

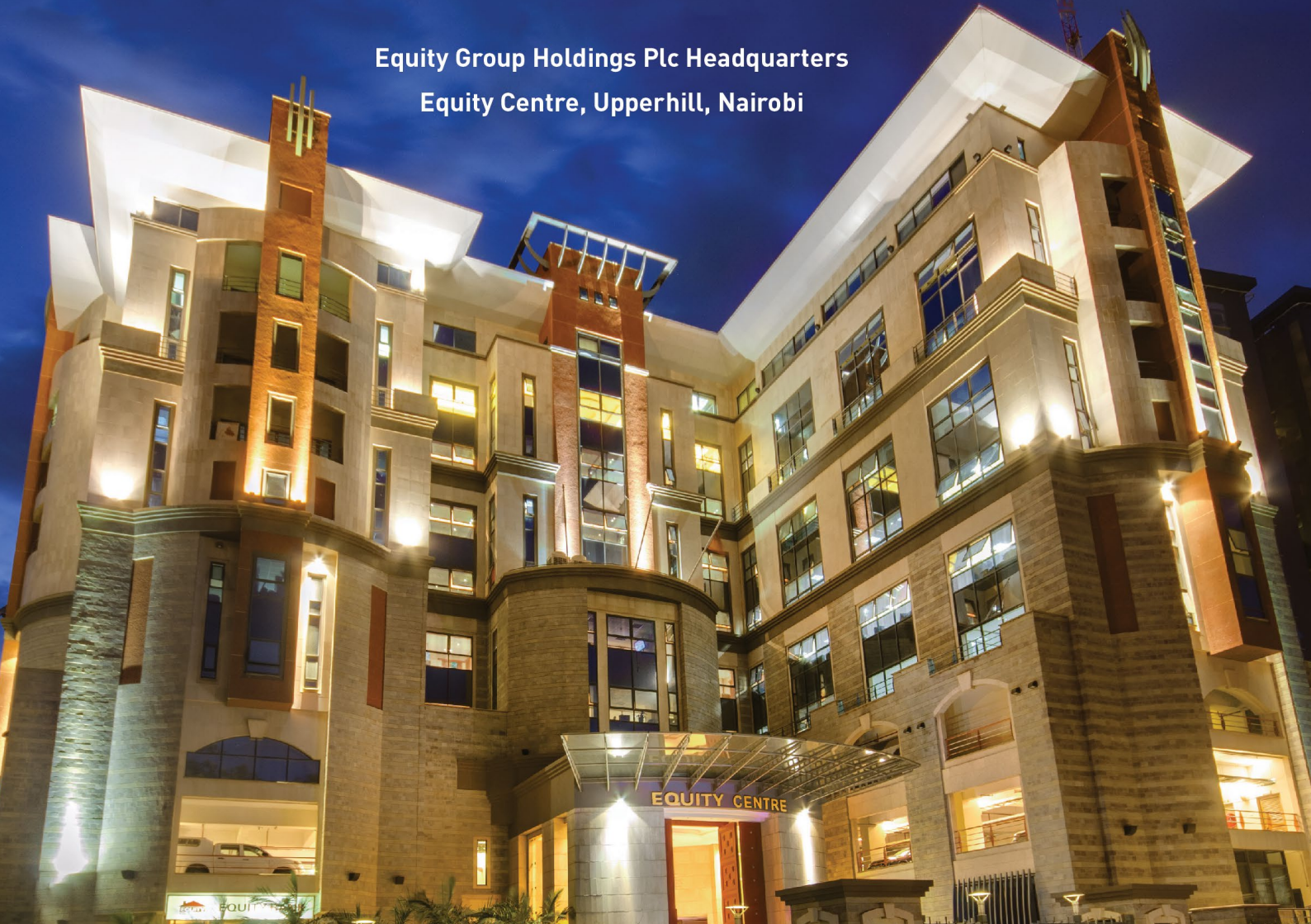


# AFRICA RECOVERY AND RESILIENCE PLAN

DRC - A Global Renewable Energy Hub and Breadbasket



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

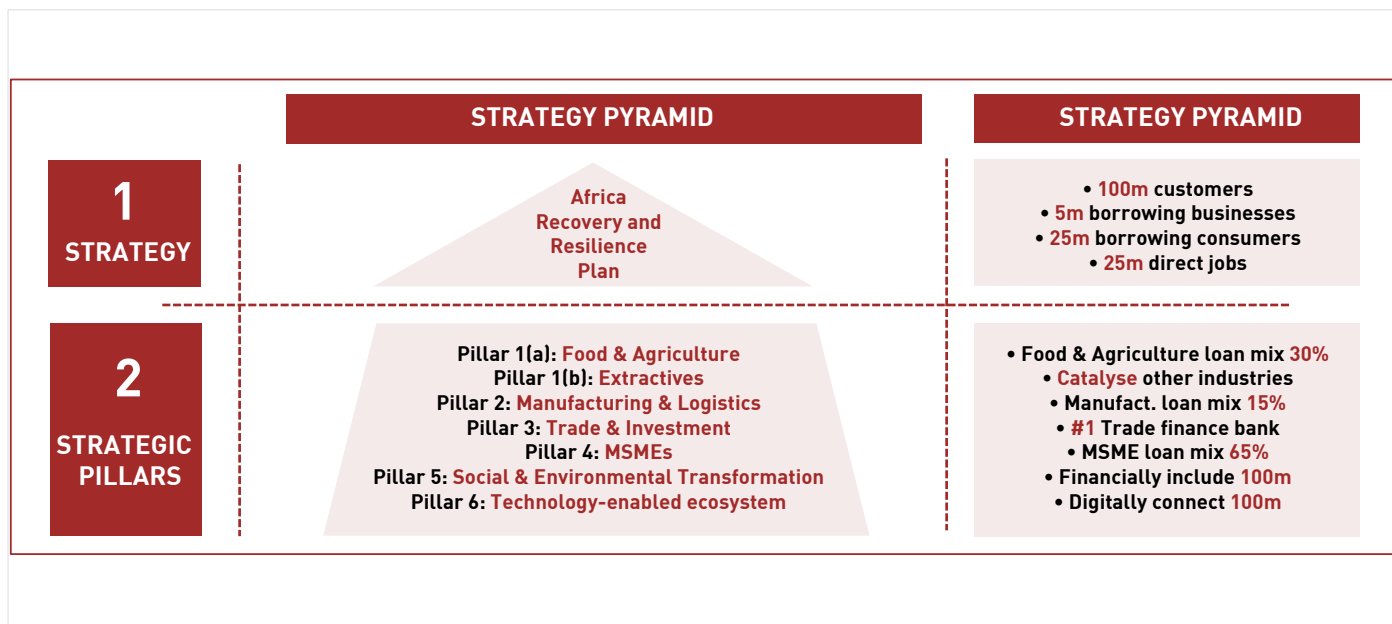
## Objectives of the Plan

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.

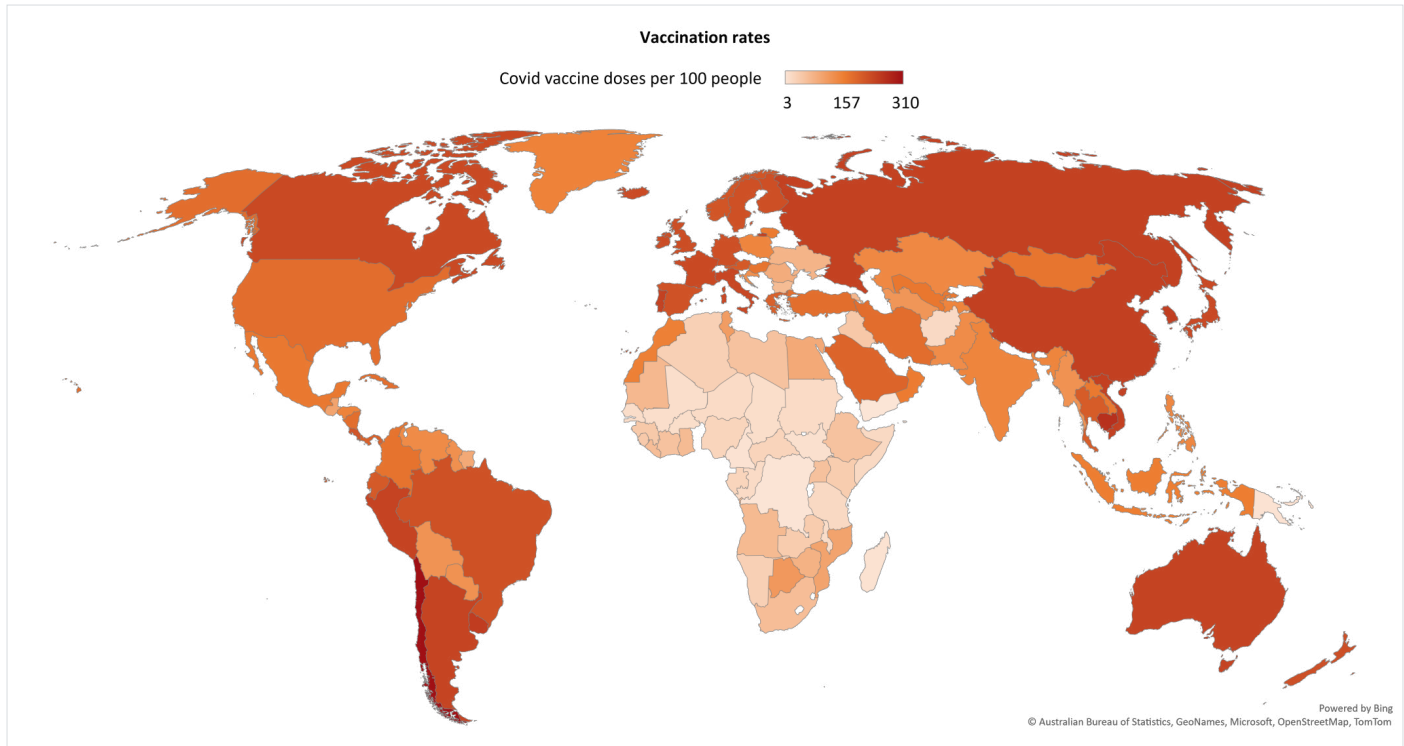


**The world is resetting and Africa has  
an opportunity to significantly improve  
its position in the new world order**

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

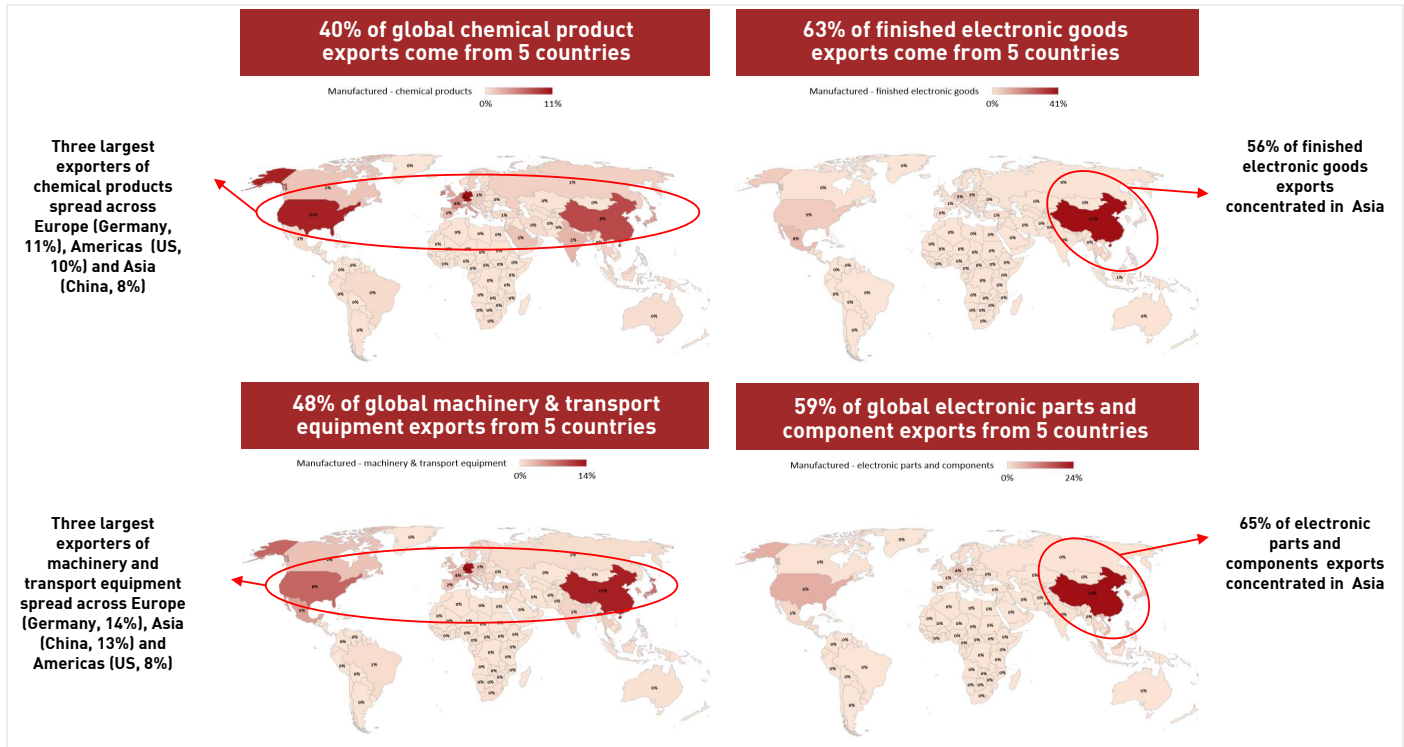


# Problem statement: Africa's current relevance to the world can be seen in its access to covid vaccines



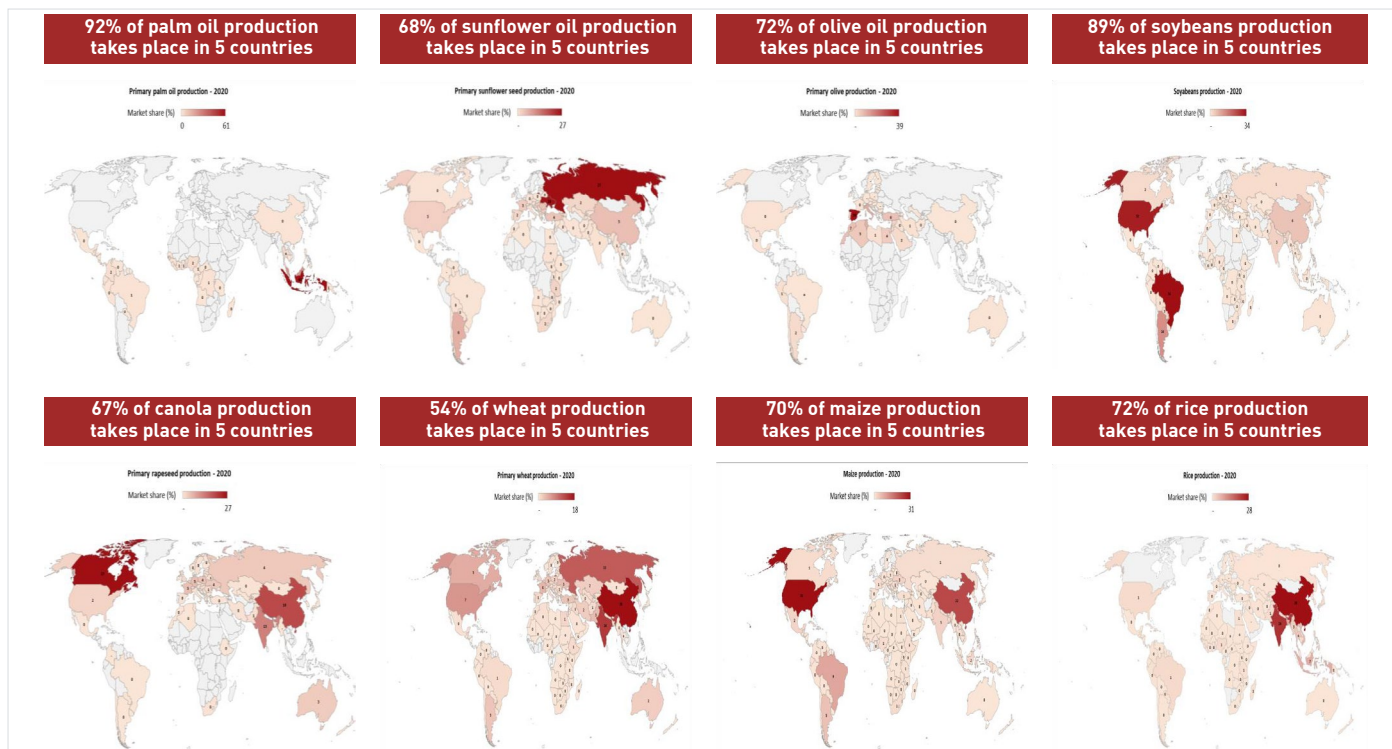
Data source: Bloomberg

# 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

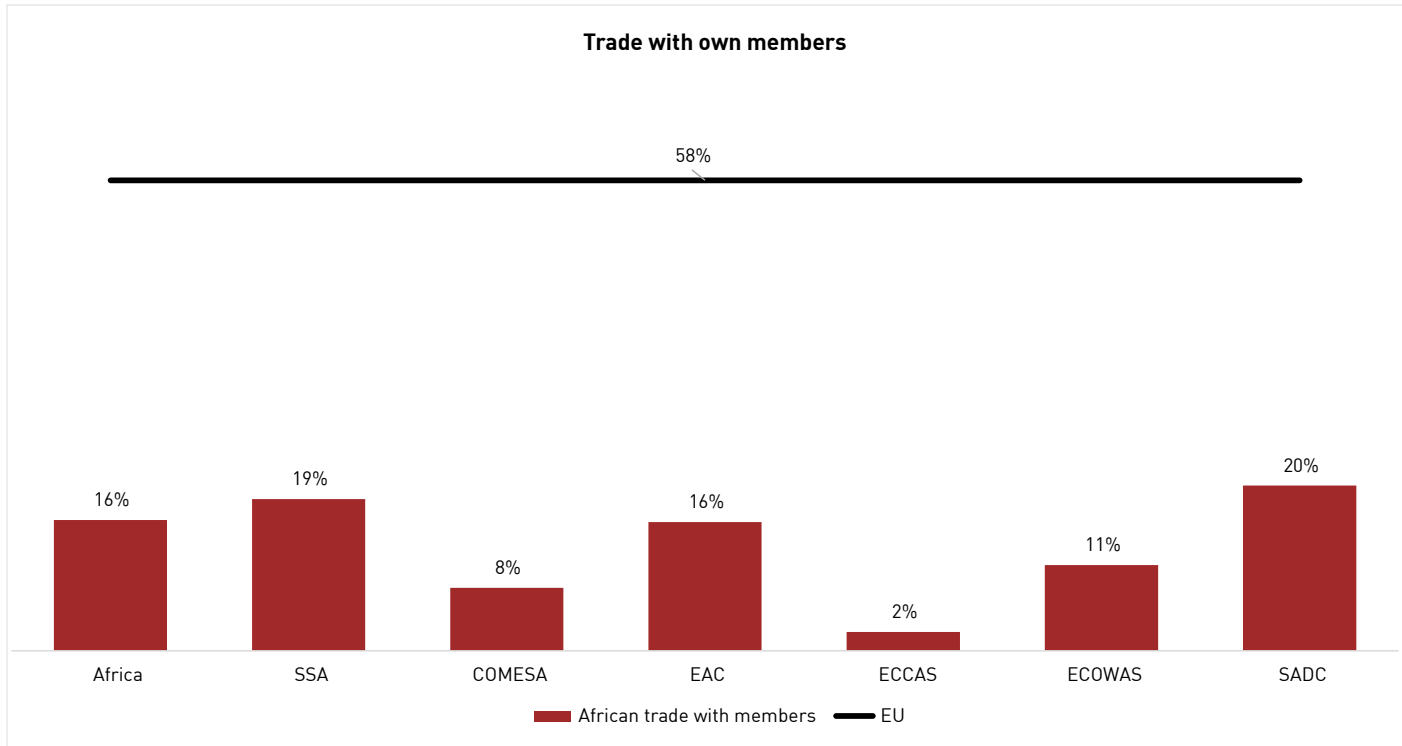


Data source: FAO

# **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

# **DRC**


**A global renewable energy hub and breadbasket**

## DRC growth - located in one of the highest growth regions in the world with neighbours' accelerating growth a tailwind for DRC

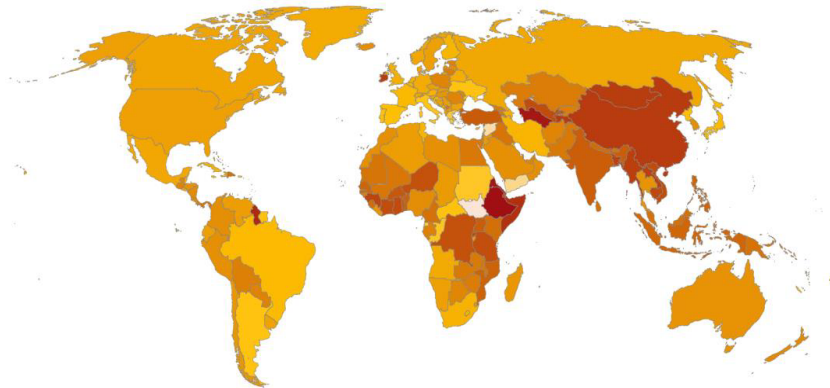
DRC's neighbouring countries are amongst the highest growing in the world. This provides a significant tailwind for DRC wealth transformation

### DRC located in one of the highest growth regions in the world

GDP growth  
10-year average



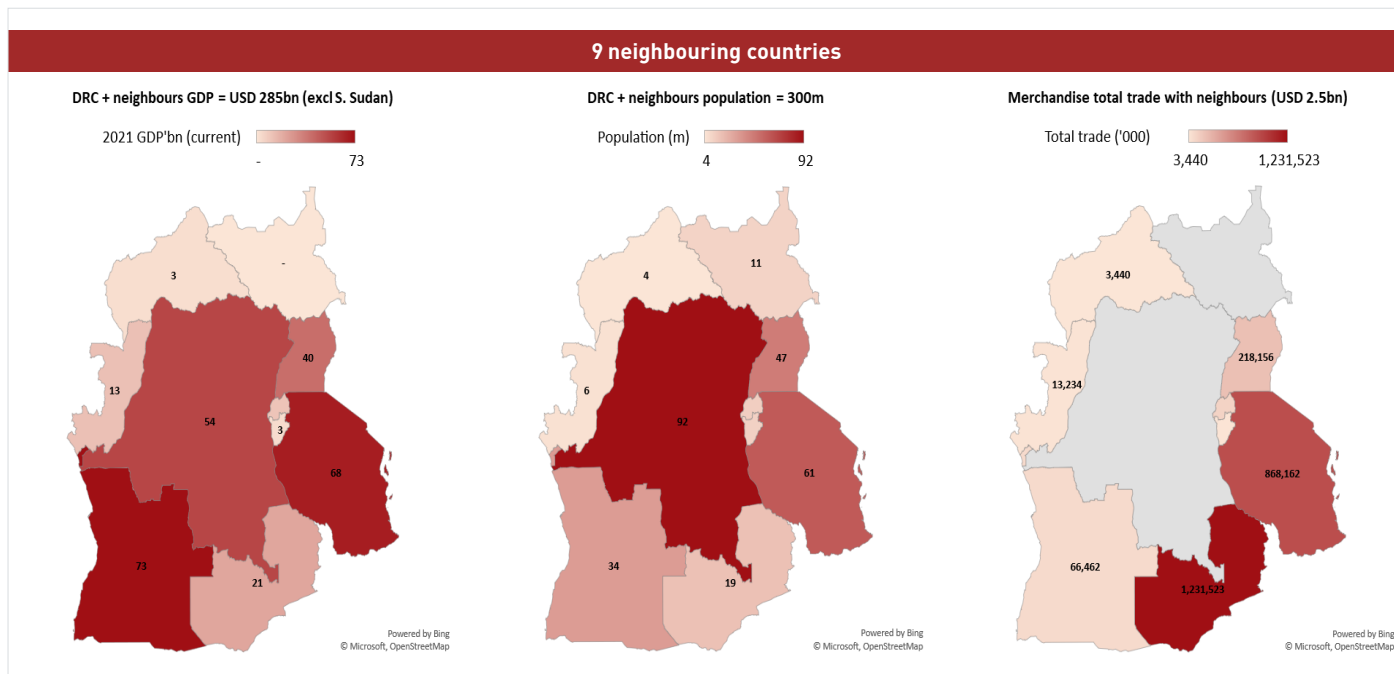
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# DRC market potential - neighbouring markets expand DRC's access to USD285bn GDP / 300m population market and significant trade potential

DRC's growth potential is the extent to which it has soft and hard infrastructure that connects it with 9 neighbouring countries



Source: UNCTAD, World Bank data



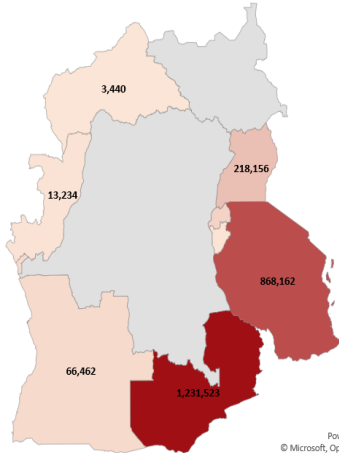
## DRC trade corridors - 36% of Africa trade is with its 9 neighbours

DRC'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

**36% of DRC's merchandise trade in Africa is with its neighbours**

Merchandise total trade with neighbours (USD 2.5bn)

Total trade ('000)  3,440 1,231,523

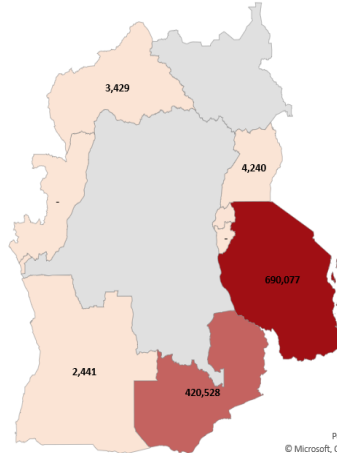


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**27% of DRC's Africa exports is with its neighbours**

Merchandise exports with neighbours (USD 1.1bn)

Total trade ('000)  - 690,077

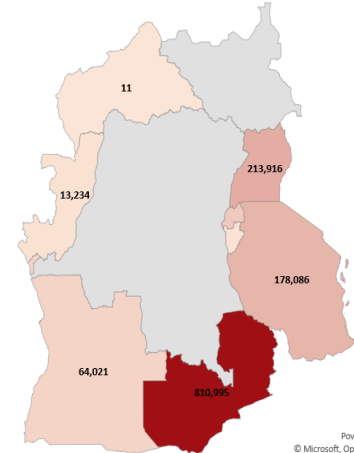


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**52% of DRC's Africa imports is with its neighbours**

Merchandise imports with neighbours (USD 1.4bn)

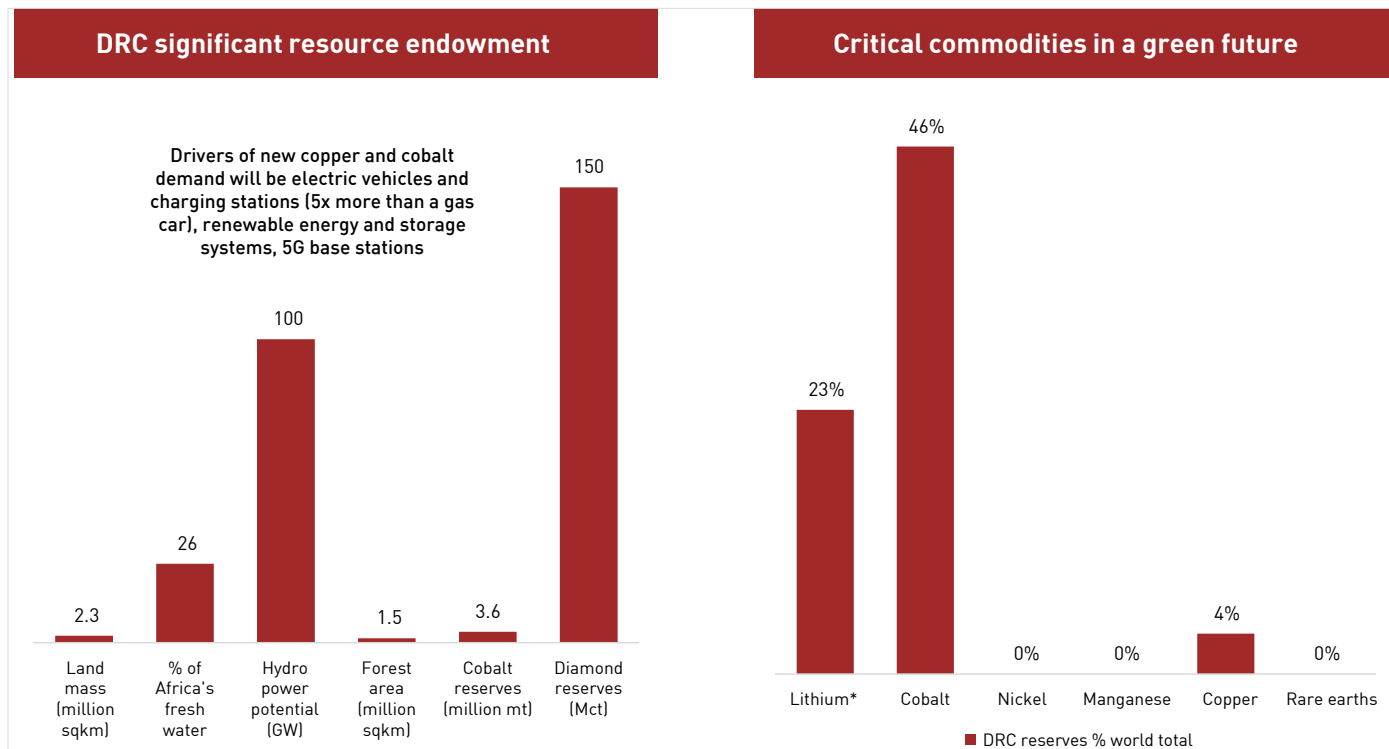
Total trade ('000)  11 810,995



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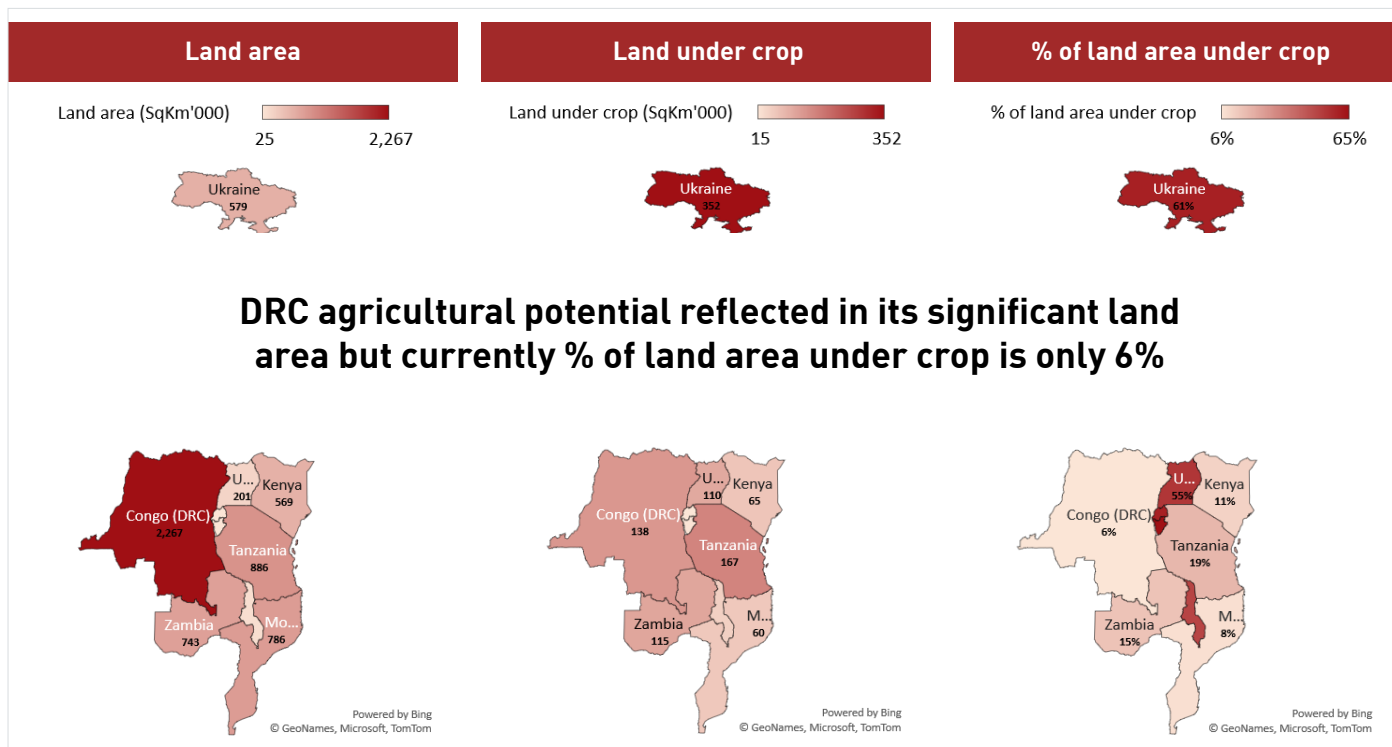
Source: UNCTAD data

## DRC trade corridors - 36 % of Africa trade is with its 9 neighbours



Source: World Bank, IMF data

# DRC agriculture - expansive agricultural land makes the country a global breadbasket



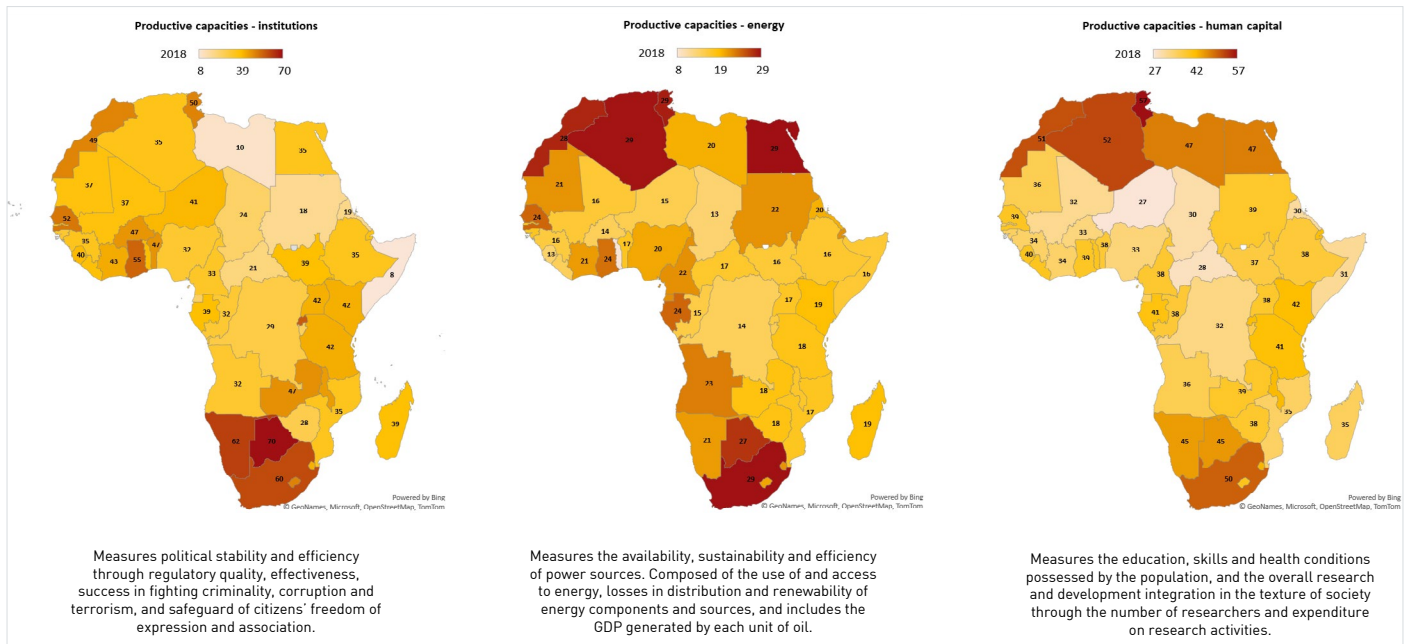
Source: UNCTAD data

**DRC**

**Catalysts to unlock accelerated  
wealth transformation**

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

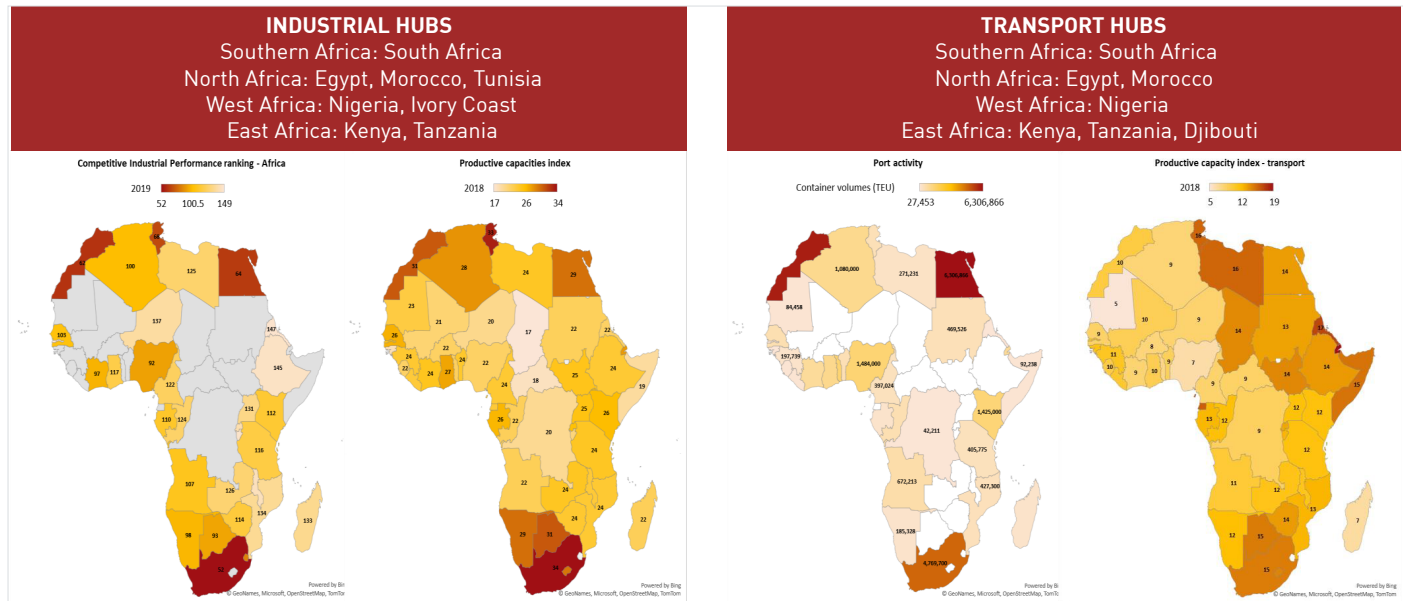
Continued investment in hard and soft infrastructure required to ensure enhanced domestic industrial capacity and competitive connectivity to neighbours. Importantly it requires significant economic and financial reforms to attract investment into the country



Data source: UNIDO, UNCTAD

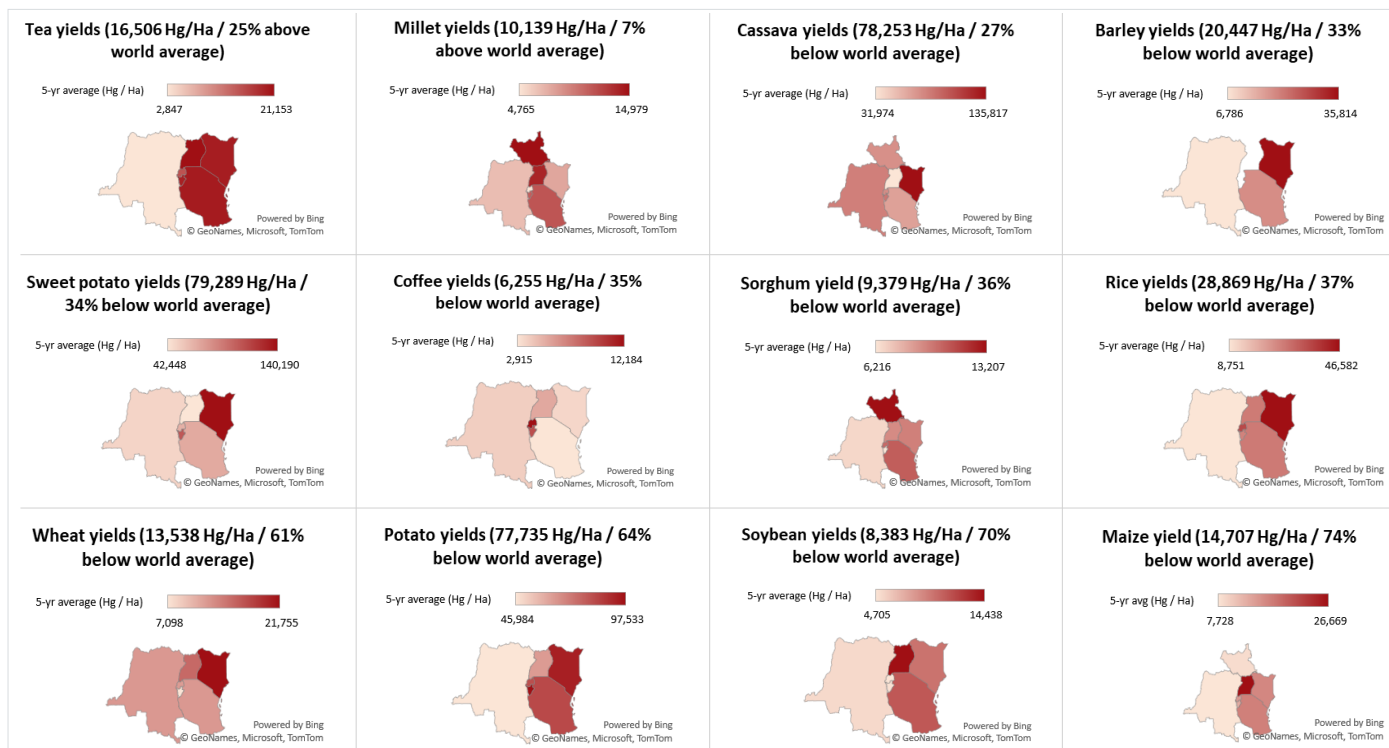
## Catalyst 2: DRC well positioned to be key Africa hub...needs significant infrastructure investment and businesses that can connect regionally

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. More importantly and considering the land mass of the DRC it should consider clustering its infrastructure to intentionally enhance infrastructure for trade corridors anchored by: i) TZ, ii) Zambia, (iii) east Africa, and (iv) port access.



Data source: FAO, Bank financials

# Catalyst 3: DRC has potential to be a global breadbasket... needs agricultural champions



Data source: FAO

# **Equity Group**

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

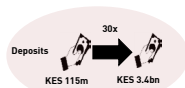


# Equity Group transformation impact and self disruption

## EQUITY 1.0: DEMOCRATISED BANKING 1994 - 2003



- Repositioned business model**
- Removed financial barriers for unbanked
  - Limited documentation to open an account
  - No minimum balances
  - Access to liquidity – abolished notices to withdraw & restriction on withdrawal amount
  - Affordable – no ledger fees, account maintenance fees
  - Remained a building society
  - Cultivated culture and philosophy

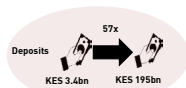


Competition: **Matress**

## EQUITY 2.0: SCALED UP REGIONALY 2004 - 2013

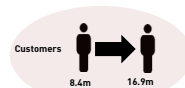


- Changed legal structure and enhanced customer access**
- Drove financial inclusion supporting increase in banked customers from 4% to current → 80% in Kenya
  - Channel innovation with agency and mobile banking – made fit for purpose the distribution model of banking
  - Converted into a commercial bank and listed
  - Expanded across 4 other countries in the East Africa region

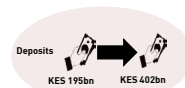


Competition: **Banks, Telcos**

## EQUITY 3.0: EVOLVING BUSINESS MODEL 2014 - current



- Self-disruption**
- Conscious re-engineering of legacy bank value chain
  - Established Finserve to assist drive disruption



Competition: **Cash, banks, Fintechs and increasingly the big techs**

## CUSTOMER EXPERIENCE AND FUNCTIONALITY

### ACCESS

### 2018 - current

### 2014 - 2017

STK Financial Services  
3G Financial Services  
APIs



MVNO – Equitel  
Eazzy APP  
APIs

#### Achievements

- Established telco company to drive mobile money
- One of the first banks to expose full set of APIs to 3<sup>rd</sup> parties & developer community

Fintech  
Mobile insurance



Fintech – Finserve  
Mobile insurance - Ritiki

#### Achievements

- Established Fintech company
- Established e-commerce business
- Driving last mile delivery of goods
- Launched mobile insurance product

### 2007 - 2013

Payments  
Agency banking



Merchant banking  
Agency banking

#### Achievements

- Largest acquirer in Kenya

### 2004 - 2006

Choose & Receive  
USSD Financial Services



Creation of \*247#

#### Achievements

- 1<sup>st</sup> bank in Kenya to adopt USSD banking

### 1994 – 2003

Disrupted ACCESS to financial services

### Equity 1.0

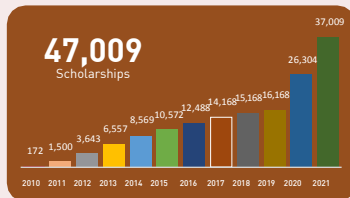
### Equity 2.0

### Equity 3.0

# 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

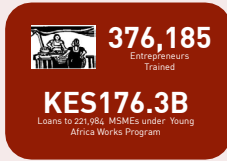
**FOOD & AGRICULTURE**  
→ TRANSFORMING  
SUBSISTANCE FARMERS TO  
AGRI-BUSINESSES



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



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



## Community support

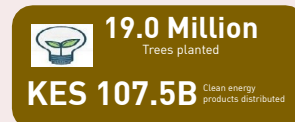
**HEALTH** → SUPPORTING A HEALTHY AND PRODUCTIVE COMMUNITY



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

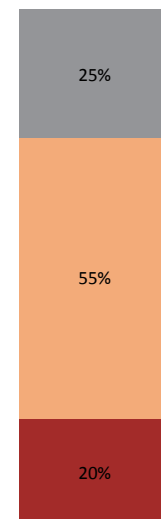


**ENERGY & ENVIRONMENT** →  
GROWING FOR A SUSTAINABLE  
FUTURE



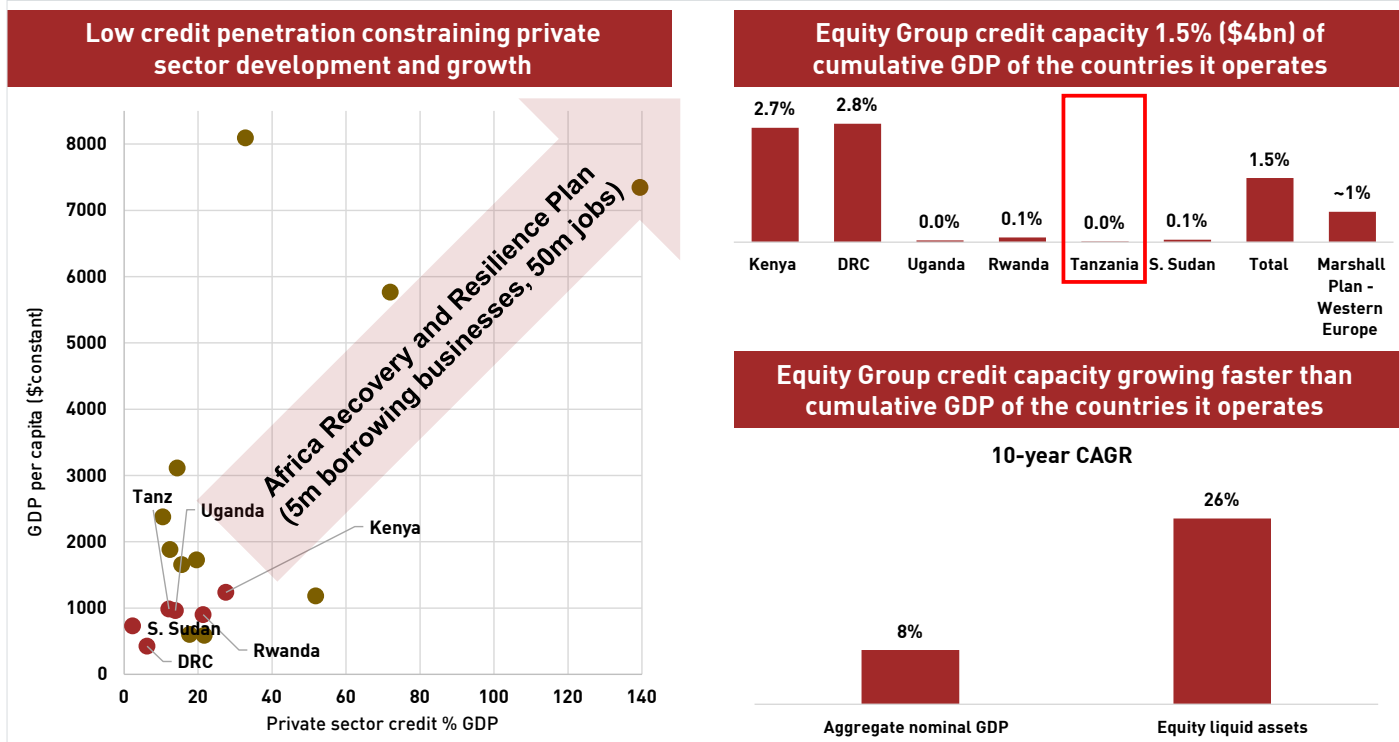
## Equity Group loan mix

■ Consumer ■ MSME ■ Corporates



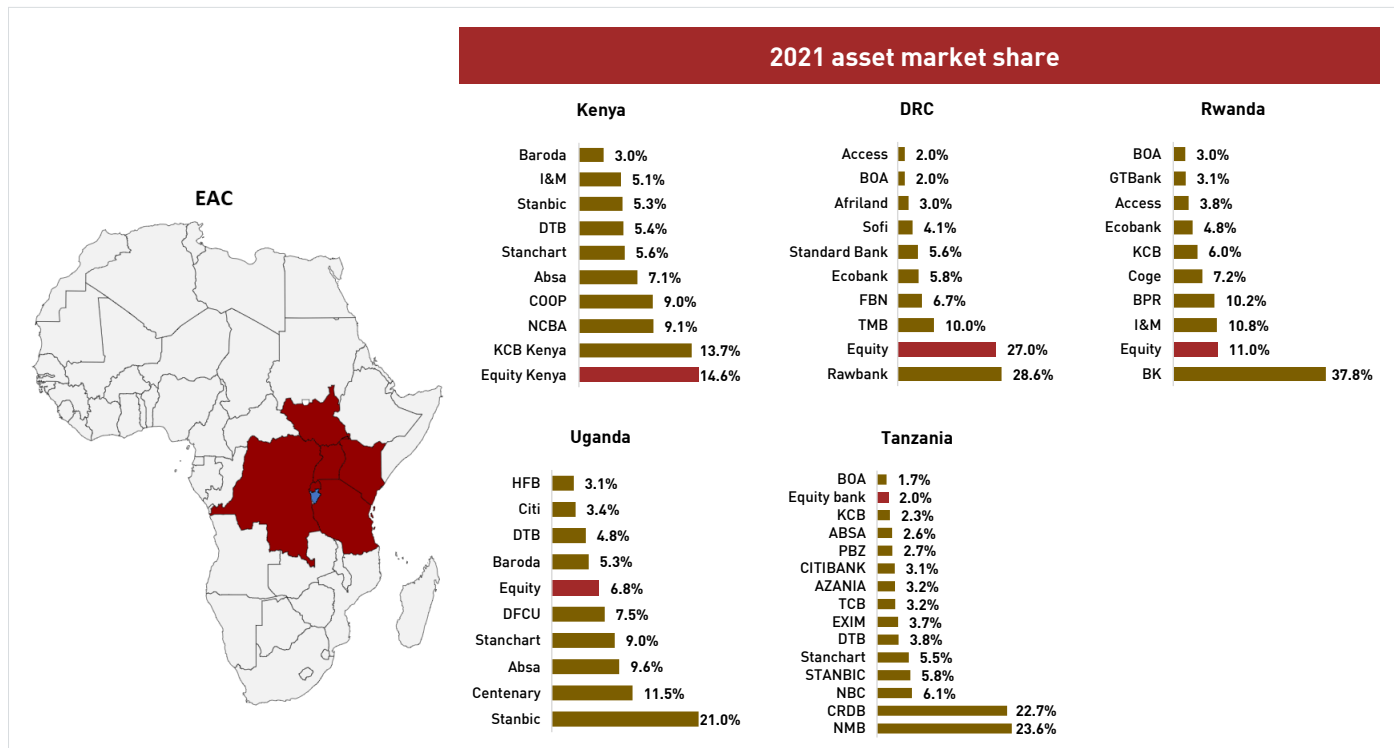
Source: Equity Group

# 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



Source: Central banks, bank financial statements, Equity Group

## Case Studies

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

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

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

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



## Equity Brand Campaign

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

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

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

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



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](mailto: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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