

# Kenya



## KENYA TAKES ITS PLACE IN THE GLOBAL ICT VILLAGE

The rapidly expanding BPO and telecom sectors are catalysts for economic growth **Page 03**

## AFRICA'S ORIGINAL SAFARI DESTINATION

Legendary wildlife reserves, idyllic beaches and fascinating safaris boost tourism **Page 04**



## AGRIBUSINESS LOOKS FOR PARTNERSHIPS TO GROW

With the largest cooperative movement in Africa, a healthy agriculture sector is vital **Page 04**

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## East Africa's economic hub

One of the most developed economies on the continent, Kenya is the transportation, communication and financial nexus of East Africa, with a pro-active business environment and a drive for public-private partnerships

Kenya boasts the most vibrant business sector in East Africa. It has built up a robust financial market that has made loans available to millions of ordinary citizens and boosted stock market activity. Economic growth—marred for decades by government mismanagement, counter-productive economic policies, and corruption—was making steady improvements before the onset of recent instability, and both the public and private sectors are rallying to re-energize the economy.

"As a country we are looking at opportunities for expansion of the co-operation with the U.S.," says Prime Minister Raila Odinga. "Kenya don't expect and don't want charity; all they want is an opportunity to do business with the U.S. They want to see more Kenyan goods accessing American markets. We would like to see more American investors looking into Kenya and to see more American tourists visiting Kenya."

Kenya has a tradition of private-sector entrepreneurial activity. Launching a business here takes an average of 30 days, compared to the world average of 38 days. It is rated by Heritage International as one of the top 10 most open coun-



The region's financial center, Nairobi has the potential of becoming one of the strongest cities in Africa, both politically and economically

tries in Africa in terms of economic freedom.

Over the years, the country has attracted billions of shillings in foreign direct investments, gaining greatly from its booming tourism and horticulture export sectors. There is an array of global companies here, including Google, Cisco, Unilever Citigroup and Nestle. "Many international companies use Nairobi as a center for managing their cluster markets," says Bharat Thakrar, CEO of Scan Group, adding that Kenyan companies, such as Equity Bank and KCB, are also exploring regional opportunities.

"Our country is a rising star on the East African seaboard. Kenya has had several false starts; however, Kenyans are getting their act together. We are planning to roll out the Brand Kenya initiative," says Odinga.

Chairman of Brand Kenya Hanington Gaya says, "One of the mandates of Brand Kenya is to work with the youth. We launched a campaign in January and challenged the youth to emulate Obama, and to not only dream, but to act as well. Also, Professor Wangari Maathai, a Kenyan Nobel laureate, is an international figure who is highly respected worldwide when it comes to environmental issues."

The Kenya Private Sector Alliance (Kepsa) was set up in 2003 to enable private enterprises to come together and speak with a united voice. It works toward increased collaboration and understanding between the government and the private sector to boost social and economic growth. "Around 75% of Kenya's economy is run by single business owners," says Kevit Desai, CEO of Kepsa. "We have adopted unique strategies, such as the prime minister's round tables, which bring the government and the private sector together. We have extraordinary resources in this country. Kenyans are not blind to the fact that we are doing poorly in comparison to what we have; it's clear there is a lack of ca-

capacity that brings about the need for public-private partnerships."

Susan Kikwai, CEO of the Kenya Investment Authority, says, "There is huge potential in many sectors for international investors here, including oil, gas, hydroelectricity, solar and wind energy infrastructure development. We want to build a standard gauge railway from Mombasa to Bujumbura, as well as from Lamu to southern Sudan, which will connect to Addis Ababa in Ethiopia. Plus we want to privatize our ports and make Lamu a free port."

Deputy Prime Minister and Min-

ister for Local Government Wycliffe Musalia Mudavadi comments, "The framework has already been put in place that will allow the private sector to come and invest in some of the infrastructure projects."

The rising ICT sector is positioning the nation as a highly attractive destination for call center operations. "There is great potential for business process outsourcing here," says Prof. Njuguna Ndung'u, Governor of the Central Bank of Kenya.

In June, the East Africa Marine System (TEAMS) cable was laid, providing Kenya with a high-band-

width connection to the internet. The \$82-million submarine fiber-optic cable links the Mombasa coast with Fujairah in the UAE. "The cable will change the way Kenyans operate in the same way that the cell phone industry has changed how we communicate," says Gina Din Kariuki, managing director of Gina Din Corporate Communications.

"The country has potential for greatness and we want to move from what it has been to what it should be. Vision 2030 aims to transform Kenya into a middle-income economy by 2030," says Odinga.

## FACTS & FIGURES

► **Location:**  
Eastern Africa, bordering the Indian Ocean, between Somalia and Tanzania

► **Capital:** Nairobi

► **Population:**  
39,002,772 (2008 est.)

► **Area - comparative:**  
Slightly more than twice the size of Nevada

► **Currency:**  
Kenyan shilling (KES)

► **GDP - purchasing power parity:**  
\$61.51 billion (2008 est.)

► **GDP - per capita (PPP):**  
\$1,600 (2008 est.)

► **GDP - real growth rate:**  
1.7% (2008 est.)

► **GDP - by sector:**  
Services: 59.5%  
Agriculture: 23.8%  
industry: 16.7% (2007 est.)

► **Exports:**  
\$4.958 billion (2008 est.)

► **Exports - commodities:**  
Tea, horticultural products, coffee, petroleum products, fish, cement

► **Exports - partners:**  
Uganda 16.4%  
UK 9.1%  
Netherlands 8.3%  
Tanzania 7.9%  
U.S. 5.8%  
Pakistan 5.1% (2008)

Source: CIA World Factbook



**RAILA ODINGA**  
Prime Minister of Kenya

## Four main drivers of economic success

### ► Location, location, location:

The heart of Africa, a logistics hub not only for East Africa, but also sub-Saharan Africa

► **ICT connectivity:** The recent launch of the fiber-optic cable ensures Kenya is connected

► **Skilled, low-cost labor:** Kenya has a large pool of skilled labor

► **Social life:** Kenya has an exciting social scene, particularly in Nairobi, making it an attractive place to live and visit

## EQUITY BANK

# 'We have become the natural choice'

Financial services that transform livelihoods and expand opportunities across the country

Established in 1984, Equity Bank advanced from a humble building society to a microfinance institution, and more recently to the Nairobi Stock Exchange public-listed commercial bank, currently holding more than 3.5 million accounts. Equity supports more than 49% of all bank accounts in Kenya, providing the largest customer base in the country.

Empowering people is the focus of Equity Bank's mission. It designed a research and development program whose principle role is to implement ways of providing financial services to the poorer socio-economic regions and rural communities. In recognizing that many citizens, particularly lower-income earners, lack access to affordable banking services, Equity Bank operates mobile

van banking services that take the bank to the even the most rural communities.

"The strength of our brand and having branches in almost every village mean Equity has also become the natural choice for Kenyans in the diaspora for remitting funds to and from Kenya," says Dr. James Mwangi, CEO and managing director of Equity Bank. "We have the largest and most widespread branch network in the country, and with the highest concentration in niche geographical areas. We are the most capitalized bank in East and Central Africa and the bank with the highest market capitalization."

The bank contributes to multiple social projects and activities throughout the country. In 2001 it established a program that offers scholarships to the

best Kenya Certificate of Secondary Education (KCSE) student in each district they service.

The bank supports ongoing financial education within the community in churches and social gatherings, and also initiated a partnership with Meru Hospice to provide loans to people living with HIV.

In 2006, the Equity Bank Association donated a check for 5 million Kenyan shillings (\$70,000) to President Mwai Kibaki towards the National Famine Relief Fund. The bank also launched an appeal for continued donations from staff and customers.

"The fact that our clients believe in Equity's philosophies, and that they get more social value and benefit from the integration of economic and social values, has become a major attraction. This speaks to the mind and soul of the customer," says Dr. Mwangi. "The bank chose to do a paradigm shift from traditional banking

as banks have always been supply driven, but our business model is built around demand and the market place as opposed to the boardroom and market dynamics. It is supported by a strong and robust IT system and refined governance structure, which enables the bank to propel itself with stamina. Our customer's ability to identify with the bank and the feeling they get because of the social component makes the bank deliver more on dignity; some 78% of our customers have never had a bank account before."

Not surprisingly Equity Bank has received much local and global praise for its unique financial model. In 2007 and 2008, Equity was named the Best Bank in Kenya by *Euromoney's* Awards of Excellence. In 2007 it was also awarded the *Global Vision Award* in Microfinance for initiating a concept of the future that will shape the nation's economy.



**JAMES MWANGI**  
CEO and Managing Director of Equity Bank

## Championing the Socio-Economic Transformation of Africa

- Winner of Microfinance Global Vision Award 2007
- Best Performing Africa Investor (Ai) 100 Company in 2008
- Winner of Africa Investor (Ai) Financial Reporting Company of the Year 2009
- Microfinance Bank of the Year – African Banker Award 2008
- Best Bank in Kenya Euromoney Awards for Excellence 2007 and 2008
- Best Bank in Kenya, The Banking Survey Awards 2008 and 2009



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## TRANSCENTURY, LTD.

## Investing in Africa

Kenya-based TransCentury Limited has made a name for itself by buying and turning around companies across Africa

TransCentury Limited (TCL) is an investment company based in Kenya that makes medium- and long-term investments across fast-growing, under-served sectors in sub-Saharan Africa in order to generate consistent private equity returns for its shareholders.

TransCentury was established 12 years ago by a group of African professionals and entrepreneurs who were aware of the growth opportunities on the continent. Since then, TCL has developed a reputation for generating exceptional private equity returns.

CEO Gachao Kiuna previously worked for McKinsey and Company for six years and was instrumental in developing Kenya's economic blueprint, Vision 2030. "There is huge potential to unlock incredible growth by modernizing domestic sectors, which are currently inefficient and underserved," says Kiuna. "For example, we are seeing the revolution that happened in telecoms now taking place in the power sector, which has huge latent demand."

TransCentury's investment efficiency has evolved by establishing a high quality team, all of whom have experience in corporate finance, private equity and management consulting from working in emerging markets across Africa, Europe and the United States.



**GACHAO KIUNA,**  
CEO of TransCentury, Ltd.

"It is this marriage of developed-world skills with practical pan-African experience that gives the team the knowledge and flexibility to create and manage investment opportunities," says Kiuna.

The company aspires to be sub-Saharan Africa's foremost investment group in terms of portfolio size, corporate reputation and stable investor returns.

TransCentury focuses on private equity, listed equity, funds of funds and real estate primarily within the sub-Saharan Africa region.

TransCentury's investment portfolio is currently centered around the power sector including electrical giants (East African Cables Group, Tanelec of Tanzania, Za-

mefa of Zambia and Kewberg Cables of South Africa) Infrastructure (Rift Valley Railways) financial services (Development Bank of Kenya, Equity Bank) consumer goods (Chaibora of Tanzania) and fund of funds (Aureos Capital Limited, Helios Investment Partners and Business Partners International).

"We do businesses all over Africa, including subsidiaries in Kenya, Tanzania, Zambia and South Africa, and we are continually expanding into new markets," explains Kiuna. "We have shareholders who are real captains of industry and successful entrepreneurs who combined, have hundreds of years of experience doing business in Africa and actively participate in the business."

As a result of TCL's proven ability to turn around companies in Africa it does not shy away from companies that are underperforming. As part of its value creation strategy, TCL leverages its network and reputation to install new management structures.

"People can see our results, and this is the most important factor in any market," states Kiuna. "By turning around companies in high growth sectors, we not only make high returns but also contribute significantly to the economic development of this continent."

[www.transcentury.co.ke](http://www.transcentury.co.ke)

## INVESTING IN KENYA

## New investor incentives

Kenyan CEOs get behind international investment projects, citing room for growth and stability

"For wealth to be created," says Centum Investments managing director James Mworira, "investment has to be made in the areas of production which is physical capital and human capital." Production-related sectors from construction and agriculture to ICT are ripe for investment in Nairobi and beyond.

Solomon Kitungu, CEO of the Privatization Commission of Kenya, concurs: "We get most of our resources for key infrastructure projects through the public-private partnership (PPP) model from the international community."

Government commissions have tackled the economic crisis in Kenya head-on, and the conditions for investors are increasingly friendly.

"We have had a lot of sensitization and training programs with specialists from corporate America coming in to address our staff," assures Stella Kilonzo, MD of Capital Markets Authority.

In addition to individual projects, the Nairobi Stock Exchange, which is Africa's fourth-largest bourse and fifth in market capitalization, continues to gain momentum. "The growth has been phenomenal," says CEO Peter Mwangi. "In terms of market infrastructure investment, we have a depository and an automatic trading platform over a wide area network. The next phase is to have a standard broker, back-office system which will ensure that we have an end-to-end platform, and hopefully, an automatic trading system."



TransCentury generates private equity returns through investing in fast-growing sectors in Africa with companies such as Tanelec Tanzania, the largest manufacturer of electrical distribution transformers in East and Central Africa. Tanelec was recently awarded the President's Manufacturer of the Year Award in Electrical Machinery, Equipment and Electronics

## KENCALL

## Kenya's longest-running and largest call center moves ahead

KenCall continues to grow as the country becomes a BPO hub

First launched in 2005, KenCall is Kenya's first international contact center to serve a wide array of clients in the U.S., UK, Kenya, Tanzania, Norway and more. There are now 20 other similar business process outsourcing (BPO) companies nationwide, but KenCall's world-class facility in Nairobi deploys state-of-the-art technology to run its opera-



Harvard Business School did a case study on KenCall, and the company was recognized as a prime example of international entrepreneurship

tions efficiently and effectively, and set it apart from the competition. As seen with in KenCall's 600-strong talent pool, Kenya is an ide-

al choice for clients seeking absolute professionalism, thanks to the nation's high number of university graduates, neutral accents when speak-

ing English and low cost of labor. Though the BPO industry is a relative newcomer in Kenya, it is slowly being discovered by Western companies as an alternative to places such as India.

"The potential is great, and we are very bullish about the future," says CEO Nicholas Nesbitt.

"The introduction of the cable has eliminated the last hurdle that prevented large international companies from considering Kenya as an outsourcing destination."

"We are suddenly working with some very significant companies who are moving their customer service, technical support and sales op-

erations to KenCall," says Nesbitt. "These clients are realizing the savings over other BPO destinations and are surprised by the quality of our Kenyan staff operators."

KenCall is attractive to a wide range of clients because it has also developed the capability to rapidly scale its operations at almost a moment's notice, relieving clients of the headache and costs of keeping staff on standby, pending a disaster or sudden increase in call volumes. It has consequently built successful and trusted relationships in the sectors of telecommunications, banking, credit reporting and management, medical, media and insurance.

KenCall's latest development is to open a call center school known as The Outsourcing Academy. It is likely to open this year, says Nesbitt.

"We are extremely proud that in just three years of operations in an unknown and emerging destination, KenCall was nominated as the CCF Top Non-European Call Center for 2008. Our staff has been amazing and deserve all the recognition possible."

**KenCall**

[www.kencall.com](http://www.kencall.com)

## EAST AFRICAN PORTLAND CEMENT CO. LTD.

## 'I am looking forward to positive economic growth in Kenya'

Kenya's leading cement manufacturer is helping to build Kenya up through both construction and social programs

For more than 70 years, East African Portland Cement Company Ltd. (EAPCC) has been Kenya's leading cement manufacturer. By providing the 'lifeblood' of the country's construction industry, EAPCC has played a central role in nation building. Blue Triangle Cement, EAPCC's flagship brand, is well known all over Kenya as a symbol of quality and reliability. EAPCC products have been used in housing, education, health, tourism, transport and communication projects, as well as in hydroelectric power projects across the country.

The company's long history has also contributed to its top-notch status. Founded by Blue Circle Industries of the United Kingdom early 1930s, EAPCC started its trading activities by importing cement for pioneer construction work in East Africa. It was named Portland because of the resemblance in color and quality of set cement to the Portland stone that was being quarried in Dorset, England.

Since its founding, its production capacity has increased from 60,000 tons of cement per year to a staggering 1.3 million tons. EAPCC now features the latest technologies, including a mega-sized limestone crusher, a modern raw-material pre-blending system, four raw mills, multiple kilns – and a large share of the market.

Managing director John Nyambok predicts a growth of 6% in the coming year, and he is optimistic regarding the growth within EAPCC.

Despite the global economic slowdown, Nyambok says that the construction industry in East Africa is remaining relatively steady.

"People are putting up new buildings and upgrading new ones," says Nyambok. "They want to develop new roads and upgrade old ones, and it is a well-known fact in road construction that cement aids in

quick stabilization. [All of] sub-Saharan Africa is eager to develop, and if the economy grows and people are able to obtain disposable income, we are likely to experience a lot of positive growth. Consumption for cement will continue, and demand is likely to increase in the next two to three years at a much faster pace than before."

To accommodate impending industry needs, EAPCC is introducing new products to its repertoire, which will speed up construction times. Clinker, a raw material in the making of cement, is lacking in Africa. EAPCC now has the capacity to produce 2.4 million tons of clinker, with additional plans to expand.

"We acquired equipment for developing Cabro blocks, paving slabs, fencing panels and building blocks," adds Nyambok.

Additionally, EAPCC is preparing for privatization, which Nyambok sees as an essential move.

"I would like this organization to become competitive on the commercial front. That is the only way the company will be able to move forward and ben-

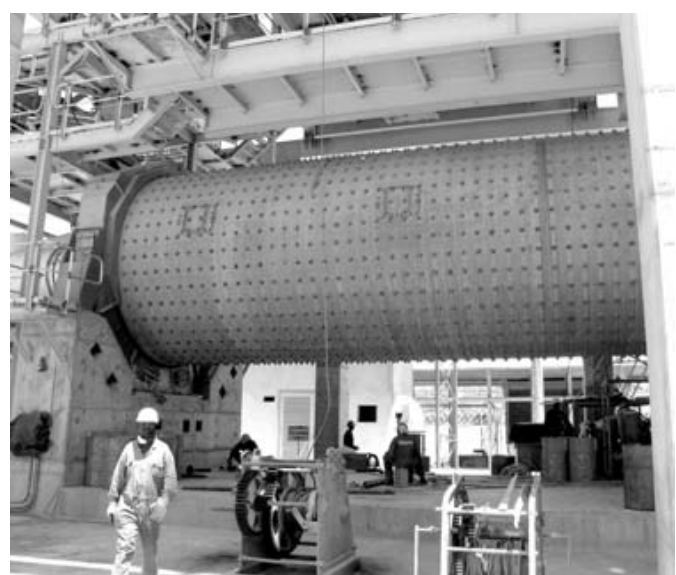
efit the Kenyan people as well as its shareholders," he explains. "Privatization is the way to go, and delaying is not an option."

After privatization, the Kenyan government will hold a 25% stake in the company and the National Social Security Fund (NSSF) will have a 27% stake. EAPCC already has a Memorandum of Understanding with Kenya's Ministry of Roads and Ministry of Housing, giving the company preference on state projects.

Another factor in EAPCC's solid future is the lifting of international trade restrictions by the Common Market for Eastern and Southern Africa (COMESA) in 2012, an even larger market will open up.

"When COMESA safeguards are removed, low-cost cement producers, such as Egypt and China, will create stiff competition for us, and we have to be ready to compete," says Nyambok. Countries such as Uganda are a focus point for EAPCC, where there is market growth potential political stability.

Nyambok's goals for the coming three years are to double turnover to Sh7 billion (\$93 million), lower costs and continue to empower the people of Kenya through a variety of corporate social responsibility programs.



In addition to creating jobs, EAPCC has contributed millions of shillings to education programs and famine-stricken areas of Kenya

East African Portland Cement Co Ltd  
Holding Life Together  
[www.eastafricanportland.com](http://www.eastafricanportland.com)

Cement satisfies one of humanity's most basic needs: shelter. From hospitals to homes, from schools to stores, cement is everywhere. It is one of a nation's most basic building blocks. And while the East African Portland Cement Company (EAPCC) has been Kenya's leading cement manufacturer for over 75 years, we recognize that the true merit belongs to the Kenyan people. They have long proved to be the backbone of our Company's success, moving it forward and making it possible for us to reinvest in Kenya and empower Kenyans. Exciting investment opportunities are underway, as EAPCC continues on its heritage as the Cement maker of choice in Kenya, charting the way with Blue Triangle Cement®.

Over the last year, the Company has commissioned Cement Mill No. 5 which has actively doubled its production capacity to over 1.3 million tonnes per annum, in order to meet the rising demand of Kenya and the East African region's rapidly growing building and construction industries.

Kenyan's building Kenya for Kenyans

## Kenya



INTERVIEW WITH MINISTER OF TOURISM NAJIB BALALA

## Magical Kenya: Africa's original safari destination

Kenyan tourism is becoming more and more popular, thanks to unique offers of adventure and enchantment

The tourism industry in Kenya has performed extremely well in recent years, reaching the 2-million visitor mark in 2007. Tourism is one of the top foreign exchange earners in the country, which is endowed with a wide variety of tourist attractions, including wildlife species, soaring mountain peaks, cosmopolitan cities, attractive beaches and world-class hotels.

It is now the leading economic sector in Kenya, recording the highest growth in the economy at 13%. It contributes about 12% of the country's GDP and accounts for over 9% of total wage employment. Tourism is also a major source of government revenue in the form of taxes, duties, licence fees and entry fees. In addition, tourism has the capacity to promote regional development, create new commercial and industrial enterprises, stimulate demand for locally produced goods and services and provide a market for agricultural products. Tourism development in Kenya has therefore led to economic growth and poverty eradication.

To accommodate new growth in the industry, "the government has elaborate plans to improve

infrastructure," says Minister of Tourism Najib Balala. "Road infrastructure to the famous wildlife parks of Amboseli and Maasai Mara is being improved to enhance accessibility."

The government is also considering a revolving fund to enable hotels to borrow money for

tion's international airports and airstrips. "Other airports are currently being constructed for easy access to tourist attraction sites," says Balala. "There is easy access with national carrier Kenya Airways and other international airlines, such as Delta. Arabian and Turkish air-

increasing tourist numbers, specifically from the U.S.

"Enormous opportunities exist for investment in the industry with expected maximum return," says Balala. "Kenyans are friendly people; they embrace investment projects that would have direct impact on their wellbeing."

Indirectly, the election of President Barack Obama in the U.S. has had a very positive impact on the tourism industry in Kenya. The president's Kenyan roots have given Americans a renewed interest in the African nation, and the ministry of tourism seeks to foster this relationship. The cost of tourist visas from the U.S. has been slashed to \$25, with children under 16 being able to enter the country for free. Additionally, the government has waived the 16% value-added tax (VAT) on transportation for tourists to make it easier for hoteliers to do business.

Visitors to Kenya will have no shortage of activities at their disposal. "Kenya has a plethora of products that go beyond the beach and wildlife safaris," says Balala. "We have just opened up Meru National Park, and we want visitors to experience other attractive sites in the northern parts of Kenya, such as the Rift Valley."

"With so much diversity close at hand, you can be sure to satisfy any particular special interest in Kenya."



Najib Balala, Kenya's Minister of Tourism

refurbishment purposes. "We have a capacity of 3 million visitors to our hotels at the moment," says Balala, "but expansion and development of new ones will help financially empower hoteliers."

The Kenya Wildlife Service (KWS) has also selected a number of parks where the construction of eco-lodges will take place, while Kenya Airports Authority has improved the na-

lines are the most recent arrivals in Kenya."

Balala is especially informed on these government initiatives to improve tourism-related sectors. Before becoming minister of tourism, Balala political career started as the Mayor of the city of Mombasa, and earned a Mvita parliamentary seat in Kenya's 2002 general elections. Now, Balala is focusing the ministry's efforts on attracting investors and

## Kenyatta International Conference Center

Conference tourism in Kenya has exploded in recent years, with international businesses flocking to Nairobi to hold their business meetings and conventions at the Kenyatta International Conference Center (KICC).

Spread across a 4.2-acre stretch of land within the central business district of 'The Green City in the Sun', the center offers unmatched capacity and flexibility for the MICE sector within eastern and central Africa. KICC is a member of the International Congress and Conventions Association (ICCA), the Association Internationale Des Palais De Congres (AIPC), and the United Nations World Tourism Organization (UNWTO).

The facility has a number of well-equipped conference and meeting rooms, the largest of which has a capacity totalling over 4,000 seats; the expansive car park can hold over 2,000

cars. Simultaneous interpretation equipment is available with capabilities of up to seven languages, and the modern business centre features a computerized delegate registration center, wi-fi connectivity, banking facilities and tour and travel services.

KICC prides itself on its first-class service from well-trained and committed staff that offers the renowned Kenyan hospitality experience.

Professionals can enjoy their leisure time at nearby Nairobi National Park, which overlooks the city and is

just a 15-minute walk from KICC. The park is home to Africa's acclaimed wildlife, ranging from the 'big five' mammals to a variety of bird species and flora. The park provides a sample of the country's best in nature's endowments. KICC is flanked by major hotels, most of which are within easy walking distance of the conference center.



KICC is equipped with state-of-the-art facilities for all types of business conferences

## AGRICULTURE

## Partnerships with potential, from agribusiness to ICT

With the largest cooperative movement in Africa, the resilient agriculture sector is vital to the nation's economy

Kenya's climate and higher altitudes permit year-round growth of various tropical fruits, unmatched by competing countries around the same equator region. "I've spoken to local investors and am pleasantly surprised that they are prepared to invest in horticulture, as well as the commercial production of cereals and irrigation," says William Ruto, Minister for Agriculture. "We have five premium sugar companies lined up for privatization. We have an under capacity when it comes to cane crushing, and we want to update technology. We are also looking at establishing a clear brand of Kenyan tea and coffee."

According to Dr. Romano Kiome, Permanent Secretary of the Ministry of Agriculture, the sector provides employment for 70% of the country's workforce and controls around 27% of its GDP directly, and another 26% indirectly. Its con-

tribution amounts to 170 billion Kenyan shillings (\$2.36 billion) and Dr. Kiome is optimistic that this can be doubled with diversification.

The government is pushing the use of ICT in rural areas to disseminate information, facilitate payments, and encourage younger people to get involved in agriculture. "There are many opportunities for American companies here," says Joseph Nyaga, Minister for Cooperative Development and Marketing. "I would like to see smaller companies paying attention to Kenya, particularly in agribusiness. I would also like to see more U.S. companies investing in the ICT sector by setting up joint ventures, which is the best model

for doing business here, or working with private individuals or cooperative movements."

Sub-Saharan leaders met with U.S. Secretary of State Hillary Clinton at the August 2009 African Growth and Opportunity Act (AGOA) Forum and were encouraged to open greater trading within the sub-Saharan diaspora. Clinton highlighted the need of a focus on developing trade as a partner, not as a patron.

President Obama also asserted Africa's potential to move forward: "Only Africans can unlock Africa's potential." He said open markets alone were not enough and that development requires the rule of law, transparency and accountability.



**JOSEPH NYAGAH**  
Minister for Cooperative Development and Marketing

## GRAIN BULK HANDLERS LTD.

## Africa's largest grain terminal brings food stability to Kenya

Thanks to cutting-edge grain storage and transport technology, GBHL is making the Port of Mombasa an ideal import hub

Grain Bulk Handlers Limited (GBHL) specializes in the discharge and handling of bulk grain imports at the Port of Mombasa, the main gateway for East and Central Africa. GBHL is part of the MJ Group of Companies, which features state-of-the-art cargo-handling equipment for both dry and liquid bulk cargo. The company is helping to make the Port of Mombasa – and Kenya – a hub for relief agencies, millers and traders to stock sufficient grains in order to provide a rapid response to regional food trade and emergencies.

Chairman and CEO Mohamed H. Jaffer has been dedicated to Kenya's food security for over 30 years. When he conceived of GBHL in the 1970s, the bulk grain import industry was plagued with poor accounting, grain spillage and heavy dust emissions.

Today, GBHL has revolutionized

the industry across the entire region, and its facilities include a vessel-handling facility, bulk transit terminal, bulk storage terminal, bagged warehousing and local transportation via a fleet of 15 trailer units. GBHL bulk silos are built for both transit and long-term storage, with a capacity of 140,500 metric tons.

"This facility can be converted into an export terminal, and I believe that one day Kenya will become an exporting country," says the chairman.

In 2006, IFG Fund L.P. acquired an equity stake in GBHL and committed to expanding the brand worldwide. The IFG Fund, and its affiliate Infrastructure Funding Group, has

brought its financing expertise and global reach to enable GBHL become a stronger enterprise, and better positioned for international expansion.

GBHL has set its sights on the U.S. "We worked hard to develop a grain terminal at the Port of Lake Charles, Louisiana. Our American shareholder noted our progress," says Jaffer. GBHL is recognized as ISO 9001:2000 and ISPS code compliant, as well as being a member of the International Association of Ports and Harbors.

From the fast discharge of vessels in ports to lower grain-bagging costs and reduced insurance and inventory costs, the advantages to GBHL are endless.



**MOHAMED H. JAFFER**  
Chairman and CEO of GBHL

## TEA BOARD OF KENYA

## Progress – one cup at a time

Kenya's tea production takes a leading position in agriculture



Tea drinkers the world over enjoy the quality and flavor of Kenyan tea – they just might not know it yet.

The Tea Board of Kenya (TBK) is spreading the word throughout the globe about Kenyan tea. TBK was first established in 1950 to regulate the tea industry in all aspects of tea growing, research, manufacture, trade and promotion in both the local and the international markets. In 2008, 345 million kilograms of tea were harvested, much of which was exported and used to blend brands in other countries. Typical export markets for Kenyan tea are the UK, Pakistan and Egypt, and emerging markets include China, Japan, the U.S. and the CIS nations.

Foreign markets depend on Kenya as the world's largest producer of black tea. Agriculture in general is of paramount importance to Kenya, generating nearly 50% of GDP (25% directly and 25% indirectly), and it is the largest contributor to the economy.

"The tea sector has been one of the most stable sub-sectors within the agricultural sphere in the last decade," says TBK managing director Sicily Kariuki. "The country has benefited in terms of foreign exchange earnings, plus the tea sector has also created employment opportunities and made a major contribution to rural development with thousands of acres of tea plants in rural areas."

Tea production was off to a slow start at the beginning of 2009 because of a delayed 'long rains' season, which normally begins in March and runs to May. This drought has led to a 15% rise in prices, with tea now going for \$3.40 a kilogram. Despite the drop in production, Kariuki says that the Kenyan market will bounce back from this temporary slump. "This year we are likely to realize stability in our exports earning, and efforts are underway to move the tea

sector to another level in terms of value addition."

TBK's value addition plan is focused on a number of fiscal incentives to assist Kenyan tea companies in developing their own brands, and in further developing awareness with-

in the market place. The organization has already taken steps to promote their products with a brand name that can be communicated directly to the UK audience, and plans to market in the U.S. TBK is keen to promote the quality, color and flavor of Kenyan tea, considered among the best in the world.

"We are in a privileged position as a country where Kenyan tea is second to none throughout the globe," says Kariuki. "We specialize in the production of black CTC tea. Other than having the best quality of tea that you can think of, we are privileged to take a leading position in the export market share."



**SICILY KARIUKI,**  
Managing Director of the Tea Board of Kenya

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## Kenya



TOP  
10 things  
to do in  
Kenya

## Kenya Wildlife Service: Safari and adventure tourism

Get out of your comfort zone answer the call of the wild with knowledgeable guides and unique opportunities

"Kenya is Africa's original safari destination," says Minister of Tourism Najib Balala. "A safari to Kenya is the trip of a lifetime, as it is one of the world's great tourism destinations, known for its remarkable diversity of landscapes, wildlife and cultures."

In order to manage this valuable tourism niche, Kenya Wildlife Service (KWS) sustainably conserves and manages Kenya's wildlife and its habitat for posterity in collaboration, with stakeholders.

"We have a clear strategy in the medium and long term," says Dr. Julius Kipnetich, managing director of KWS. "The first thing is to add value to the safari experience."

Currently, there are over a dozen kinds of safaris available on the Kenyan savannah. Cultural safaris allow tourists to examine some 42 different cultures, which each feature a rich tapestry of people, lifestyles, traditional beliefs, customs and arts. Adventure safaris are a trekker's paradise, ranging from sea level to peaks reaching up to 17,054 feet. For the less adrenaline-fueled tourist, scenic safaris offer a glimpse at Kenya's endless rolling

savannah, lush rainforest, snow-capped mountains, tropical beaches, dormant volcanoes, freshwater lakes, geothermal springs, deserts, glaciers, caves and coral reefs.

Kenya is known as a great sporting nation, and sporting safaris can take place near one of Kenya's 38 golf courses across a range of landscapes. One of the most recent trends

Marvel at the diversity of wildlife on the Kenyan plain and kick back at safari lodges

to take hold in Kenya is the rise of health and spa tourism. Camps, lodges and beach resorts throughout the country are now offering exercise, yoga and meditation.

Despite these diverse offerings, KWS is looking to extend its reach to attract even more visitors to the great outdoors.

"We want to include night game drives in the package," says Kipnetich. "We want to introduce walking safaris where you are escorted

by armed rangers. You can get closer to wildlife under armed security and have a different experience. There are parks that don't have predators, which makes it easy for members of the public to walk on their own. Rock climbing is also a value added to the experience."

However, KWS wants to diversify as well. "We also want to bring out the fact that Kenya is not just about safari; we want to co-brand the beach product with the safaris, plus also focus on cultural tourism."

To make the safari experience as streamlined as possible, KWS is developing a 'Safari Card', which will make it easy for adventure-seekers all over the world to plan their trips down to the letter.

"Our aim is to make the Safari Card a tourism payment system," explains Kipnetich. "Our ultimate goal is that you load your Safari Card with cash wherever you may live and you can pay for your airfare, hotel, taxi and safari park entry. We hope to work with Visa and MasterCard to brand it, so that it becomes a tourism payment system for Kenya." Embracing your wild side will be even easier, thanks to KWS.



For the adventurous, Kenya Wildlife Safari offers whitewater rafting, exploring the country mountain bike and even camel rides across the striking landscape

### Go on a safari

Buffalo foraging rivers, elephants lumbering over endless plains and lions stalking prey through the savannah

### Watch the wildebeest migration

Each year between July and October, hundreds of thousands trek to greener lands, crossing the Grumeti

### Visit a traditional tribal village

Experience a whole new way of life

### Visit the Swahili Coast Region

A vibrant mix of cultures and over 500km of white sand beaches

### Take a hot air balloon trip

Get a 360° view of the national parks and wildlife

### Trek Mount Kenya

Go to the nearly vertical top

### Take a Dhow Trip

Sail along the coast in a traditional dhow vessel, which have been in use since the eighth century

### Go diving at Kenya Beach

Snorkeling at Watamu National Park offers all colors of exotic fish

### Conquer Nairobi

Paint the town red and take in East Africa's best nightlife

### Experience the heart of Africa

Get to know the neighborhoods and local haunts of a truly unique nation

## Eco-tourism on the continent

From exploring sandy beaches to watching the mara migration, Kenya offers eco-friendly options

Kenya's habitat boasts a remarkable variety of flora, as well as a world-famous wildlife heritage. The nation's cultural history stretches back over 4.5 million years, with some of the oldest known evidence of early man. This rich ecological and cultural heritage must be preserved,



Kenya's natural beauty is complemented by a perfect climate year-round

and Kenya's Ministry of Tourism aims to ensure that tourism growth is sustainable and environmentally responsible.

"Before any construction is certified, all necessary environmental impact assessment must be done in line with the tenets of eco-tourism," says Minister of Tourism Najib Balala. "This is important to ensure that the delicate ecological balance is maintained. The ministry is hyper-aware of the fact that tourism will not thrive in an unfriendly environment, and all efforts have been put in place to live up to this."

Kenya is famed for adopting the eco-rating scheme, the first and the only of its kind in Africa. The voluntary system certifies tourist accommodation facilities in Kenya; any hotel, lodge, camp, bush home or banda can participate. Being awarded a label under the scheme is confirmation that the facility has invested time, money and other resources in betterment of the environment, resource use and the welfare of local communities.

"The country has embraced ecotourism by promoting activities that benefit the community," says Balala.

### CIC

## 'Our biggest balance sheet is integrity'

Cooperative Insurance Company seeks to ethically raise capital and increase market penetration in order to insure all Kenyans

Established in 1999, Cooperative Insurance Company (CIC) has emerged as a serious and reliable underwriter in Kenya.

"Within a span of 10 years, we have managed to transform this company and increase its market share considerably to our current position," says CEO Nelson Kuria. "That transformation was achieved by establishing the trust of the entire cooperative movement."

CIC ranks eighth out of 43 registered insurance companies in Kenya, with a premium volume of 2 billion Kenyan shillings (\$26 million). The company offers health insurance, pension plans, micro-investments, church packages, unit trusts, asset management, agri-business and livestock insurance. CIC is also a market leader in group life insurance, with 28% of the market share.

Today, CIC is introducing new micro-insurance products to the market of low-income individuals and cooperatives.

"Kenya has the largest cooperative movement in Africa. We have a very large niche market, and we chose to embark on a harvest strategy by increasing penetration and coming up with a larger product offering."

Kuria says that CIC aims to be one of the top three insurance companies within the next five years and to take a consolidated role in Africa, thanks to its proven reputation and ever-evolving roster of products and services.

"We have proved that we can deliver our services effectively

and competitively in terms of premiums and have a good track record in terms of claims settlement."

CIC's success and innovation was recently recognized by the International Labor Organization and the Bill Gates Foundation. The company was viewed as an African business case study and ranked in the top 10 out of 126 given worldwide.

"We have opened up new business frontiers in micro-insurance," says Kuria. "People have begun to acknowledge our pioneering role in the micro sector as being well-grounded within the framework of Kenya's Millennium Development Goals."



NELSON KURIA  
CEO of Cooperative Insurance Company

### CO-OPERATIVE BANK

## Profitable banking and social development go hand-in-hand

One in five Kenyans is a member of a cooperative and one bank has been providing focused banking solutions for the sector since 1968

The Co-operative Bank of Kenya is the people's bank. "It is cross-cultural," says managing director Gideon Muriuki. "We have 50 branches and plans are under way to open more, along with aims to expand regionally into Uganda, southern Sudan and possibly Rwanda. Our focus is mostly on the East African community. We became conscious that banking in the rural areas or middle and lower market segments has enormous potential for big business in Kenya."

The bank's co-operative banking model is largely based on the Scandinavian system and has a socio-economic character, whereas high-street banking models are largely profit oriented. Co-operative Consultancy Services Ltd. is the bank's corporate finance, merchant and investment banking subsidiary, and specializes in providing subsidized consultancy to the co-operative

movement. Fund management is available through another subsidiary, Co-op Trust Investment Services.

"Co-operatives are at the core of our business; they define who we are. They are our shareholders and our single largest customer base, and they remain the key focal point of our future strategy. We are 100% owned by the co-operative movement, with 84% of the equity held by societies and the remaining 16% by individual members of societies. It makes sense as one in every five Kenyans is a member of a co-operative. Providing banking services to the co-operative movement is therefore a positive way of bank-

ing for the majority of Kenyans," Muriuki says.

The Co-operative Bank Foundation is the bank's vehicle for social responsibility. Its current flagship

project is an education scholarship scheme for children who are facing difficulties in paying school fees for secondary education. To date, 840 children have benefited from this program. Beneficiaries are selected each year from all eight provinces of the country, and are offered a full four-year secondary education scholarship.

"The bank has enormous potential for growth. We doubled our capital last year and thus offer a perfect opportunity for anyone looking to invest in Kenya," says the MD.



GIDEON MURIUKI  
Managing Director of Co-operative Bank of Kenya

**INSURANCE BY THE PEOPLE**

Incorporated in 1978, the Co-operative Insurance Company (CIC) is rising to the top of its sector thanks to its strong focus as a one-stop-shop for insurance needs of cooperatives and microinsurance for the poor in the informal sector. Moreover, our team of experienced professionals maintain the Kenyan people's success and development as their driving force. We make sure our clients receive the best possible service and that the products we offer suit their individual needs to a T. CIC is rooting for the common man and woman. **TOGETHER, WE ARE INSURING A BRIGHTER FUTURE FOR KENYA.**

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## ICT

# Kenya joins the global village

ICT is one of the pillars of growth for Kenya Vision 2030 – the government's new development blueprint

Despite the global economic crisis, Kenya's economy is thriving, particularly in the information and communication technologies (ICT) industry. The nation's solid economic, social and political foundations have made it attractive to foreign investors, and today the economy is driving successful financial services and telecommunications firms.



**SAMUEL POGHISIO**  
Minister of Information and Communications

The development of the fiber-optic network connects Kenya to the world. The first two of Kenya's four fiber-optic cables

have landed. These are TEAMS and SEACOM, which landed in Mombasa in June and July respectively. The implementation of the fiber-optic network will give call centers in Kenya access to world-class internet connections and will help facilitate efficient and reliable operations. The Minister of Information and Communications in Kenya, Samuel Poghiso, calls the cable "Kenya's biggest ICT achievement so far." It will reduce telecommunications costs

drastically and make bandwidth costs a competitive advantage relative to other BPO countries such as India and the Philippines.

Those who first came to the scene have recognized Kenya's potential as a BPO hub and established world-class local BPO facilities. International investors, such as General Electric, and award-winning local operators, such as Safaricom, KenCall and Horizon are amongst these players.

According to World Bank's 2009 *Doing Business* rankings, it is substantially easier to do business and obtain credit in Kenya than it is in most African countries. Consequently, the business process outsourcing



Kenya's vibrant ICT sector is setting the pace for the nation's diversified economy

(BPO) sector in Kenya is expanding rapidly, with a large increase in the number of companies and seats. BPO in Kenya is attractive, given large pools of affordable and high-quality labor.

"Sectors such as BPO, which require large bandwidth and high-speed internet connectivity, will drive development and further growth of the economy," says Poghiso.

The government of Kenya is very involved in the ICT industry and is

taking action to improve the BPO environment, local supplier base and the incentives to make this corner of Africa a hub for high-tech investment.

[www.information.go.ke](http://www.information.go.ke)

## INVESTMENT

## Opportunities in the heart of Africa

Kenya's Ministry of Information and Communications is raising standards in Africa's ICT landscape

The ICT sector in Kenya is ripe for investment, thanks to a booming BPO industry and the installation of the revolutionary international underwater fiber-optic cable.

The Permanent Secretary in the Ministry of Information and Communications, Dr. Bitange Ndemo, says that Kenya would have the first world ICT infrastructure in one year's time, after the Phase II of the laying of the terrestrial fiber optic. Dr. Ndemo was the driving force behind the development of The East African Marine Systems (TEAMS) fiber-optic cable. Teams was launched by President Mwai Kibaki and Prime Minister Raila Odinga in

June and is now operational.

"The cable will rejuvenate the country by enhancing ICT uptake, which will in turn transform Kenya into a competitive, knowledge-based economy," says Dr. Ndemo.

The Kenyan government is now offering attractive incentives to investors to further encourage the growth and diversification of the ICT industry. Reduced income taxes for both expatriates and key national employees, as well as corporate tax holidays for BPO firms have courted major investments. There are also exemptions on customs duties for ICT equipment and VAT exemp-

tions for local purchases of key inputs.

For BPO providers, the ICT ministry offers simplified recruitment processes, expedited business set-up, and training program subsidies. Discounts on rent in BPO-specific locations are also available.

The ministry is also looking into bringing the latest technological innovations to Kenya to keep investors up to the minute and to link communities together for an international ICT presence.

"We need local content," says Dr. Ndemo. "We need to link universities, colleges and schools for online e-learning and other applications."

In addition to education, Dr. Ndemo has long believed that regional political, economic and social integration can only be achieved with a harmonized ICT policy. "We must work together in a way that promotes regional cooperation and cross-border trade."



**BITANGE NDEMO**  
Permanent Secretary of the Ministry of Information and Communications

There are also exemptions on customs duties for ICT equipment and VAT exemp-

## ICT BOARD

## Driving connectivity: A catalyst for economic growth

High-quality, high-speed connectivity stimulates innovation in IT services and digital content for local and global markets



The arrival of undersea fiber-optic cables to Kenya is raising the profile of the industry, according to Paul Kukubo, chief executive of the Kenya ICT Board.

"We now have access to broadband connectivity and faster connectivity to international destinations at competitive prices. Kenya is joining the true broadband economy and we are fortunate that the demand in Kenya is such that those who invested in telecoms are guaranteed good returns."

Since the TEAMS and SEACOM cables arrived in June, Kenyans have been getting contract revisions from their service providers, and connectivity prices are dropping. The Kenya ICT Board, the marketing arm for the sector, is working tirelessly to make sure that international investors and those seeking BPO services are aware of the new technology available in Kenya.

"Most of the investors interested in outsourcing services in Kenya have been telling us that fiber optic is one of their key requirements," notes Kukubo. "This is not just because of the cost, but because of the quality component as well. When you are connected to an international

network, you don't want a situation where there is latency through connectivity." The other requirements are English speakers and a service-minded labor force.

"Kenya is already beginning to attract a lot of back office operational work for the African continent due to the cable," says Kukubo. Indeed, the ICT Board has been targeting U.S. and UK companies who seek to set up call centers in Kenya. This is evident in the setting up of medium-sized call centers in the past three months, such as Horizon Call Center and Ken Tech Data.

"We will aggressively pursue a 250-plus call center investment in Kenya," explains Kukubo. "We don't have many foreign companies, but that is going to change with the fiber-optic cable, as we are going to invest in call centers networked and those seeking BPO services are aware of the new technology available in Kenya."

That will be set up in Kenya from outside the country. They will be supported through initiatives in education, training, ministerial support, labor laws and changes in certain incentives, such as taxes, to attract people to come."



**PAUL KUKUBO**  
Chief Executive of Kenya ICT Board



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ICT Board of Kenya: [www.ict.go.ke](http://www.ict.go.ke) / [www.doinkenya.com](http://www.doinkenya.com)

## SAFARICOM

## Quality customer care helps Kenyans do business on the Safaricom network

The Kenyan telecommunications company offers personalized service and a commitment to the community

As the ICT sector in Kenya continues to evolve, no company has achieved such growth and success as mobile phone giant Safaricom. Today, it is the leading telecommunications company operating in Kenya, providing a host of products and services for telephony, GPRS, 3G, EDGE, data and fax.

As an affiliate of Vodafone UK, Safaricom was able to achieve major penetration and provide international standards of customer service since its launch in 1993. Unlike its competitors, Safaricom entered the market at the budget level with its handsets and tariffs in place, aware of the potential in Kenya's informal business market, as 70% of Kenyans use their mobile phones to do business, order stocks and sell items, among other things.

"The prepaid model that we have is perfect for this economy," says CEO Michael Joseph. "We have a dominant market share and 13 million subscribers. We have slightly below 80% market share in terms of numbers, and in terms of revenue market share, we have 85%." The company presently features a large distribution network with 350 exclusive dealers and 150,000 points of presence, with even more room to grow.

Consistency, innovation and local involvement are the keys to Safaricom's success, says Joseph. "We have had a consistent management team since inception. This, alongside our innovative product base, has resulted in our dominant market share."

Though it is now a privately owned company since a successful IPO, the Kenyan government owns a large share in Safaricom. "We are a Kenyan company and people relate to the name, therefore there is a strong loyalty to the firm," says Joseph. The government is also keyed into developing the ICT sector in Kenya, helping Safaricom enter into diverse interests, from data to banking.

"Data is the big growth area," explains chief investor relations officer and chairman of the Safaricom Foundation Les Baillie, "and we are very well positioned for that because we are the only mobile network company that has a 3G network, which continues to expand throughout Kenya. We also have WiMax capability through our acquisition of Onecom, and we plan to consolidate more on that."

Safaricom is entering cooperations with the banking sector; they already have a partnership with Equity Bank, which acts as an M-PE-SA agent. The program has been a great success for Safaricom, with over 1 million users and 400,000 outlets.

Although other operators will compete with Safaricom in mobile banking and money transfers, Safaricom has a distinct first-mover advantage across a variety of sectors, including investment in the new international fiber-optic cable that is set to revolutionize the ICT industry. "We own a 20% share in TEAMS," says Joseph.

These keen investments and business decisions have not gone unnoticed. Safaricom was awarded the Best African IPO honor at the 2008 *African Investor Index Awards*.

However, says its CEO, the real reward is giving back to the Kenyan community. "Our services are all geared towards growth. We seek to make positive contributions to communities in direct ways through value-added services and financial support for community projects. Our commitment in giving back to society seeks to address health, culture, education and sports, including 10 years of sponsoring the Kenya marathon," which has raised over KSH130 million (\$1.7 million) to support projects across Kenya. Safaricom sponsors hundreds of new corporate social responsibility (CSR) initiatives each year.



**MICHAEL JOSEPH**  
CEO of Safaricom

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