KENYA 4.0

THE INTERNATIONAL COMMUNITY RECOGNIZES KENYA AS THE REGIONAL CENTER FOR BUSINESS AND INNOVATION

SIGNIFICANT structural and economic reforms supporting Kenya's Vision 2030 development strategy are producing results that defy current global trends

The Kenyan economy is projected to grow by 5.9 percent in 2016, up from 5.6 percent in 2015, substantially surpassing the first-quarter 2016 average of 1.7 percent for the region. In fact, growth in Kenya's gross domestic product (GDP) has consistently exceeded the regional average since 2009, and the country's robust economic performance is set to continue with expansion of over 6 percent projected in 2017 and 2018. Core drivers of this growth include rising private investment and consumption spurred by greater confidence in the country's macroeconomic stability, which has been helped by steady prices for essentials such as food, fuel, housing and transportation.

In addition, Kenya is now among the top five economies in sub-Saharan Africa in the World Bank's latest Ease of Doing Business Report, rising to 92nd place in the 2017 ranking, compared with 113th for the 2016 edition.

KENYA RAISES ITS MIDDLE-CLASS AMBITIONS

Investment and sound fiscal management pay off

Moses Ikiara, Managing Director of KenInvest

The Kenya Investment Authority (KenInvest) provides a wide array of information and services to investors, including assistance in obtaining licenses, permits and investment certificates, along with providing post-establishment support and generally all the help new and existing investors require.

Managing Director Dr. Moses Ikiara says that the Kenyan economy is on an upward trend. "Actually, we are already a middle-class nation," he comments. "When our gross domestic product was rebased two or so years ago, we joined the league of medium-income countries but at the lower category. Our ambition now is to be in the middle or even higher level of the middle-income countries. Our GDP last year was $63.4 billion, with a per capita income of close to $1,500, which is about half of the Vision 2030 target level."

The World Bank wrote that it expects the Kenyan economy to grow in 2016 and 2017, crediting a fiscal policy that is "easing pressure" on interest rates and a central bank that "effectively managed currency volatility." ●

According to the Kenya National Bureau of Statistics, the latest increase in the country's GDP was driven by the construction sector, which grew by 13.6 percent in 2015, as well as the financial and insurance sector, which expanded by 8.7 percent, and the agricultural sector, reporting 5.6 percent growth last year.

Credit must also be given to Kenya's vibrant services sector, stable currency, low inflation, 30 percent drop in the current-account deficit, expanding middle class, and greater investment in transportation, energy (especially geothermal, creating lower energy prices) and infrastructure. The ongoing development of the Northern Corridor Transport Improvement Project (NCTIP) and the Lamu Port-South Sudan-Ethiopian Transport (LAPSSET) corridor has been attracting global attention and investments.

Uhuru Kenyatta, President of Kenya

In line with the government's aim for Kenya to be "a prosperous ICT-driven society," rising incomes are enabling Kenyans to take advantage of an innovative financial services industry that is mobilizing the flow of money through digital devices. Some 17 million of Kenya's 46 million people are now using Safaricom's wildly successful M-Pesa mobile-money system, while another 10 million use other mobile-money platforms. Also, Konza Technology City is attracting investors and participants from around the world and will have a huge effect on boosting Kenya's tech sector, which is already known for having excellent human capital. The first focus of the complex will be to develop business-process outsourcing facilities, which will mean, to some degree, competing with India.

Like many other developing countries facing global security challenges, Kenya and its allies are making strategic investments in counterterrorism activities. The U.S. provided it with some $100 million in assistance in 2015—an estimated 163 percent increase compared with the previous year. Kenya is also reportedly sharing more intelligence than ever related to the Somali terror group Al-Shabaab with Ethiopia, Somalia, the U.S. and the European Union. In addition, Nairobi serves as an international hub for the United Nations while being a global center for intelligence gathering. Kenyan officials say a recent increase in tourism indicates that these steps are working.

Organizations around the world are taking note: the United Nations held its 14th quadrennial Conference on Trade and Development (UNCTAD 14) in Nairobi in July, during which Kenyan President Uhuru Kenyatta expressed his hopes that the strengthening of UNCTAD would enable it to play a bigger role in achieving global prosperity. ●

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KEY REFORMS STRENGTHEN THE BANKING SECTOR

The Central Bank is taking action to ensure the growing banking sector can handle a number of challenges

Even as concerns mount over global financial stability, Dr. Patrick Ngugi Njoroge, Kenya's Central Bank governor, is positive in regard to his country's economic and banking future. Actions taken by the Central Bank under his leadership have brought down inflation, stabilized exchange rates and strengthened the banking sector through greater transparency, enhanced governance, stronger bank supervision and better business models. In fact, Dr. Njoroge recently won the *Global Markets* Central Bank Governor of the Year Award for Sub-Saharan Africa for his efforts to "curb inflation, clean up the banking sector [...] and undertake a new policy of openness and transparency."

Kenya has the highest number of commercial banks per capita of any country in sub-Saharan Africa: 43 for a population of approximately 46 million. Though the banking sector has continued to register growth in assets and profitability (in March this year, return on assets was 3.4 percent, while return on shareholders' funds reached 27.7 percent), it has been affected by three banks going into receivership and by tighter liquidity due to factors such as statutory increases in capital requirements and large fiscal deficits. One of the effects of this situation is that smaller banks are losing deposits to the larger banks, which are perceived as being less risky. This, along with the sector's very large number of banks per capita, makes likely a process of consolidation, as happened in South Africa and Nigeria.

Although nonperforming loans (NPLs) have been a problem—the gross NPLs to gross loans ratio was 7.8 percent in March 2016—progressively stricter prudential measures from the Central Bank have assured that the sector's overall liquidity is healthy. In March 2016, the total capital to total risk-weighted assets ratio was 18.8 percent and the overall banking sector liquidity ratio stood at 39.9 percent.

Kenyan President Uhuru Kenyatta signed into law a bill capping Kenya's interest rates on loans at 4 percent

Very high interest rates (between 15.2 percent and 27.2 percent for businesses in 2015) have long been a contentious issue. Postulated reasons for such rates range from a lack of effective competition in the sector due to the dominance of the larger banks, to the cost of funding, high operating expenses, macroeconomic instability and credit risks related to a lack of information on the credit history of potential borrowers. Debates about how to best solve this problem have heated up recently after President Uhuru Kenyatta capped interest on loans at a maximum 4 percent spread, which many have applauded, while others have warned it may be counterproductive and lead to a reduction in lending to small and medium-sized enterprises.

In 2015, Kenya ranked number one in the world for using technology to drive financial inclusion by the Brookings Financial and Digital Inclusion Project (FDIP) scoring. Technology like M-Pesa, which enables mobile money transfers, has played a key role in increasing financial inclusion to 73.3 percent. According to the Ministry of ICT, in 2015 the number of mobile money transfer service subscribers reached 26.8 million and the total amount transacted through mobile money platforms during the year was KSh 2.81 trillion ($27.6 billion)—over 40 percent of the country's gross domestic product.

As Dr. Njoroge comments, "We have aspirations of becoming an international financial center by 2030, and a key element of this obviously is the banks." ●

TRANSFORMATION STRATEGY AND INVESTMENT TO MAKE NBK A REGIONAL BANK BY 2020

One of Kenya's fastest-growing banks has seen a turnaround in its results and is aiming high

Wilfred Musau, Managing Director and CEO of National Bank of Kenya

According to the World Economic Forum Global Competitiveness Report 2015–2016, Kenya's banking sector is ranked number 61 in the world in terms of the soundness of its banks, making it by far the strongest in East Africa. So, it is no wonder that it has become a key development driver whose importance is expanding both domestically and internationally.

However, one of the challenges facing the banking sector, and indeed the economy, has been high interest rates: the average lending rate was 17.79 percent in March 2016. As a possible solution, in August, President Uhuru Kenyatta signed an amendment bill capping interest rates on loans at a maximum 4 percent spread.

"Interest rate capping, if well managed, can achieve a very positive impact on the cost of credit for the borrowers, especially the SMEs, as affordable financing has been one of the main hurdles for their business growth," says Wilfred Musau, Managing Director and Chief Executive Officer of the National Bank of Kenya (NBK). "However, the main challenge is the cost of funds for banks in Kenya."

One of the fastest-growing players in the sector, NBK is listed on the Nairobi Stock Exchange and regulated by the Central Bank of Kenya. Its operations cover corporate, business, retail and Islamic banking. The bank also offers an extensive portfolio of products and financial solutions that includes financing, trade services, mortgages, account services, custody services and card services, among others.

In 2013, NBK embarked on a transformation strategy developed with McKinsey & Co. According to Mr. Musau, this was "to achieve not just the top quartile, but the top-five bank position in the medium term. We have achieved a number of gains. In terms of efficiency in services, we have seen an almost threefold improvement in the way we provide products and services to our customers. We have invested a lot in rebranding."

NBK now has more than 80 branches across the country, in all major counties in Kenya, and the Agency Banking network will also be expanded by recruiting 2,000 agents by 2017. In addition, the bank will continue investing in mobile banking and other digital services to conveniently provide banking services to their clients.

NBK, which has grown by leaps and bounds over the last several years, is seeking additional capital of around $130 million to expand its bank operations and plans to become a regional bank by 2020. ●

CENTRAL BANK MANAGES TO STABILIZE ECONOMY AMID GLOBAL UNCERTAINTY

Interview with Dr. Patrick Ngugi Njoroge, Governor of the Central Bank of Kenya

Dr. Patrick Ngugi Njoroge, Governor of the Central Bank of Kenya

Given recent reports of international political and economic instability, what are some of the possible effects on Kenya over the next year?
There is a lot of uncertainty in the world because of Brexit, and that uncertainty injects a chill into the entire global economy through, for instance, the uncertainty on investments that would take place in Europe, because it is unclear what the outcome will be. All the voters voted, we know the outcome. The question is: How will it settle at the end, economically and also politically? This is causing significant uncertainty for investors.

Secondly, even as you have those sorts of issues, remember there have been negotiations on trade, not only between the EU and the U.K., but also between ourselves and all the other peripheral countries and the U.K. and, indeed, the EU. It means that this will drag on for some time. The EU matter is supposed to take two years, but who knows how long the trade negotiations will last.

Is there a global sense of pessimism?
Even stronger than pessimism—a rejection of globalization, which is what one of the elements of the Brexit vote was.

As it is, we have the global economy wobbling. And we have China's slowdown and rebalancing, including its repositioning itself on the exchange rate. Remember, when they moved in August 2015 it sent shock waves throughout the world; nobody thought that they would do that, but nevertheless there were shock waves.

Given all this, how do we see things? Those "shocks" will always come. We take Brexit to be one more shock.

What are your objectives with respect to the Kenyan economy for the next year?
Last year was a year that we call the "stabilization year," meaning we came in at the point where the macro framework was not appropriate. Things like inflation were surging, and inflation expectations were unhinged, the exchange rate was dropping sharply and there were concerns about the current-account deficit. There were concerns about interest rates too. So you had a mess; in a sense, you had a train wreck about to happen.

So we moved quite decisively and pushed up rates, adopting a tighter monetary stance, and also did liquidity management, meaning we used more instruments to tighten liquidity in the system. Actually, all these policies worked, and the economy stabilized toward the end of the year. Inflation came down. At the last count back then, it was at 5.3 percent; I think that was at the end of December. Now it is at 5.8 percent, and we expect it to move around that.

The point is that last year we stabilized the economy. We feel very comfortable and actually pleased with the outcome. This year, what we are trying to do is a transition here, with "transition" meaning this is the year when we want people to begin making long-term bets in the economy, which is what will probably appear. This is the time we are encouraging people to think medium term or long term. Last year, because of all the instability, planning horizons were very short, on the order of months. Now, we need to have a longer planning horizon, so you can actually invest in things that will really produce returns over a five-to-10-year period.

> *"We want people to begin making long-term bets in the economy, which is what will probably appear"*

Are you referring more to foreign direct investment (FDI) or to bonds?
Everything! This is investment in the country, not in securities. We are thinking of projects, we are thinking of industry. Let's say domestic and foreign investment.

People had maintained a wait-and-see attitude because of the turbulence, so they could only plan things for the next few months.

The outcome of last year proved that Kenya is quite resilient. There were all those pressures, but somehow we managed to bounce back. Growth was also quite strong, it was actually 5.6 percent, and now we are projecting 6 percent this year, against rather grim global outcomes.

Do you have a message for international investors?
The first one is that Africa in general is ready for takeoff. There are many positive trends underneath the surface that will soon break into the light. I've talked about the trends of innovation, for instance, but there are many other trends I could have discussed. The old story of Africa is history. In Africa, they will see partners in their own investments; they will see partners in terms of global objectives. We talked about sustainable investments, for instance. We are beginning to look two, three or four steps ahead, not just at the first step. And this is where we would want to engage with them. Now, all of us need to work together, for the greater good of our community.

The last point for me would be the issue of globalization. Globalization is here to stay. We need to be a bit more careful, to think a little more about how to compensate the losers in globalization.

AFRICA'S MOST INNOVATIVE REGULATOR

Infrastructure projects nationwide will soon have an additional source of financing: the capital markets

Paul Muthaura, CEO of Capital Markets Authority

Thanks to an industry-developed and -owned 10-year Master Plan—launched in late 2014 and soon after promoted to Vision 2030 flagship project status—Kenyan counties will no longer have to rely solely on national tax revenues for funding.

"We see the capital markets as playing a very critical role in making sure that finance and economic growth is channeled to the county level," says Paul Muthaura, CEO of the Capital Markets Authority (CMA). "We need to look very critically at how we can use the markets, using securitization, real estate investment trusts, county bonds and county-level collective investment scheme structures to try and raise the money that is going to be necessary to support growth in that area. The Master Plan targets to have 30 percent of county infrastructure funding done through the capital markets by the year 2023."

One of the more innovative products that will be used is the Development Real Estate Investment Trust (D-REIT), which adds to the traditional REIT by including a development funding product that allows for public finance to be raised for early-stage construction and project development. "A D-REIT allows the capital markets in Kenya to play an important role in increasing the supply of new commercial and residential real estate, with investors sharing in the construction risk as well as the capital gain on completion," explains Mr. Muthaura.

Financing will go to support projects such as the single-gauge railway and the Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) corridor, as well as the expansion of airport and port infrastructure and facilities.

In terms of innovations in the field of regulation, the CMA has introduced what it calls the "principle-based approval framework," which allows applications for products and services not yet catered to under the law to be considered. This, says Mr. Muthaura, enables the CMA to be more outcome-focused, insofar as it can concentrate on addressing the actual risks involved, rather than merely theoretical ones.

In 2015, the CMA introduced a new Corporate Governance Code for issuers of securities to the public, which is complemented by the newly enacted Companies Act. Both frameworks have "introduced much more explicit requirements around the fiducial responsibilities of directors of public companies, strengthened the requirements in audits and seen the establishment of appropriate committees to deal with remuneration and nomination, audit and risk management," according to the CMA's CEO.

The Authority's hard work has not gone unnoticed. In 2015, the investment and communications group Africa Investor voted the CMA as the most innovative regulator in Africa. All of these calculated and ambitious strides are intended not only to attract international investment, but also to bring to fruition the 10-year Master Plan's vision: that of becoming the "heart of African capital markets." ●

VISION 2030 AIMS TO PROVIDE HIGHER QUALITY OF LIFE FOR ALL KENYANS

Kenya has been enjoying stellar GDP growth over recent years, and its Vision 2030 program is transforming the country

Economic growth in Kenya has been surging as government-led structural and economic reforms have powered economic and social improvements for a growing number of citizens across the country.

The Vision 2030 strategy has been at the heart of these changes and aims to help businesses to prosper and more Kenyans to emerge from poverty, while offering increasing opportunities for foreign investors.

Professor Gituro Wainaina, Acting Director of the Delivery Secretariat at Vision 2030, says the country's development agenda is clear, with the overarching aim being to provide a higher quality life for Kenyans, through improvements in infrastructure, ICT services, security, education and health, as well as all-around better economic prospects.

Deliverables are based on three main pillars—economic, social and political—with particular focus on sectors such as tourism, manufacturing and trade to ensure Kenya has a diverse economy with rapid and sustainable growth and the resilience necessary to withstand any external macroeconomic shocks.

Indeed, recent gross domestic product (GDP) growth reflects the success of this transformational policy, with a rate of 5.6 percent during 2015 and even higher growth expected this year. The key now, Prof. Wainaina says, is to ensure new avenues are pursued, such as adding value to oil and gas products, that can take the country to the next economic level.

Infrastructure projects—economic enablers—have been opened up to public-private partnerships, particularly in the area of energy, where one of the key objectives is to increase national electricity generation from renewable sources like geothermal and wind.

Several other key projects have been laid out in the Vision 2030 objectives by President Uhuru Kenyatta to achieve growth, including ramping up capacity at the port of Mombasa, improving road and rail links—in particular the standard-gauge railway that will run from Mombasa to Nairobi and on to Uganda—and the expansion and modernization of Jomo Kenyatta International Airport, which will have an extended terminal and a second runway.

The latter has been a key flagship policy, but has required assistance from partners in the U.S. and the U.K., who have provided technical and security expertise. Indeed, Kenya has been hit by security breaches over recent years, but Prof. Wainaina says the greater security levels at

the expanded terminal are a sign of things to come. For example, the tourism sector is already reaping benefits. Such developments are also enabling new air routes to northern Europe and direct flights from China, among others, prompting suggestions that the Kenyan capital could become a major hub for international air travelers and cargo.

Another strategic objective is to deliver universal access to electricity by 2020. In fact, 80 percent of the population will be connected by 2017. "We have connected people in this country almost to the last mile. That provides opportunities also in primary schools and that, for us, is a key in addressing inequality in education," comments Prof. Wainaina.

Concerted efforts are being made to improve educational standards across the country, with important investments being made in schooling and also ICT infrastructure. The Digital Literacy program has been launched to empower youngsters and provide them with laptops. "We know education is an equalizer. The Digital Literacy program should not be seen as procurement of laptops only. It is fundamentally addressing equalization and the issues of equity," Prof. Wainaina says.

The second pillar of the Vision 2030 strategy, the social pillar, focuses not only on improving primary and secondary education, but also on capacity building in general, as well as on health, housing, urbanization and the environment.

"It is important; we realized we cannot do this without addressing human capital, particularly training. Therefore we are looking at sectors like youth, which is extremely important, and at education, health and housing," says Prof Wainaina. "That is done by investing in our people."

It is hoped that the deep structural, social and economic reforms being implemented through the Vision 2030 program will lead to further opportunities for regional and international trade, especially with Europe and the U.S. Trade between Kenya and the U.S. has fallen over recent years, to $370 billion in 2015, and it appears that competition from global players lies at the heart of the problem.

"In Vision 2030 we focus on two things: world focus and being globally competitive," explains Prof. Wainaina. It means using technology to manufacture efficiently and ensuring the Kenyan economy is knowledge based, he says, which should in tandem deliver growth.

International investment is also required, and Prof. Wainaina highlights tech and ICT as sectors that would benefit Kenyans as well as global players who invest in the country.

"I also see opportunities for the U.S. in agribusiness," he adds, "and in areas like security, which is something we have very strongly. Even in education and training."

Indeed, Kenya is keen to welcome more high-return projects, with infrastructure proposals in particular likely to open up huge opportunities for foreign direct investment. These opportunities should be seen in the context of a country that has a clear blueprint—Vision 2030—for where it is going and how it will be: "a globally competitive and prosperous nation with a high quality of life by 2030." ●

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INFRASTRUCTURE AND ENERGY INVESTMENTS IMPACT DEVELOPMENT

Kenya's Vision 2030 is transforming the country, with infrastructure and energy developments at the heart of the strategy to drive improvements

Kenya's development over the past decade has surged, driving improvements across the country's populace, but also highlighting the need for widespread infrastructure and energy investment.

Professor Gituro Wainaina, Acting Director of the Delivery Secretariat at Vision 2030, is clear that the economic, social and political pillars making up the country's development strategy will need better infrastructure to drive change. New residential developments are being built in Kisii County, energy plants are being constructed and roads are being laid to connect communities and drive inter-regional trade. Prof. Wainaina says infrastructure projects like these have enabled sectors such as services to expand. The result is renewed confidence in the strength of Kenya's economy, which is expected to continue or surpass its impressive current growth rates over the next few years.

Exports of vegetables and machinery are also increasing as road links improve, with the two-day journey from Marsabit to Nairobi cut by three-quarters. Mombasa Port has also been revolutionized, with dredging improving ship accessibility, new cranes installed, and a second container terminal and more berths being constructed. The result is turnaround time being slashed from up to 20 days down to an average of three. "That will improve the movement of goods within the region," Prof. Wainaina explains. Further developments are in the pipeline, with the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) corridor designed to promote regional economic integration and interconnectivity through both public and private involvement.

Turnaround times of up to 20 days at Mombasa Port have been reduced to an average now of just three days

"The commitment of the government is to provide three berths at Lamu, and that commitment has been deferred to this financial year's budget in terms of allocation," says Prof. Wainaina. "Down the road, we anticipate 32 berths, so the private sector, through public-private partnerships, will do the other berths. Those three berths will give any business a head start importing and exporting goods."

Road and sea transport improvements have come in tandem with airport upgrades, with the country's main terminal now welcoming almost 8 million people each year and further expansion planned. Rail is also set to improve with the 472-kilometer standard-gauge railway line connecting Mombasa with Nairobi on schedule to be completed by the end of 2017. "We are excited about that because of the benefits and opportunities associated with it. Right now, we see a lot of opportunities in terms of capacity building," Prof. Wainaina adds. The next target will be the 100-kilometer stretch from Nairobi to Naivasha, with contracts already awarded, and a route from Naivasha to Kisumu has been approved and is expected to be operational by 2020.

More power capacity has been introduced into Kenya's national grid—from around 1,700 megawatts in 2015 to more than 2,340 megawatts in 2016—translating into cheaper costs for manufacturers. Geothermal, wind and solar projects are also being explored, and opportunities are expected to abound for companies as Kenya's government uses public-private partnerships to ratchet up the country's infrastructure development drive. ●

TOURISM NUMBERS BOUNCE BACK TO REACH 1.6M IN 2016

Kenya suffered a tourist slump between 2012 and 2015, as a result of security and health concerns, but with stability restored arrivals are on the rise

Kenya features prominently on many people's bucket lists, and there is little question why. It easily captures the imaginations and hearts of those seeking adventure, beauty and unspoiled wilderness, with its national parks, pristine beaches and bountiful wildlife—not to mention the warmth and diversity of its people.

Some 1.18 million people traveled to Kenya in 2015, some for pleasure, others for business, and the Kenya Tourism Board expects a 33 percent increase for 2016, to 1.6 million tourist arrivals. Official data shows that the number of international visitors stood at 206,978 between January and March 2016, up from 177,085 during a similar period in 2015. This comes as good news to the tourism sector—Kenya's second-largest source of foreign exchange—which had been seeing numbers fall since 2012. Several factors, including the

Kenya is Africa's second most popular conference destination, behind South Africa

Ebola outbreak in West Africa and terrorist attacks, contributed to the slump, but in spite of this the government is determined to make Kenya the leading tourism destination brand in Africa by 2025.

To begin with, the Kenyan government announced a total commitment to enhancing security, which now represents 8.1 percent of the national budget, and nearly doubled its budgetary allocation to the State Department of Tourism, to KSh 10.7 billion ($105.5 million), in the fiscal year 2015/16.

Moreover, it eliminated visa fees for visitors under the age of 16, removed value-added tax (VAT) on National Park fees and even put a cap of $60 on Kenya Wildlife Services Park fees, down from $90. These reductions come at a highly convenient time: in July 2016, neighboring Tanzania imposed an 18 percent VAT charge on tourist services, a move that could very well send undecided tourists Kenya's way.

Tourists flying in to Mombasa and Malindi will also now save themselves a bit of cash, thanks to the $11.7 million Charter Incentive Scheme, which waives landing fees for all charter aircraft landing at these two airports.

To better address those visitors who tick the business box on the entry form, in early September the Kenya Convention Bureau (KCB) was established, the first of its kind in the country. Mandated with promoting MICE (meetings, incentive travel, conferences and exhibitions) business, the KCB will address a tourism niche that has become the fastest-growing segment in tourism in recent years. In fact, Kenya is Africa's second most popular conference destination, behind South Africa.

The KCB is already laying the groundwork to build a second convention center to complement the Kenyatta International Convention Centre, this time in the coastal city of Mombasa.

KENYA HOSTS UN CONFERENCE ON TRADE AND DEVELOPMENT

The 14th session of the UN conference was attended by 7,000 delegates, including some of the world's biggest investors

This year's focus was sustainable, inclusive growth, resilience and global trends facing developing nations

Nairobi played host to the 14th session of the United Nations Conference on Trade and Development (UNCTAD) in July, calling on diplomats, ministers and other global leaders to engage with its central theme, "From decision to action: moving toward an inclusive and equitable global economic environment for trade and development."

The conference, attended by more than 7,000 delegates, some of the biggest investors in the world and mayors from most major cities, served to highlight Kenya's leadership in fostering the establishment of new agendas in sustainable trade and inclusive development.

Bolstered by its 194 nation members, UNCTAD's relevance is more crucial than ever, with the last year seeing the adoption of four major agreements: the Addis Ababa Action Agenda, Agenda 2030, the Paris Agreement on Climate Change and the Nairobi Package, which "delivered some of the most significant global trade policy reforms in decades," according to Kenya's President Uhuru Kenyatta. In the wake of such progress, the President, in keeping with its theme, declared the UNCTAD meeting as an opportunity "to exchange views on how these milestone decisions can be translated into action."

Bolstered by its 194 nation members, UNCTAD's relevance is more crucial than ever

This year's focus was sustainable and inclusive growth, highlighting issues such as transitioning economies, economic resilience and public policies for inclusive markets, and was geared toward the discussion of trends facing all sectors in the global economy and developing nations.

"CEOs, investment advisers and entrepreneurs have all been involved in vibrant discussions during the Global Investment, Commodities, Youth and Women forums that have combined to make UNCTAD 2016 a really truly memorable, inspirational, innovative and fruitful experience," the President said as he underlined the pivotal role of women and youth in realizing Sustainable Development Goals—the conference's focal point—in expanding trade that supports inclusive growth.

UNCTAD closed with a global statement of unity following approval of the Nairobi consensus documents: the Nairobi Azimio, outlining the role of UNCTAD within the United Nations for multi-industry integration of trade and development, and Nairobi Maafikiano, which is to define the new consensus in UNCTAD's work program in the coming years. "I am confident that the implementation of the Azimio and Maafikiano declarations will enable us to accelerate progress toward shared prosperity," President Kenyatta stated.

The President also thanked the 7,000 delegates in his closing remarks, reiterating the importance of UNCTAD's function in promoting balanced trade as a catalyst for development and reducing inequality. "The convergence of the world in Nairobi is a clear sign of our shared commitment to the mandate of UNCTAD and the significance of the role that it plays in trade and development," Mr. Kenyatta said.

This is not the first time UNCTAD has been in Kenya. In his opening comments, the President reminded guests that Nairobi hosted UNCTAD's fourth session in 1976, and he also acknowledged the enormous changes in the world economy since then, saying that "[m]any issues on the agenda in 1976 demand our attention, 40 years later. Since 1976, most of our nations have undergone socio-economic and political transformation, occasioned by various forces, including those of globalization and the rise of information and communication technologies." He added that Kenya had diversified much of its own economy.

President Kenyatta remains optimistic, albeit pragmatic, about the future: "Constructive engagement, transparency and inclusiveness—and willingness to compromise—will be key for success. I remain confident that the conference will deliver successful outcomes for the global economy and for our sustainable development [...] If our ultimate aim is prosperity and freedom for all our people, then we must all accept that we have much more work to do." ●

KICC SHARPENS FOCUS ON MICE SECTOR WITH TOURISM TIED IN

Nairobi is set to host more major events, with trip packages for delegates

The Kenyatta International Convention Centre (KICC) has been home to some of the most world's important government and corporate events since its inception in 1973. Indeed, the 14th edition of United Nations Conference on Trade and Development (UNCTAD) took place in July this year at the Nairobi center.

With the aim of attracting more such high-profile events, KICC executives say they are continually looking at using locally available materials to bring long-lasting value to the 43-year-old facility.

"Conferencing is sustainable," says Nana Gecaga, acting managing director at the KICC. "We are investing more money into growing Kenya's conference tourism industry to increase its capacity and product offering."

Nana Gecaga,
Acting Managing Director of KICC

She adds, "We are targeting to attract big international conferences with high numbers of delegates. KICC has the capacity to host big international conferences and exhibitions, as seen from the previous huge, high-profile conferences it has hosted. We also have a lot of outdoor space for various events and extravaganzas."

KICC leaders now say the event venue is beginning to take a more active role—both locally and internationally—in Kenya's meetings, incentive travel, conferences and exhibitions (MICE) sector.

"What I would like to hopefully see in the next five to 10 years is to have conferencing streamlined—all together in terms of the product. We are marketing Kenya as a conferencing destination," says Ms. Gecaga.

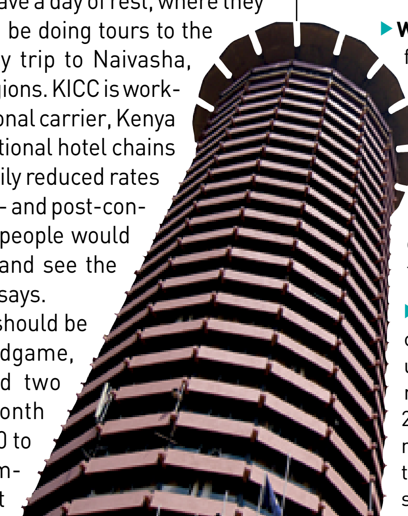
"Our thing now is to build with the counties," she adds. "There has always been that disconnect: how can we help the counties grow? It has always been a bit higgledy-piggledy: we attend a function and tell people about MICE and about the acronym, and that is as far we get. It is not really teaching them a skill. I think it should be investing our expertise; consider us your consultant."

Ms. Gecaga says she would like to see KICC take about a 10 percent stake in local-level conferencing activities in return for providing advisory or consultancy services. She adds that the KICC could use its expertise, along with internships and training schemes for local conference holders, to help rebuild the tourism industry in Kenya, which she believes has suffered a dip in performance over the past few years.

On an international scale, the KICC executive also points to a renewed focus on how the venue bids for large conferences like UNCTAD.

"If you hold a big conference and you get it right, you have delegates coming. And if people are already coming here for the conference, why not heavily package all the add-ons around that? In the negotiations for the big conferences, we will slot in, within the delegate's program, one day to have a day of rest, where they are going to be doing tours to the game park, or a day trip to Naivasha, Nakuru and other regions. KICC is working with Kenya's national carrier, Kenya Airways, and international hotel chains to come up with heavily reduced rates and packages for pre- and post-conference days where people would to be able to travel and see the sights," Ms. Gecaga says.

"Ideally, what we should be focusing on, the endgame, is for KICC to hold two big events every month where you have 4,000 to 5,000 delegates coming and to have that quick turnaround."



The Kenyatta International Convention Centre

www.kicc.co.ke

The Kenyatta International Convention Centre (KICC) is based in the heart of Nairobi's business district. The largest convention center in eastern Africa, the KICC can host thousands of candidates in its state-of-the-art facilities. In fact, the venue's Tsavo Ballroom reportedly has enough space to hold more than 4,000 people.
Opened in 1973, the KICC is a state corporation that was established under the Tourism Act of 2011. The aim of the KICC is to promote the meetings, incentive travel, conferences and exhibitions (MICE) industry.

▸ **BRIEF OVERVIEW:** The KICC has played host to a range of international conferences throughout its 43-year history. Over the past year, it has held three different global events, including the 6th Tokyo International Conference on African Development (TICAD VI), the 14th United Nations Conference on Trade and Development (UNCTAD 14) and the 10th World Trade Organization (WTO) Ministerial Conference.
Luminaries from countries all over the world attended these historic conferences. At TICAD VI alone, some 10,000 delegates and 35 heads of state were in attendance. UNCTAD 14 was presided over by United Nations Secretary General Ban Ki-moon, and established Kenya as the first country to host the event twice. In addition, the WTO Ministerial Conference was the first of its kind held in Africa.

▸ **WHAT WE OFFER:** A must-see destination for the business traveler, the KICC offers a wide range of facilities for meetings, conference and exhibitions. It also has extensive office space with ample parking and prequalified catering, all within walking distance of five-star dining and accommodation. The 28-story complex, one of the tallest buildings in Nairobi, offers great views of the Kenyan capital.

▸ **CAPACITY:** The KICC has multiple spacious facilities. The Tsavo Ballroom holds up to 5,000 people and is ideal for large meetings or exhibitions. In addition, the 2,666-square-foot amphitheater can host nearly 900 convention-goers. On top of that, the complex has a large area of outdoor space perfect for product launches, family fun days, concerts and extravaganzas.