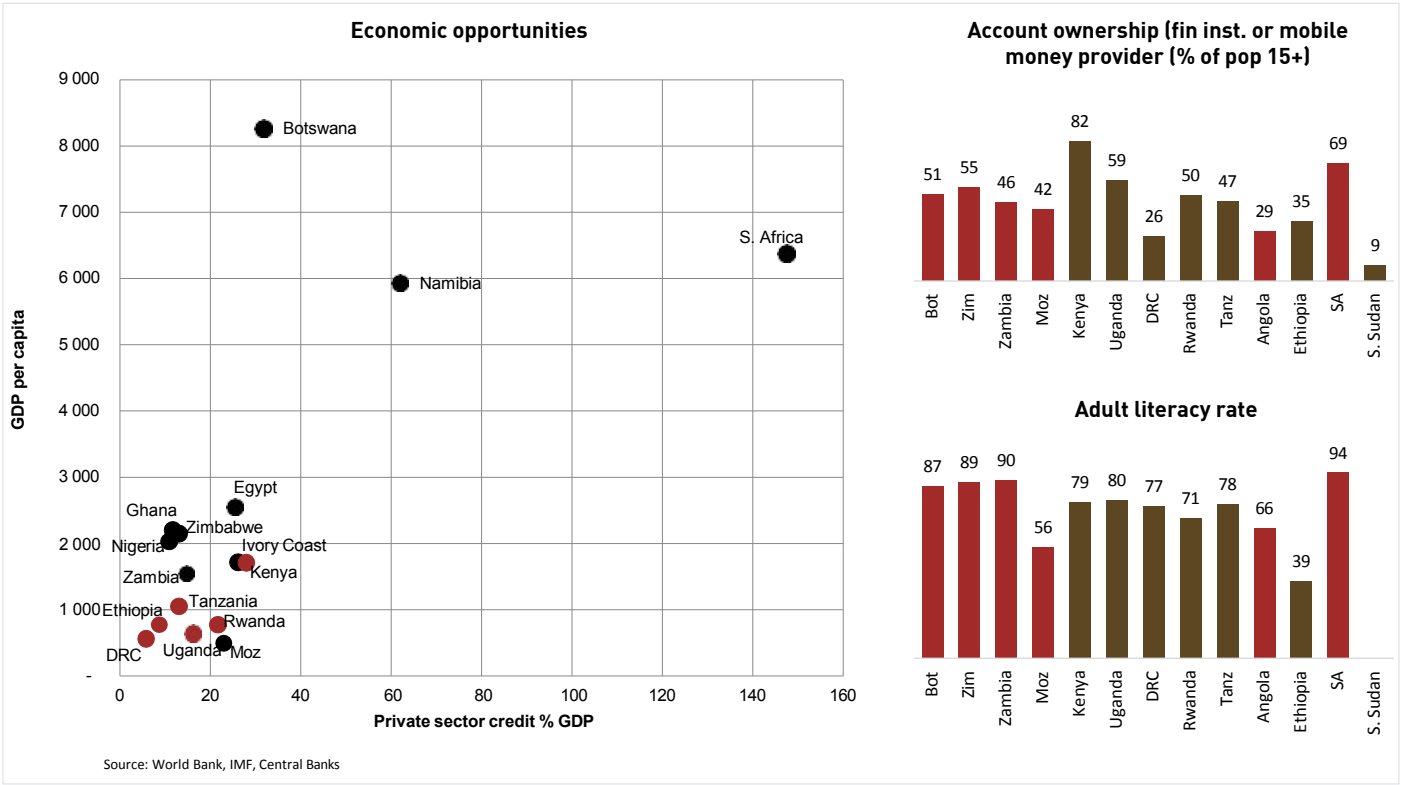
- Funding to support cash transfers
- Grants to implement training programs
- Credit Guarantees to increase access to financial services and products

### Role of partners / government

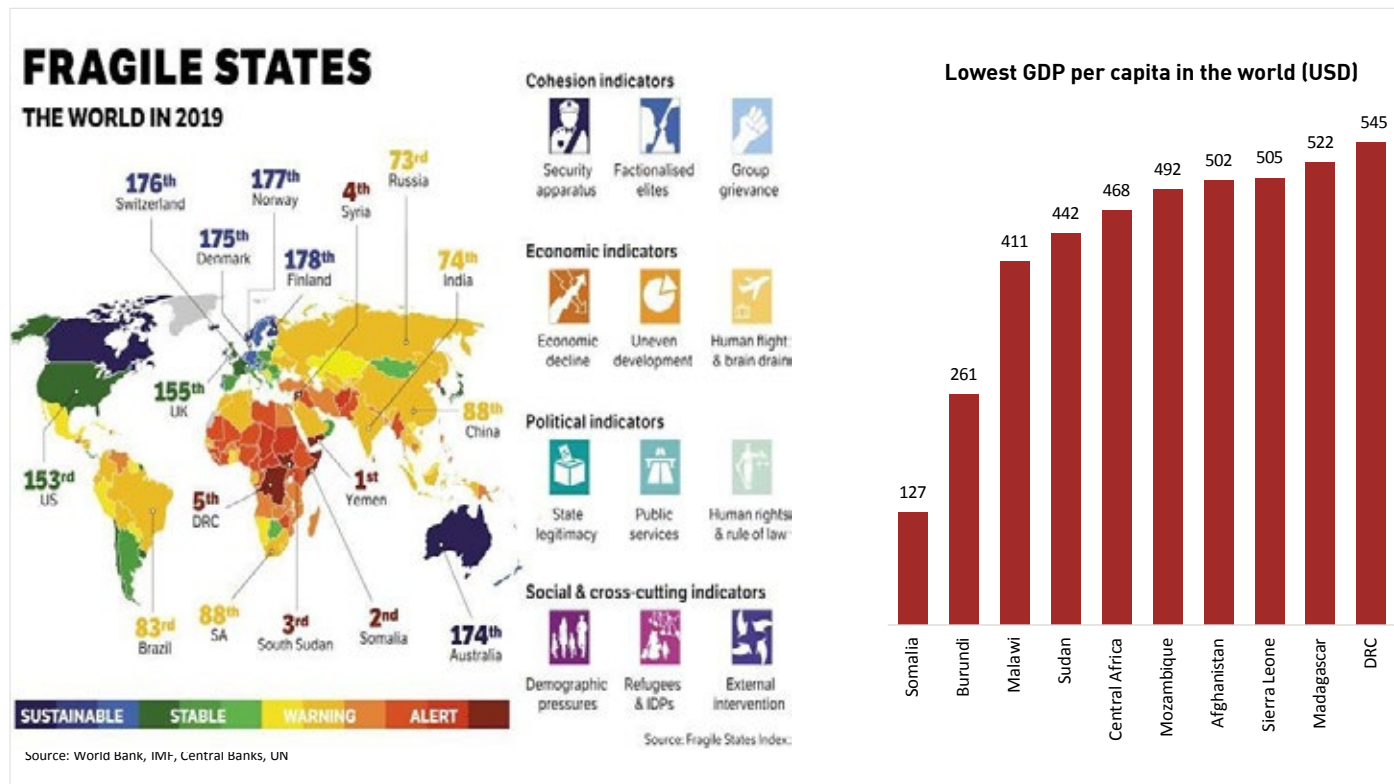
- Policy Formulation
- Infrastructure development
- Private public sector co-implementation

**Appendix 2:**  
**Why the Social Engine is so  
Powerful in our Markets**

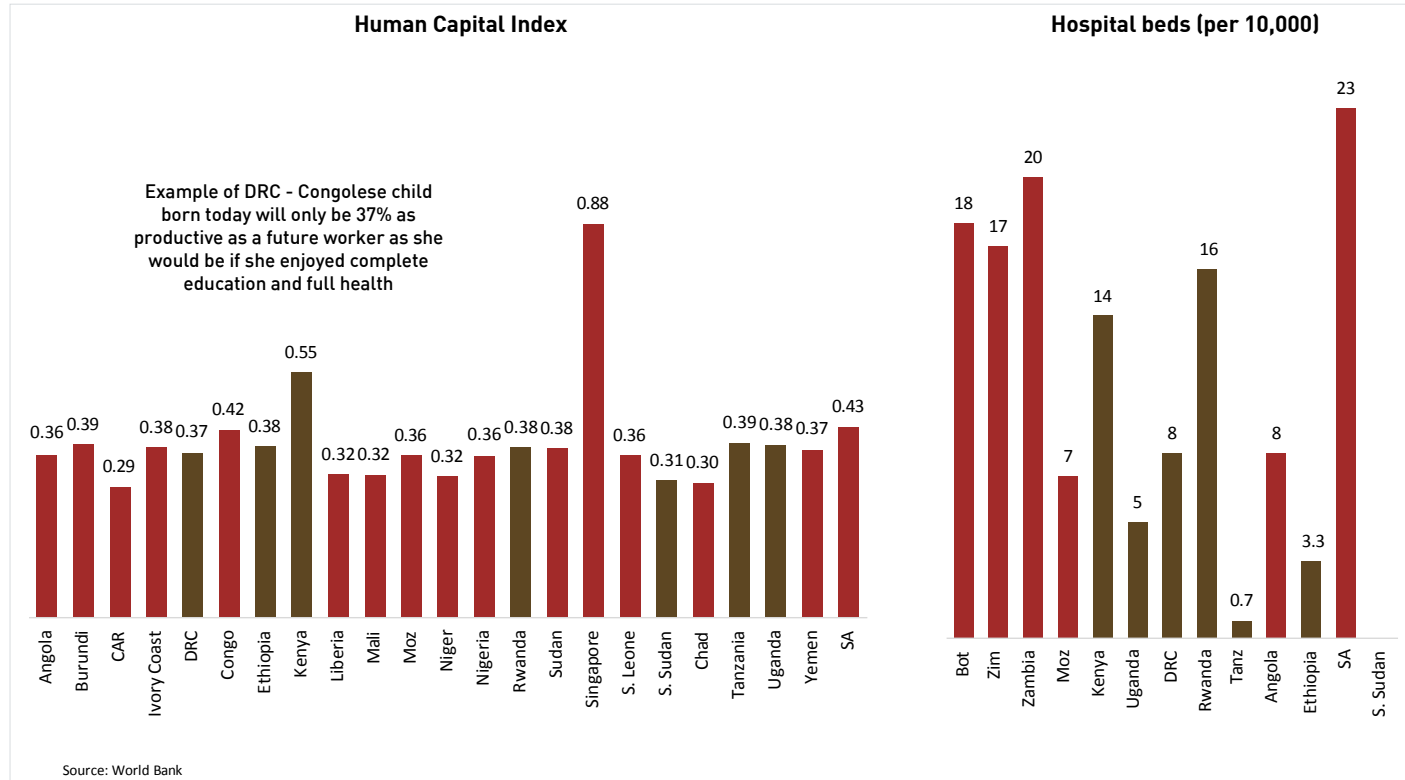
# Social Consideration 1: Highly under-banked markets will need to understand the value and how of banking services – Financial Literacy



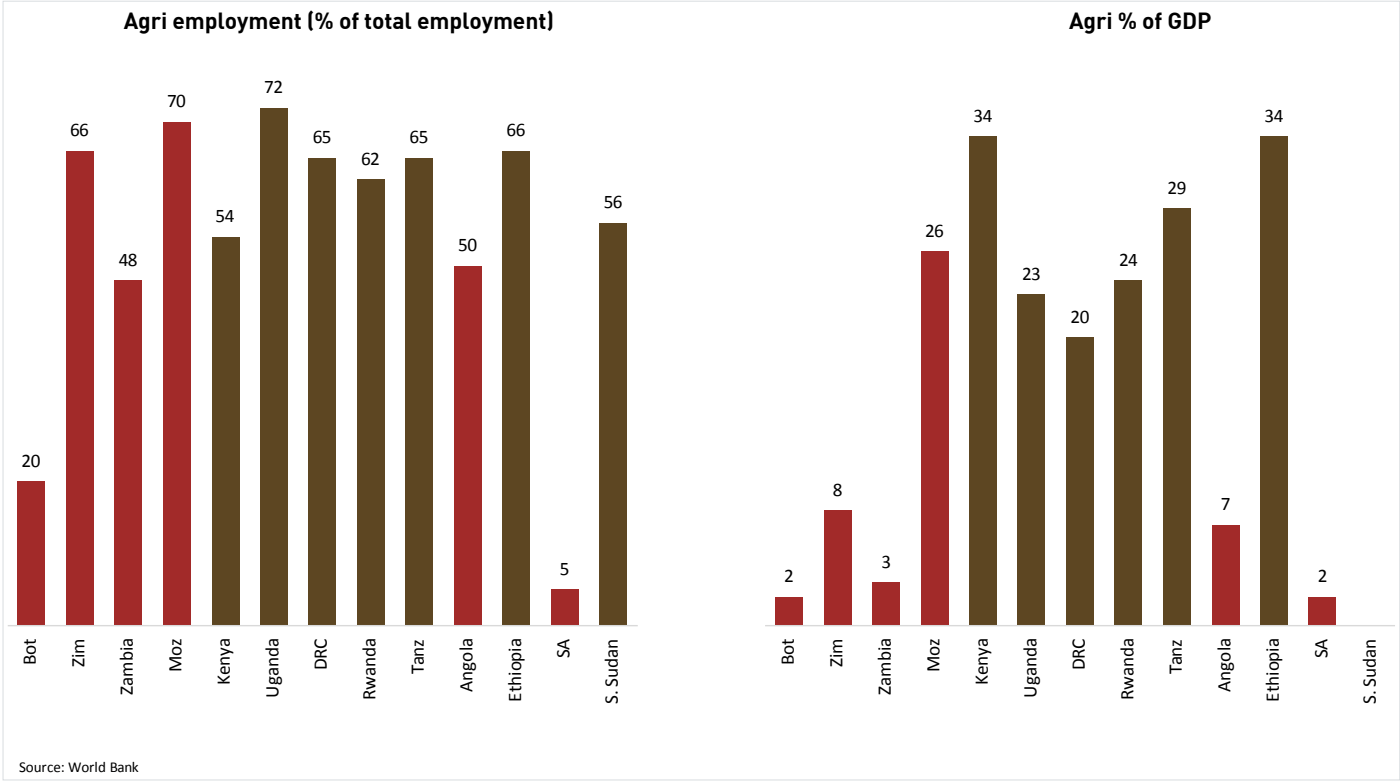
## Social Consideration 2: Fragile states will require economic and social support – Social Protection



## Social Consideration 3: Low human capital will require capacity building & health support – Education, Entrepreneurship Training & Health



Social Consideration 4: Agriculture a bedrock in communities and impacted by climate change – Agriculture and Environmental



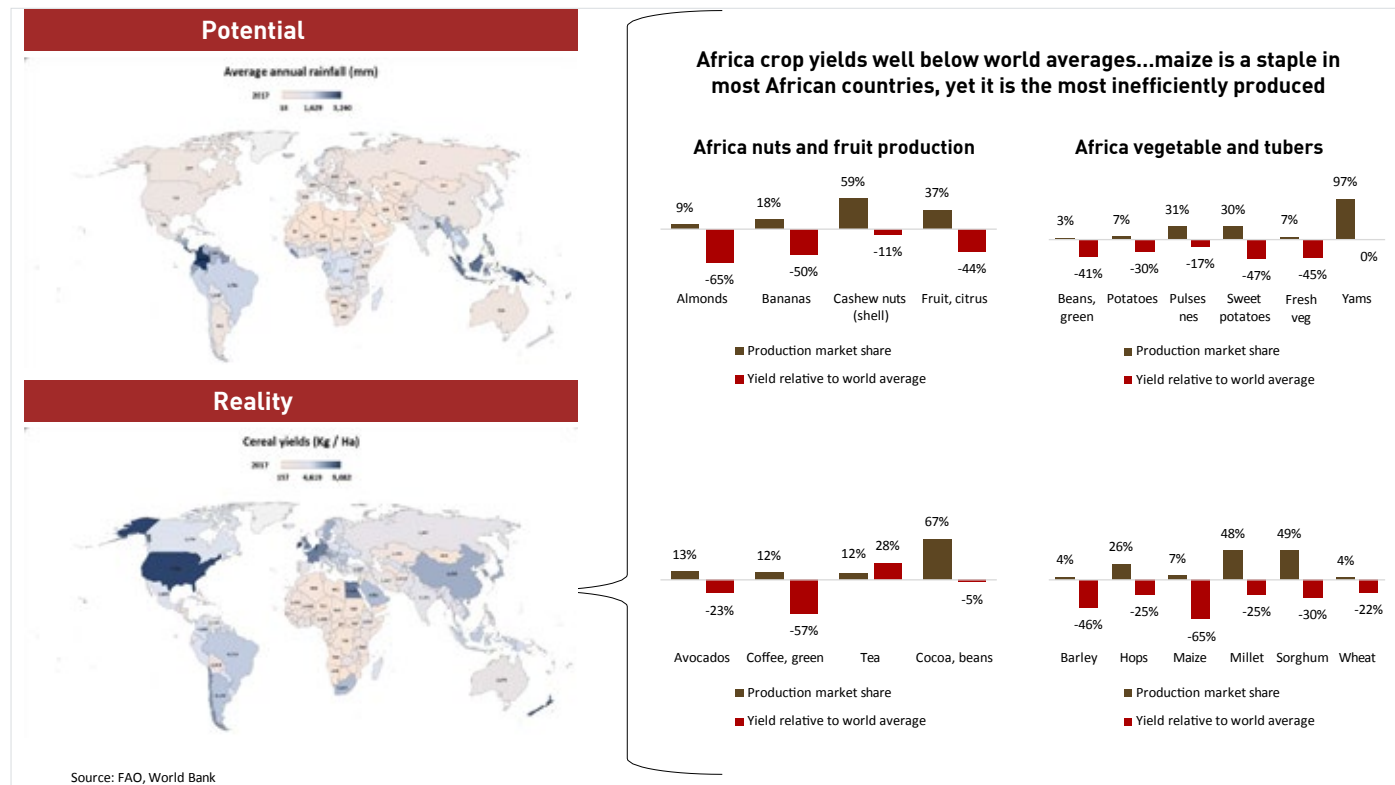




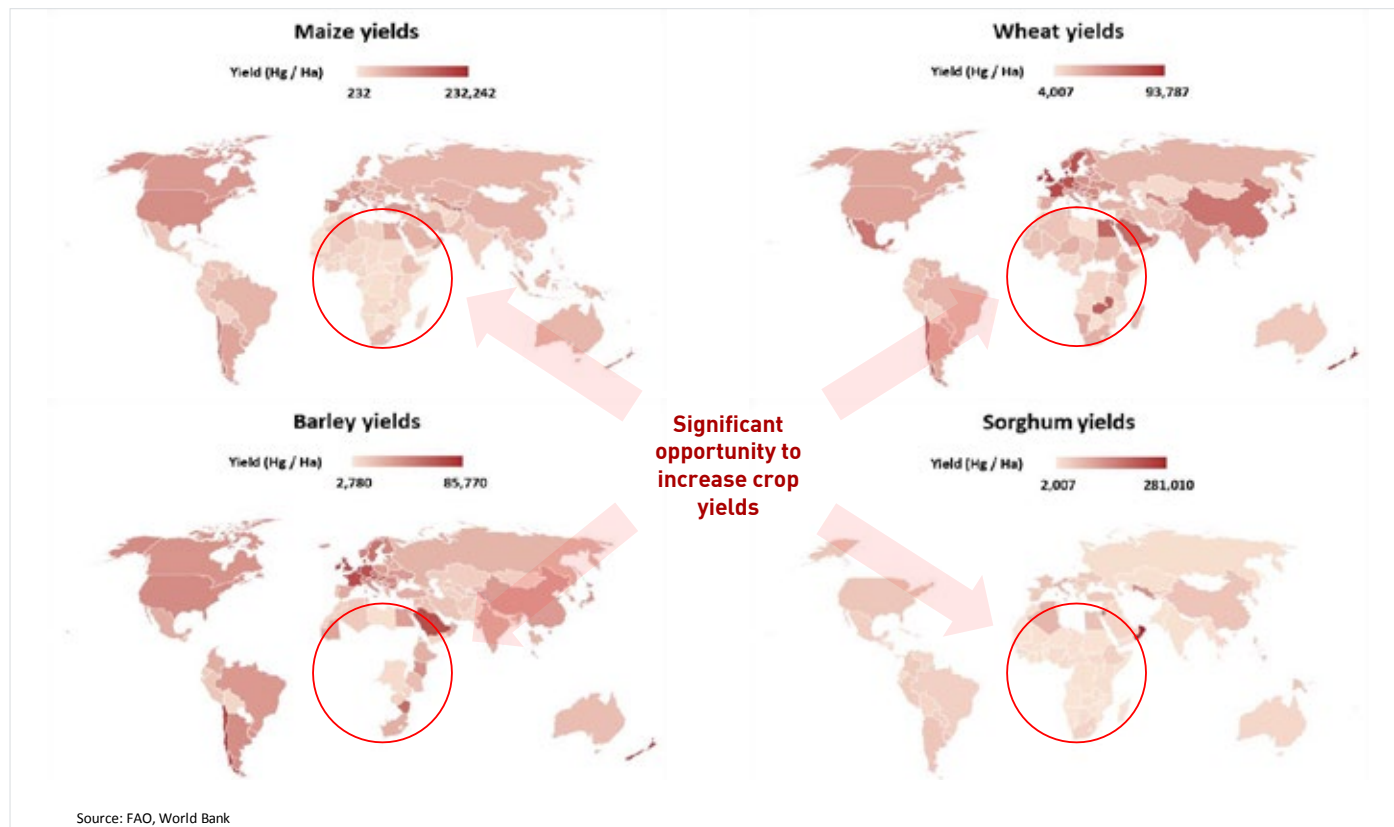
# Africa Recovery and Resilience Plan

Part 2: Transforming the food and agricultural ecosystem

# Opportunity statement 1: Significant productivity gains require small interventions and some policy reforms



## Opportunity statement 1: Significant productivity gains (continued)



## Opportunity statement 2: Value addition requires some investment and reforms

Relatively low barriers to value add agricultural goods

Significant potential to value add agricultural exports

Primary exports

Export structure  
Primary exports 29% 97%



Agriculture products well positioned to be value added

Export structure  
Food & agri 5% 80%



Export structure  
Ore & metals 0% 74%

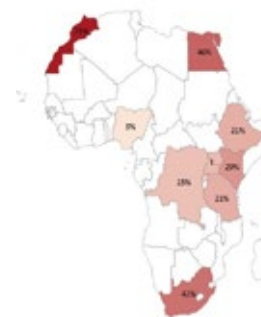


Export structure  
Fuel 0% 92%



Value added exports

Export structure  
Manufactured exports 3% 71%

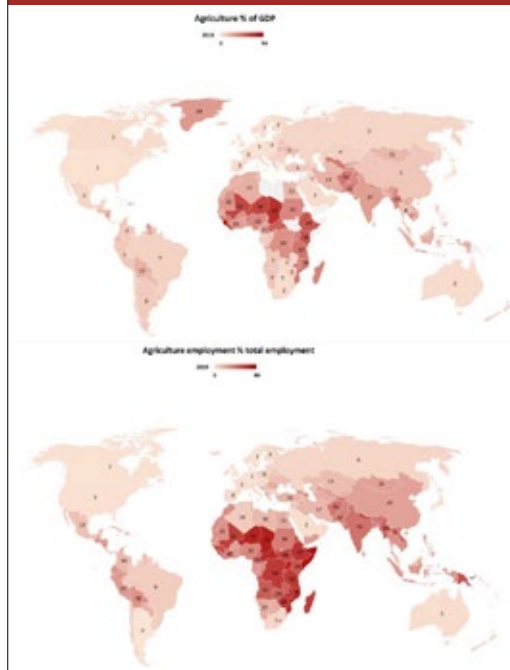


Source: FAO, World Bank

**Considerations for why food  
and agriculture is strategic to  
Equity Group**

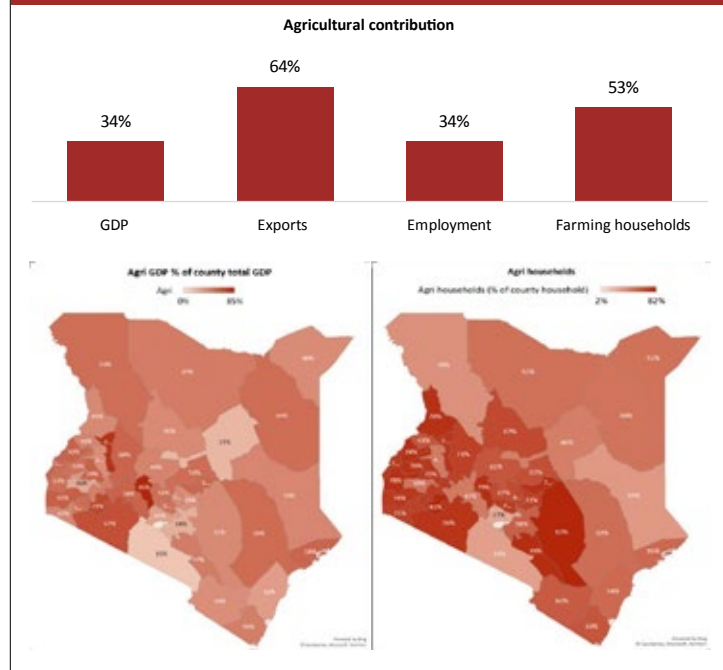
## Consideration 1: Agriculture a significant economic and social contributor to most African economies

### Agricultural contribution to GDP and employment in Africa amongst highest in the world

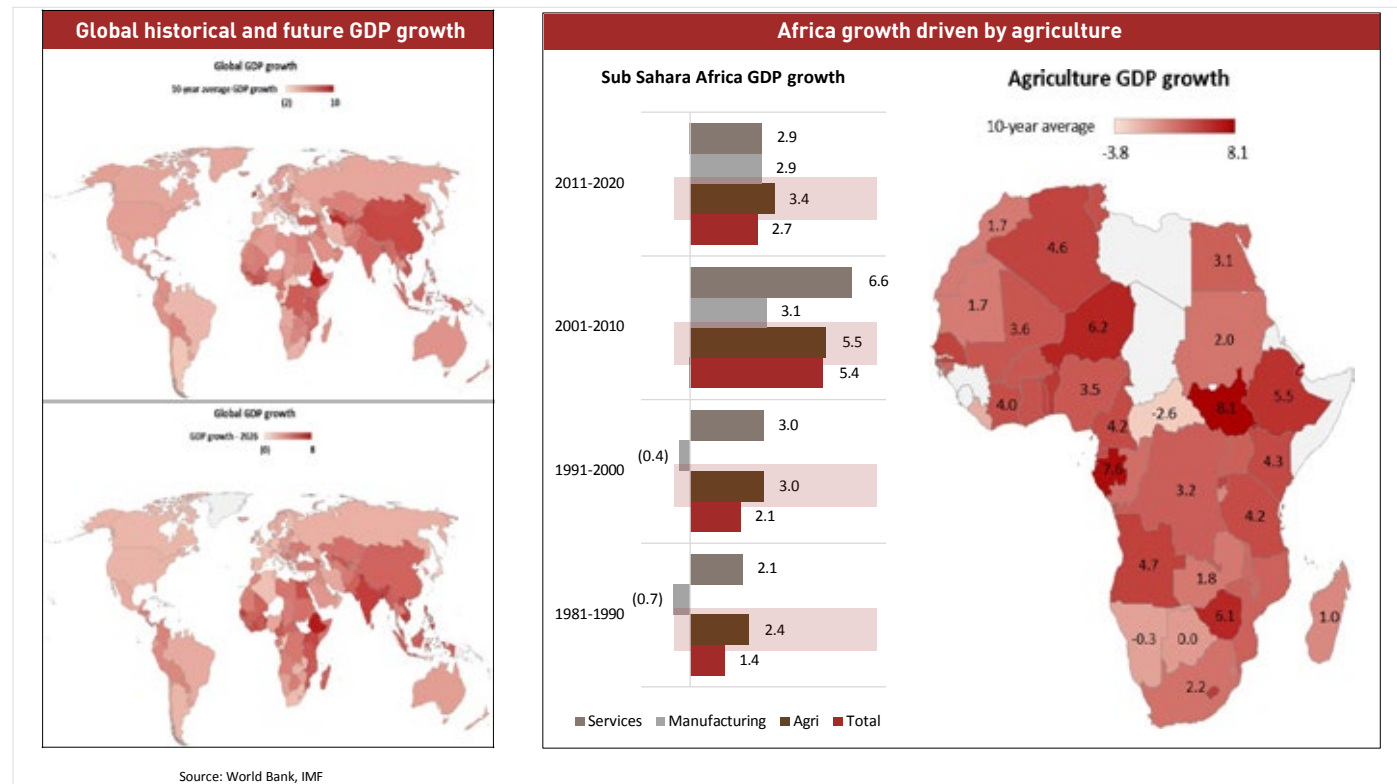


Source: World Bank, ILO, KNBS

### The Kenya case: Agricultural contribution to economy high and widespread across the country



## Consideration 2: East and central Africa growth amongst the fastest globally and underpinned by agriculture

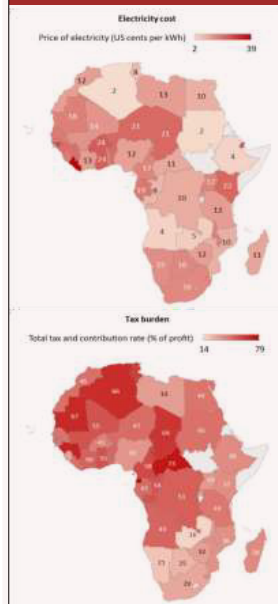


## Consideration 3: Agriculture growth potential high with catalyst to come from investment, enhanced farming techniques and policy reforms

### AGRICULTURE VALUE CHAIN

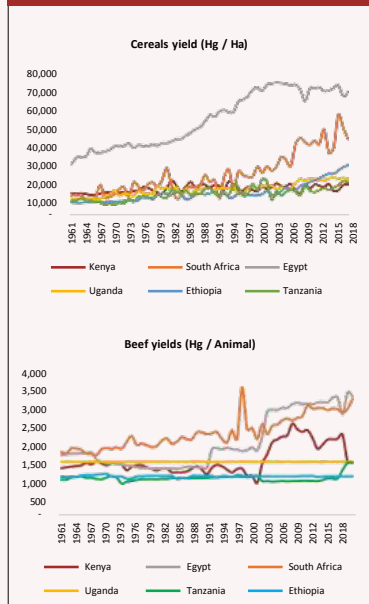
#### Policy reform

##### Rising input cost

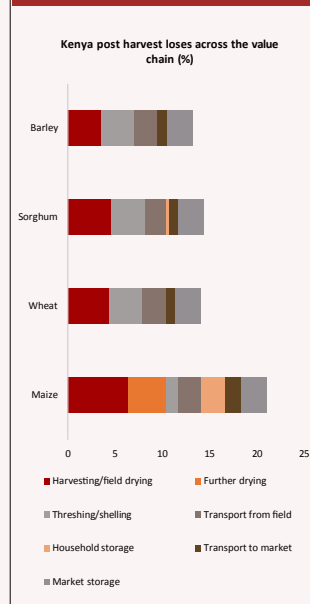


#### Investment and capacity building opportunity

##### Production constraints

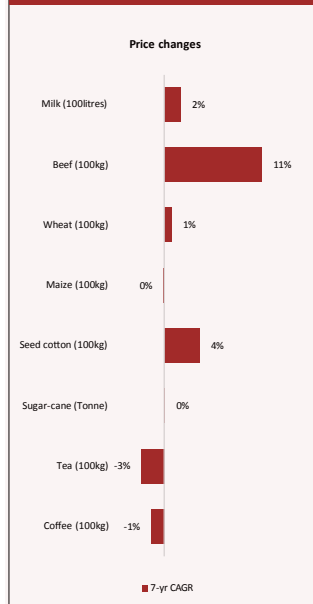


##### Post harvest loss



#### Liquidity support

##### Limited price inflation



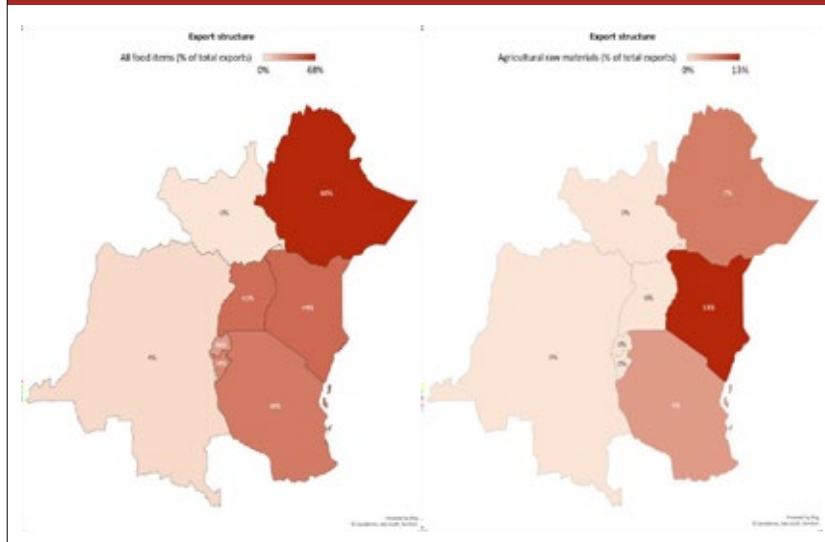
FAO, World Bank, AHPIS



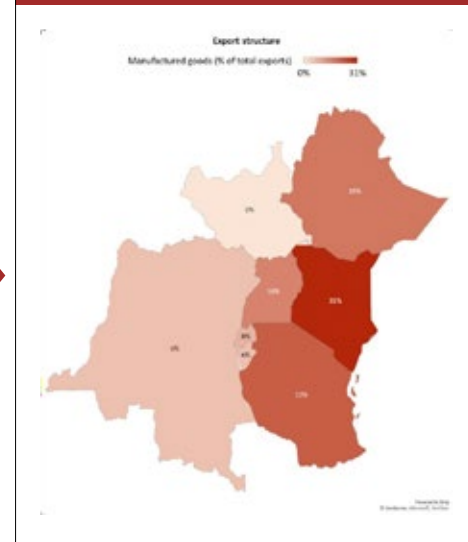
## Consideration 4: Agriculture a significant contributor to trade with high potential for value addition

The Kenya case: Big 4 Agenda will evolve Kenya's trade structure towards higher value goods and significant improve GDP per capita and growth / foreign reserves

### 57% of Kenya's exports have high potential to be value added



### Structural change in trade structure



Source: World Bank, KNBS, Central Banks, UN

## Consideration 5: Movement up the agriculture value curve will result in structural and inclusive outcomes

Transfer of skills

Job creation

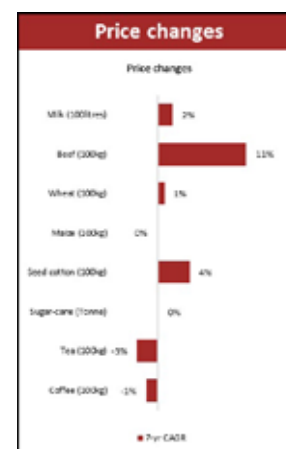
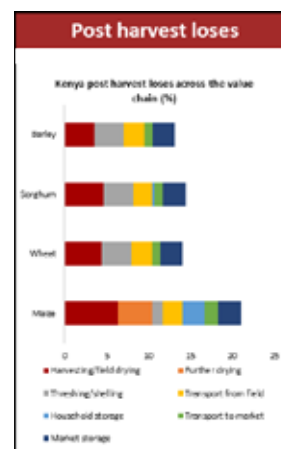
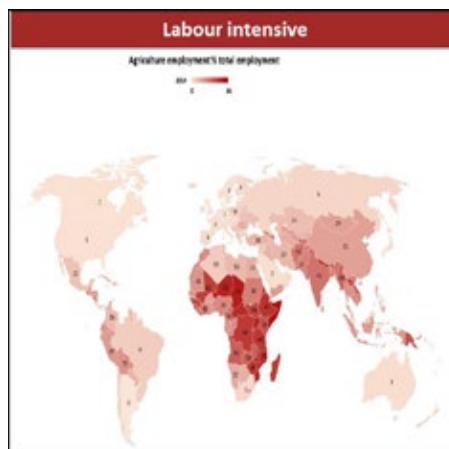
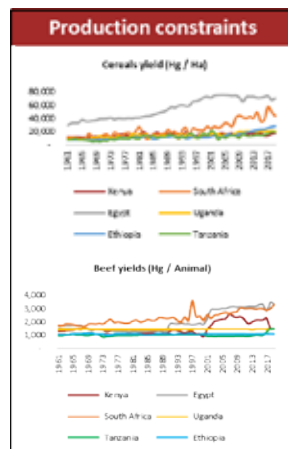
Assists reduction in post harvest losses

Assists price stability and pricing power

Increased business opportunities

Increased food security

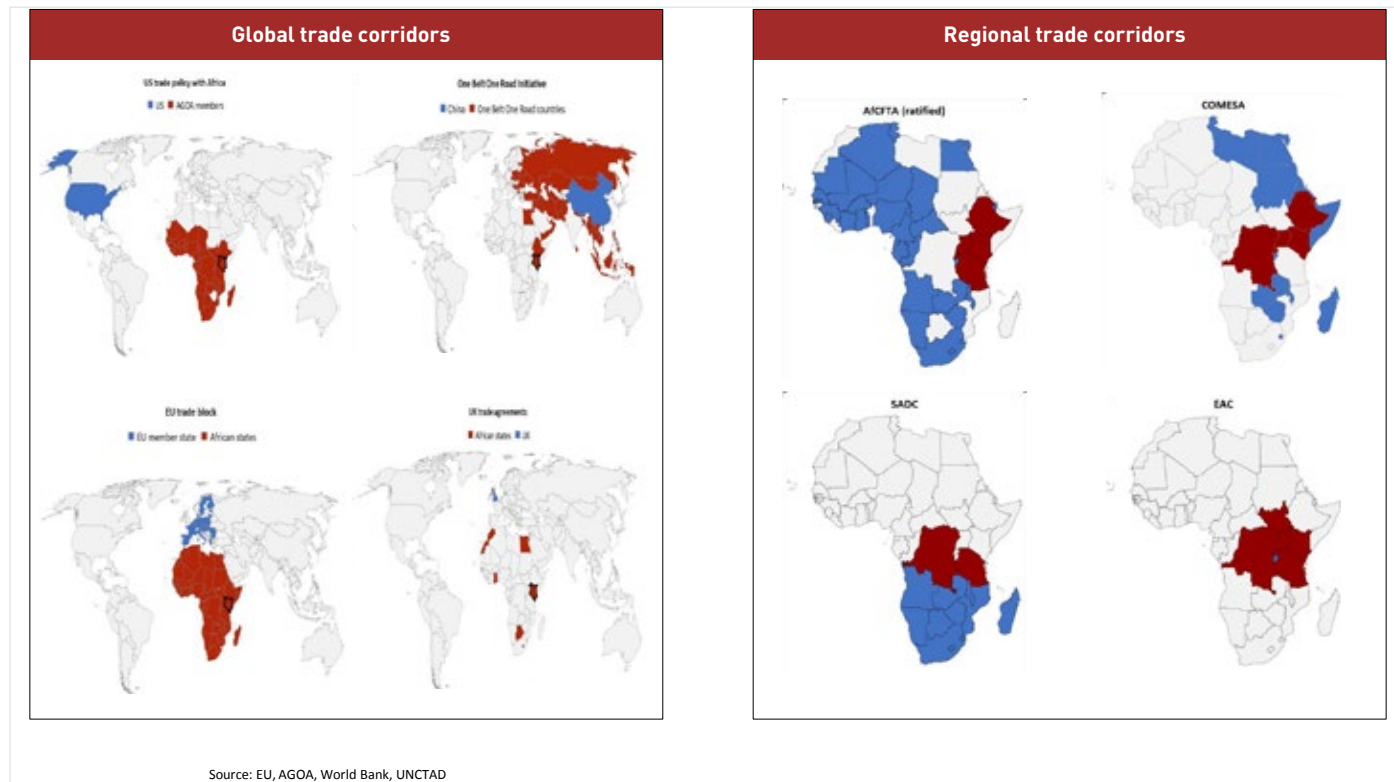
Increased exports and foreign reserves



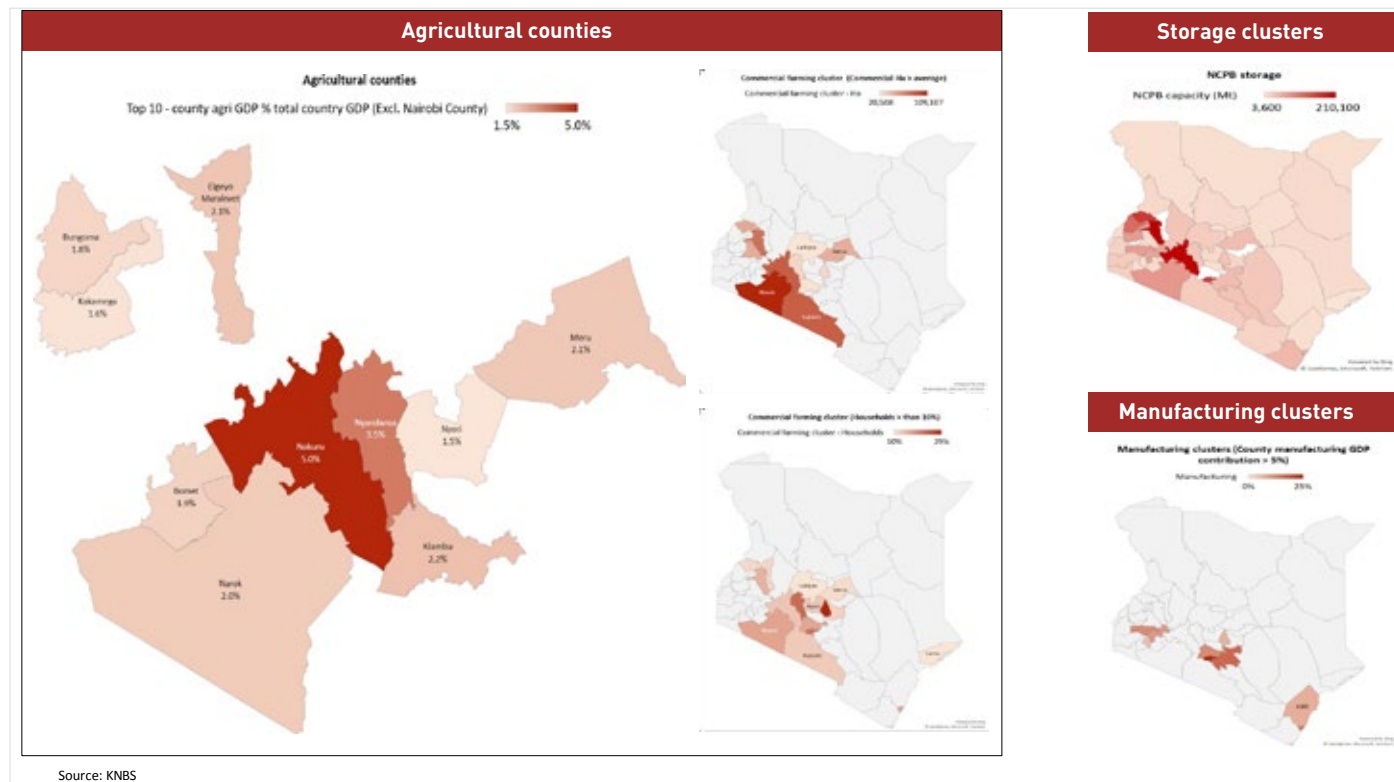
More developed value chains face reduced bureaucracy and administrative challenges

Source: World Bank, FAO, UNCTAD

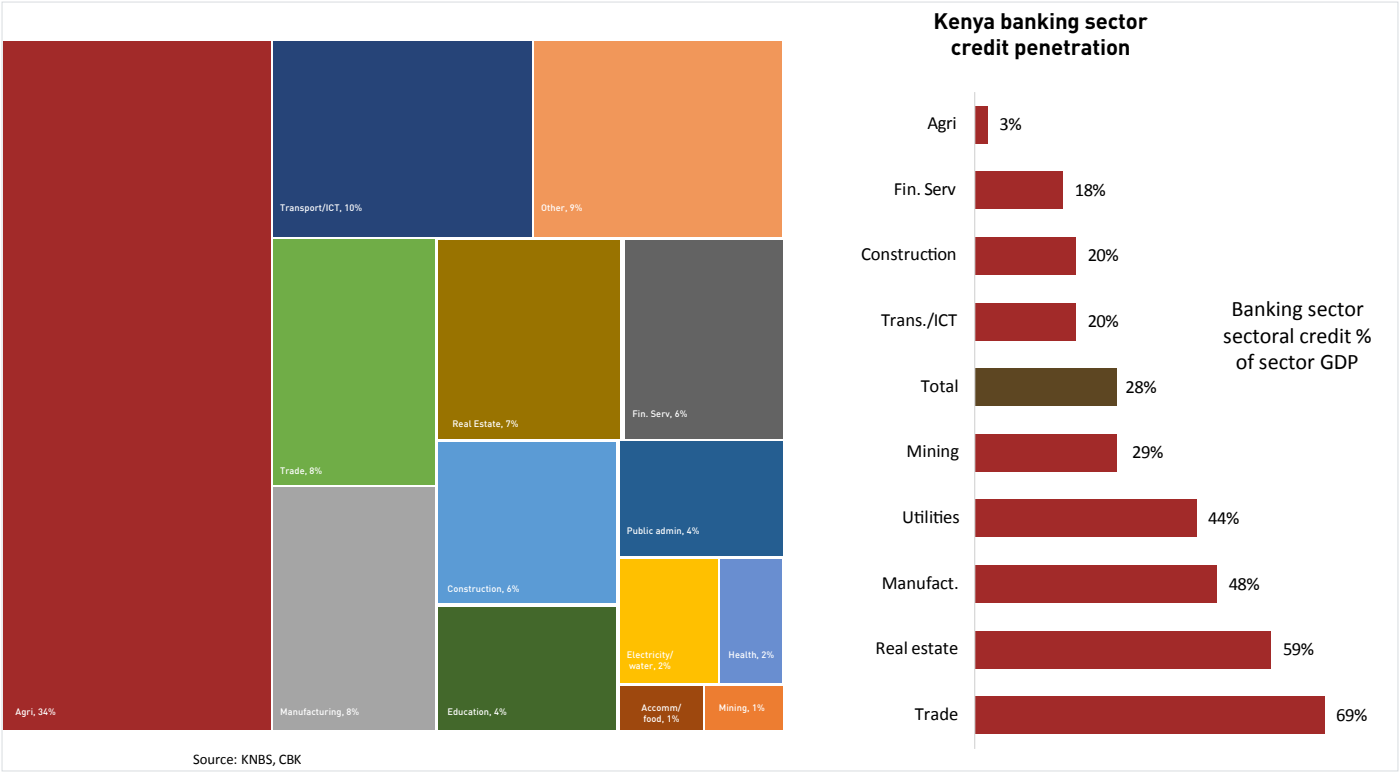
## Consideration 6: Agricultural goods demand to come from expanding trade corridors that will open new markets



## Consideration 7: Agriculture has potential to create economic clusters resulting in richer ecosystems and deeper value chains



Conclusion: Agricultural value chains require a holistic economic and social solution and provides a secular growth opportunity for Equity Group





# Africa Recovery and Resilience Plan

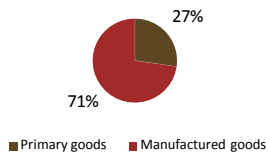
Part 3: Transformation and the need for regional collaboration through trade and manufacturing clusters

**World trade in context: How the world can leverage off Africa's potential as an alternative supply chain solution and help spur Africa's green industrialization**

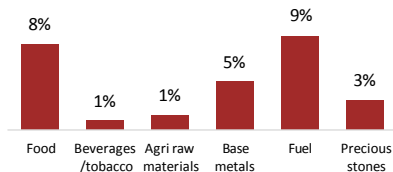
# What the world wants and who has it: Recent events and global pivot towards a greener future = rethink of global supply chains

## What the world wants

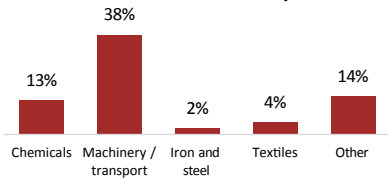
### World import mix



### World primary imports



### World manufactured imports



Source: UNCTAD

## Who is buying

### Market share of primary food imports

Food (fruit, tea, coffee, cocoa, spices) 0% 33%



### Market share of vegetable imports

Vegetables 0% 22%



### Market share of fruit imports

Fruit 0% 33%



## Who is selling

### Market share of food exports

Food (fruit, tea, coffee, cocoa, spices) 0% 33%



### Market share of vegetable exports

Vegetables 0% 33%



### Market share of fruit exports

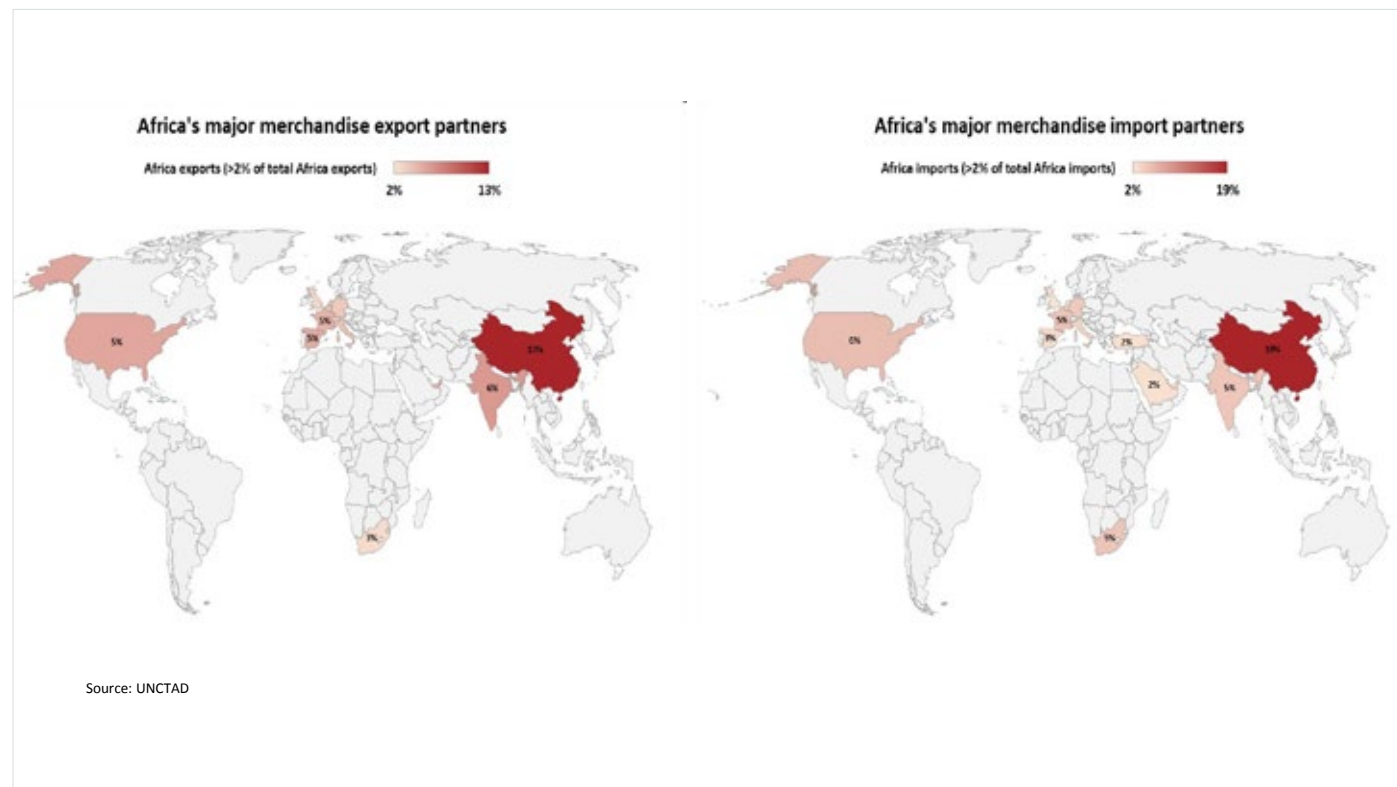
Fruit 0% 33%



COVID  
Ever Given  
Global warming



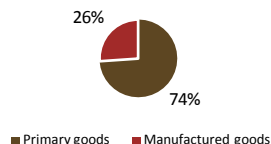
## Who are Africa's major trade partners: Asia the largest trade partner



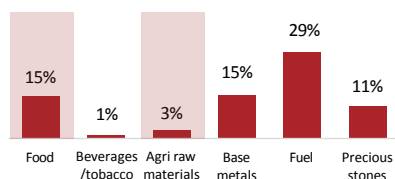
# What is Africa selling to the world: Opportunity for the world to diversify food and agricultural supply chains with Africa

## What Africa is selling

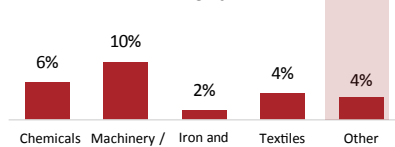
### Africa exports to world (USD 378bn)



### Africa primary exports to world



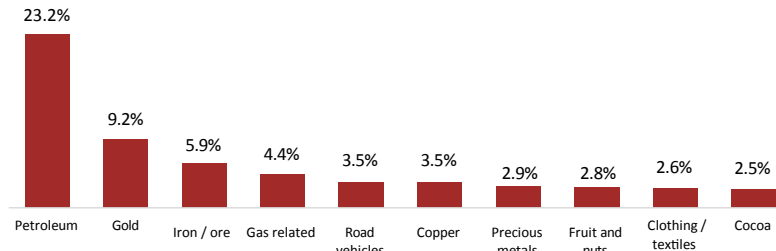
### Africa manufactured exports to world



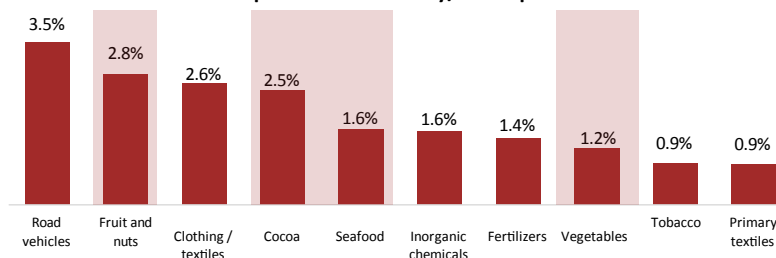
Source: UNCTAD

## Details of what Africa is selling

### Top 10 Africa exports to the world

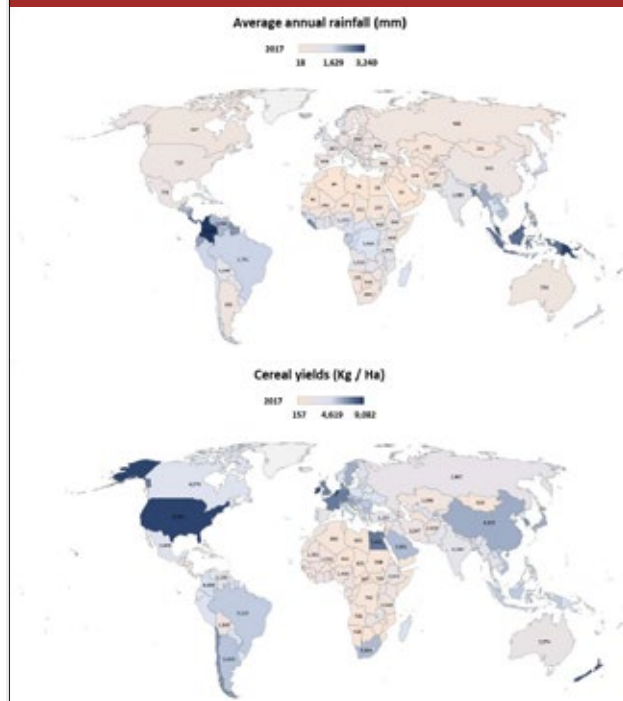


### Top 10 non-commodity/fuel exports



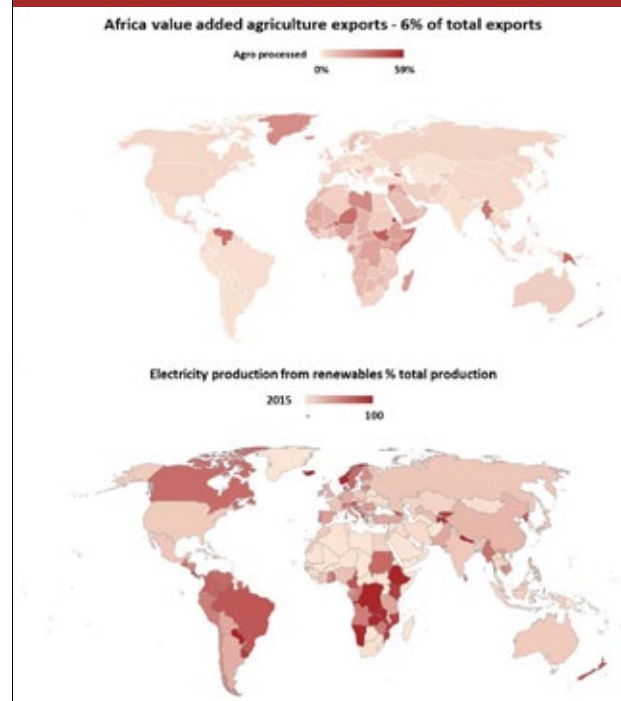
## Africa opportunity statement: Agriculture-led industrialization and trade

### The disparity between yield potential and yield reality



Source: World Bank, FAO, UNCTAD

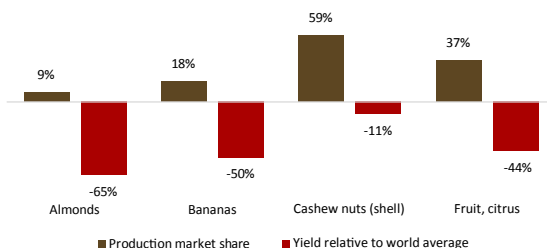
### Green industrialization



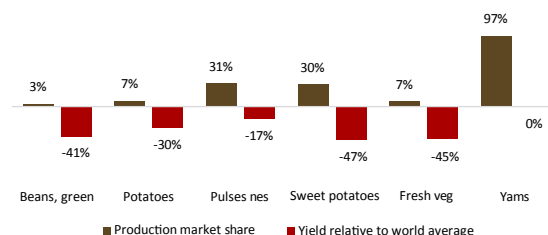
# Africa opportunity statement: A closer look at yield potential

Africa crop yields well below world averages...maize is a staple in most African countries, yet it is the most inefficiently produced

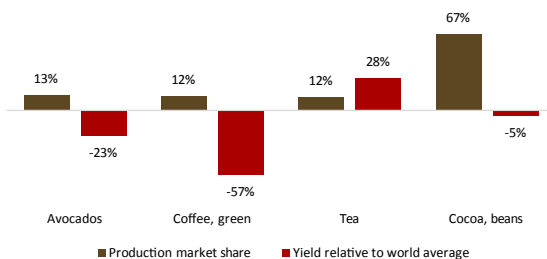
Africa nuts and fruit production



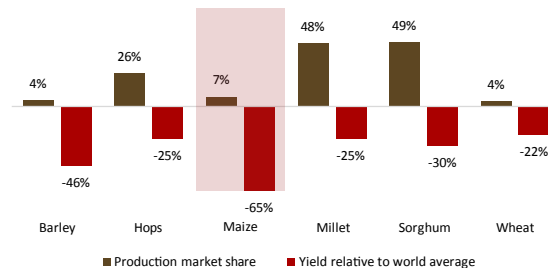
Africa vegetable and tubers



Africa permanent crops



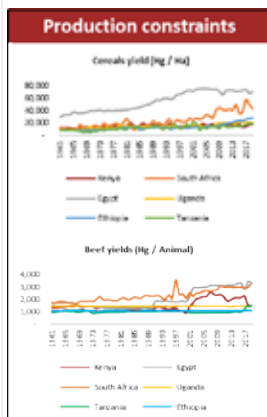
Africa cereals



Source: World Bank, FAO, UNCTAD

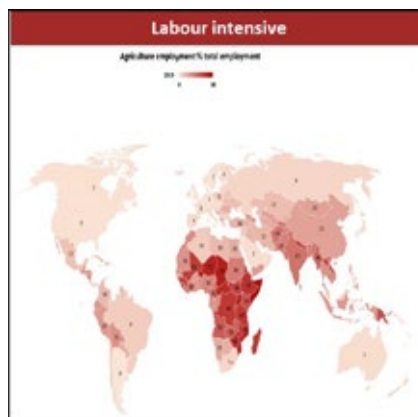
# Africa outcome statement: Movement up the agriculture value curve will result in structural and inclusive outcomes

Transfer of skills



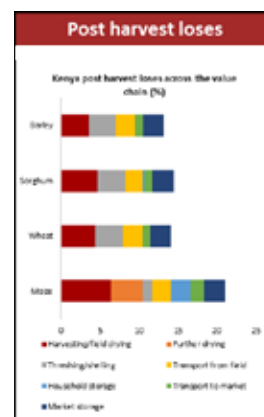
Job creation

Increased business opportunities



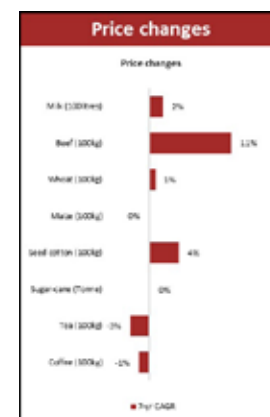
Assists reduction in post harvest losses

Increased food security



Assists price stability and pricing power

Increased exports and foreign reserves

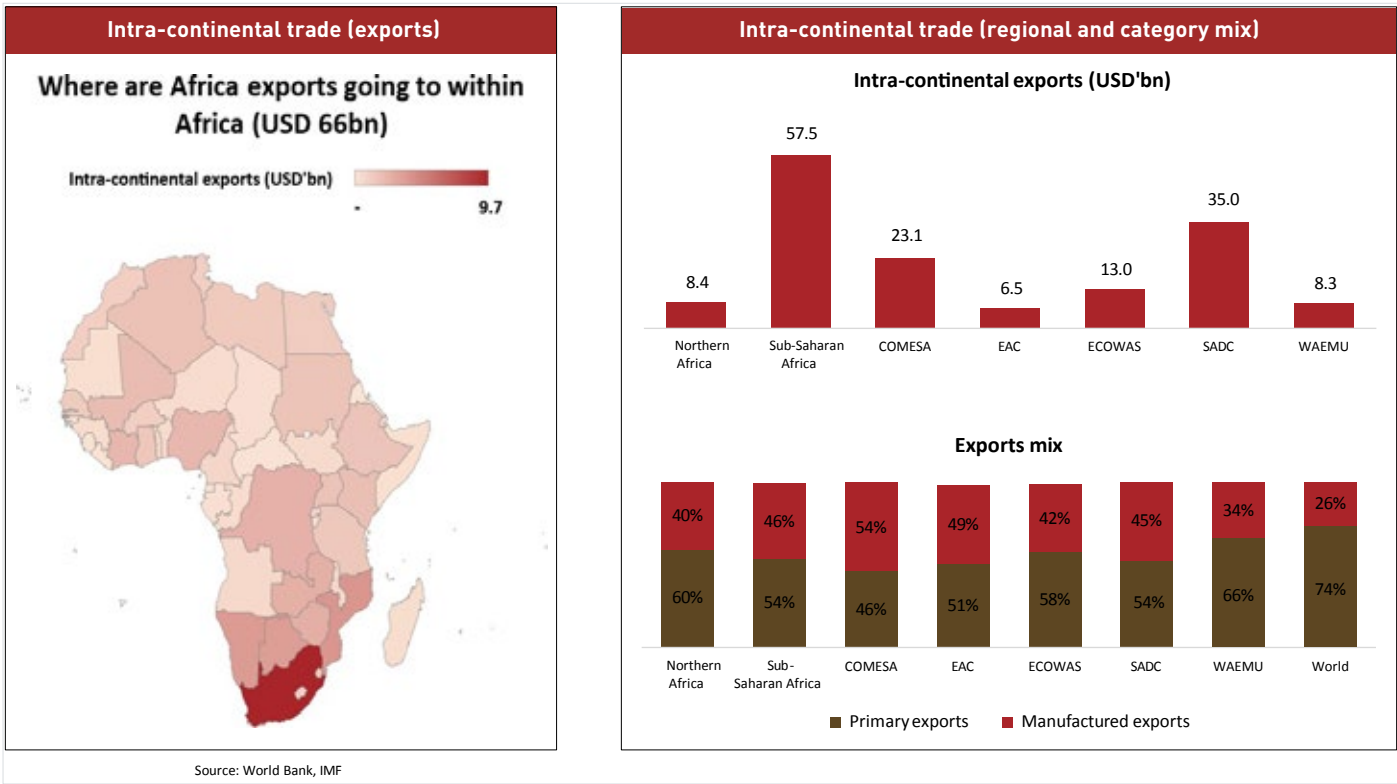


More developed value chains face reduced bureaucracy and administrative challenges

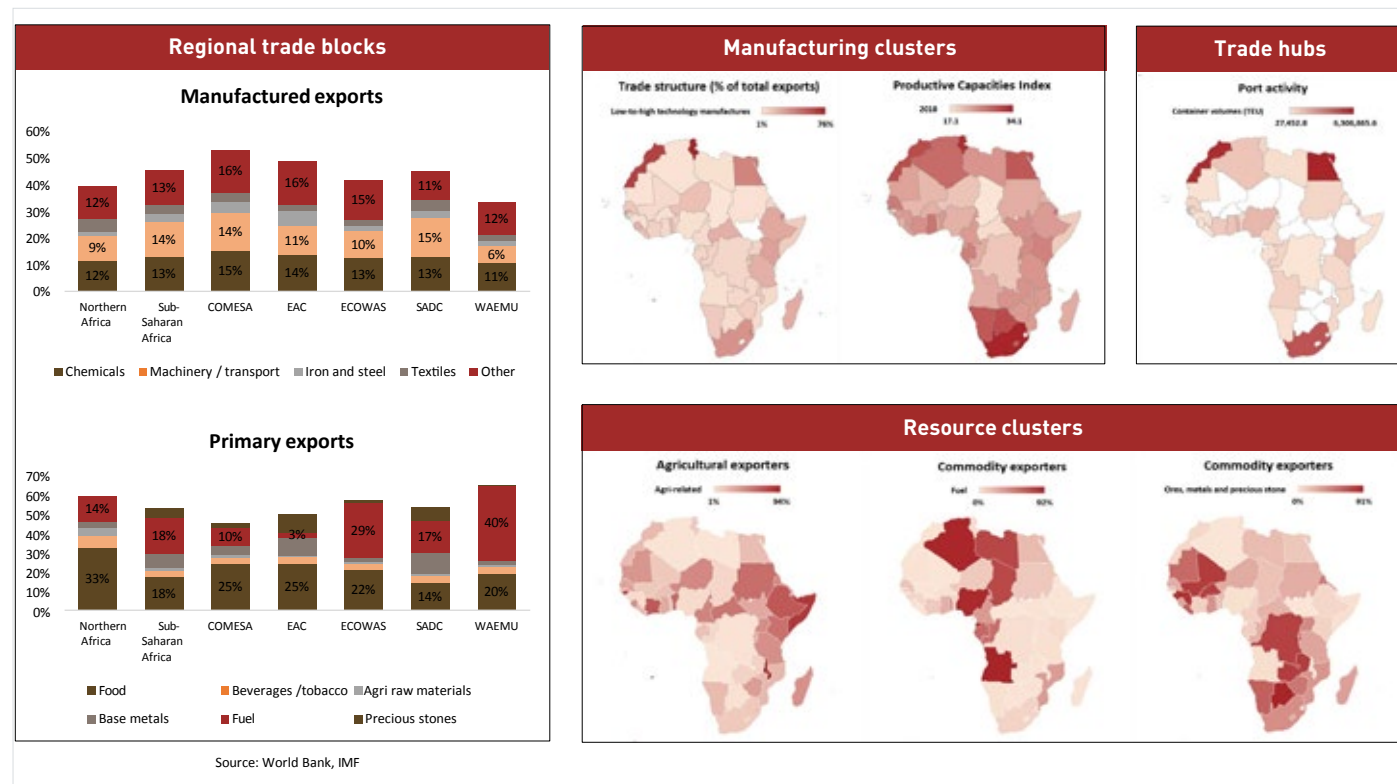
Source: World Bank, FAO, UNCTAD

**Intra-Africa collaboration and the  
opportunity for east and central Africa to  
accelerate inclusive secular growth and  
development through trade and agriculture**

Intra-Africa trade dynamic 1: Higher proportion of value-added goods traded within African points to a market for African manufactured exports



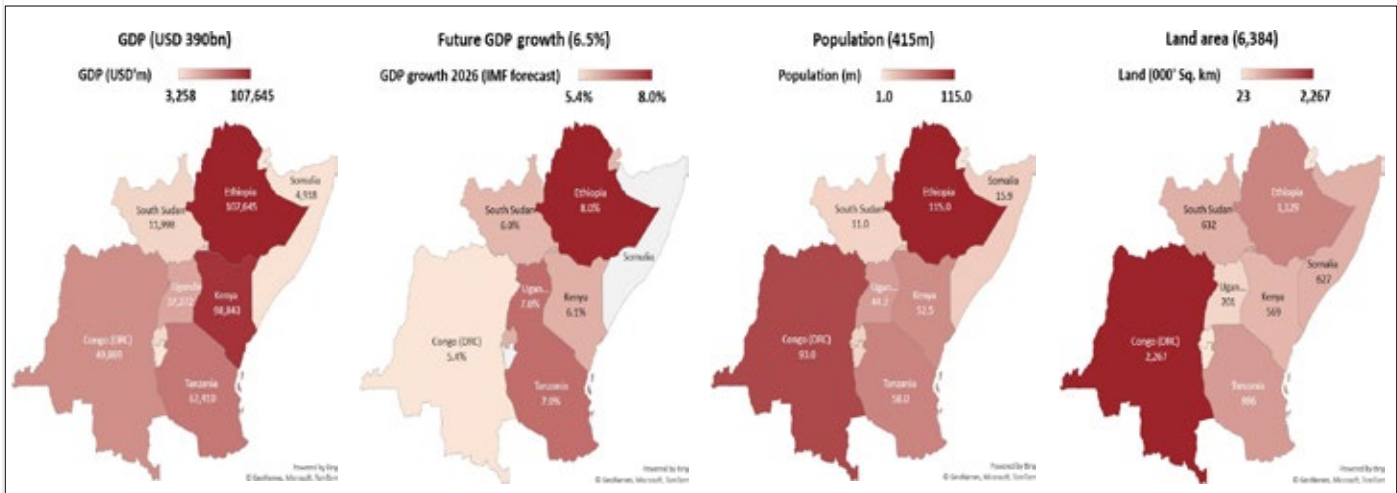
# Intra-Africa trade dynamic 2: Mix of goods and activity across countries point to varying comparative advantages and potential economic clusters





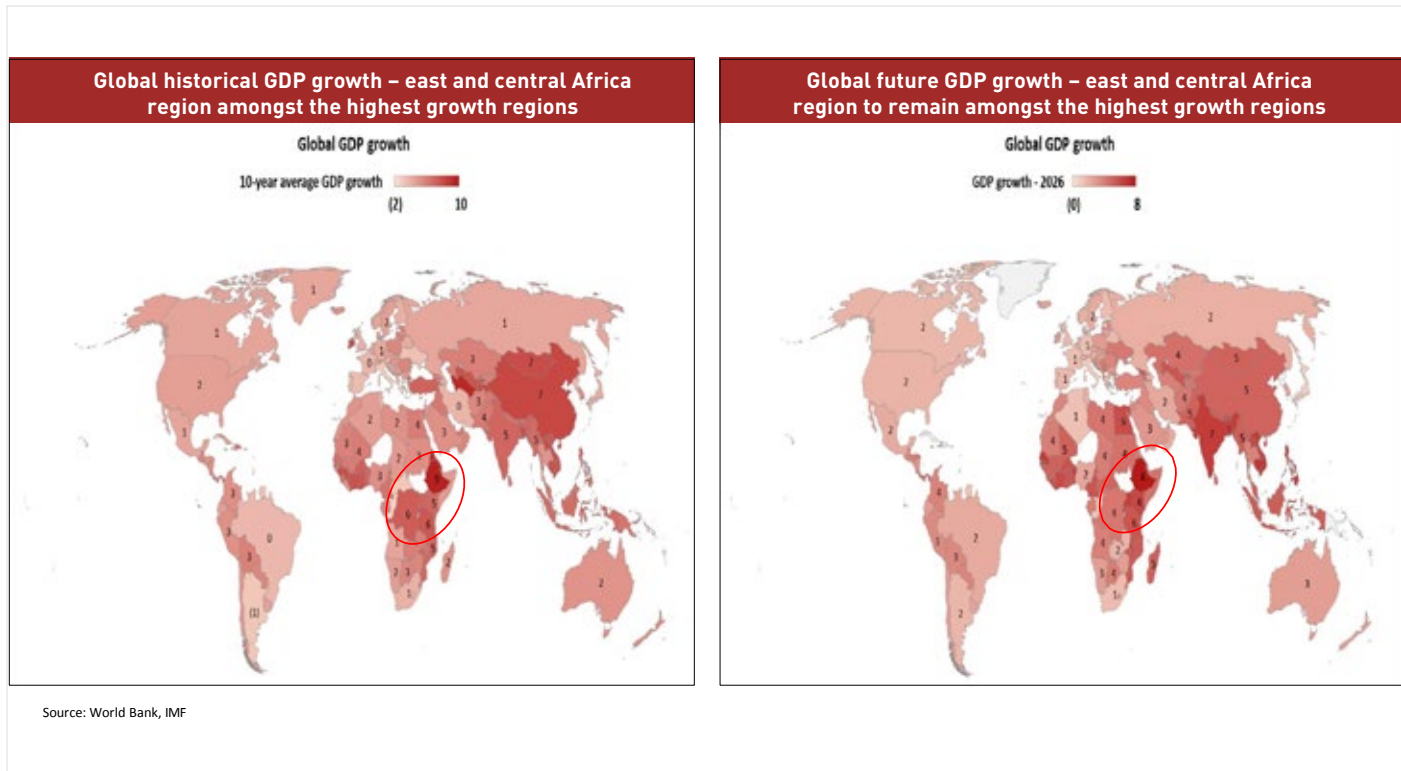
# Intra-Africa trade provides a tailwind for stronger and more inclusive East and Central Africa growth and development

AfCFTA provides framework for wider intra-continental collaboration that will enable and accelerate the development of economic clusters on the continent East and central Africa region provides a supply chain cluster of agricultural, manufacturing and resources COVID, Ever Given, Pivot towards a Green future has highlighted the need to rethink and diversify supply chains

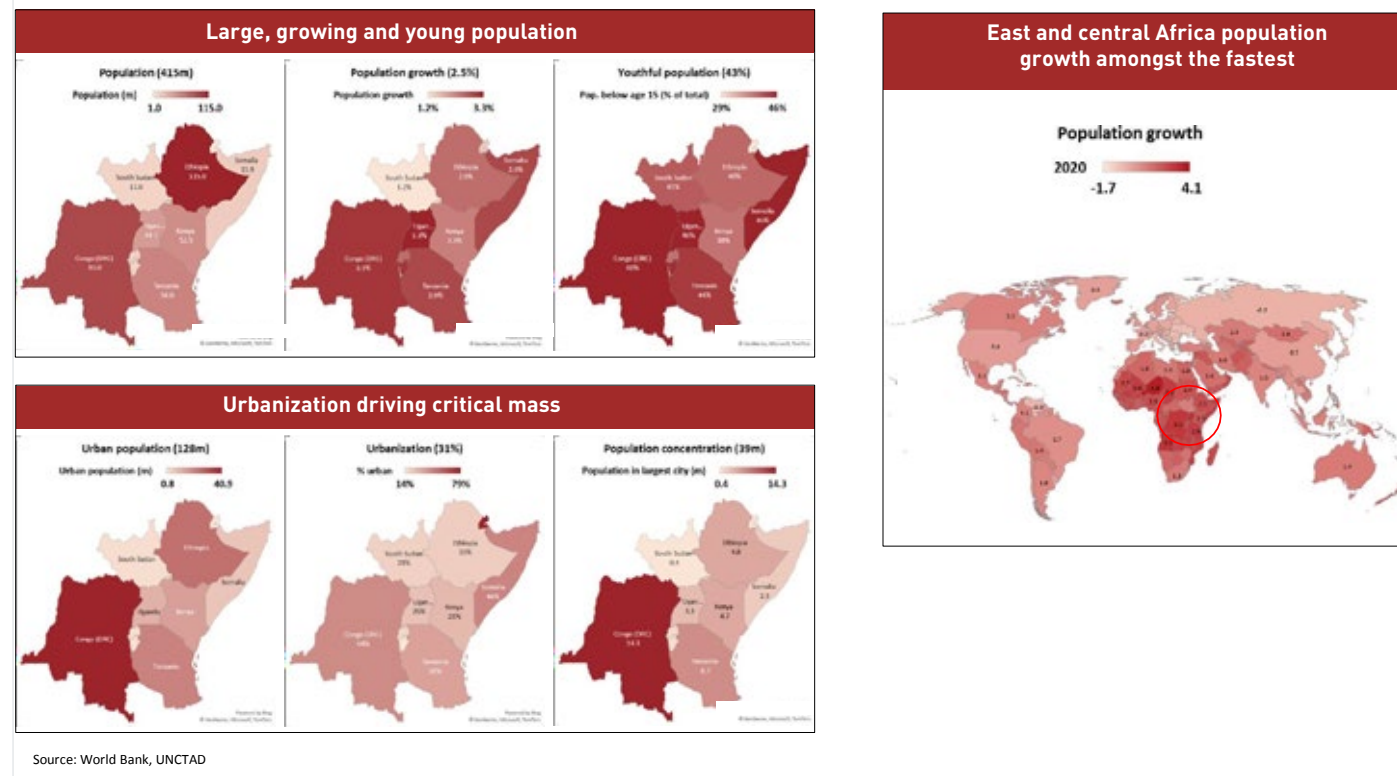


Source: World Bank, IMF

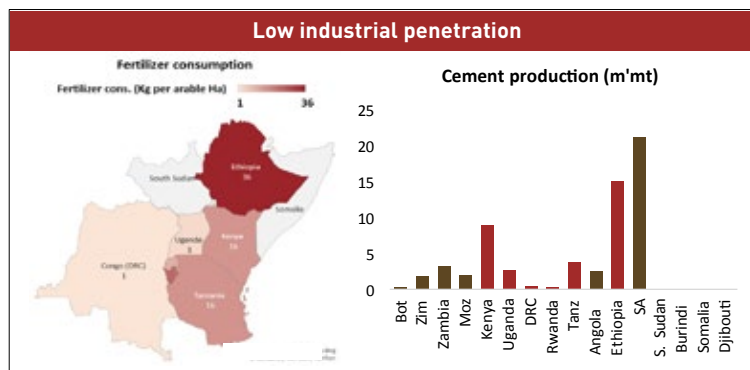
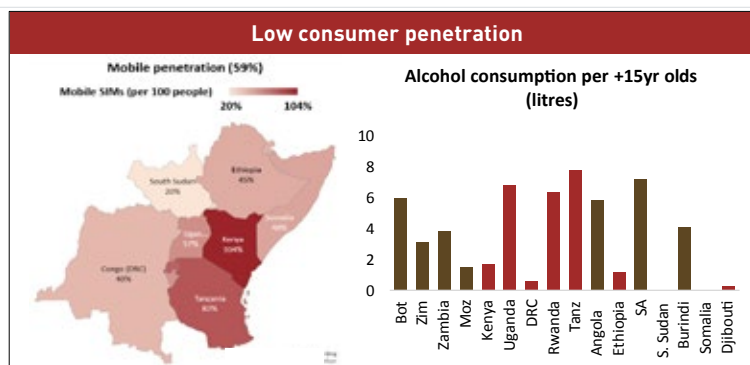
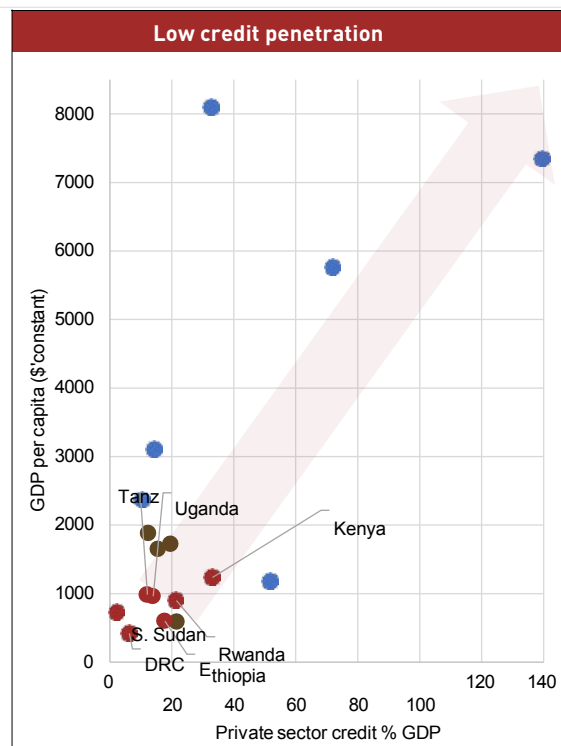
## East and Central Africa one of the highest growth regions globally and underpinned by several secular growth drivers



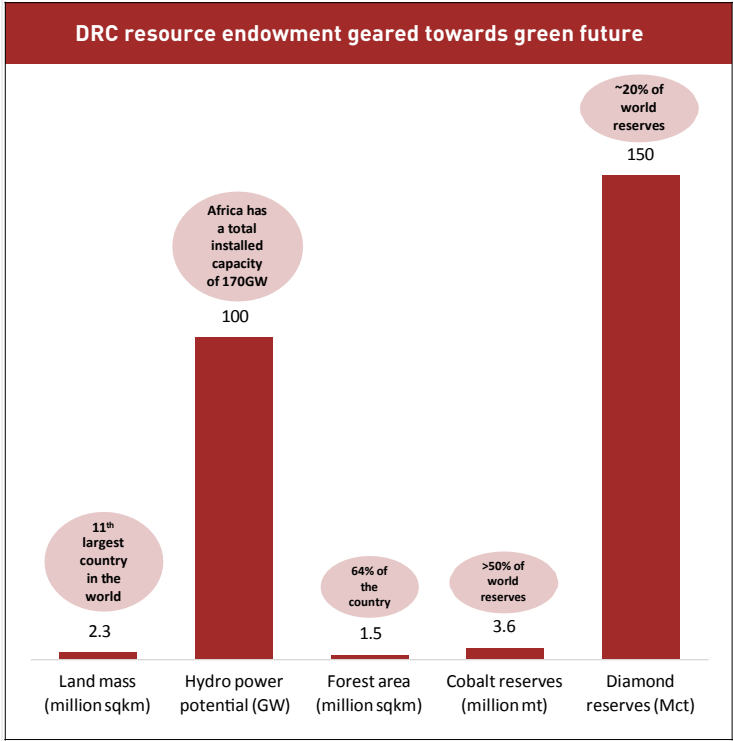
## Secular growth driver 1: Attractive demographic potential for consumption



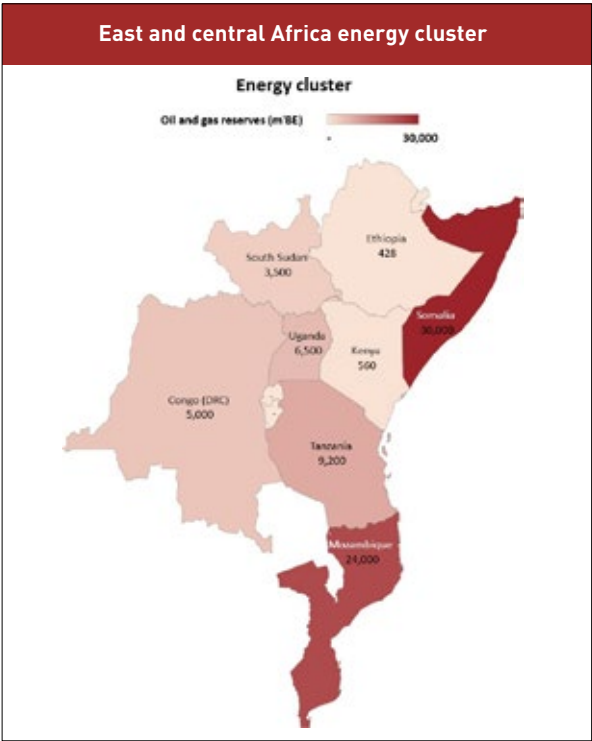
## Secular growth opportunity 2: Un-tapped market potential provides long-term opportunities in market penetration



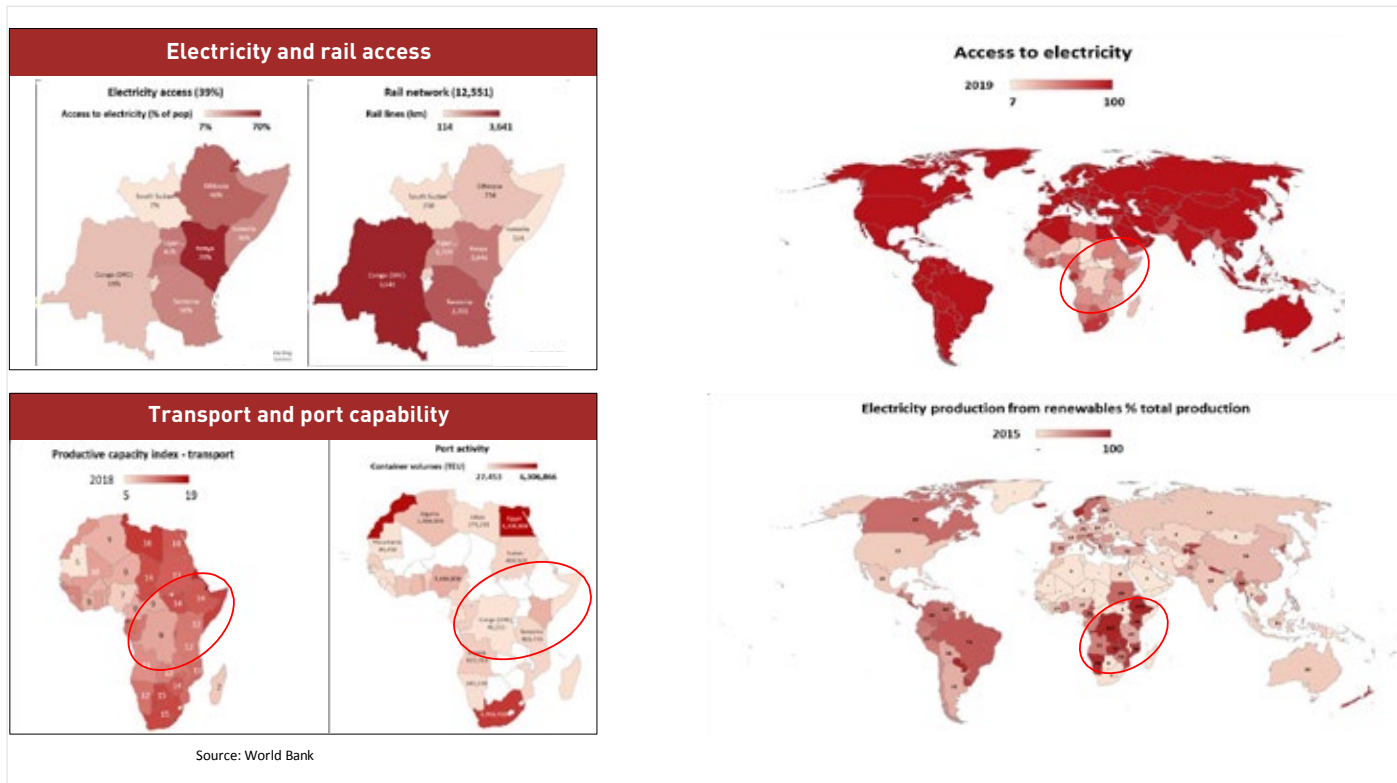
# Secular growth opportunity 3: Significant natural resources geared towards greener future and new infrastructure



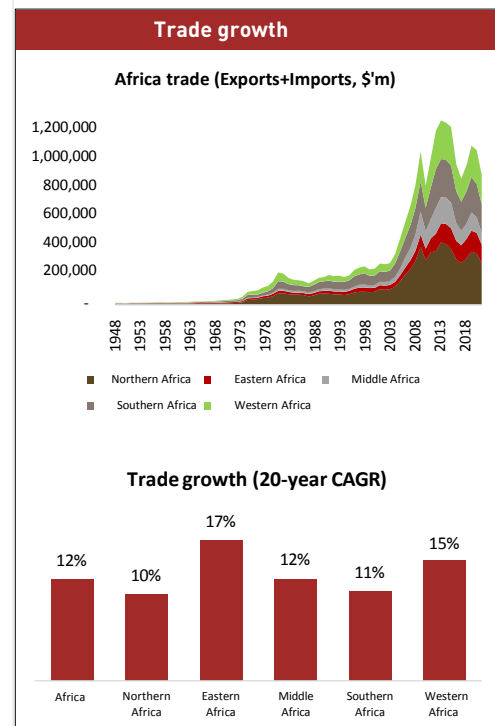
Source: World Bank, EIA, The Africa Report



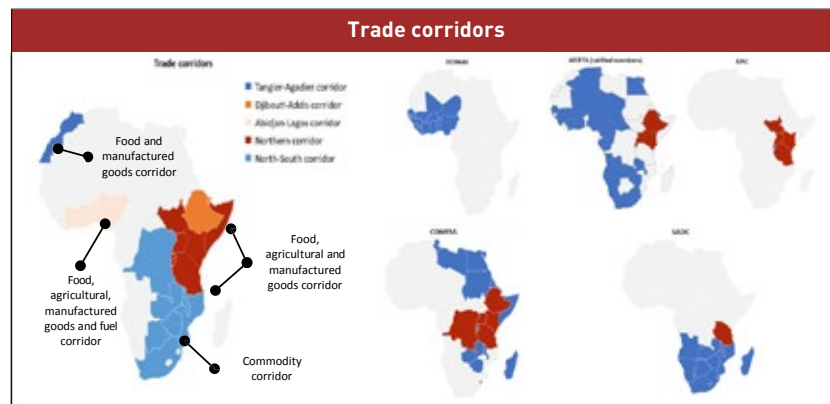
## Secular growth opportunity 4: Low productive capacity provides significant long-term opportunities in renewable infrastructure



# Secular growth opportunity 5: Improving financial, institutional and physical connectivity to drive inter-continental trade flows



Source: World Bank, UNCTAD

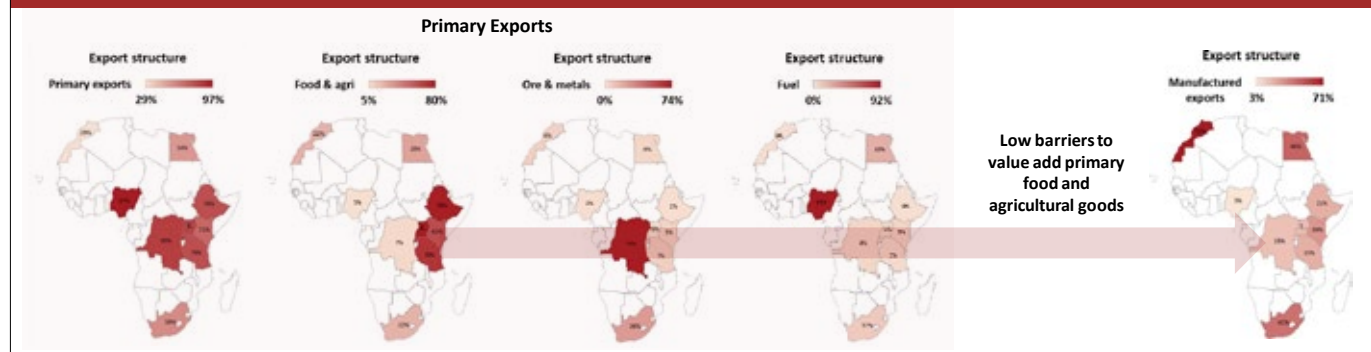


Intra-regional trade						
	2016	2017	2018	2019	2020	5-yr average
Africa	15%	14%	15%	15%	16%	15%
EAC	11%	11%	12%	12%	13%	12%
COMESA	7%	7%	7%	7%	8%	7%
SADC	22%	20%	20%	20%	20%	20%
ECOWAS	8%	9%	10%	9%	9%	9%
ECA: North Africa	4%	4%	4%	4%	5%	4%
Asia	60%	61%	61%	60%	60%	60%
Europe	67%	61%	61%	66%	67%	64%
America	46%	46%	46%	46%	43%	45%

## Secular growth opportunity 6: High potential to increase value addition (manufacturing) with improving productive capacities

Current trade structure sub-optimal with exports biased towards primary goods																		
Africa							5-year average											
	2016	2017	2018	2019	2020	Avg		Africa	Kenya	DRC	Uganda	Rwanda	Tanz.	Ethiopia	Egypt	SA	Morocco	Nigeria
Primary exports	74%	76%	77%	76%	74%	75%	Primary exports	75%	71%	85%	84%	92%	79%	79%	54%	58%	29%	97%
Food and agri related	29%	26%	22%	24%	30%	26%	Food and agri related	26%	61%	7%	80%	69%	70%	79%	28%	22%	22%	5%
Ore and metals	11%	11%	11%	11%	15%	12%	Ore and metals	12%	5%	74%	0%	16%	7%	1%	4%	26%	6%	1%
Fuel	34%	39%	43%	41%	29%	38%	Fuel	38%	5%	4%	3%	7%	2%	0%	22%	10%	0%	92%
Manufactured exports	26%	24%	23%	24%	26%	25%	Manufactured exports	25%	29%	15%	16%	8%	21%	21%	46%	42%	71%	3%
Labor and resource intensive	6%	5%	5%	5%	6%	5%	Labor and resource intensive	5%	11%	0%	6%	3%	8%	12%	16%	3%	20%	1%
Low-skill and tech intensive	4%	4%	4%	3%	3%	4%	Low-skill and tech intensive	4%	4%	1%	4%	1%	3%	1%	4%	9%	1%	1%
Medium-skill and tech intensive	9%	8%	7%	8%	9%	8%	Medium-skill and tech intensive	8%	5%	2%	3%	2%	5%	6%	6%	19%	29%	0%
High-skill and tech intensive	7%	7%	7%	7%	8%	8%	High-skill and tech intensive	8%	10%	12%	5%	3%	5%	2%	20%	10%	21%	1%

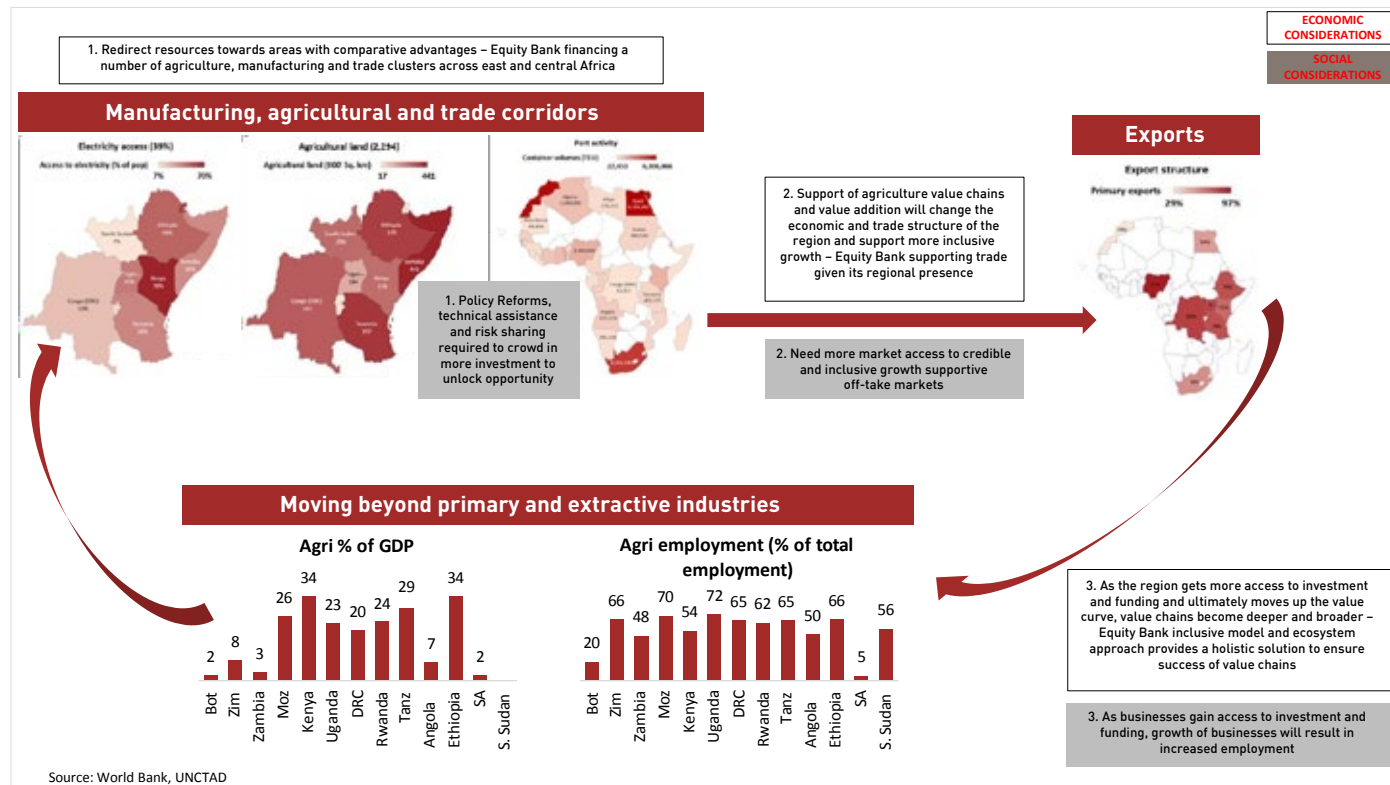
### Trade structure shows significant potential to increase value addition through agriculture which has lower barriers to entry



Source: World Bank, UNCTAD

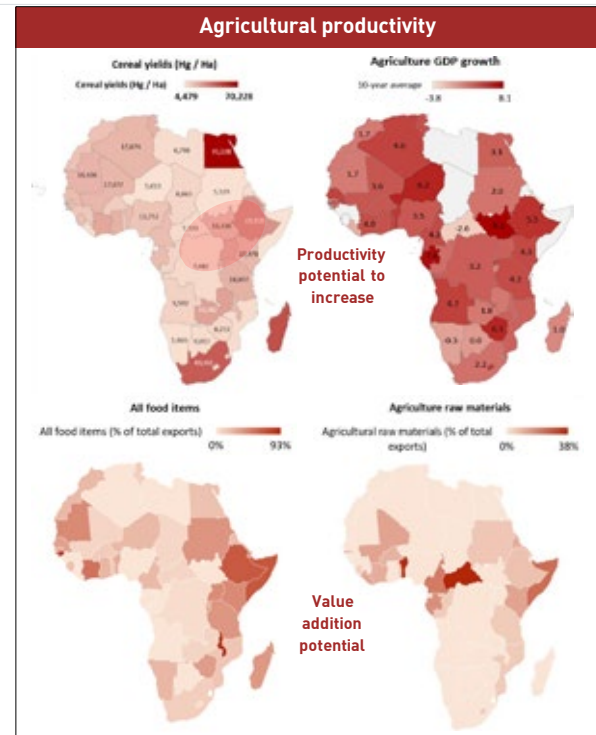
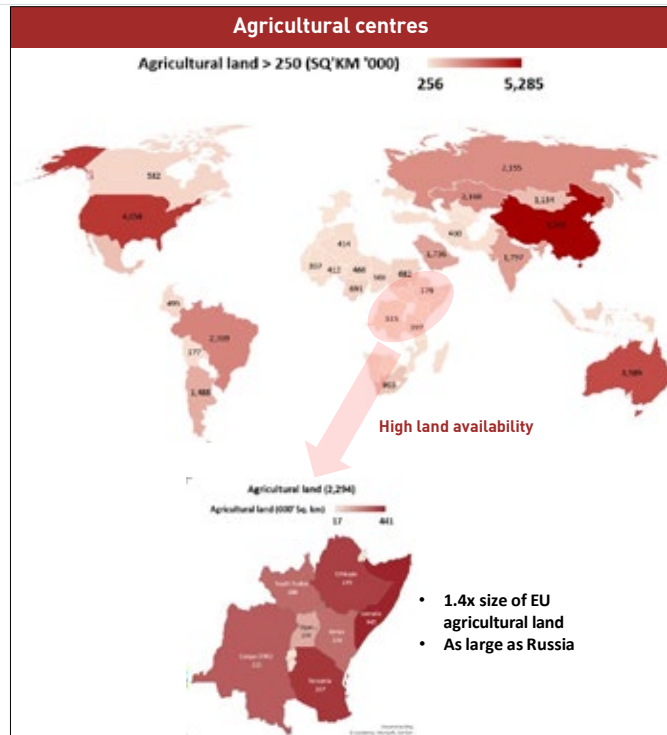


## Co-ordinated approach and holistic solution will provide inclusive growth and development of the region



**East and central African country economic structure points to comparative advantages amongst the member countries**

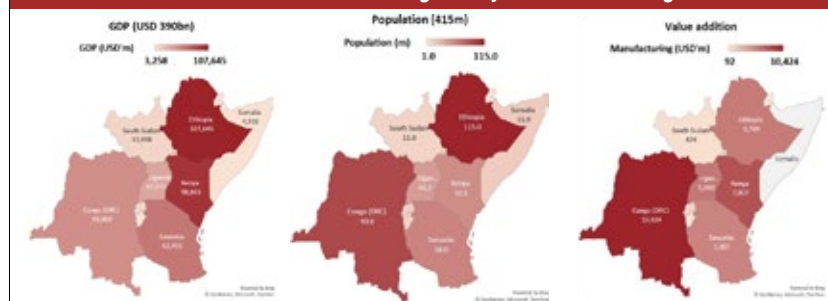
## Food and agricultural clusters – East and Central Africa has high agriculture potential on available land, yield enhancement and value addition



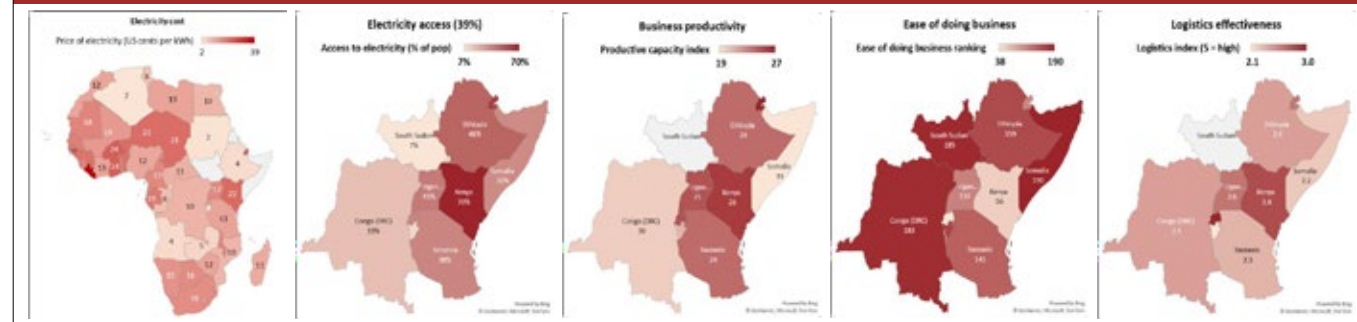
Source: World Bank, UN

# Manufacturing clusters – Kenya, Tanzania, Ethiopia and Rwanda have strong potential to increase value addition

## Domestic market size and strengths key to manufacturing hub

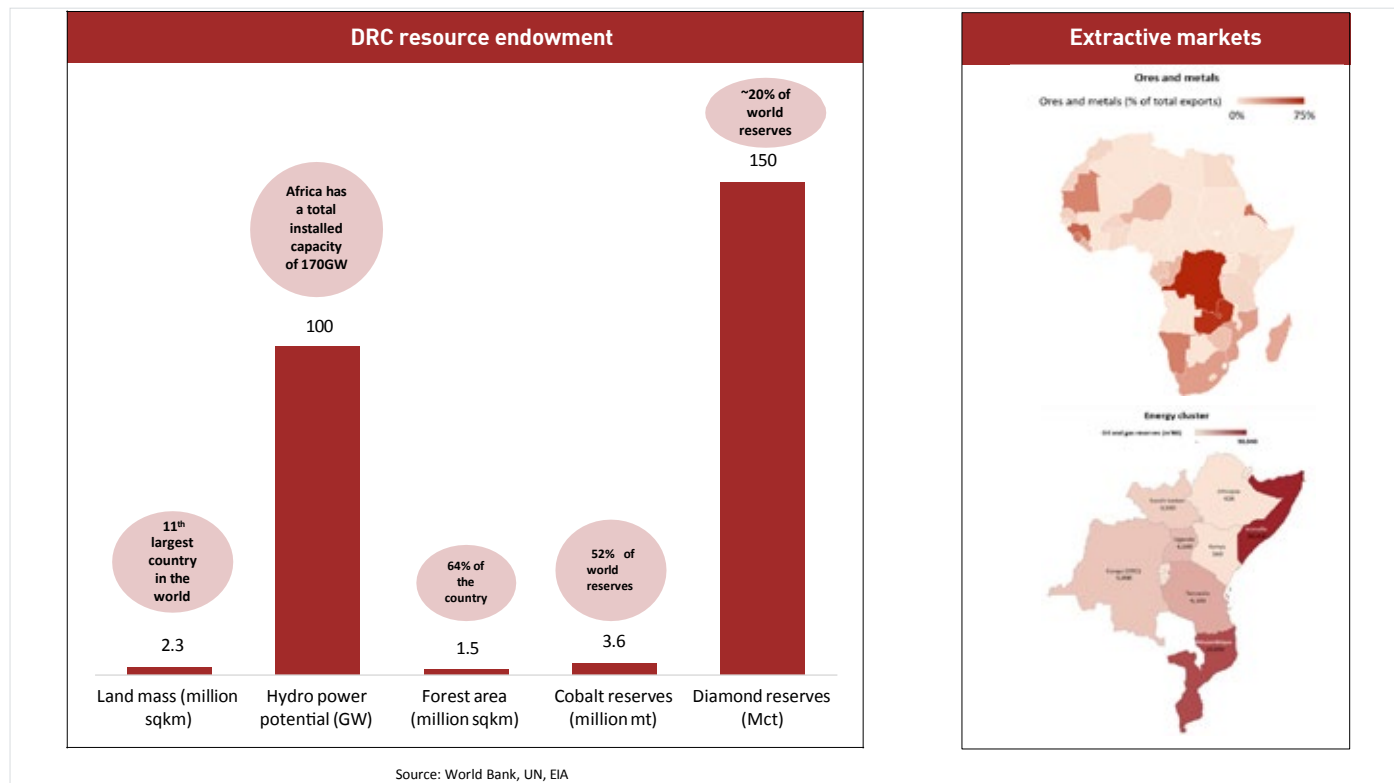


## Production and logistics dynamics

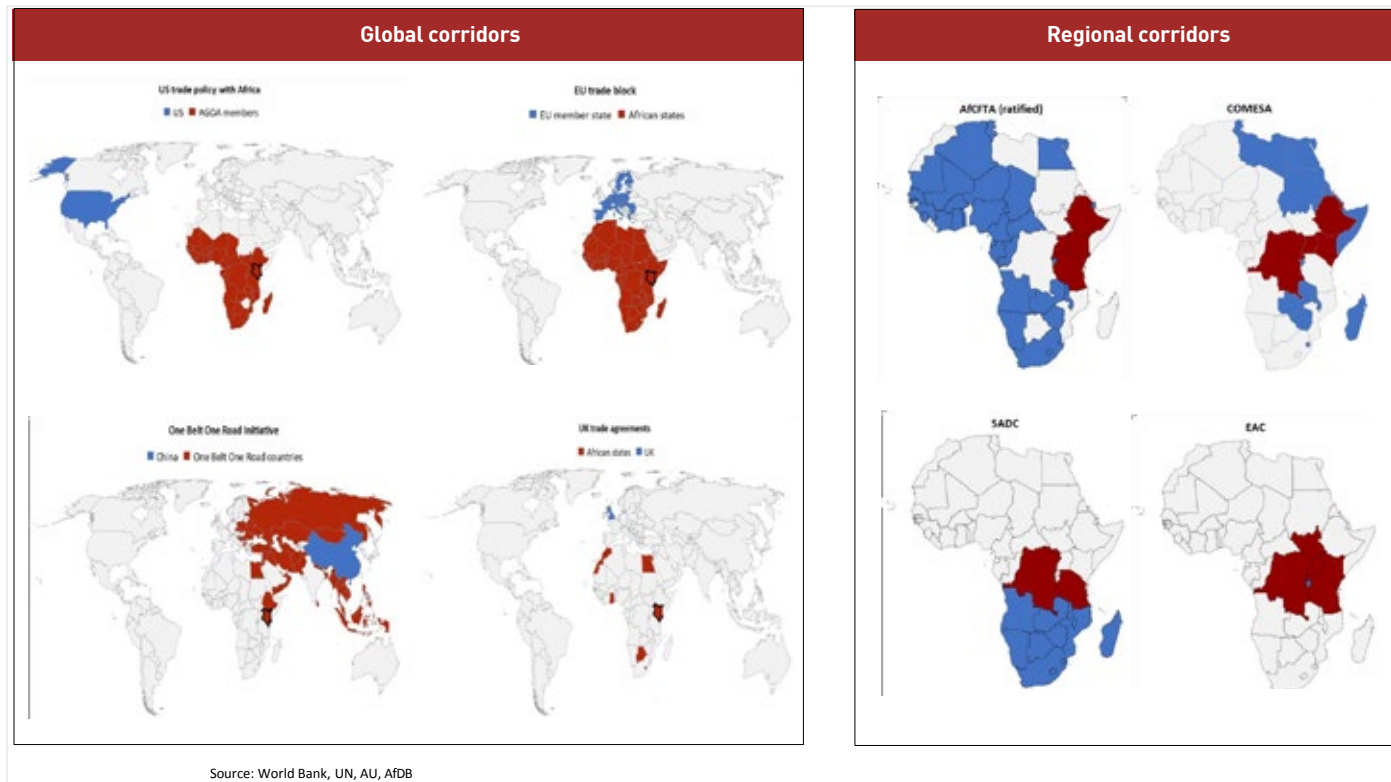


Source: World Bank, IMF

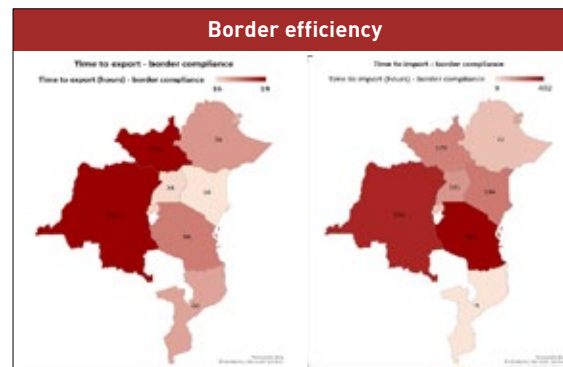
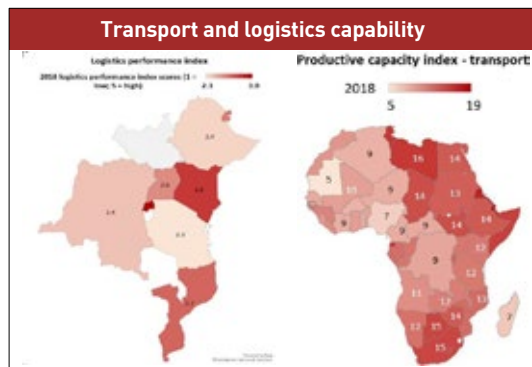
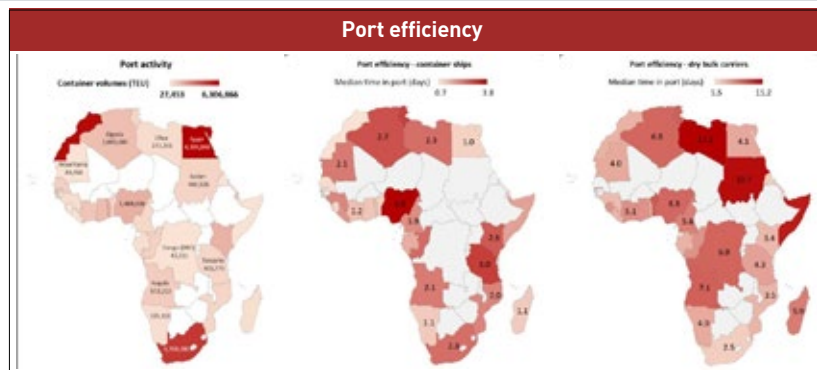
## Extractive clusters – DRC provides diverse resource endowment opportunities, Somalia / Tanzannia / Uganda / South Sudan provide energy hubs



## Anchor to trade corridors – East and Central Africa feature in key global and regional trade corridors



## Anchor to trade corridors – Kenya, Tanzania, Rwanda positioned as anchors to trade corridors on port, logistical capabilities, ease of doing business



Source: World Bank, UN

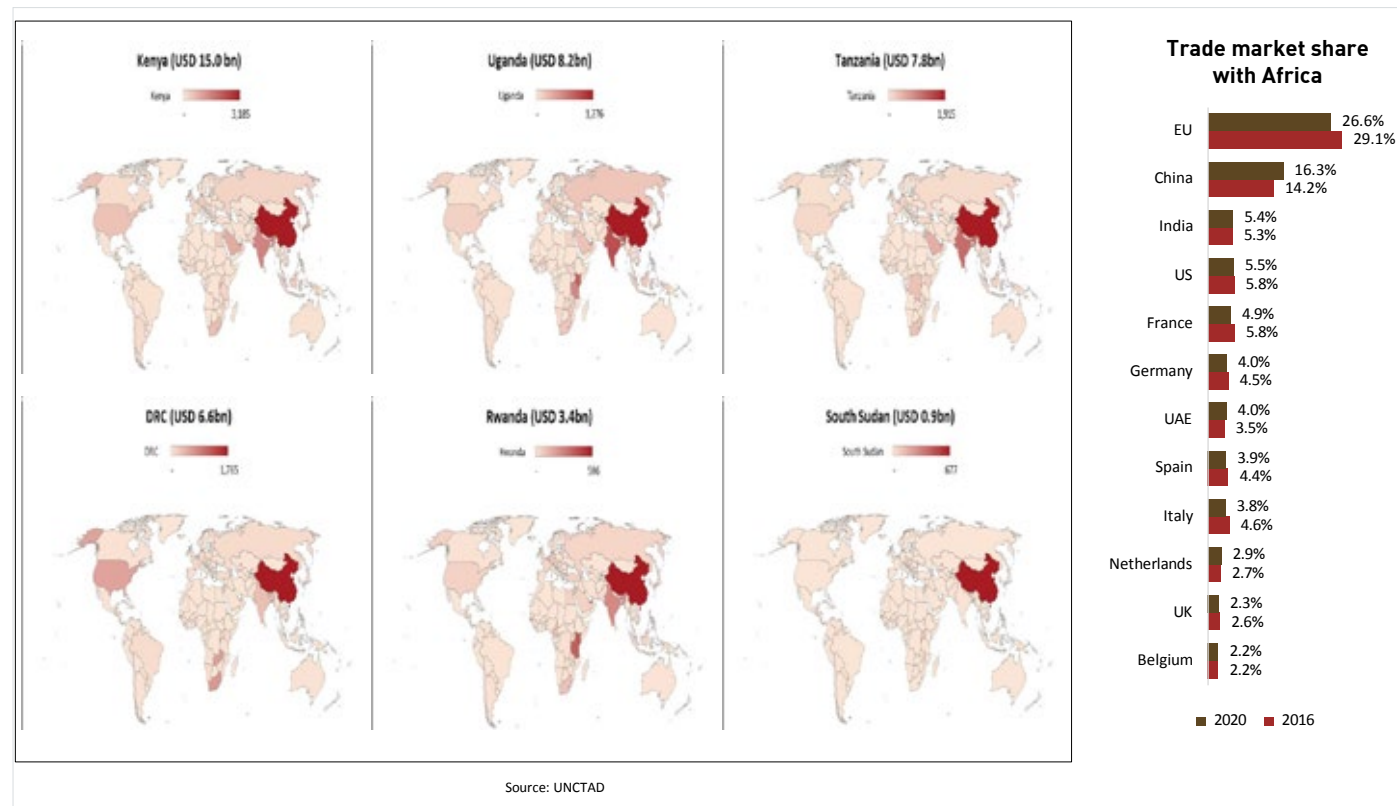
## East and Central Africa snapshot

	Equity Group operations										
ECONOMIC AND BUSINESS	Kenya	DRC	Tanzania	Uganda	Rwanda	S. Sudan	Ethiopia	Burundi	Somalia	Djibouti	Total
GDP (USD'm)	98,843	49,869	62,410	37,372	10,334	11,998	107,645	3,258	4,918	3,384	390,031
% agriculture	35%	20%	27%	24%	26%	10%	35%	28%	63%	1%	30%
% services	42%	25%	36%	43%	46%	57%	37%	45%		70%	38%
% industry	16%	41%	29%	26%	19%	33%	23%	11%	10%	16%	25%
GDP growth (10-year average)	5.0%	5.6%	5.9%	5.2%	6.1%		9.1%			6.2%	6.2%
GDP growth 2020	-0.1%	1.7%	3.0%	3.0%	-3.4%	13.2%	6.1%			0.5%	3.0%
GDP growth 2021 (IMF forecast)	7.6%	4.9%	3.3%	3.3%	5.1%	-4.2%	2.0%				3.1%
Mining / oil		11.0%				-3.0%					
Non-mining / oil		2.2%		3.3%		-5.0%					
GDP growth 2026 (IMF forecast)	6.1%	5.4%	7.0%	7.0%	6.1%	6.0%	8.0%			6.0%	6.5%
Mining		2.5%				5.7%					
Non-mining / oil		6.8%		6.1%		6.1%					
Ease of doing business ranking (out of 190)	56	183	141	116	38	185	159	166	190	112	
DEMOGRAPHICS											
Population (m)	52.5	93.0	58.0	44.2	12.6	11.0	115.0	11.9	15.9	1.0	415.0
Urban population (m)	15.1	40.9	21.0	11.4	2.3	2.3	24.9	1.6	7.3	0.8	127.6
Population in largest city (m)	4.7	14.3	6.7	3.3	1.1	0.4	4.8	1.0	2.3	0.6	39.3
% urban	29%	44%	36%	26%	18%	21%	22%	14%	46%	79%	31%
% urban (Excl largest city)	20%	29%	25%	18%	9%	17%	18%	5%	32%	20%	21%
ACCESS AND PENETRATION											
Access to electricity (% of population)	70%	19%	38%	41%	38%	7%	48%	11%	36%	61%	39%
Mobile SIMs (per 100 people)	104%	40%	82%	57%	77%	20%	45%	55%	48%	42%	59%
Credit to GDP (%)	33%	7%	13%	14%	25%	2%	11%	22%		20%	17%
LAND											
Land (000' Sq. km)	569	2,267	886	201	25	632	1,129	26	627	23	6,384
Forest area (% of land)	6%	57%	53%	12%	11%	11%	15%	11%	10%	0%	33%
Agricultural land (% of land)	49%	14%	45%	72%	73%	45%	34%	79%	70%	73%	36%

Source: World Bank, IMF

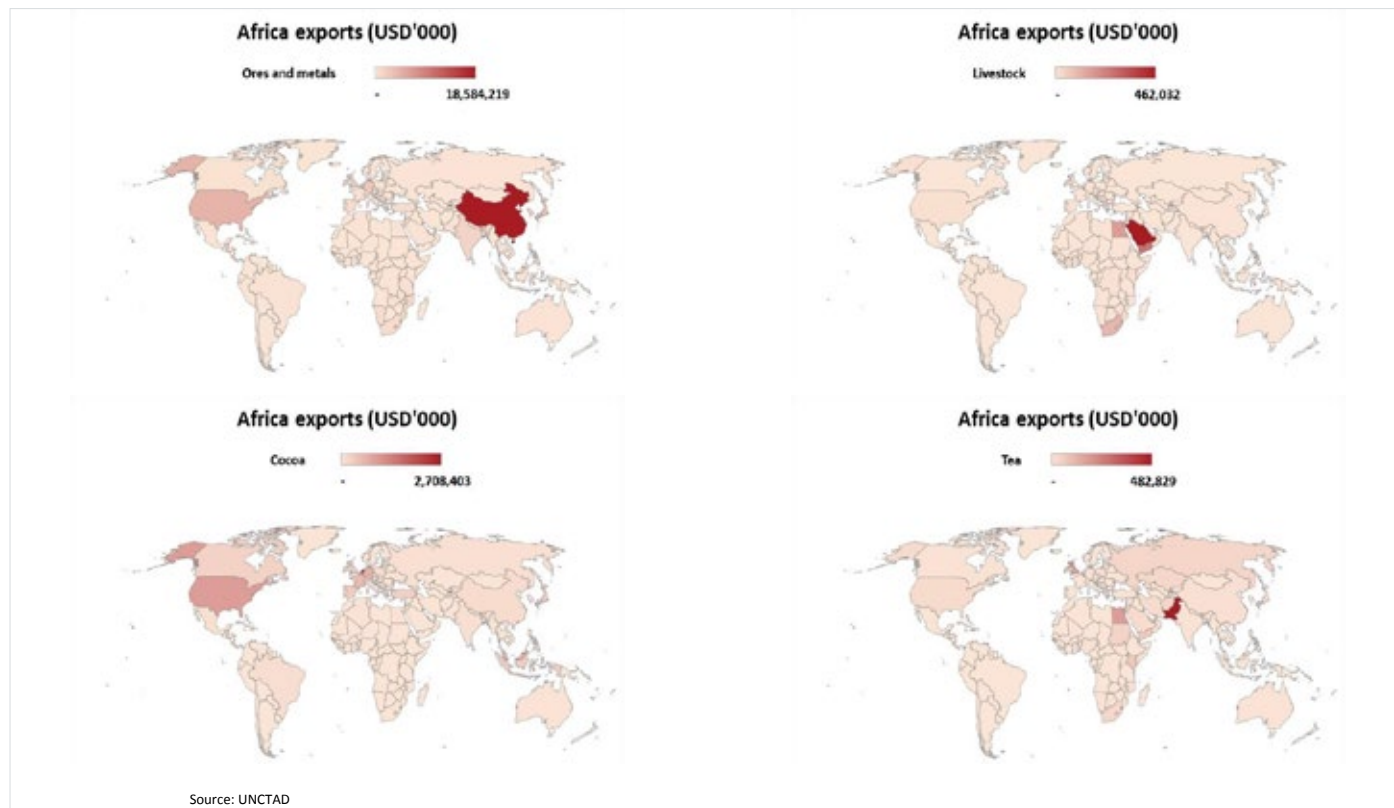


## East and Central Africa import partners

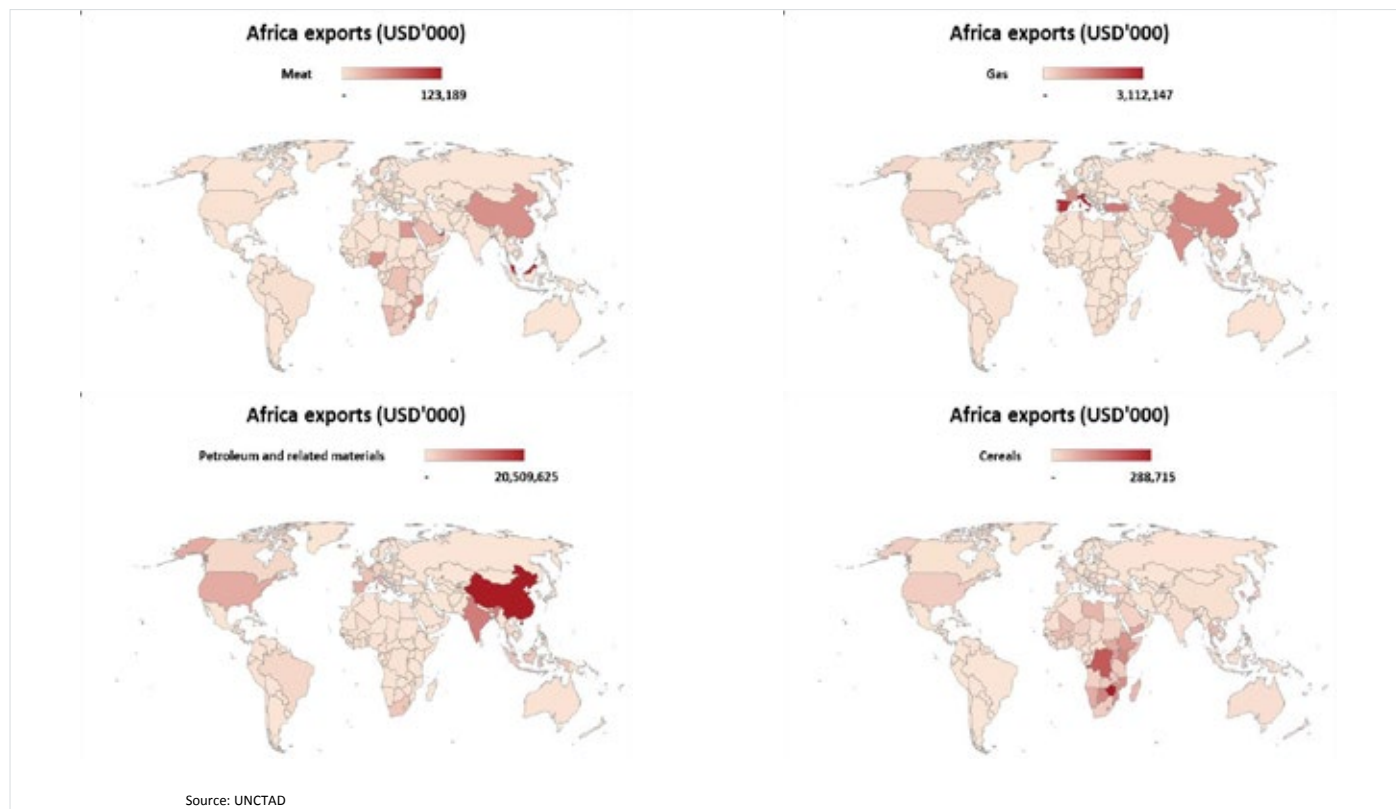


# Appendix

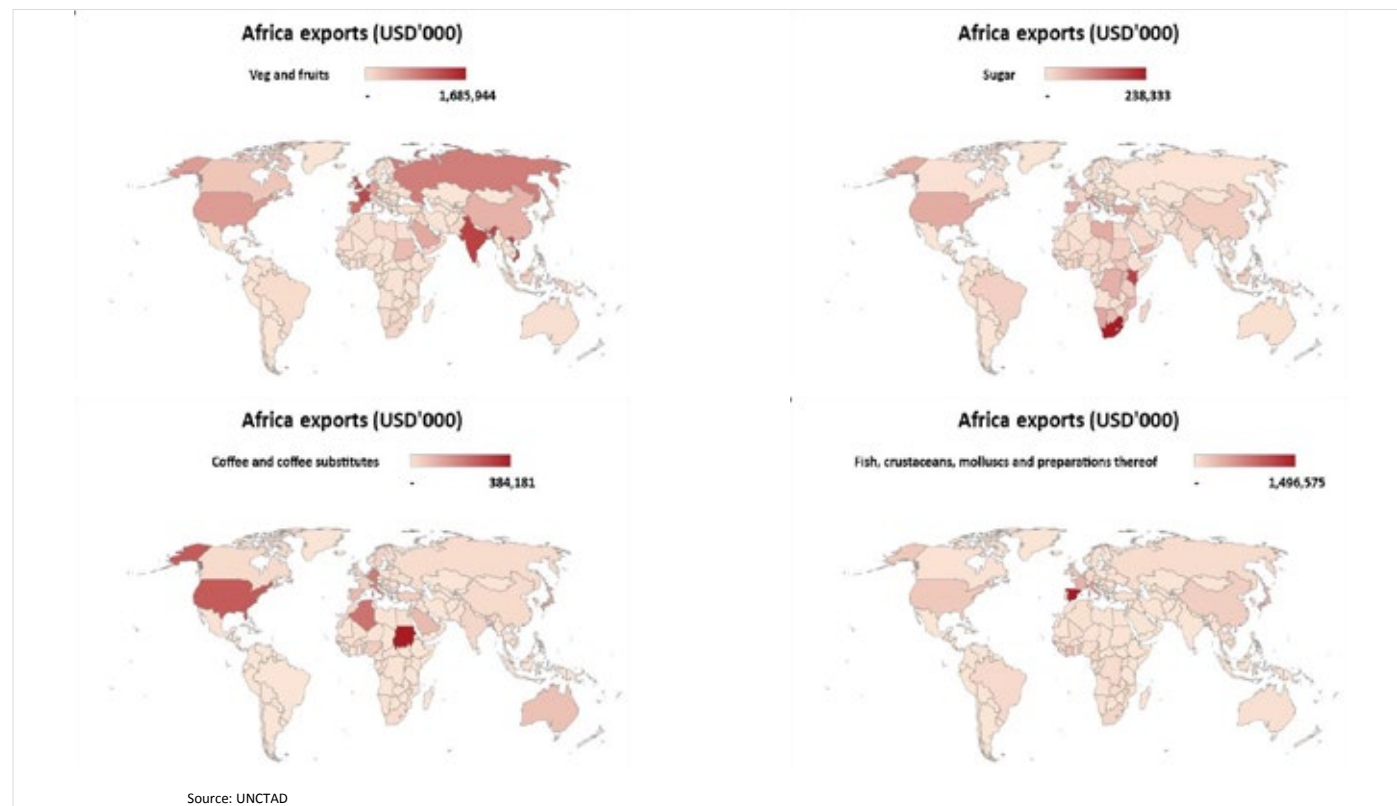
## Where does Africa export its primary goods



## Where does Africa export its primary goods (Continued)



## Where does Africa export its primary goods (Continued)



## Case Studies

The Equity business model is a leading case study in many business schools around the world. In addition, many business schools, organizations and institutions regularly visit the Group to learn firsthand about the brand, its evolution and business strategy. Many financial institutions from around the world make benchmarking exposure visits.

**Online:** Click link below to read Equity case studies:

[equitygroupholdings.com/knowledge-resource/#tab\\_case-studies](https://equitygroupholdings.com/knowledge-resource/#tab_case-studies)

**Print:** Scan QR code below to read Equity case studies:



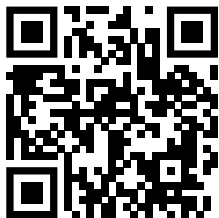
## Equity Brand Campaign

Today we celebrate over 15 Million Members empowered across 7 African markets to Learn, Grow, Dream, Create, Lead and Harvest. This is our One Equity spirit!

**Online:** Click link below to view video on Equity's celebration of its Members

<https://www.youtube.com/watch?v=7eQd71SPUx8>

**Print:** Scan QR code to view video on Equity's celebration of its Members



## Kenya - DRC Trade Mission

To deepen trade relations between Kenya and DRC, the Government of Kenya (GoK) and DRC Government, in partnership with Equity Group convened a 15-day Business Trade Mission in 4 DRC cities between 29th November and 13th December 2021.

**Online:** Click link below to view videos on the Kenya DRC Trade Mission:

[https://www.youtube.com/watch?v=Gy\\_KvFlqsNU&list=PLHHcW9hOqNqLLC441LJYcK3-VswXowAhL](https://www.youtube.com/watch?v=Gy_KvFlqsNU&list=PLHHcW9hOqNqLLC441LJYcK3-VswXowAhL)

**Print:** Scan QR code below to view videos on the Kenya DRC Trade Mission





# Contact Us

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[africaplan@equitygroupholdings.com](mailto:africaplan@equitygroupholdings.com)

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Fireworks display during the official celebration of Equity's 35 years of transforming lives on 2nd October 2019

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