

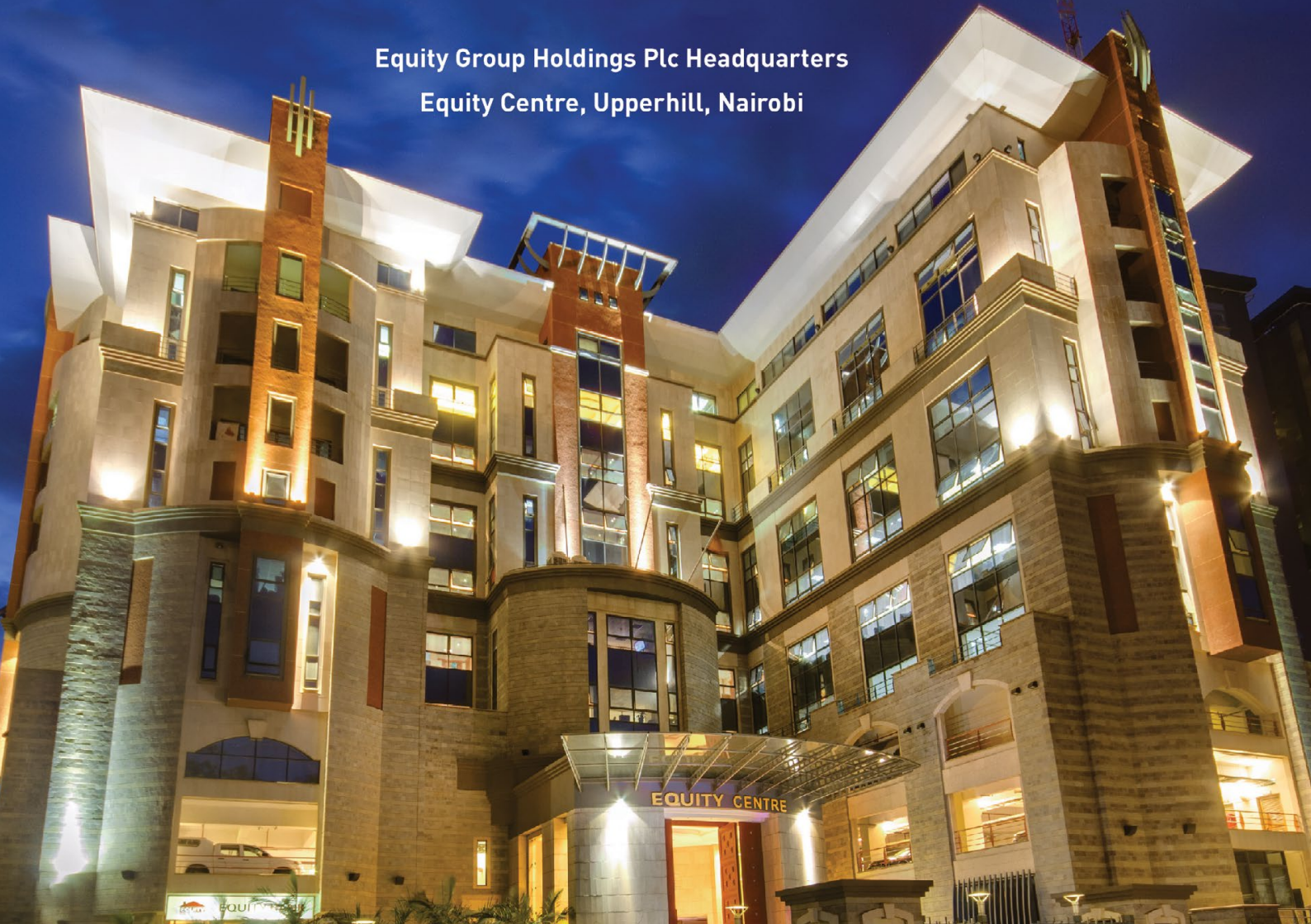


AFRICA RECOVERY AND RESILIENCE PLAN

Kenya - The Diversified Manufacturing
Gateway into East and Central Africa



Equity Group Holdings Plc Headquarters
Equity Centre, Upperhill, Nairobi



The Africa Recovery and Resilience Plan

**...an implementation plan to capacitate,
connect, coordinate and finance African
value chains to transform Africa's wealth**

Background to the “Africa Recovery and Resilience Plan”

Africa remains a continent of significant but nascent economic opportunities underpinned by secular growth drivers of:

- **Natural resources** – arising from agricultural land and extractives that will fund future growth, has potential to catalyse inclusive growth and support comparative advantages for industrialisation
- **Productivity gains** – arising from improving access to healthcare, education, finance, infrastructure and technology. At the same time a brain gain is taking place.
- **Growing Consumption** – driven by large, young, urbanizing and growing population
- **Rising intra-continental trade** – that expands regional market opportunities and access to regional / on the ground skills
- **Formalizing and more connected value chains** – stemming from technological advances, improving coordination and integration resulting in deeper and richer ecosystems.

However, **social and economic constraints persist (at the individual level to the household level to the business level to the value chain level to the macro level), with policymaking tools constrained**, especially post global pandemic stimulus and Ukraine-Russia war.

To ensure continued social and economic development on the continent and ultimately realize Africa’s nascent economic opportunities, **local private sector will need to play a more prominent and intentional role in the recovery and resilience of the African continent**. Equity Group’s corporate strategy, as an African-grown and African-focused plan, is to be a catalyst of wealth transformation for the African continent. The plan ultimately aims to capacitate, finance and connect East African Community value chains to global supply chains. Equity Group will leverage off a region that: (i) gives access to critical raw materials; (ii) can support industrial capacity needs and an entrepreneurial and innovative local work force; and (iii) provides a sizeable market that is increasingly becoming more integrated.

Overview of the “Africa Recovery and Resilience Plan”

The Plan

The Africa Recovery and Resilience Plan is aimed at catalysing a demand complementarity-led transformation of Africa, underpinned by: (i) **capacitating and enhancing productivity of raw material producers**, (ii) **integrating primary producers to more co-ordinated African productive / manufacturing capacities**; and (iii) **connecting these primary and secondary sectors to global supply chains (and capital markets) that are now more focused on reducing concentration risks with increased focused on assurance of accessibility**.

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 ~2% 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, co-ordinated and holistic framework for execution:

- **A more coherent and productive natural resource ecosystem in agriculture and extractives** – more coordinated, connected and capacitated primary supply chains will drive higher productivity and throughput
- **Manufacturing and logistic anchors** – Africa has an opportunity to leverage off its natural endowments to anchor expansion of productive capacities and manufacturing capacity. More importantly, a coherent primary sector which is integrated to pan-African productive capacities will drive demand complementarities across regional blocs over the medium- to long-term
- **Trade and investment to give broader market access and support factor mobility** – expanded markets and access to technology, capital and skills will enhance offtake of African products and services
- **MSMEs** – connectivity of small businesses into formal primary and secondary sector value chains will enrich and drive more integrated domestic value chains / demand complementarities
- **Social and environmental transformation** – capacity building of value chain stakeholders, especially amongst smallholder farmers and MSMEs will drive sustainable productivity gains and improve ease of factor mobility
- **Technology-enabled economy** – online businesses will accelerate connectivity and velocity in ecosystems

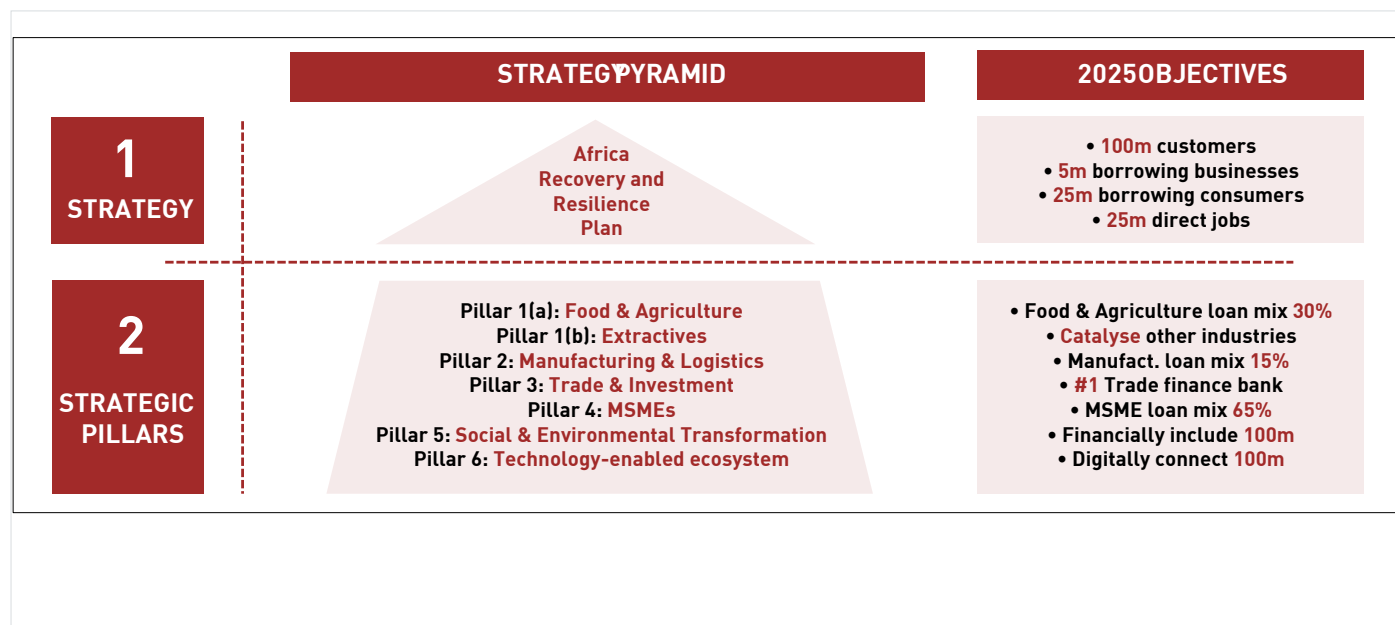
Objectives of the Plan

The first phase (end-2025) objectives of the plan include:

1. **Inclusivity of 100 million online businesses and consumers:** Economic and social inclusion of more productive households and financially enabled value chains
2. **Multiplier effect of 5 million borrowing businesses and 25 million borrowing consumers:** borrowing businesses to drive value chain expansion and employment, whilst consumer borrowing to enable household aspirations and livelihoods
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 of ~2% of regional GDP:** loan book to be directed towards agriculture (30%), manufacturing (15%), MSMEs (65%)

Framework and objectives

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. The plan was conceived with execution in mind and with no economic and financial assumptions, only targets!



Overview of strategic pillars and pillar programmes

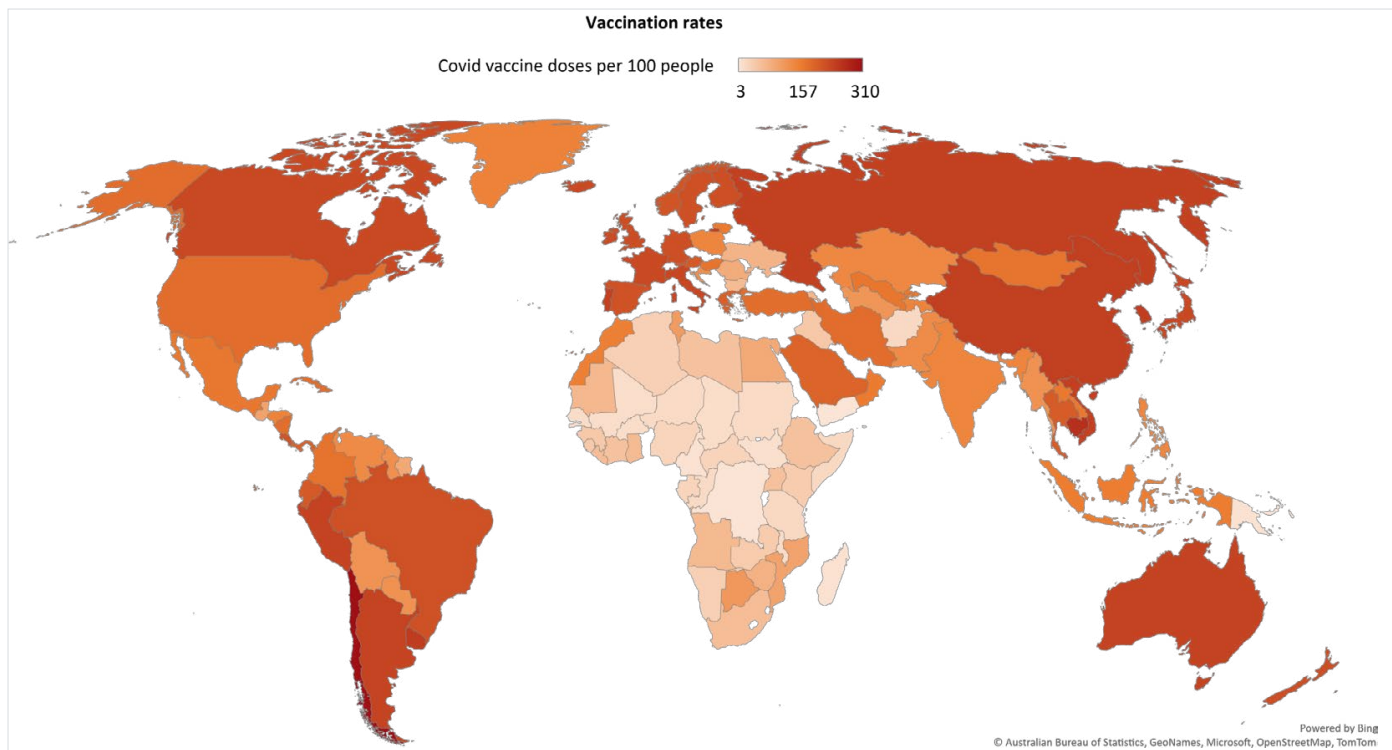
EGH strategic plan has 6 pillars each comprising programmes which in turn comprise various initiatives that aim to:
 (i) systematically link, enrich and deepen value chains; and (ii) together provide sequential, holistic and coordinated solutioning towards social and economic transformation of Africa.



**The world is resetting and Africa has
an opportunity to significantly improve
its position in the new world order**

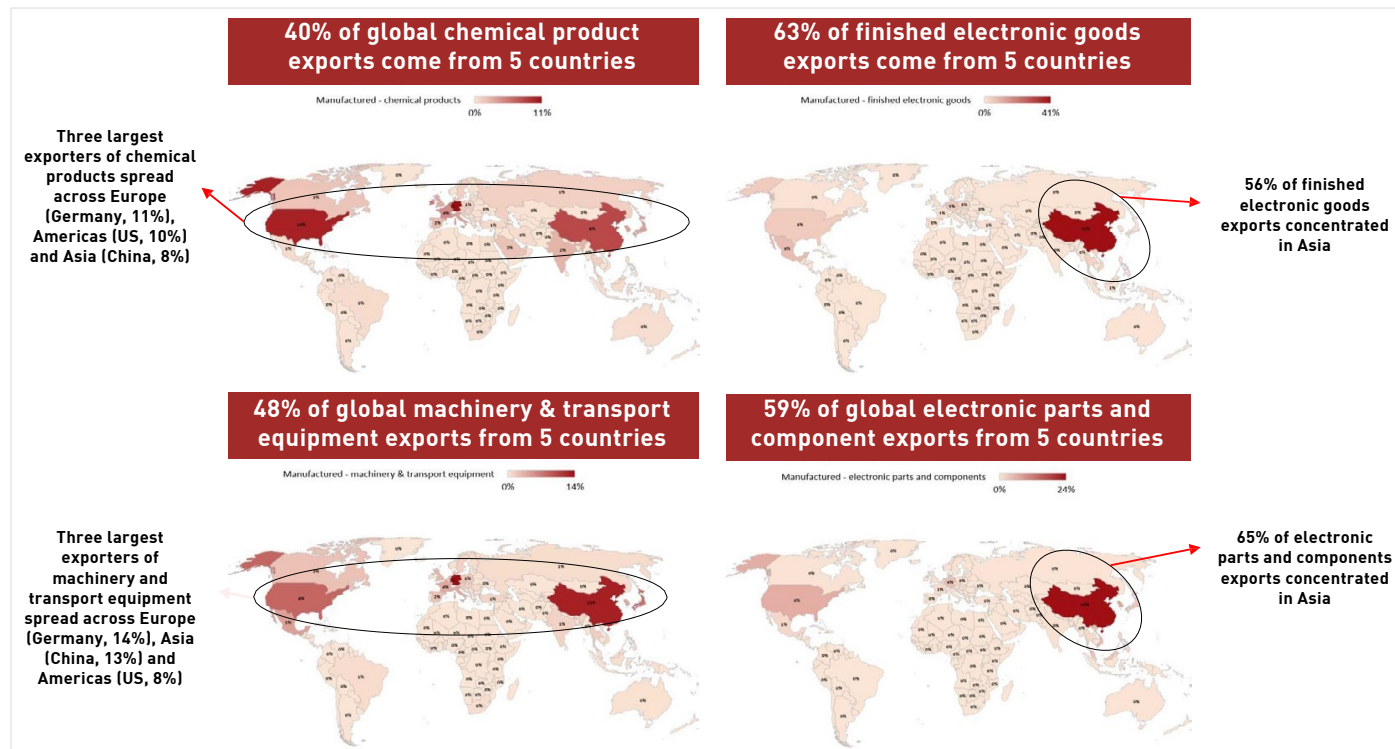
**...Africa has the attention of the world that is
seeking solutions to a more sustainable future**

How the world views the current relevance of Africa...access to Covid vaccines very low



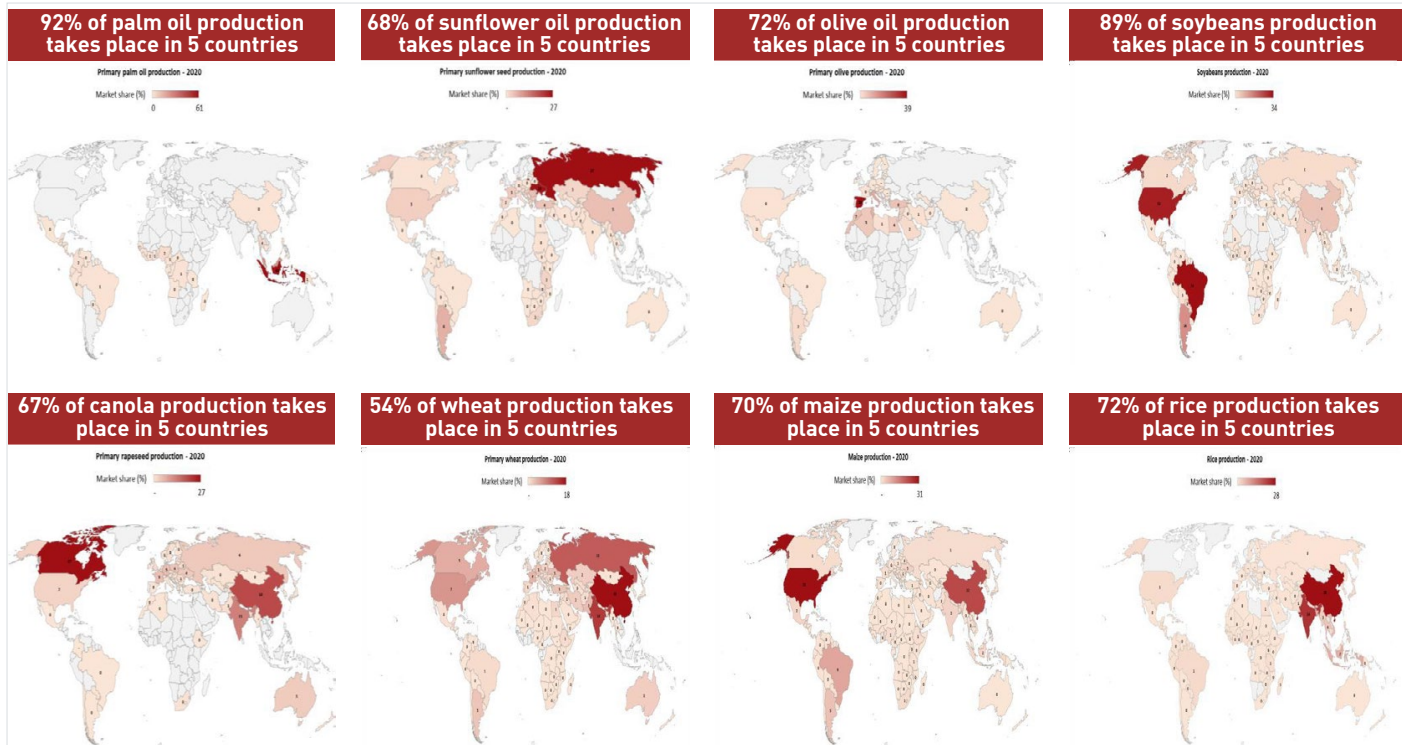
Data source: Bloomberg

Opportunity statement: The pandemic has put the spotlight on a highly concentrated global manufacturing supply chain that requires diversification



Source: UNCTAD data

Opportunity statement: Ukraine - Russia war has put the spotlight on highly concentrated agricultural production that requires alternative sources

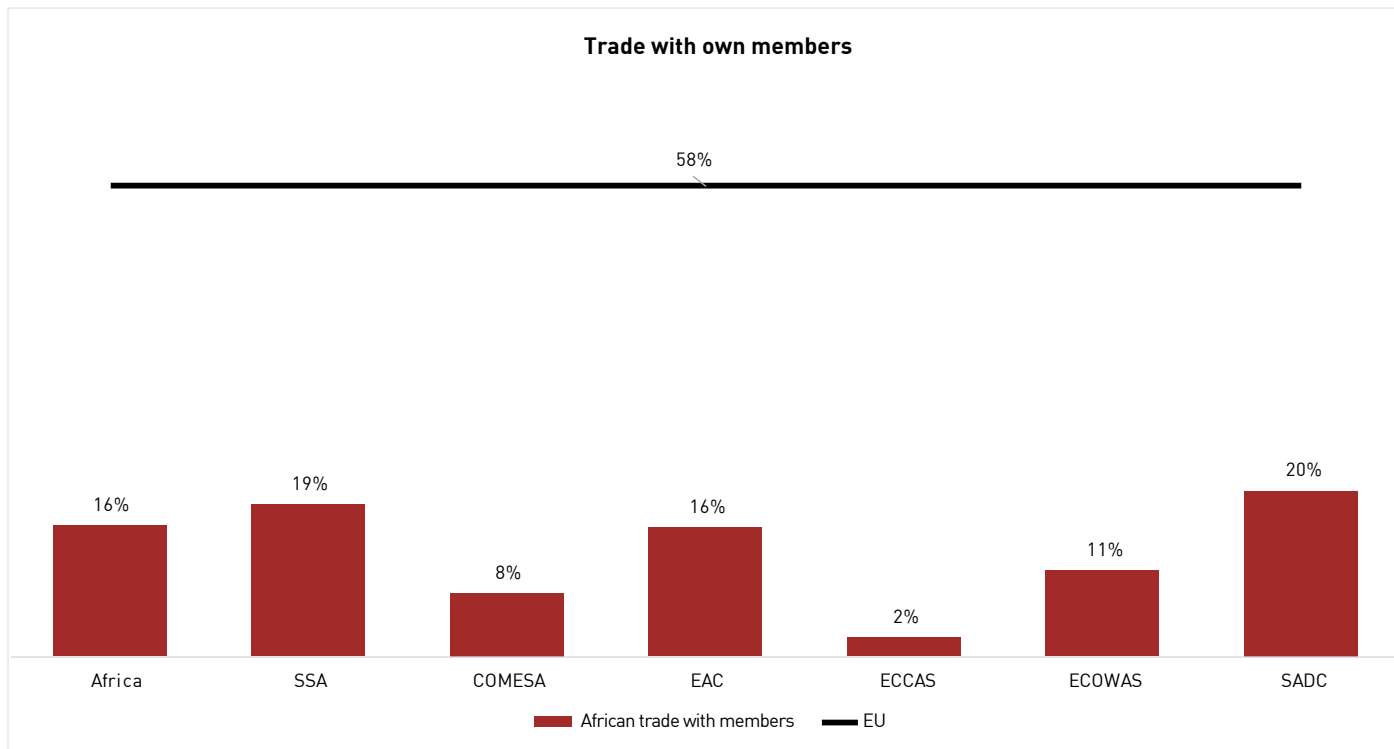


Data source: FAO

A relevant Africa is a coordinated and integrated Africa

The Africa Recovery and Resilience Plan aims to position EAC to become an anchor to a One Africa

Integration and coordination between African countries has potential to improve significantly...EAC positioned to be the anchor



Data source: FAO

Kenya

**The diversified manufacturing gateway
into East and Central Africa**

Kenya growth – located in one of the highest growth regions in the world with neighbours' accelerating growth a tailwind for Kenya

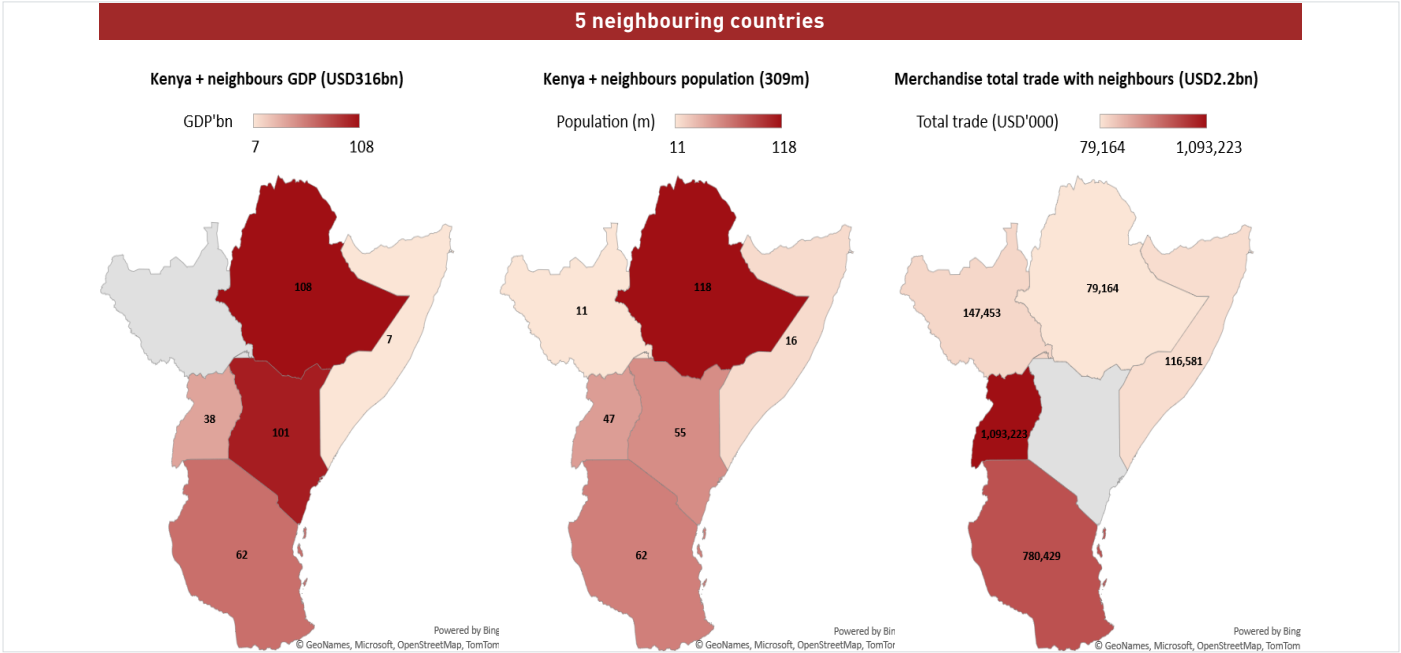
Kenya's neighbouring countries are amongst the highest growing in the world. This provides a significant tailwind for Kenya



Source: World Bank, IMF data

Kenya market potential – neighbouring markets expand Kenya’s access to USD316bn GDP / 309m population market and significant trade potential

Kenya’s growth potential is the extent to which it has soft and hard infrastructure that connects it with 5 neighbouring countries.
As a member of EAC, Kenya is well positioned to be the gateway to East and Central Africa



Kenya trade corridors – 48% of Africa trade is with its 5 neighbours

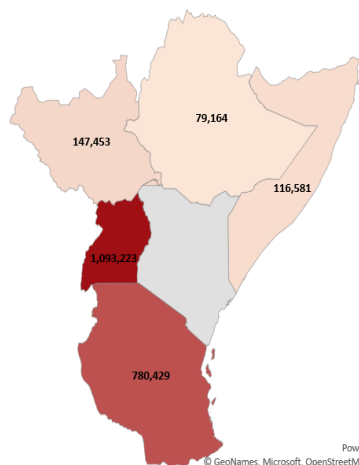
Kenya's position as a diversified manufacturing gateway into East and Central Africa positions it for increased cross-border trade and investment therefore accelerating growth of its domestic private sector

48% of Kenya's merchandise trade in Africa is with its neighbours

Merchandise total trade with neighbours (USD2.2bn)

Total trade (USD'000)

79,164 1,093,223



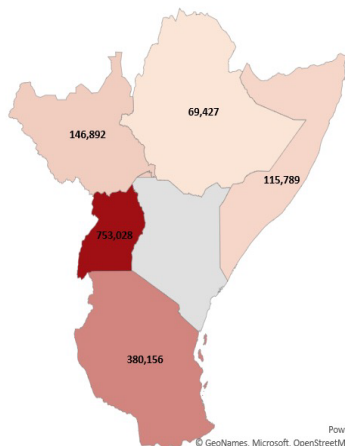
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54% of Kenya's Africa exports is with its neighbours

Merchandise exports with neighbours (USD1.4bn)

Total trade (USD'000)

69,427 753,028



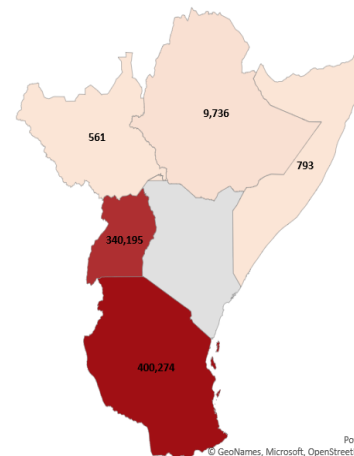
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40% of Kenya's Africa imports is with its neighbours

Merchandise imports with neighbours (USD752m)

Total trade (USD'000)

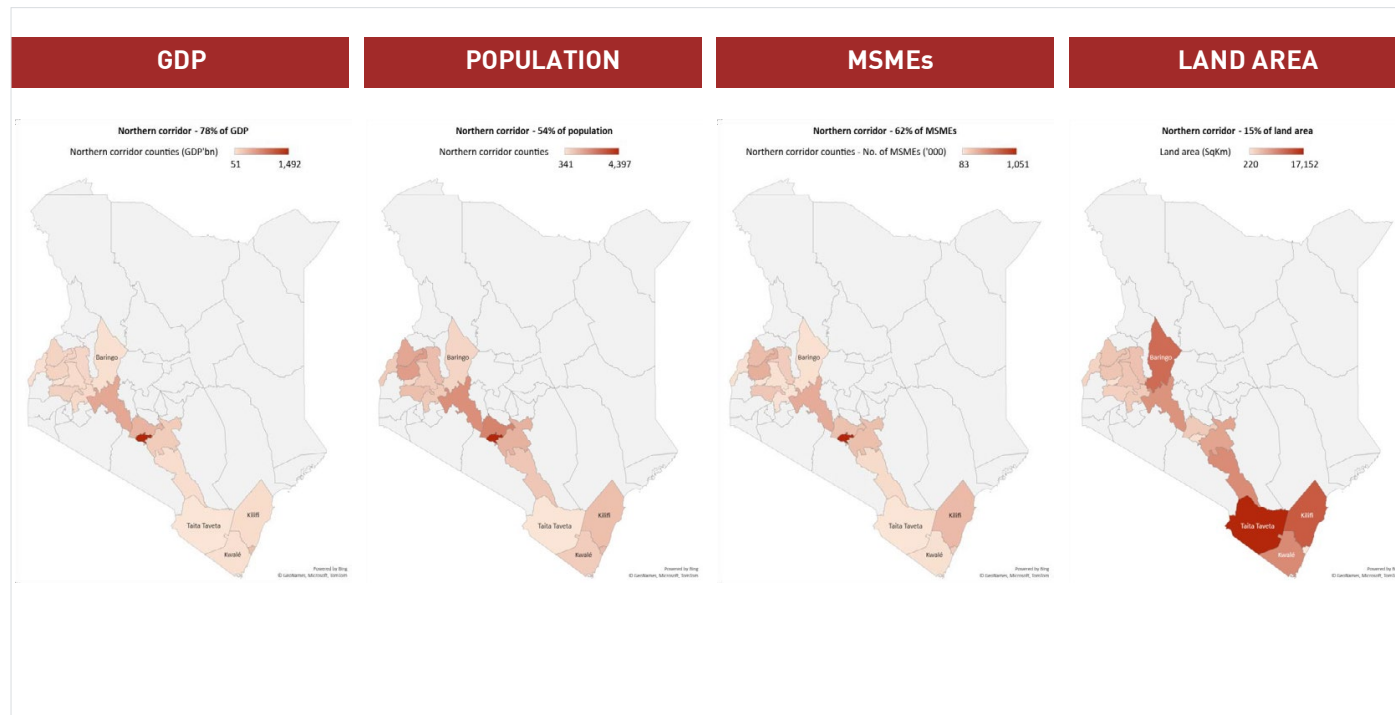
561 400,274



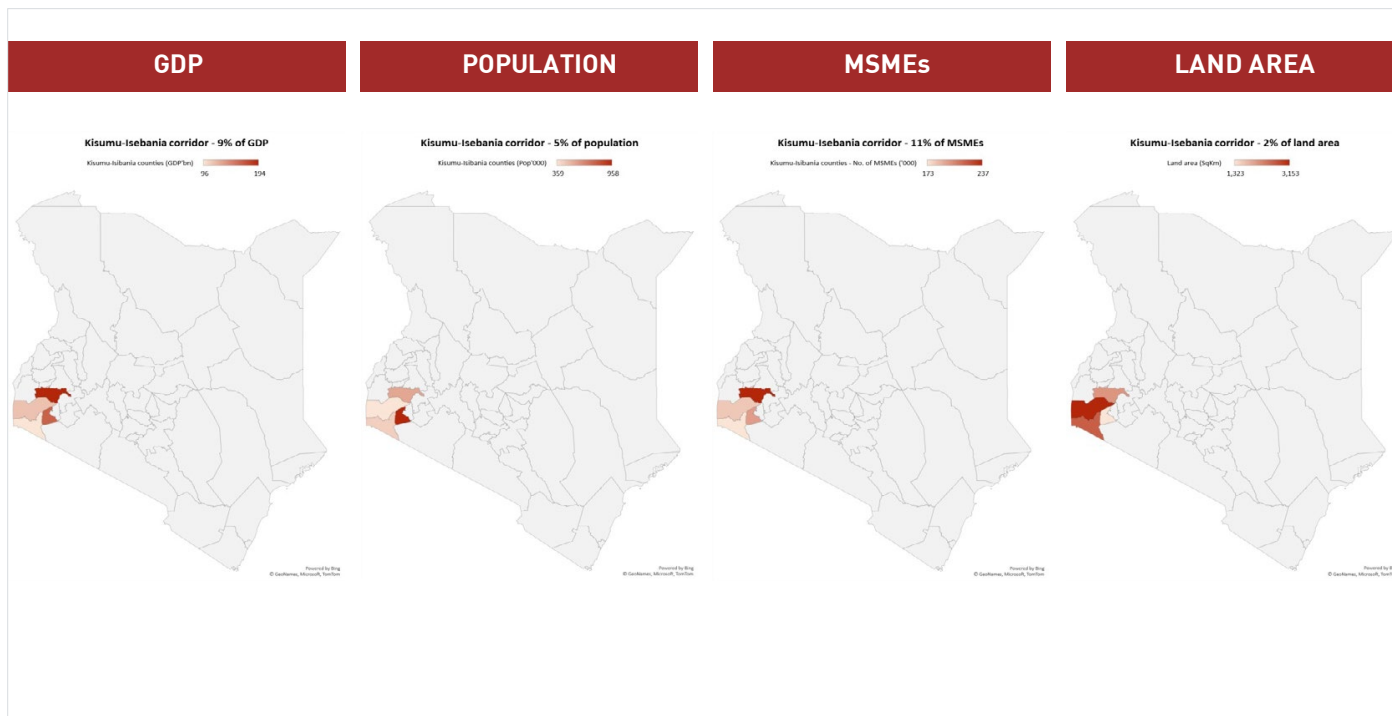
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Source: UNCTAD data

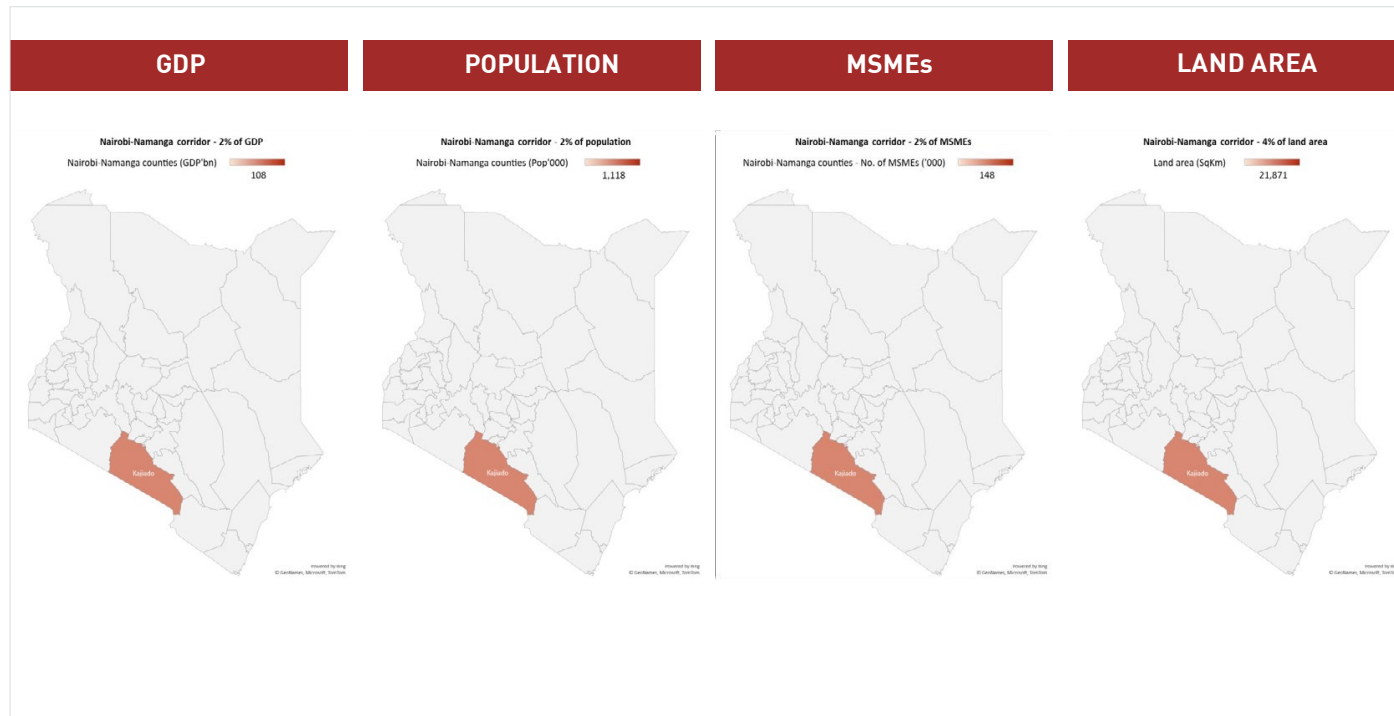
Kenya trade corridors – Northern Corridor (19 counties) generate 78% of GDP, 54% of population, 62% of MSMEs and is a key regional trade corridor



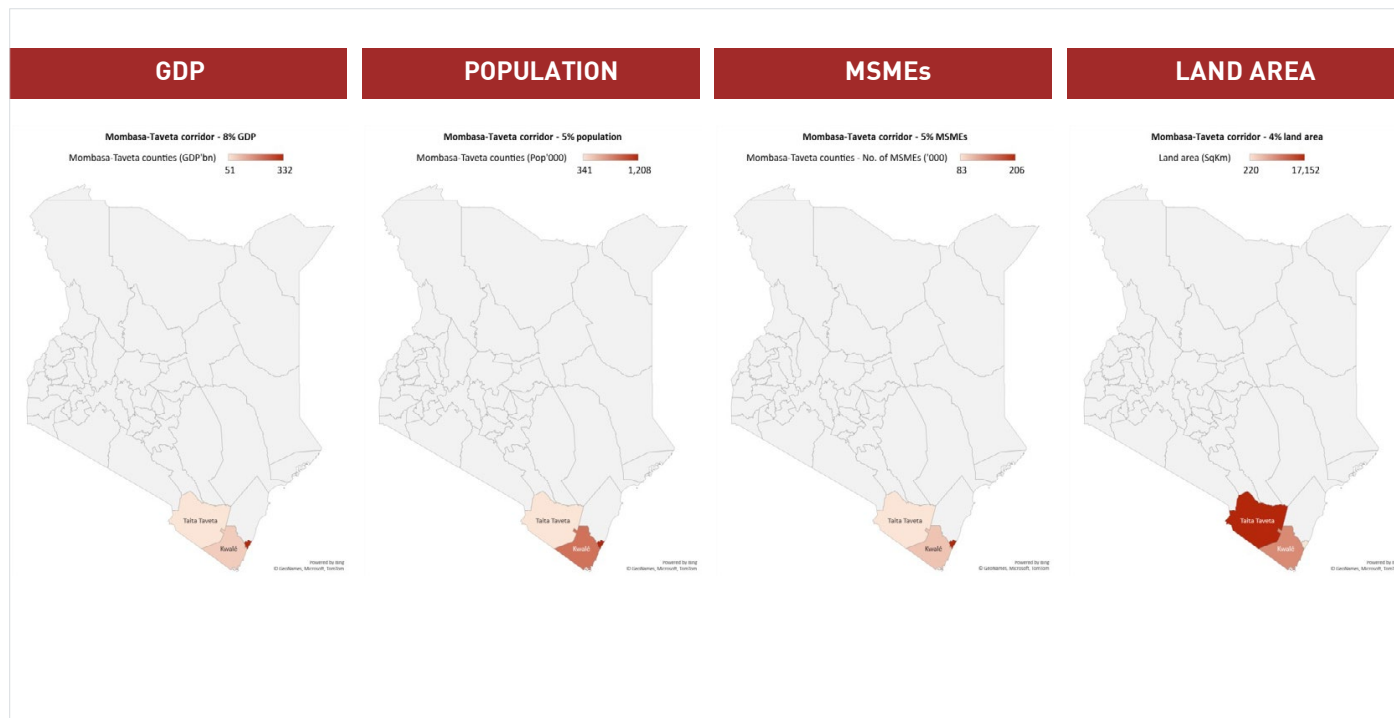
Kenya trade corridor – Kisumu-Isibania Corridor (4 counties) generate 9% of GDP, 5% of population, 11% of MSMEs



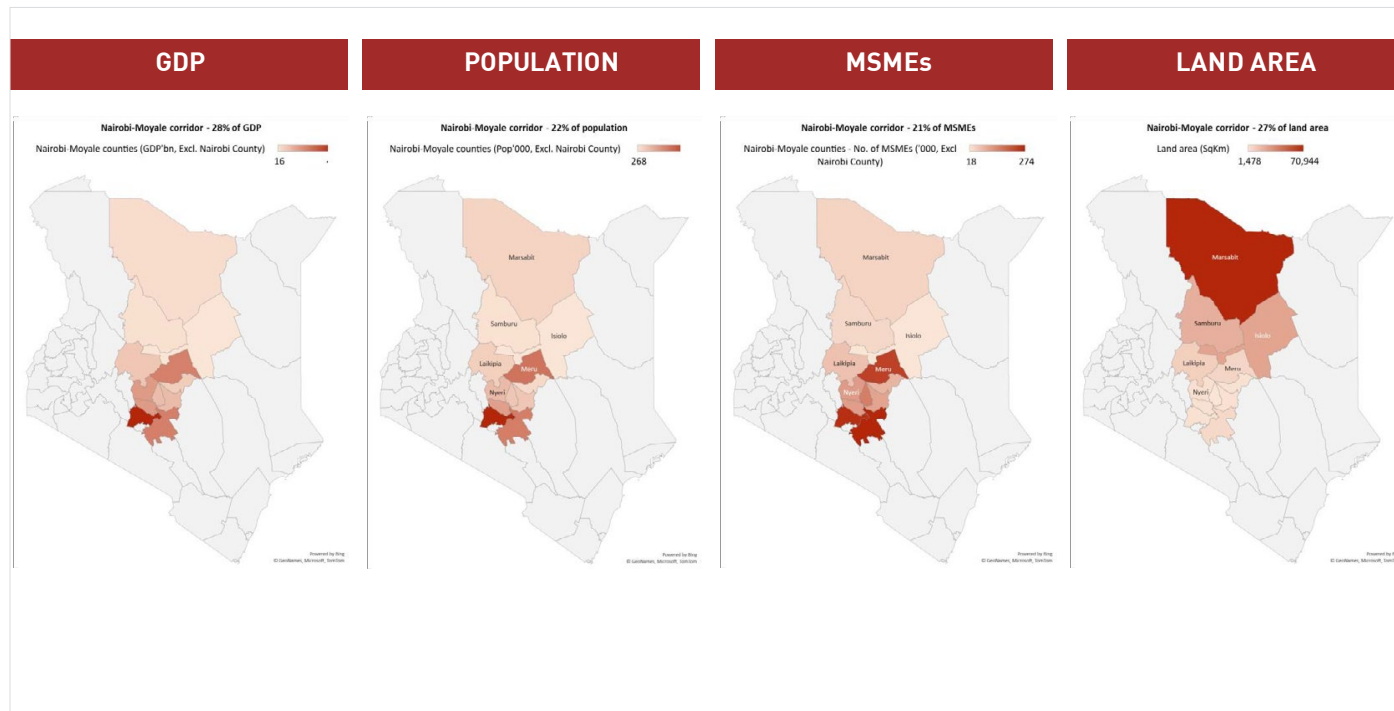
Kenya trade corridors – Nairobi-Namanga Corridor (2 counties) Excl. Nairobi generate 2% of GDP, 2% of population, 2% of MSMEs



Kenya trade corridor – Mombasa-Taiveta/Lunga Corridor (3 counties) generate 28% of GDP, 54% of population, 62% of MSMEs



Kenya trade corridor – Nairobi-Moyale Corridor (13 counties) – excl. Nairobi generate 28% of GDP, 54% of population, 62% of MSMEs



Kenya productive capacities – make it relatively attractive as an east coast manufacturing hub and gateway

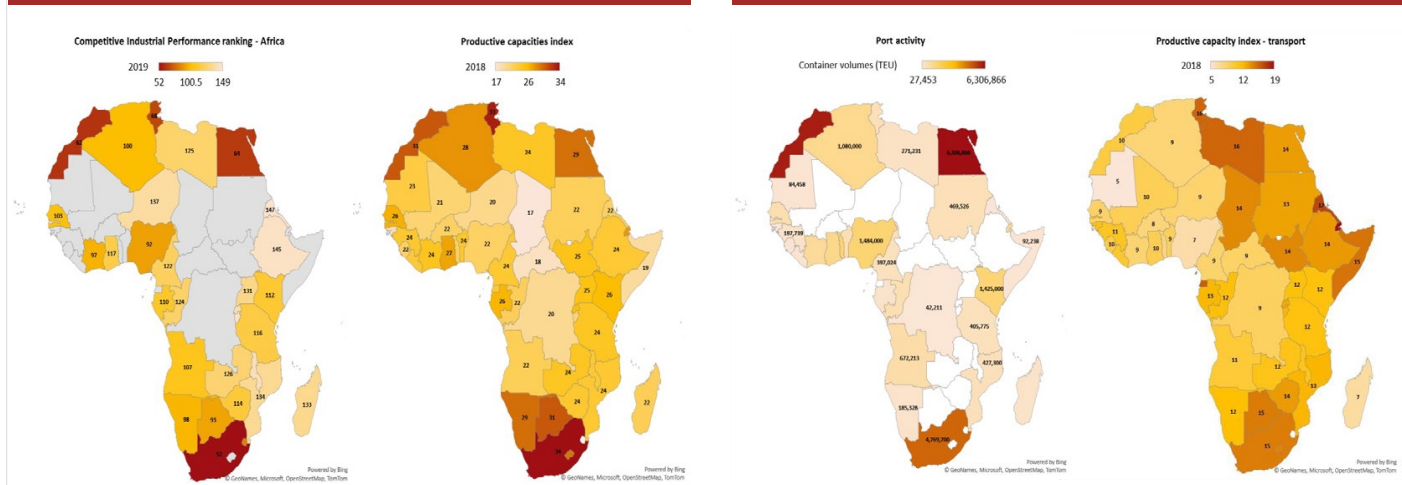
With global supply chains broken Kenya has the opportunity to position itself as an alternative to locate / relocate agro- processing / manufacturing capacity. With access to agricultural and extractive raw materials and continued investment in infrastructure Kenya is well positioned to be connected to global supply chains

INDUSTRIAL HUBS

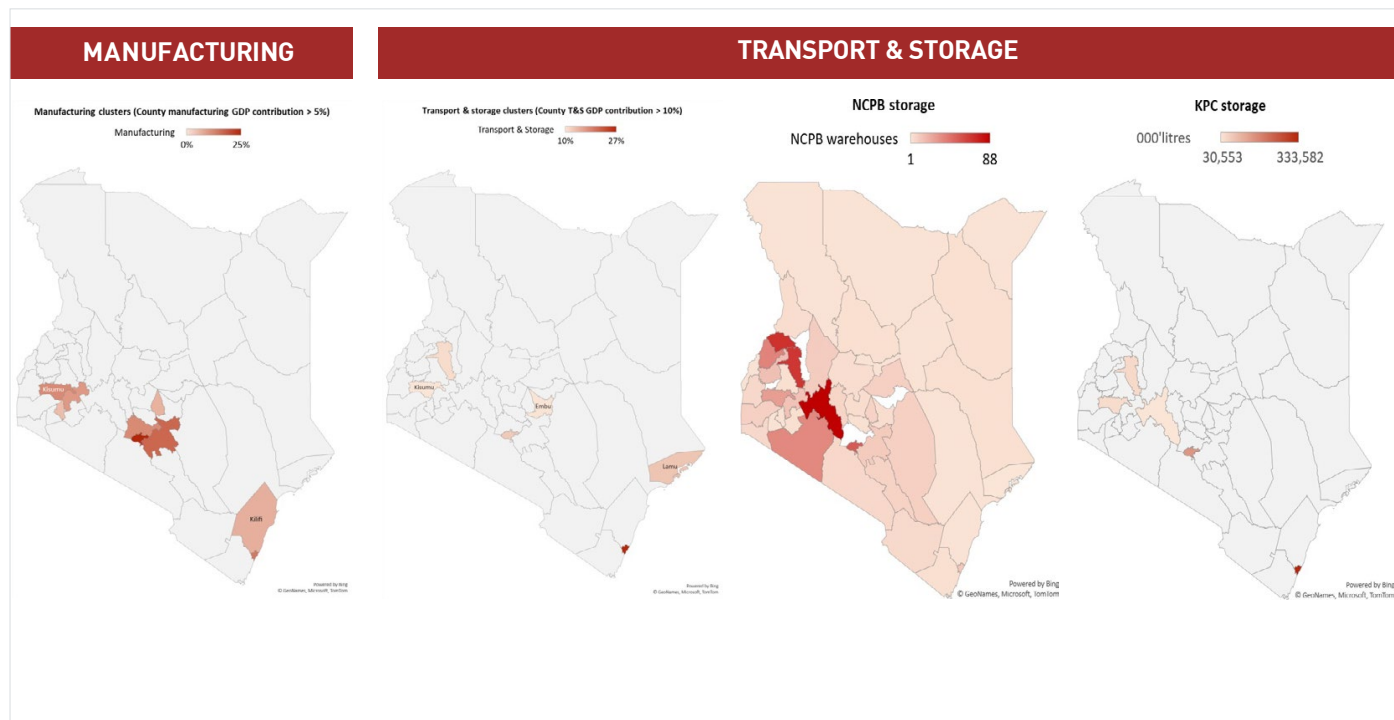
Southern Africa: South Africa
 North Africa: Egypt, Morocco, Tunisia
 West Africa: Nigeria, Ivory Coast
 East Africa: Kenya, Tanzania

TRANSPORT HUBS

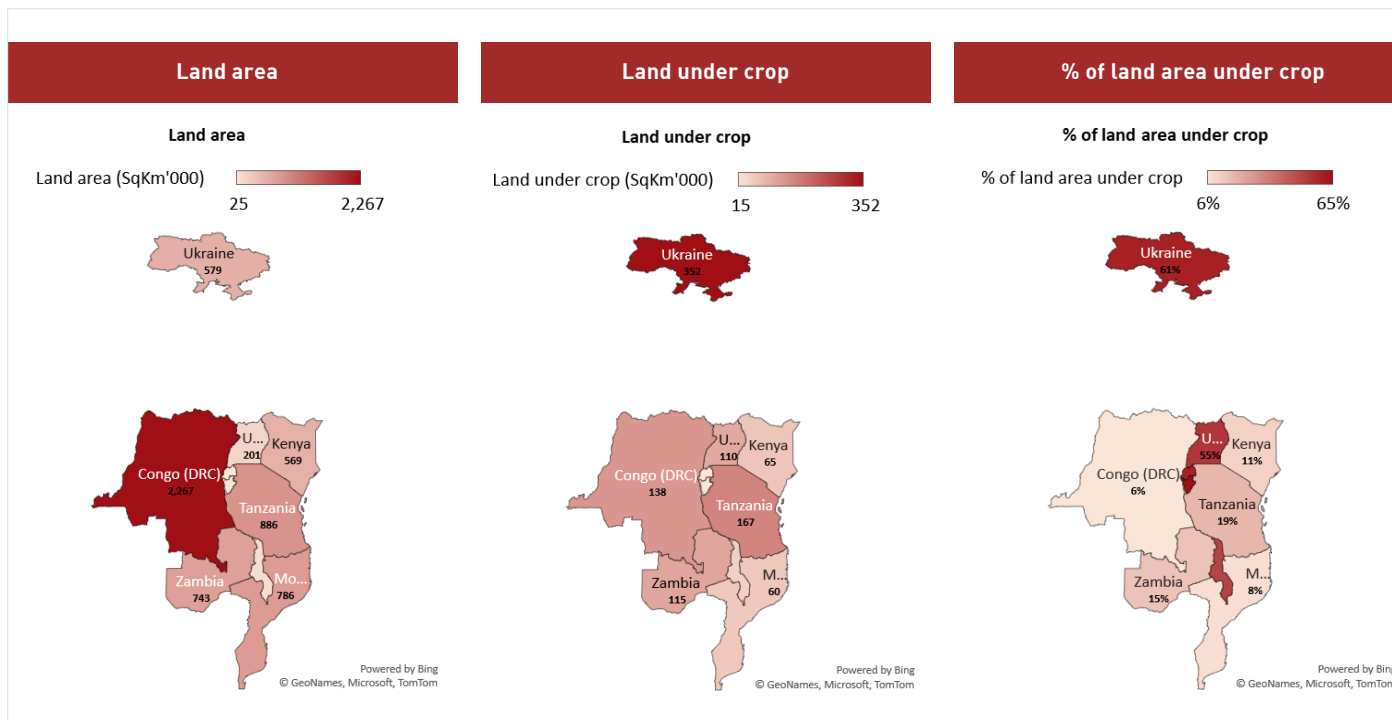
Southern Africa: South Africa
 North Africa: Egypt, Morocco
 West Africa: Nigeria
 East Africa: Kenya, Tanzania, Djibouti



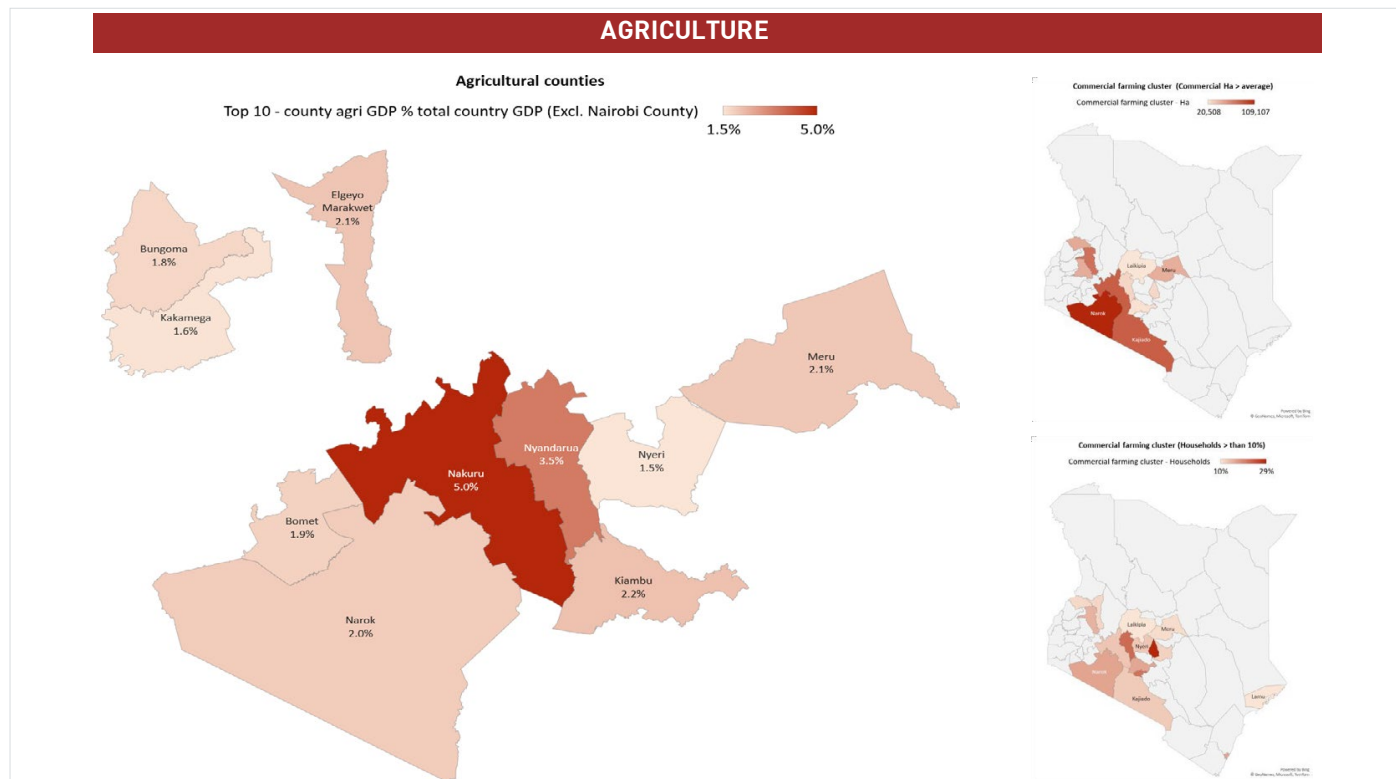
Kenya productive capacities – economic clusters



Kenya agriculture – expansive agricultural land makes the country a potential net exporter



Kenya agriculture – economic clusters

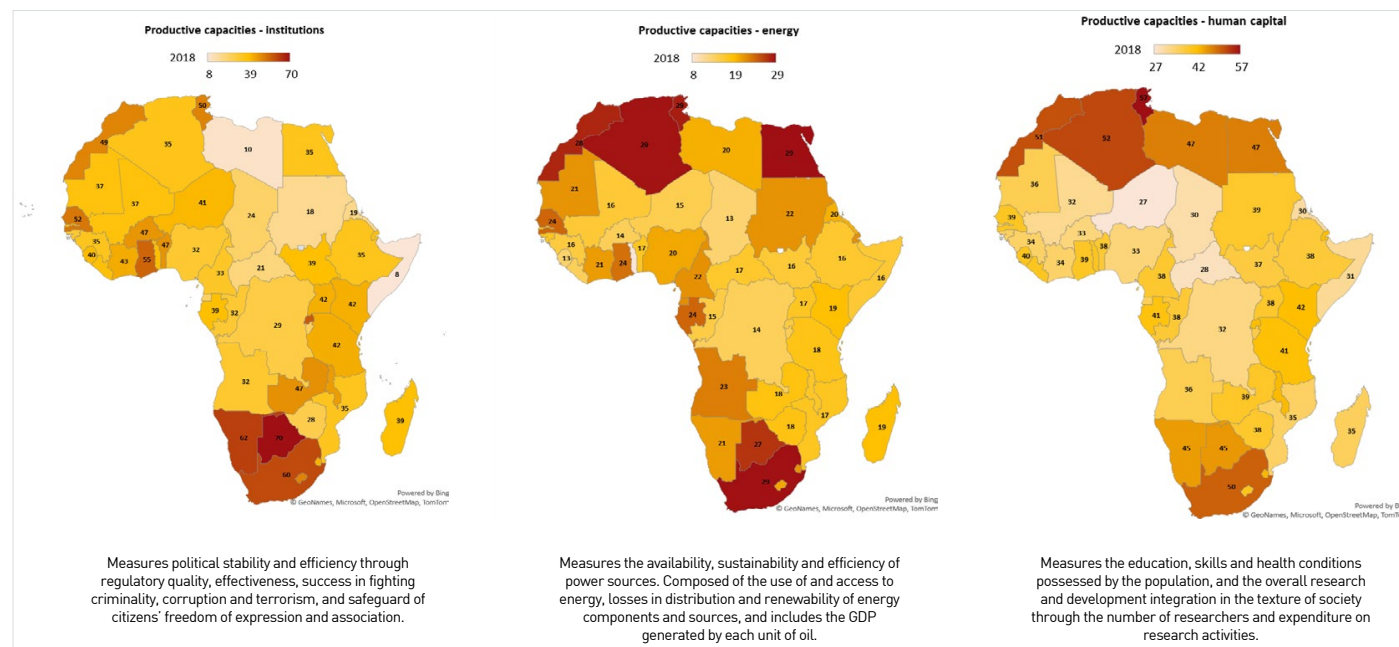


Kenya

**Catalysts to unlock accelerated
wealth transformation**

Catalyst 1: Kenya can accelerate wealth transformation through enhanced productive capacities...needs to attract FDI, technology and skills

Continued investment in hard and soft infrastructure required to ensure enhanced domestic industrial capacity and competitive connectivity to neighbours (vs. Tanzania)



Data source: UNIDO, UNCTAD

Catalyst 2: Kenya well positioned to be key Africa hub...needs continued infrastructure investment and businesses that can connect regionally

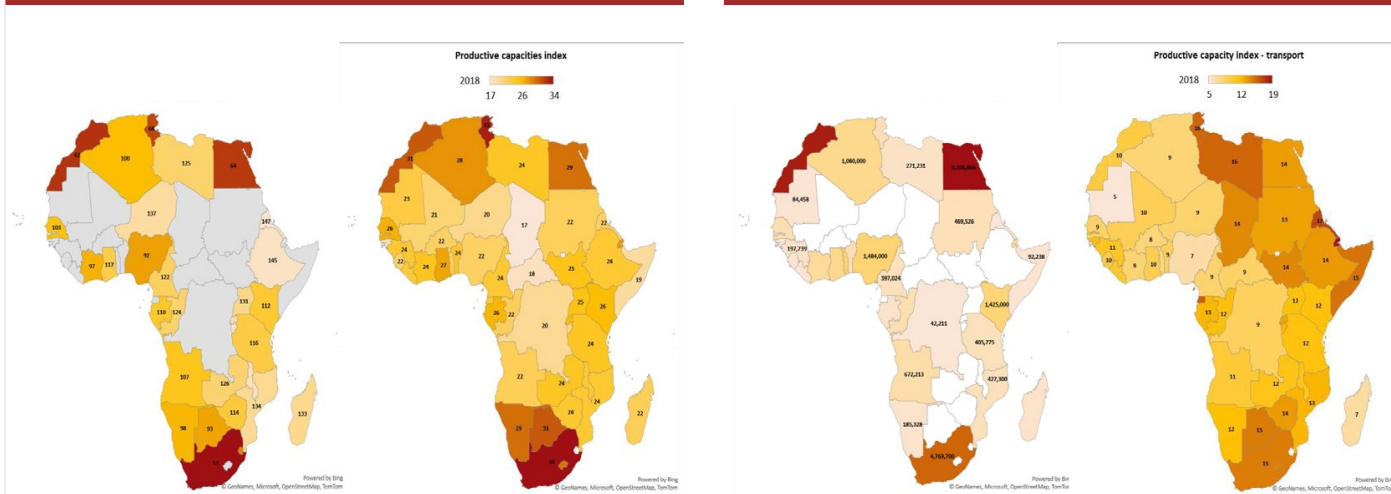
Whilst hard and soft infrastructure will ensure connectivity, throughput along trade corridors require businesses that are able to connect with regional opportunities...the need for private sector to regionalize

INDUSTRIAL HUBS

Southern Africa: South Africa
North Africa: Egypt, Morocco, Tunisia
West Africa: Nigeria, Ivory Coast
East Africa: Kenya, Tanzania

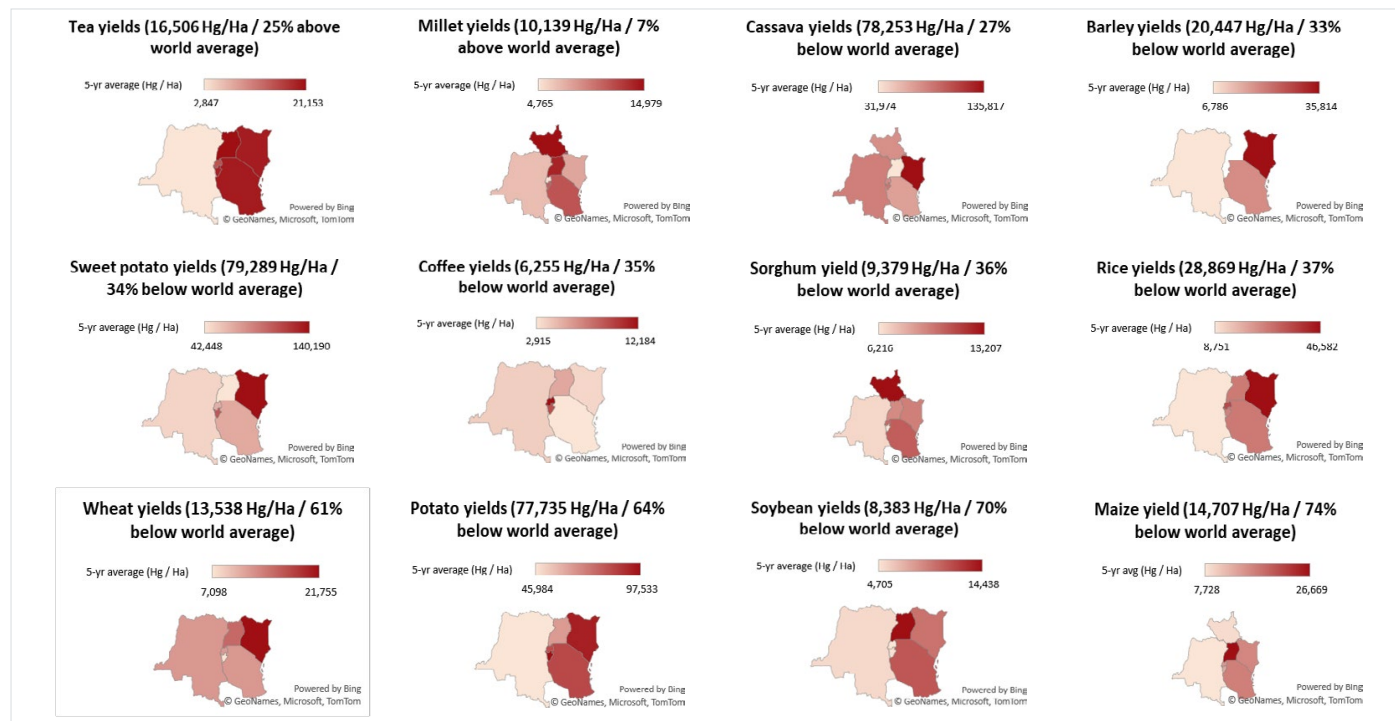
INDUSTRIAL HUBS

Southern Africa: South Africa
North Africa: Egypt, Morocco
West Africa: Nigeria
East Africa: Kenya, Tanzania, Djibouti



Data source: UNIDO, UNCTAD

Catalyst 3: Kenya has potential to be a net food exporter and be connected to global food production chains...needs agricultural champions

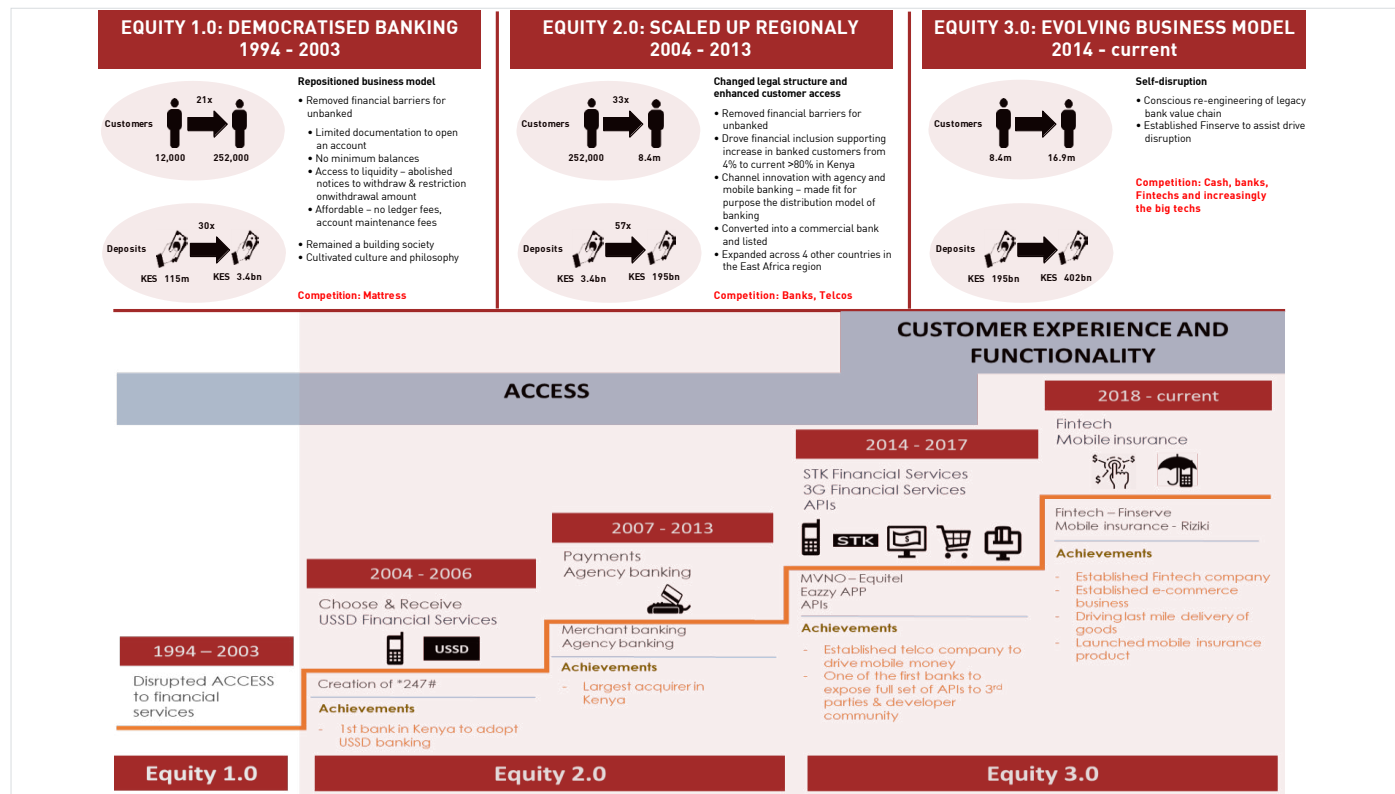


Data source: FAO

Equity Group

**A history of regional social and
economic transformation**

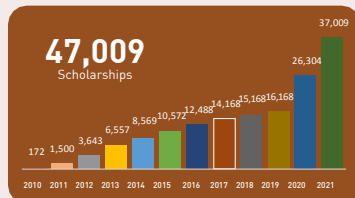
Equity Group transformation impact and self disruption



Equity Group inclusive and holistic solutioning business model... supportive of converting consumption into production

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
- 82% university entrance

Equity Leaders Program

- 17,820 university scholars
- 742 attending / alumni global universities

FOOD & AGRICULTURE
→ TRANSFORMING
SUBSISTANCE FARMERS TO
AGRI-BUSINESSES

2.4m
Farmers impacted

191,000
SME farmers
supported

FINANCIAL LITERACY →
ENABLING TODAY'S UNBANKED
TO BE TOMORROW'S CUSTOMER

2,383,747
Women & Youth Trained in
Financial Education



ENTREPRENEURSHIP TRAINING →
TRAINING TODAY'S WORK FORCE
TO BE TOMORROW'S EMPLOYER



376,185
Entrepreneurs
Trained

KES176.3B
Loans to 221,584 MSMEs under Young
Africa Works Program

Community support

HEALTH → SUPPORTING A HEALTHY
AND PRODUCTIVE COMMUNITY



58 Clinics opened

972,079 Patient visits

SOCIAL PROTECTION → PROVIDING A
BRIDGE TO A BETTER TOMORROW



4,026,751
Individuals Reached with
Social Protection Programs

KES 107.5B Cash transfers

ENERGY & ENVIRONMENT →
GROWING FOR A SUSTAINABLE
FUTURE

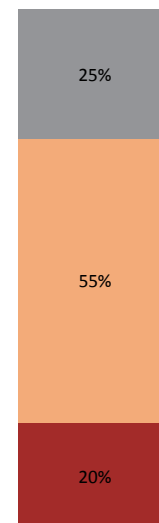


19.0 Million
Trees planted

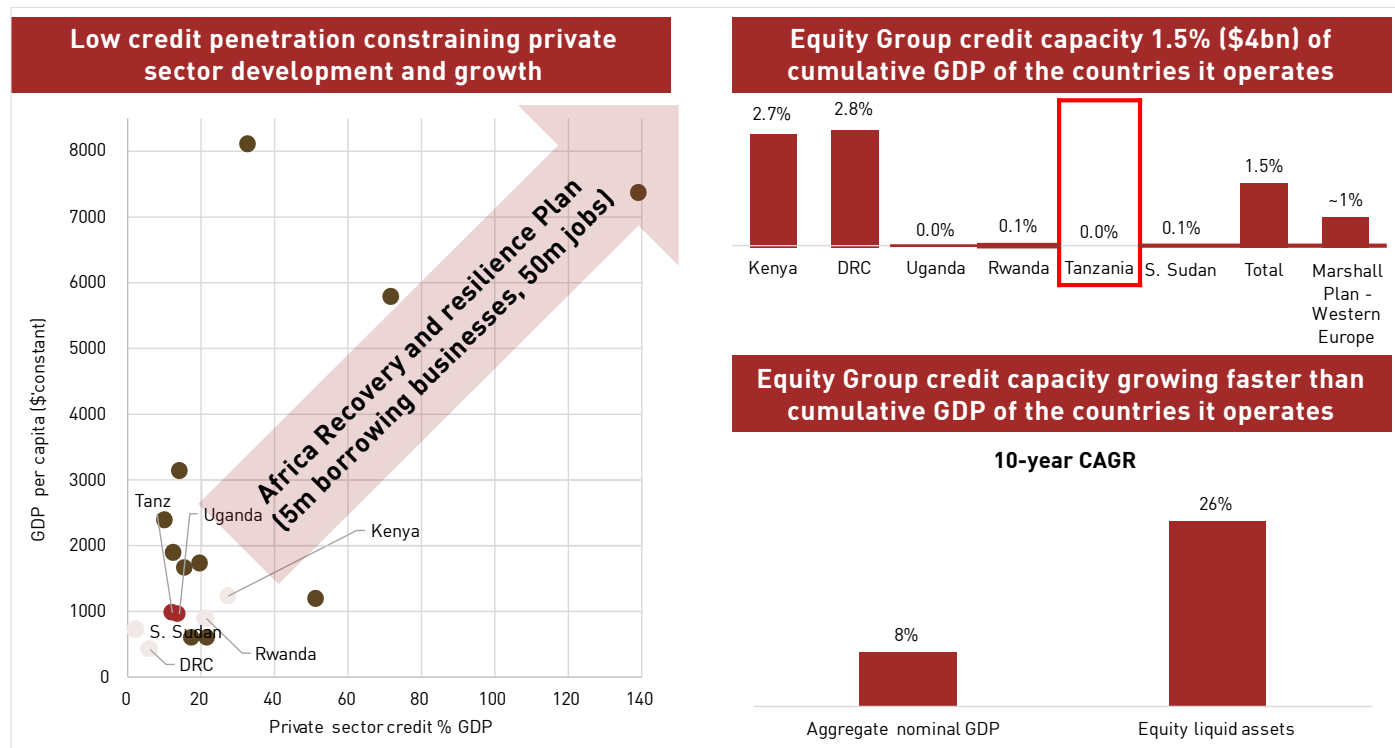
KES 107.5B Clean energy
products distributed

Equity Group loan mix

■ Consumer ■ MSME ■ Corporates



Equity Group lending capacity can support a “Marshall Plan” for the East and Central Africa region



Source: World Bank, Equity Group

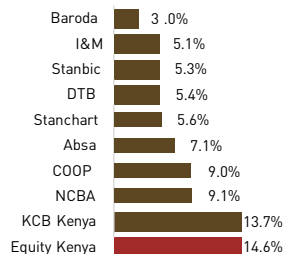
Formidable regional financial services platform

2021 asset market share

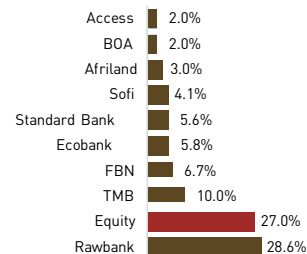
EAC



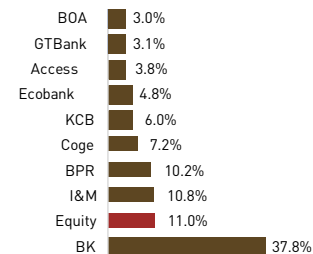
Kenya



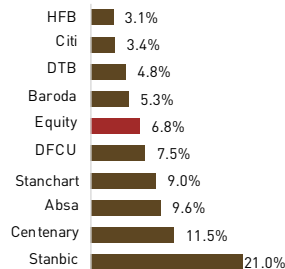
DRC



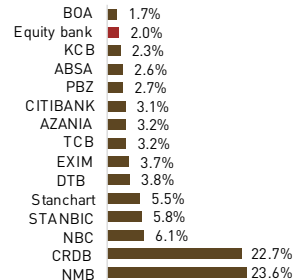
Rwanda



Uganda



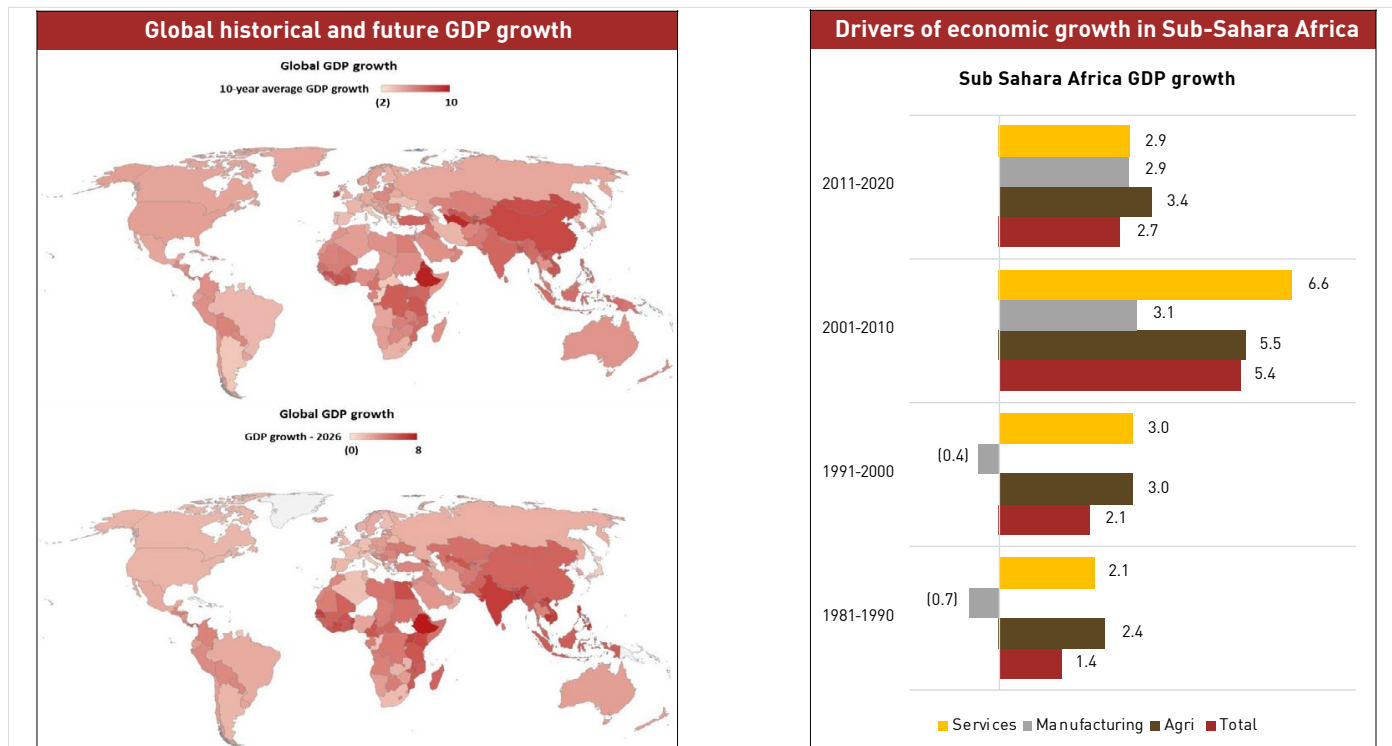
Tanzania



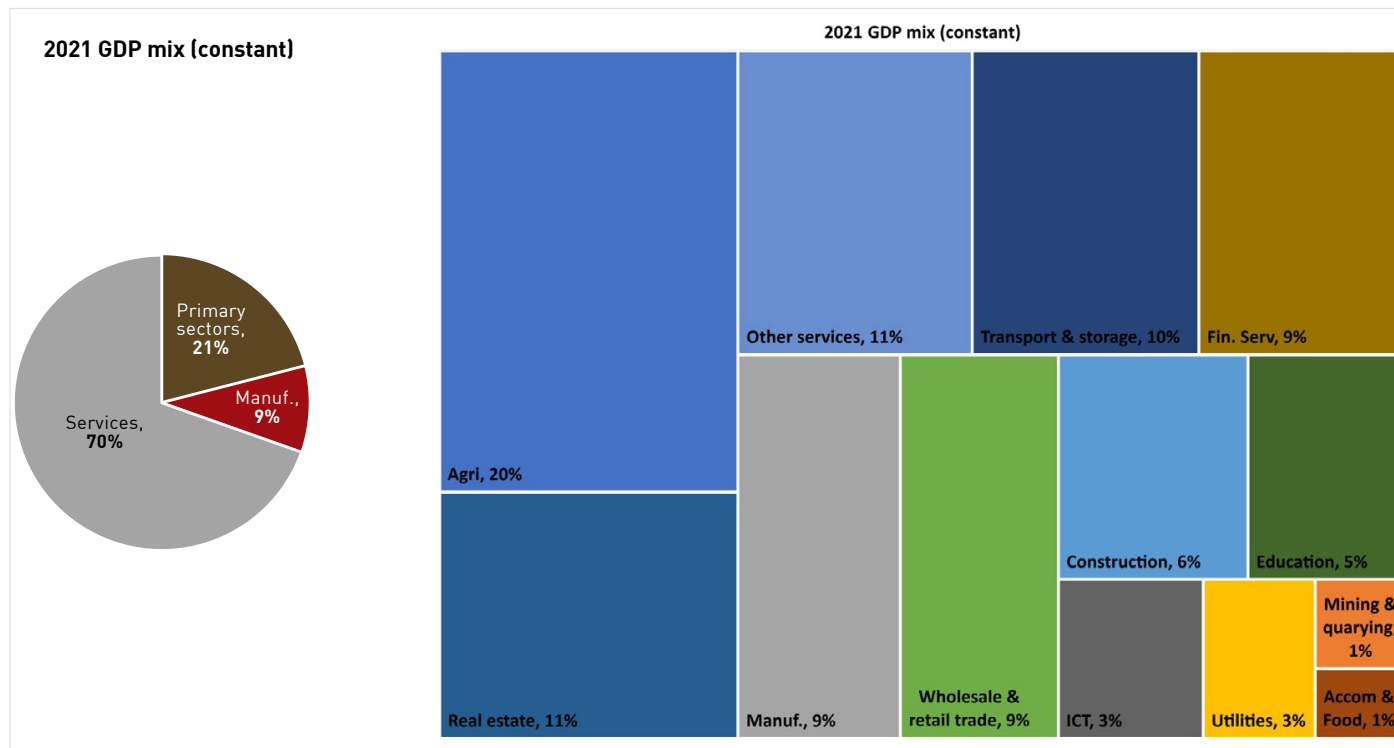
Source: Central banks, bank financial statements, Equity Group

Appendix

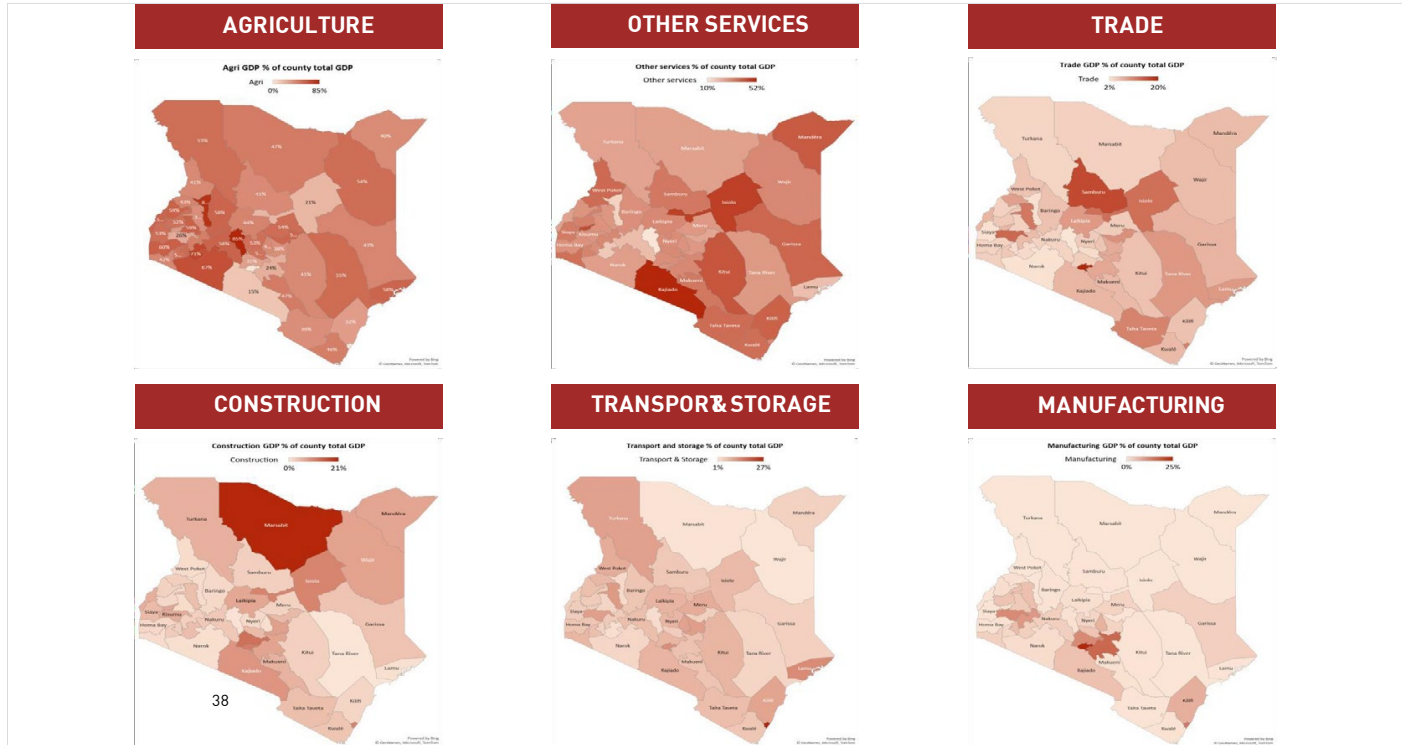
Growth: Kenya operating in one of the fastest growing regions in the world



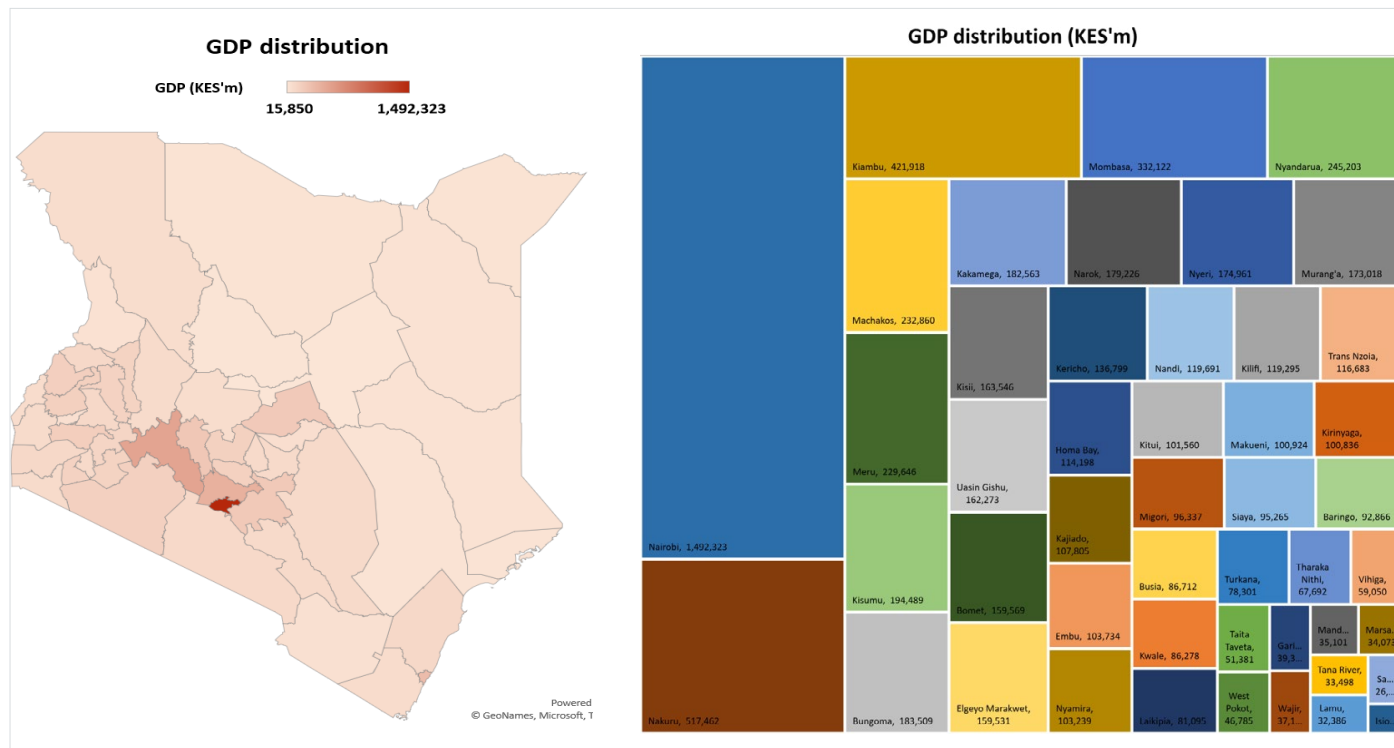
Economic structure: Kenya economy an agro-services driven economy with manufacturing potential



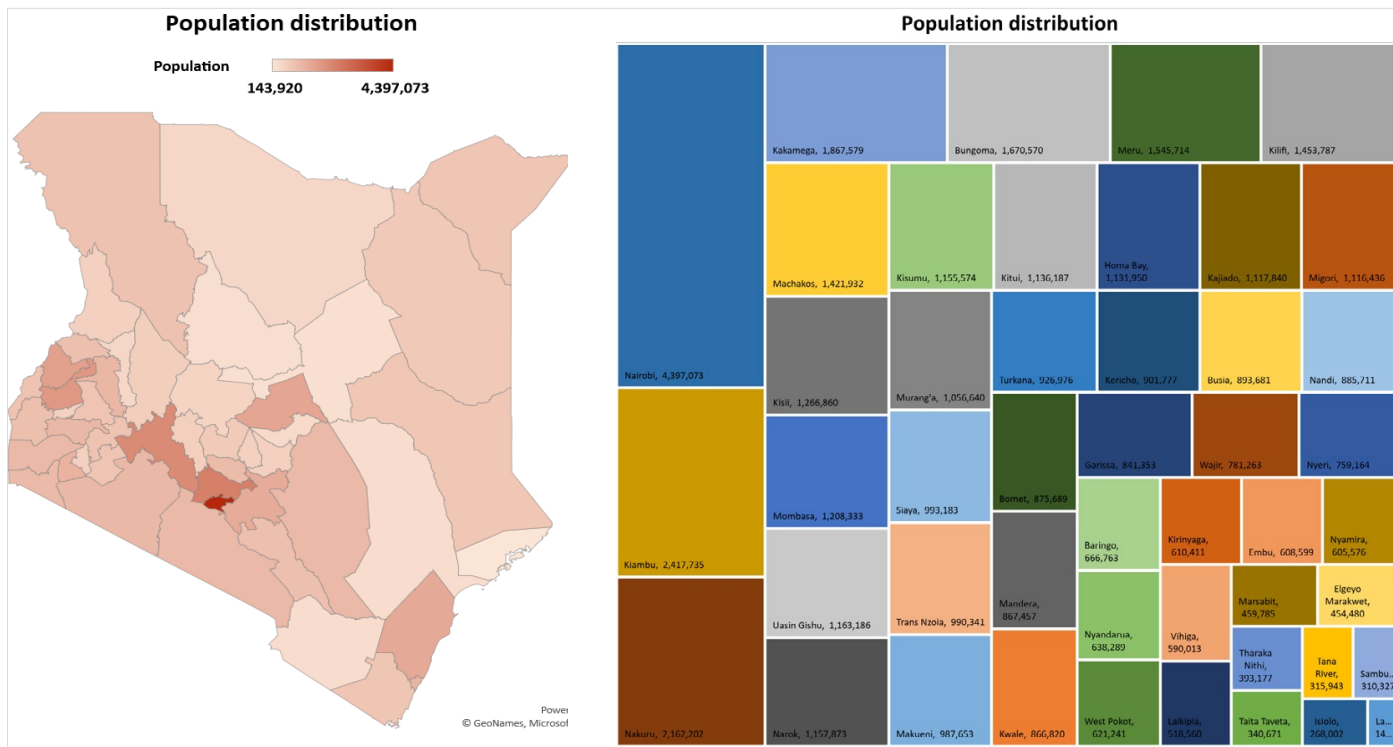
Spread of economic activity: Agriculture and services widespread, whilst clusters of manufacturing



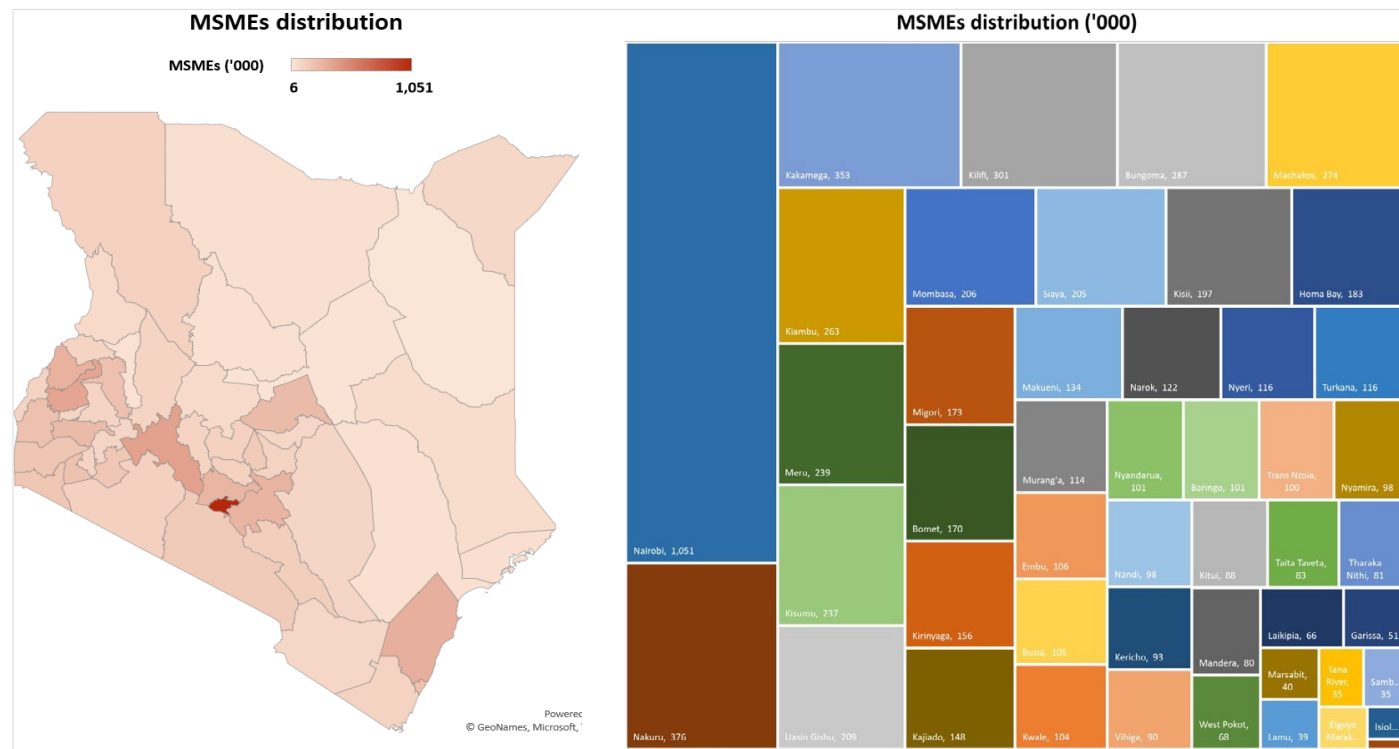
Distribution of economic activity: GDP highly concentrated



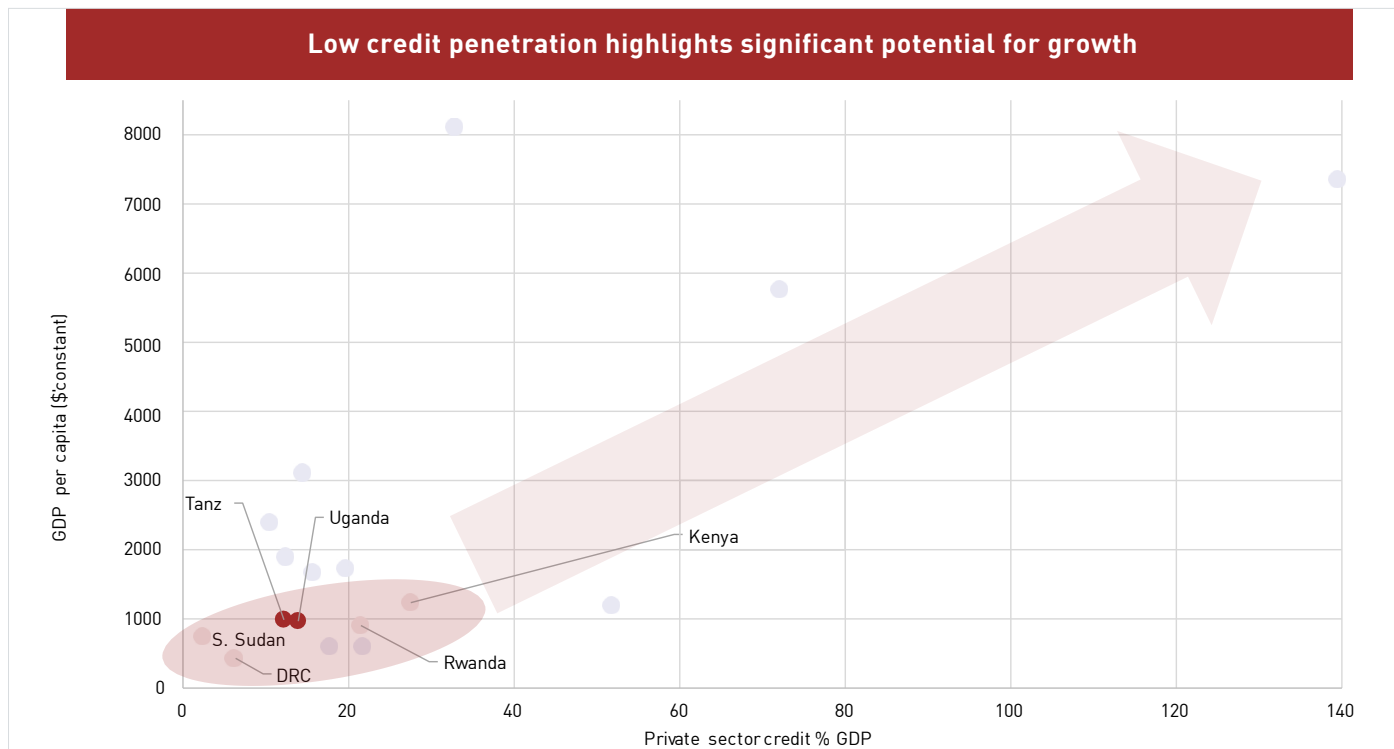
Distribution of population: Population more dispersed



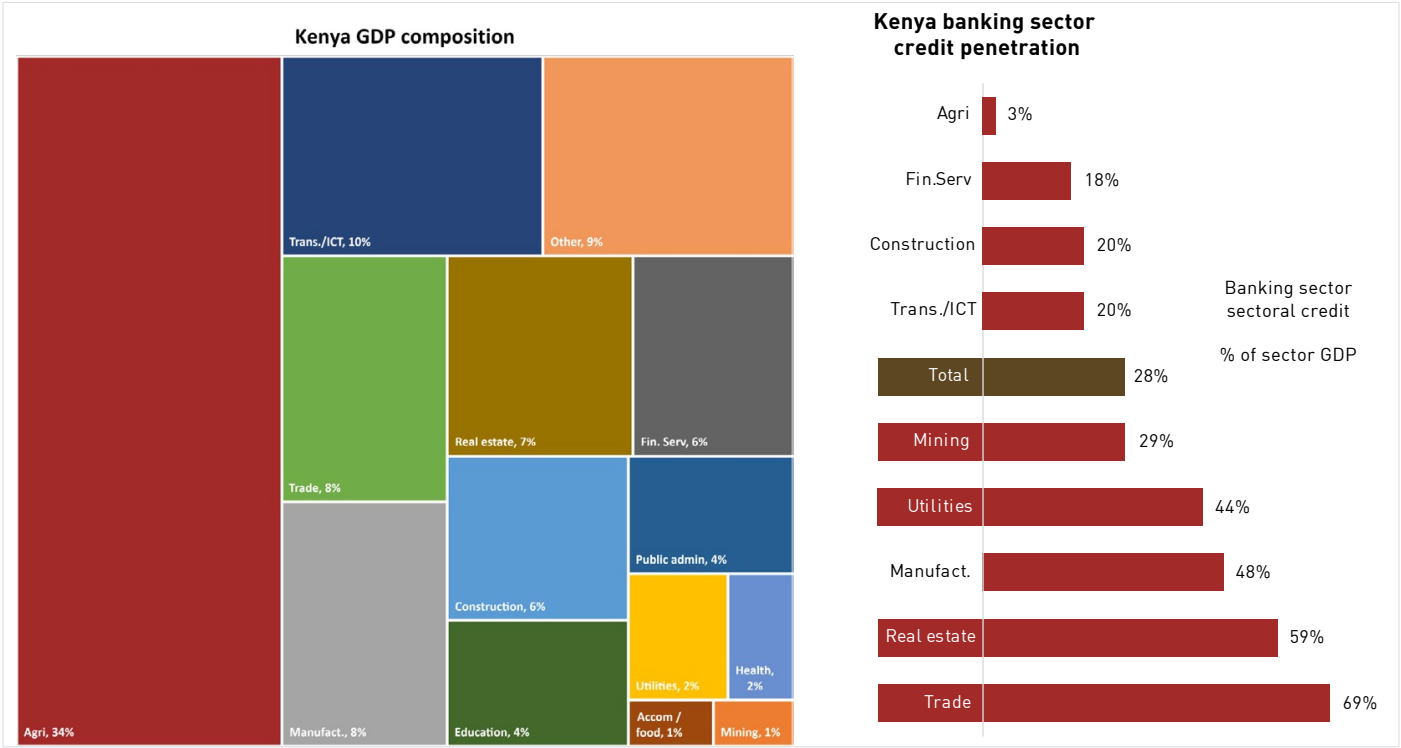
Distribution of economic activity: GDP highly concentrated, whilst distribution of population and MSMEs more spread



Low credit penetration: Kenya banking sector penetration remains low and points to significant potential for growth



Low agriculture penetration: Points to significant potential for growth in the agriculture sector

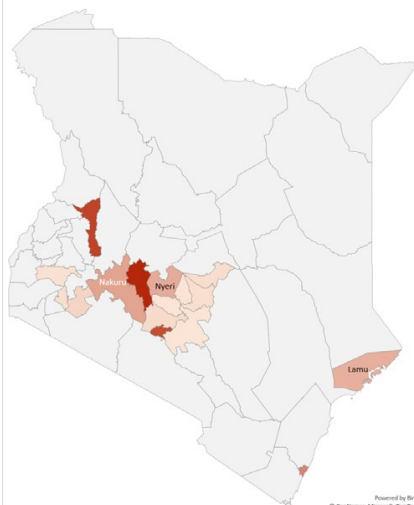


Economic clusters (continued)

HIGH INCOME COUNTIES

High GDP per capita (Above country average)

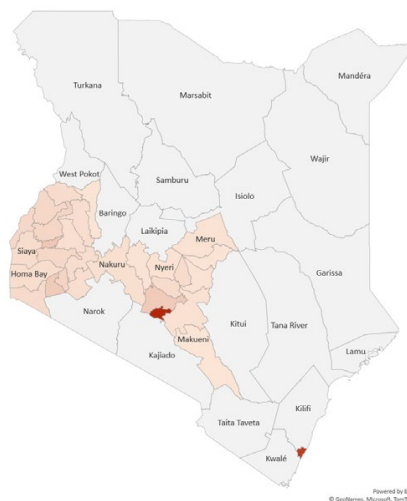
GDP per capita
163,744 384,157



MASS RETAIL

High population density (Above adjusted country average)

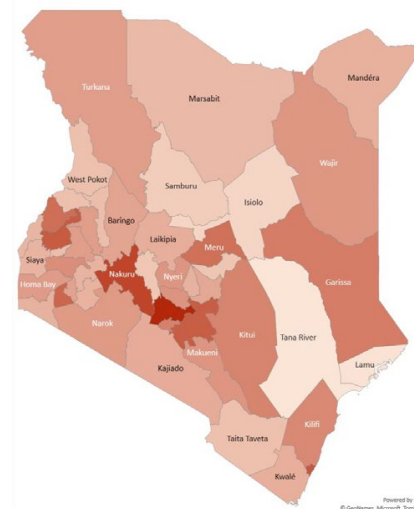
Population per SqKm
121 6,247



CIVIL SERVANTS

County civil servant salaries

Salaries (KES'm)
1,175 6,928



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

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



Scan QR code below to download the Africa Recovery and Resilience Plan



Scan QR code below to download the Equity Group Holdings Plc 2021 Integrated Report and Financial Statements



Scan QR code below to view video:
Reflections on **how the private sector can build back better** by Equity Group Managing Director and CEO, Dr. James Mwangi in Arusha, Tanzania during the EAC Heads of State High Level Retreat for the Summit on the EAC Common Market



Scan QR code below to download the Equity Group Holdings Plc H1 2022 Investor Presentation





Contact Us

For more information about the Africa Recovery and Resilience Plan, write to africaplan@equitygroupholdings.com



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

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