

ANNUAL EAST AFRICA FINANCIAL REVIEW

2023



Photo: The Tanzanite Bridge in Dar-es-Salaam

Sponsorship Partners



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EDITORIAL NOTE

The Editorial team

EDWARD BURBIDGE | KEVIN KURIA | AAYUSH SHAH

2023 was a challenging year across the world as inflationary pressures persisted for most of the year, global interest rates reached multidecade highs and geopolitical developments added to global instability further reinforcing the trend towards a multipolar world with expectations for a bipolar world in the long term. The East African region's resilience was eroded with average economic growth for the region expected to have declined from 6.1% in 2022 to 5.7% in 2023, according to data from Fitch Solutions and the Economist Intelligence Unit. According to the World Bank, Kenya's economy achieved marginal improvement to grow at 5.0% as did the Tanzanian economy growing at 5.1% in 2023, up from 4.8% in 2022. Uganda's economy is expected to have grown by 5.3% whilst that of Rwanda by 7.6% (AfDB).

Notwithstanding macroeconomic pressures, a strong performance by the East African Private Capital markets led to a total of 131 transactions (up from 129 in 2022), and a total disclosed deal value of c. USD 3,698 million (USD 1,755 million, 2022) from 76 deals that had a disclosed deal value. The overall median deal value also increased by 15.4% to USD 10.5 million in 2023 from 2022's USD 9.1 million.

Venture Capital was the most active investment type with 42 transactions and accounting for 32% of total investment activity. Traditional Private Equity investments closely followed, accounting for 23% of total activity whilst DFI investments contributed 16% of private capital transactions and 29% of the total disclosed deal value. Private equity exits decreased marginally to 7 (from 8 in 2022). M&A continued its increasing trend to post 27 transactions, higher than the 21 reported a year ago. A further deepdive on the private capital markets is presented from [page 5](#).

The regional public markets maintained their downward trajectory in 2023 on account of subdued foreign investor participation and a challenging macroeconomic environment. The NSE 20 index declined by 10.0%, while the NSE 25 and NASI shed points by 24.0% and 28.0%, respectively. The DSEI was the best performing regional index losing 7.0% in comparison with the Kenyan indices and the ALSIUG's 28% drop, though it is important to note that the DSEI has a price floor regime. Market performance is further detailed on [page 17](#). There was a dearth of transactions in the public markets with our records capturing just one corporate bond issue during the year.



2023 in Numbers:



Deal of the Year*:

Ascent Capital Africa's exit from Guardian Health Limited in Uganda to MyDawa in a transaction funded by Alta Semper Capital.

131 The number of disclosed deals in EA

c. **\$3,698.0M**



The total value of all disclosed corporate deals in EA in USD

c. **\$10.5M** The median size of deals in EA

'Have a bias towards action – let's see something happen now. You can break that big plan into small steps and take the first step right away.'

~Indira Gandhi

*Voted by I&M Burbidge Capital's Corporate Finance team members individually. Decision by majority votes.

EDITORIAL NOTE

IMBC in 2023

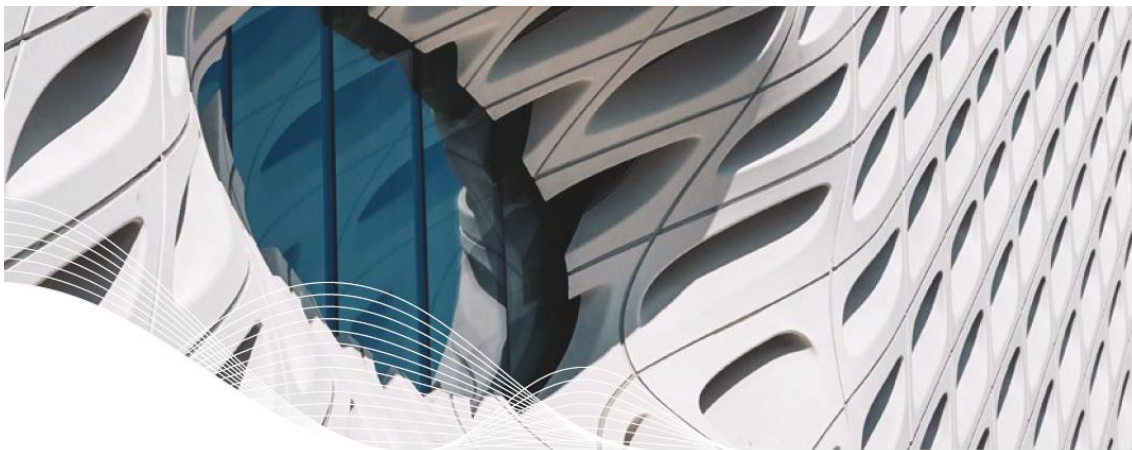
We were pleased to have won the EAVCA Outstanding Financial Advisor Award for the fourth year running and to win the Best Financial Advisor (M&A) Award at the DealMakers Africa Awards.



In the 2022 edition, we posited that a volatile world is the new normal which has largely proved to be true in 2023. The world goes into 2024 still with the Russia-Ukraine war ongoing, the Israel-Palestine conflict threatening to spill over into the rest of the region, increasingly erratic weather events on account of climate change and a mixed macroeconomic picture.

Still, there remain several pockets of opportunity including within the climate transition agenda, adaptation to a multipolar or bipolar world and taking advantage of AI and other technological developments to improve on productivity. East Africa is well poised to capitalize on these opportunities on account of its demographic profile which includes a large, relatively young, educated and connected urban population, recently constructed infrastructure base and overwhelmingly renewable energy base for members such as Kenya, and crucially, the advanced integration of the region’s economies when compared with other economic blocs on the continent. .

These are long term drivers which, when considered in the context of the capital supply and demand dynamics as well as corporate resilience, mean expected growth in private capital investment activity and M&A. (please see more analysis on [page 10](#)).



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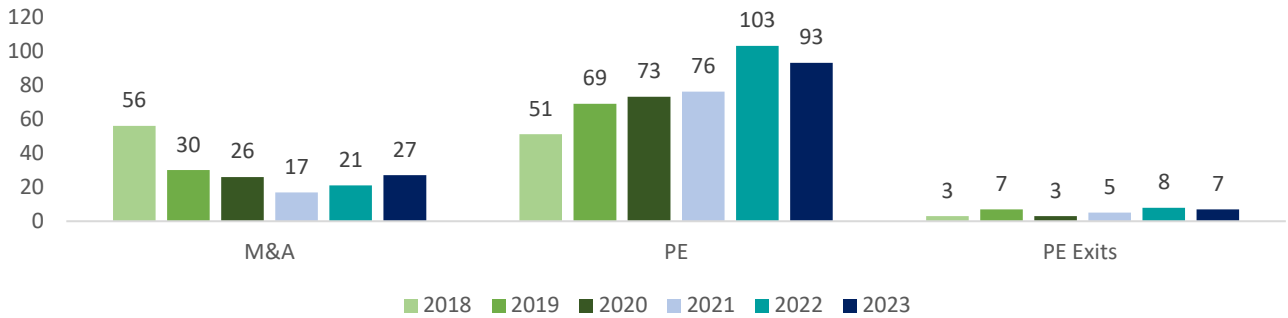
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PRIVATE CAPITAL MARKETS

PRIVATE CAPITAL MARKETS REVIEW

Total Number of Reported PE and M&A Deals in East Africa: 2018 - 2023



*PE comprises traditional PE, venture capital and DFI transactions

Source: IMBC Analysis

Overview

East African private capital markets remained resilient in 2023 in the face of significant headwinds from higher global interest rates, geopolitical instability, and local macroeconomic challenges to only marginally fall short of the performance recorded in 2022. Analysis of deal activity reveals a decline in the total number of financial sponsor investments, driven by a marked decline in venture capital deals, reflective of the challenging fundraising market and a significant shift in focus to sustainable growth with clear paths to profitability. In contrast, there was an increase in the number of traditional private equity and DFI investments signaling the continued resilience of more mature companies in the region and increased innovation in deal structuring as we will discuss shortly. Exit activity remained robust though still somewhat muted considering the number of investments made in the last decade that should now have matured.

In line with our expectations set out in the 2022 Annual EA Financial Review, there was a remarkable increase in M&A activity; particularly driven by local, regional and pan-African buyers.

Private Equity, DFI and Venture Capital Activity

Despite the decline in venture capital deals, overall private equity investment activity was robust in 2023 with a total of 93 transactions (a 9.7% decrease from the 103 transactions recorded in 2022), with a disclosed value of c. USD 1.6 billion (3.5% decrease over 2022), from 64 transactions that had a disclosed deal value. The overall average PE deal value was c. USD 25.0 million (a 19% increase over FY 2022) whilst the median deal value was c. USD 9.9 million (a 32% increase over 2022).

Venture Capital

Whilst still the most active financial investor class with 42 transactions, venture capital activity recorded a marked decline of 36% decrease over the 66 transactions recorded in 2022. There was also a notable decline in the total deal value with c. USD 170.1 million having been deployed - a 76% drop from 2022. This is in line with global VC trends where global VC investments were almost half of 2022. However, the continent performed much better than the rest of the world with total funding only declining by 6.5% YoY to reach c. USD 2.9 billion across 383 deals according to research from the AVCA.

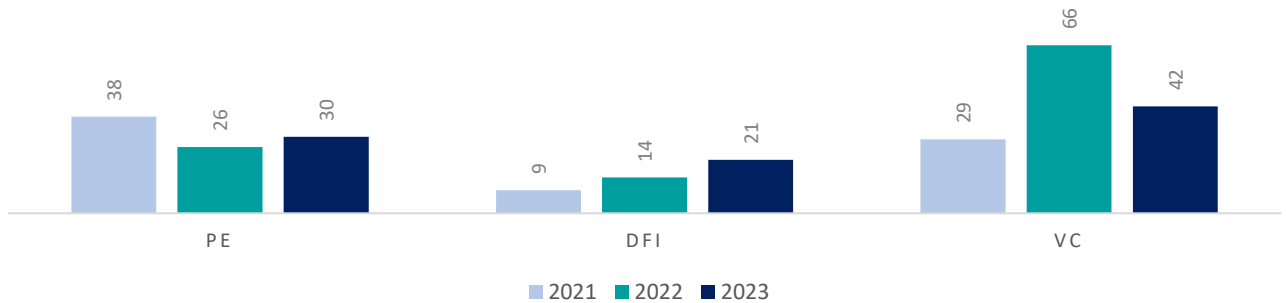
The median deal value for VC transactions decreased by 36% to USD 3.2 million, an indication of the pull back in valuations across the industry on account of higher interest rates and a tougher macro-economic environment.

Key Statistics

Overall No. of PE Deals	93
Overall PE Deal Value (USD m)	1,599
Median Overall PE Deal Value (USD m)	9.9
Top Sector by Deal Volume	FS
Total PE Exits	7
Total PE Exits Value (USD m)	1,000
Number of M&A Deals	27
M&A Deal Value (USD m)	289.4
Median M&A Deal Value (USD m)	44.5

PRIVATE CAPITAL MARKETS REVIEW

Private Equity Investments Breakdown: 2021 - 2023



Source: IMBC Analysis

Traditional Private Equity Investments

There were 30 traditional private equity deals, an increase from the 26 recorded in 2022, though still short of the record 50 traditional PE investments in 2019. The total disclosed deal value fell by 12% to USD 367 million. The median deal value also declined by 39% to USD 7.5 million. We posit that the decline in the total disclosed deal value and the median value is attributable to; i) a challenging fundraising environment which has resulted in a decline in growth of funds investing in the region, and ii) a depressed valuation environment which in turn is pushing tickets to the lower end of most funds' ticket size ranges. According to data from the AVCA, funds raised in 2023 for Africa focused PE funds totaled USD 1.2 billion, which was c. 40% less than the same period last year with 2024 expected to present a similar fundraising environment. The fundraising environment has been heavily negatively impacted by higher risk adjusted returns from developed markets drawing yield-seeking capital away from developing markets. We would expect that an uptick in successful exits will yield tailwinds that should reverse this tide. In addition, we are seeing the employment of innovative structures to mitigate risk and enhance returns such as the increasing prevalence of investment consortia, in particular with trade players, which has the added benefit of a ready path to exit. Furthermore, in larger transactions, staple financing is increasingly being made available as international commercial banks seek to gain a foothold among the large corporates in the region.

Private Equity Exits

There was a marginal decline in exit activity with the market recording 7 exits during the year down from 8 recorded in 2022. As was the case last year, we expect that whilst this number is representative, there will be some assets that will have been quietly exited to the original promoters of these businesses. Nonetheless, exit performance fell short of our expectations at the beginning of 2023 given the volume of investment transactions recorded in the previous decade. Placing the scale of investments in that period (c. 255) vis a vis less than one hundred announced exits, we maintain our view that the exit trend will trend upwards by dint of fund life expiry.

The buyer profile for exited assets remains a mix of secondary buyouts (42.8%), trade sales (28.6%) and a combination of the two - which is a relatively new exit route (28.6%). The latter is an interesting development that demonstrates the increased focus on exits at the point of investment, with funds now eyeing opportunities to invest with strategic players.

DFI Investments

There were 21 DFI led transactions (up from 14 in 2022) with a total disclosed deal value of c. USD 1,062.1 million and a median deal value of c. USD 20 million. The continued increase in direct DFI investments (there were 9 in 2021), is expected given the increasing on-the-ground presence and longer deployment schedules in their funds businesses.

Highlighted Transactions

Notable PE & VC transactions recorded during the year included Vantage Capital's investment in Aquasantec international in an innovative equity like mezzanine structure, Creadev's investment in Victory Farms, Ascent Capital's exit from Guardian Health Limited in Uganda, and Nvision & Maris' exit from Equator Energy to a trade and financial investor consortium comprising IBL Group and STOA. More details on the transactions announced during the year are provided from page 47.

PRIVATE CAPITAL MARKETS REVIEW

Sectoral & Country Analysis

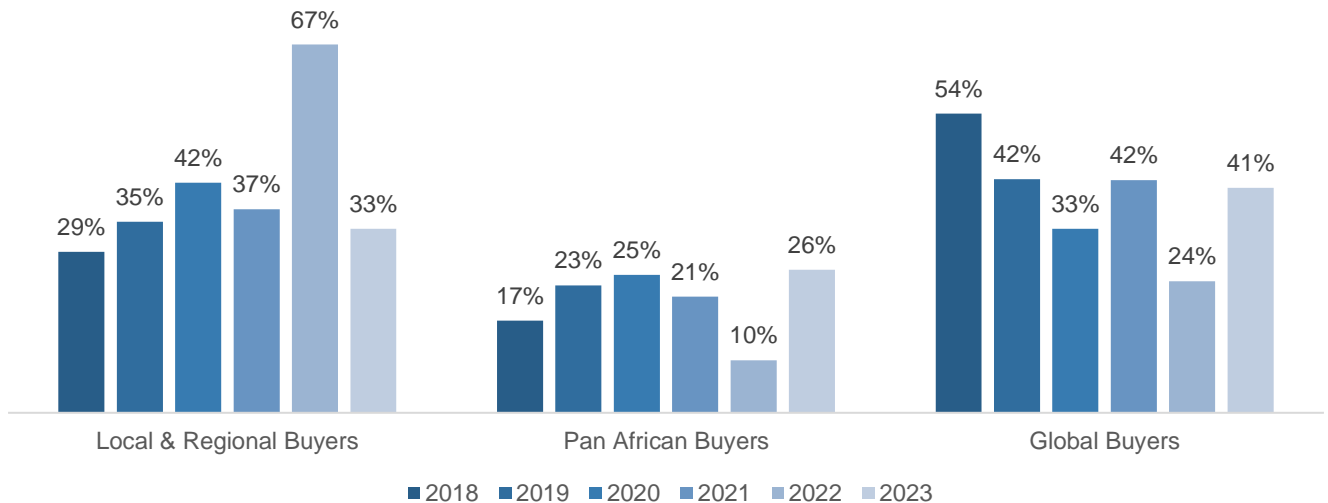
The financial services and agribusiness sectors recorded the highest number of transactions in East Africa with 27 and 20 disclosed deals, respectively. The ICT and Healthcare sectors recorded the third and fourth highest. Kenya maintained its lions share of deals with 91 entries, whilst Uganda was a distant second with 15 deals. Tanzania, Rwanda and Ethiopia followed with 9, 9 and 7 entries, respectively.

Trade Player M&A Activity

Maintaining the positive turn of pace set in 2022, M&A activity increased in 2023 recording 27 transactions (up 29% over 2022) with a total disclosed deal value of c. USD 289.4 million (up 139% over 2022). Whilst African buyers remained the principal drivers of M&A, accounting for 59% of all deals, global buyer interest rose sharply to account for 41%, up from 24% in 2022. The challenging macroeconomic environment remains a key driver of consolidation locally. Assets positioned to benefit from the region's population dividend and its natural resources remain attractive to global buyers.

The financial services sector and the healthcare sector had the highest number of M&A transactions with 5 each, followed by the agribusiness, ICT and logistics sectors with 3 deals. The FMCG, energy and manufacturing had 2 deals each with the mining and media sectors with 1 deal each. Kenya led the M&A entries with 21 deals followed by Tanzania and Uganda which recorded 2 deals, respectively. Ethiopia and Rwanda completed the M&A deals in the region with 1 deal each in 2023.

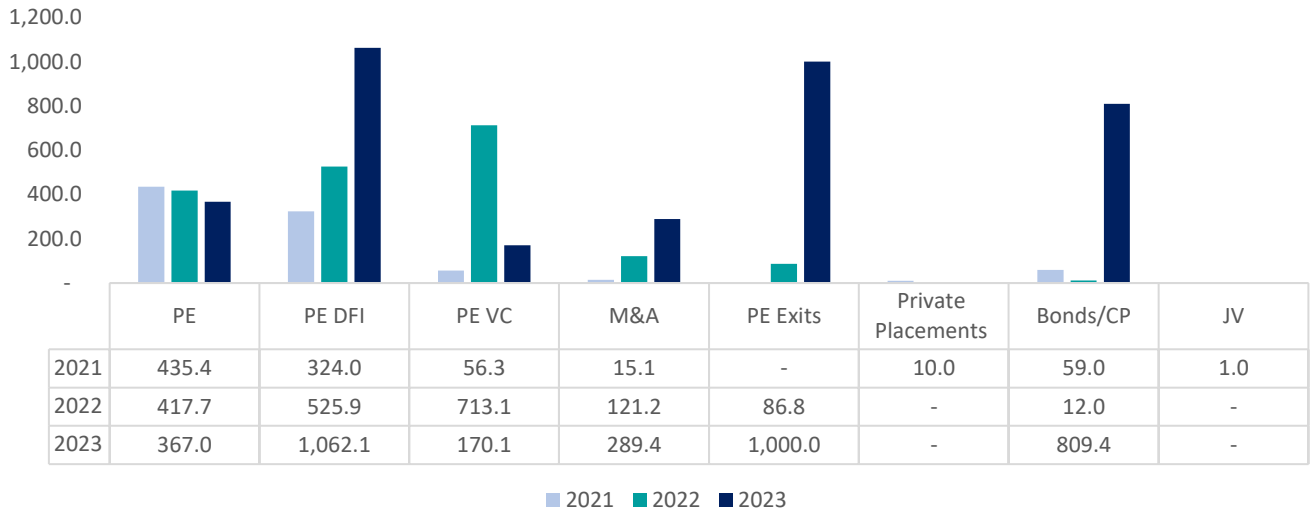
M&A Buyer Profile



Source: IMBC Analysis

DEAL STATISTICS

Disclosed Deal Values: 2021 - 2023 (USD Millions)



Source: IMBC Analysis



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PRIVATE CAPITAL MARKETS OUTLOOK

Private Equity

2023 surprised on the upside with regard to traditional private equity activity and was as expected with regard to DFI and venture capital investment activity. We expect these trends to continue in 2024 driven by the following factors:

- i. **Ideal Capital Supply and Demand Dynamics** - The supply of capital, particularly in traditional private equity and DFI investments remains stable, albeit with minimal growth, but still substantial. In contrast, on the demand side, valuation metrics in the region have softened and are currently at attractive levels. Additionally, commercial credit, which forms the majority of growth financing in the region is increasingly unattainable given government demand for local debt financing not only crowding out the private sector, but also presenting attractive return rates for what is considered risk free paper. These three factors combined create an environment that makes equity capital attractive for many business owners.
- ii. **Geographical Diversity** - The region is increasingly economically diverse whilst at the same time presenting the highest economic growth rates in the continent. For Africa focused investors, East Africa presents a large subset of investment opportunities across the risk spectrum. Kenyan companies present a relatively mature asset base on which growth into high growth untapped markets such as Tanzania and DRC can be effected. Tanzania in particular stands out given its large market, natural resource base and increasingly friendly investor stance. Uganda also presents unique opportunities tied to the exploitation of its oil deposits. Whilst the sector is beyond the investment scope of most financial investors in the region, the impact to the economy, including through infrastructure investment, is expected to open auxiliary investment opportunities for well established businesses.
- iii. **Demographic Dividends** – We maintain our view that East Africa is well set to reap from its young and educated population. This will in due course translate into an empowered consumer base, particularly for East African Community members which count an estimated 301.8 million citizenry, of which over 30% is urbanized. This is an attractive prospect for global and regional acquirers as noted by IBL in the interview on page 15.

We maintain cautious optimism in the context of significant headwinds including the inflationary impact of geopolitical events and currency depreciation. Tailwinds that may surprise on the upside during the year include the prospect of lower global interest rates and stimulatory spending driven by the elections in 2024, with up to 40% of the globe expected to go to the polls. Furthermore, crude oil prices are expected to stabilize in the first half of the year and potentially decline in the second half on account of global supply imbalances.

M&A

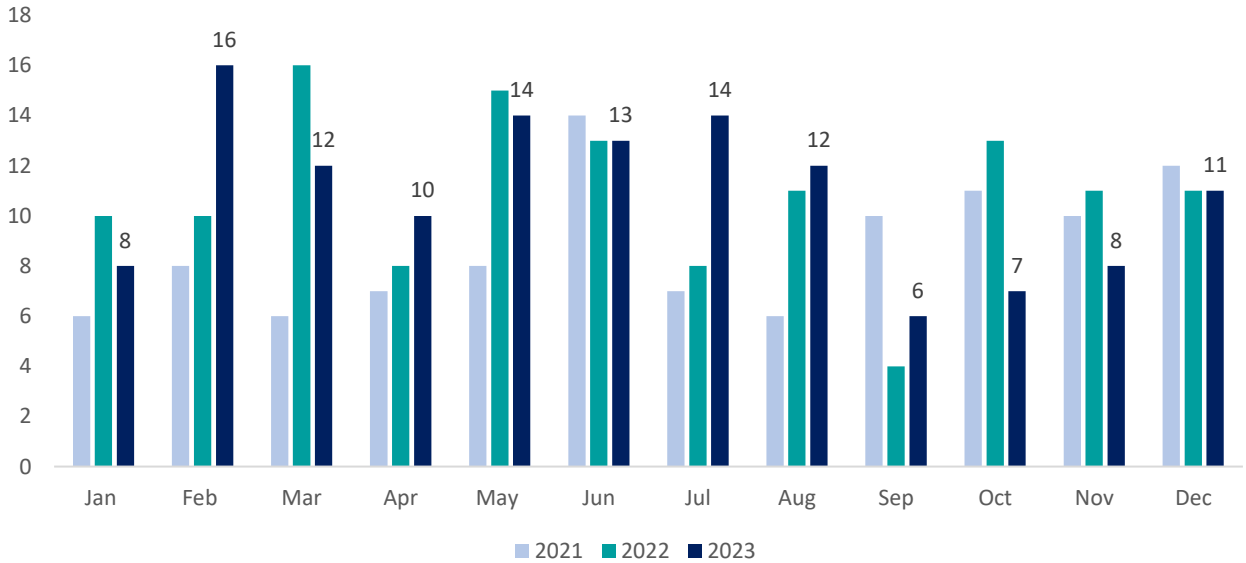
We reinforce our call on robust M&A activity in the region based on the historical performance and the opening up of new opportunities and avenues in the region. We expect that regional and pan-African buyers will remain the principal sponsors of M&A transactions though a drop in global interest rates may present tailwinds to global buyer driven M&A. Regionally, we see three subsets of opportunity:

- i. **Local Consolidation** – 2023 was a challenging year across the private sector, which followed several challenging periods of economic activity on account of the Covid-19 pandemic. As such, we expect that conditions are ideal to encourage consolidation within low margin sectors and low growth sectors such as FMCG distribution, printing and packaging, and oil and gas to name a few.
- ii. **Regional Expansion** – We have noted increased interest from Kenyan businesses to invest for growth in neighbouring markets to counter weakness in the region's largest economy. We believe this also presents an opportunity for financial investors to back sound expansion strategies.
- iii. **Value Chain Integration** – We expect, and are seeing, both locally owned and foreign owned corporates integrating their supply chains to further entrench profitability but also to enhance their service offering and build top line.

Headwinds to take note of will include the cost of financing these transactions and the impact of fiscal policy on transactions.

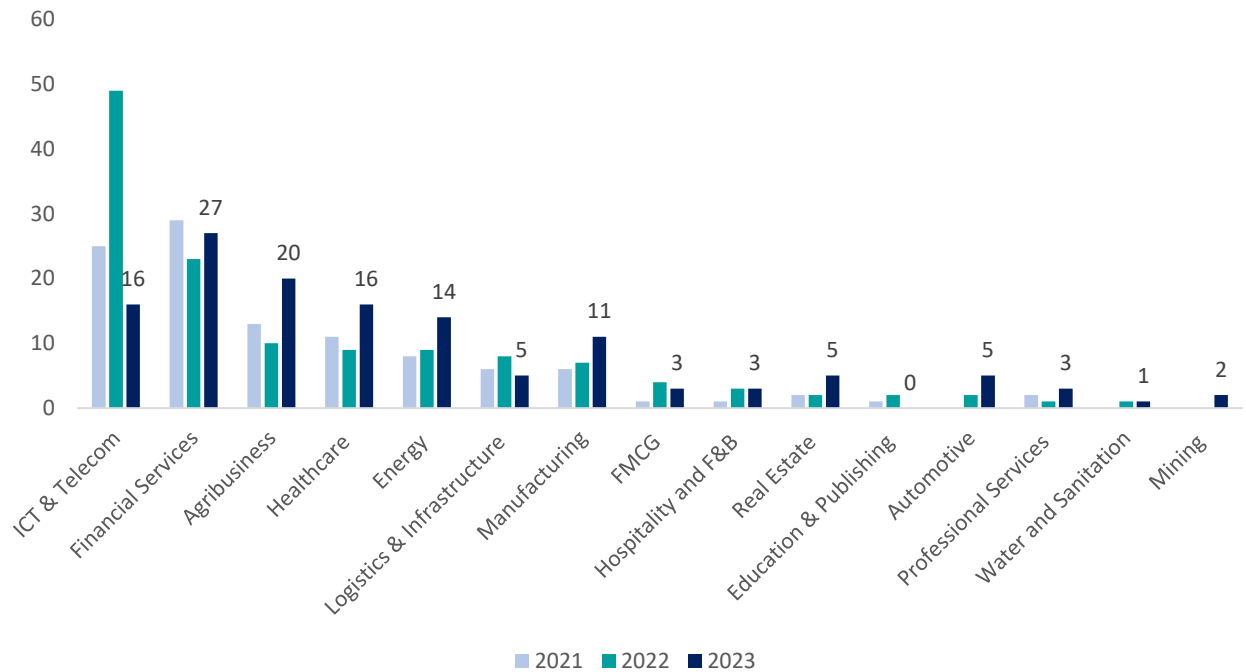
DEAL STATISTICS

Number of Deals Per Month: 2021 - 2023



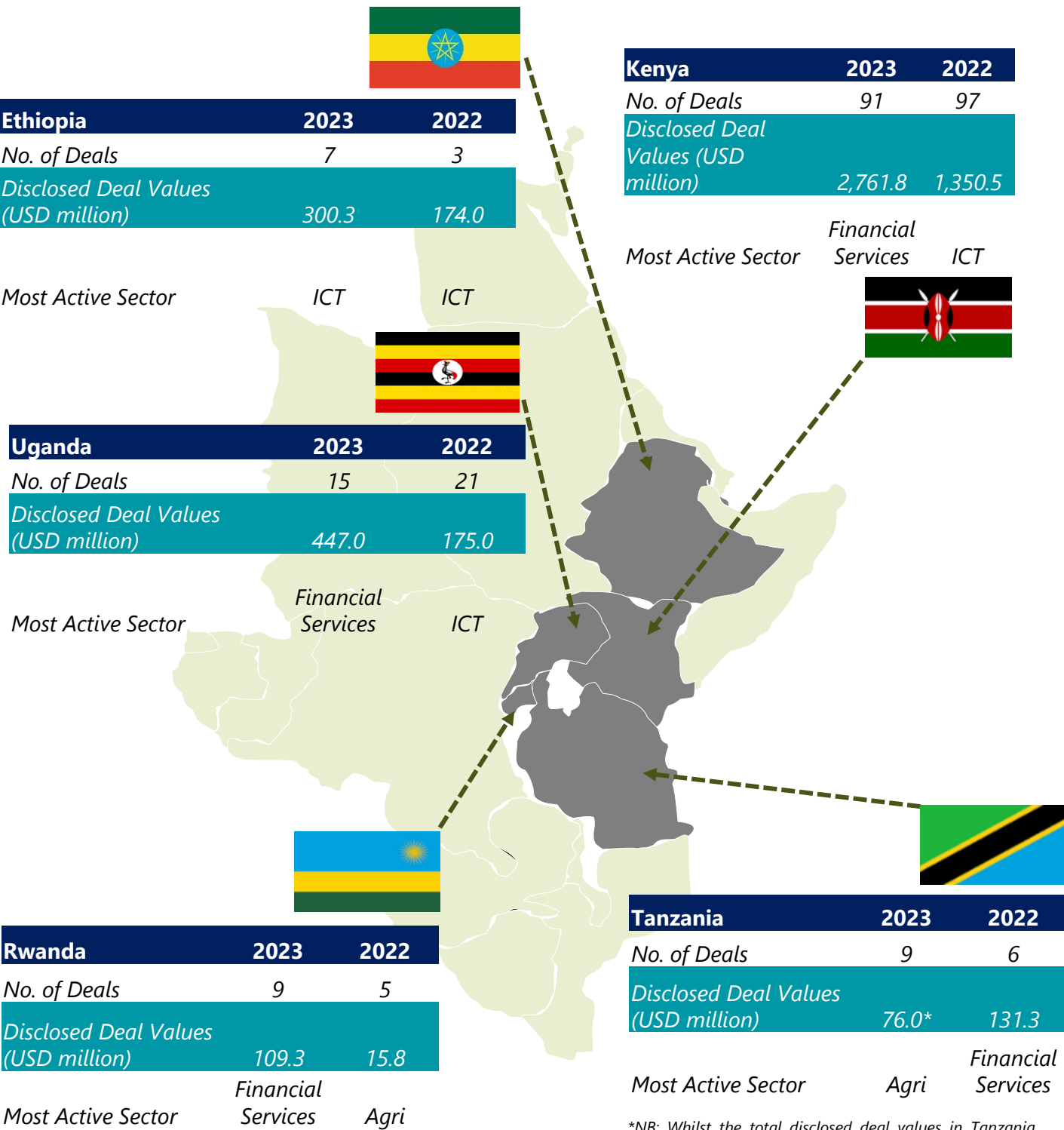
Source: IMBC Analysis

Number of Deals per Sector: 2021 - 2023



Source: IMBC Analysis

DEAL STATISTICS III



Source: IMBC Analysis

*NB: Whilst the total disclosed deal values in Tanzania declined in 2023, it is important to highlight that of the 9 transactions, only 4 had disclosed deal values.



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INDUSTRY INSIGHT

Interview with IBL Group

Michel Pilot - COO, IBL East Africa Investment, and Jorsen Patten - COO, East Africa Operations at IBL Group

Interview with Michel Pilot & Jorsen Patten

COO, IBL East Africa Investment and COO, East Africa Operations, IBL Group



Michel Pilot is the COO of IBL East Africa Investment. He was previously the CEO of Agria, a Rogers Group company. Michel began his career in 2009 as a portfolio manager for High-Net-Worth-Individuals and pension funds before joining Rogers Group in 2016 as Corporate Manager. He holds a Bachelor of Commerce in Finance and Management and Master of Finance from Curtin University (Australia) and an MBA from INSEAD.

Jorsen Patten is the COO of IBL Group's East Africa Operations. Prior to joining IBL and setting up the East Africa advisory office in 2018, he held senior executive positions at The Coca-Cola Company and BAT in a variety of roles in country management, growth and marketing strategy, franchise leadership and commercial execution across Sub-Saharan Africa. Jorsen holds a Bachelor of Science in Economics from The London School of Economics and an MBA from INSEAD.

We have witnessed significant interest in the East African region from Mauritian conglomerates in the last 5 years with IBL having been the most active investor completing 3 deals in the retail pharma, and energy sectors. What do you feel are the key drivers of this resurgent interest and do you expect to see more M&A activity from Mauritian companies?

As a bit of background, in 2018 IBL decided to open a regional business development office in Nairobi to support the Group's expansion strategy in East Africa. This subsidiary called IBL International served as an advisory office in business development and investment to the Group and its operations. We initially focused on market research, understanding the economic and industry landscape, carefully considering which sectors to focus on, developing market entry strategies, making IBL Group known and building relationships and partnerships among the business and investment community, from family businesses and law firms to investment banks, and so on. In parallel to this important foundational work being carried out on the ground, we also reviewed a number of investment opportunities in mid- to large-size businesses across sectors in the region, whilst several IBL operations such as DTOS, IBL Energy and EllGeo Re were also setting up business development offices in Kenya. Our M&A efforts culminated in the historic deal with Naivas, the leading supermarket chain in Kenya, in June 2022, followed by investments announced in the pharma distribution and renewable energy sectors in 2023, namely with Harley's and Equator Energy respectively. More recently, our beverage operation Phoenix Beverages also announced an investment in African Originals.

In addition, our hospitality operation The Lux Collective signed a management contract in Zanzibar, and our FMCG distribution operation also launched a trading division in Kenya.

With presence established across multiple sectors over these past few years together with our historical investments in the sugar sector, this demonstrates our belief in the dynamism of the East Africa region providing headroom for growth to our Group. We hope that the bold approach taken by IBL will give further comfort to Mauritian companies to seek winning partnerships in the region and it could definitely be the catalyst for increased interest in the future.

IBL has stood out in its partnership with DFI funds in the investments that it has made recently. What has driven this approach?

It is in our Group's DNA to create and build partnerships, and that also stands true as we look for investors to accompany us in our M&A transactions when the deal profile is right. We have over time built strong relationships with DFI's, whose longer investment horizon matches well our philosophy and timeline as a strategic investor. In addition to our operating capabilities, such partnerships also allow for complementarity in areas such as ESG, where we can enhance further our value creation to our investee companies.

Interview with Michel Pilot & Jorsen Patten

COO, IBL East Africa Investment and COO, East Africa Operations, IBL Group

IBL is a conglomerate with interests in a wide range of sectors including agriculture, energy, healthcare and pharma, and real estate. Which sectors in East Africa present the most promise for you and why?

The move to open our office in East Africa came on the back of deep strategic reflection from the Group and that deep dive also allowed us to map out which sectors and industries where we had expertise that we wanted to focus on in East Africa. In early 2021, we made a checkpoint on this strategy and the relevant sectors, and we confirmed our ambition to establish a presence in retail, healthcare/pharma distribution, renewable energy, FMCG distribution, logistics and industrial and commercial property. The basic thought process was to match high IBL expertise with expected high-growth areas in the region, and these are the sectors that came out. Nonetheless, we do remain alert to opportunities in other sectors where we have expertise, and testament to that is the recent acquisition of a minority stake in African Originals by our subsidiary Phoenix Beverages. We also keep a close interest in the sugar milling sector in the region, as we already have a presence through our investments in Transmara in Kenya and in TPC in Tanzania.

IBL's investments so far have been focused on companies with their principal operations in Kenya, which whilst the most vibrant economy in the region, faces significant macroeconomic, geopolitical, and fiscal challenges. What opportunities do you see on the horizon within the region's other economies and what challenges present themselves in the pursuit of these opportunities?

As a strategic investor, we believe in the longer-term trends of the East Africa region with a sizeable population and a rising middle class, with Kenya as the business hub. We see these macro trends also driving the other economies in the region, with an improving ease of doing business. The significant investments in infrastructure in the region are equally encouraging as this will allow for improving trade and exchanges, supported by the strengthening of the regional trade agreements.

ESG principles have increasingly come into focus in recent years in the region and globally. How does ESG play into IBL's investment process?

IBL has taken a proactive approach in the Group's strategy to embed ESG all the way down to its processes. One of IBL's growth enablers is sustainability as we are convinced that we cannot do good for the environment and our communities without integrating ESG principles in a systematic manner throughout our operations. Our investment process is no stranger to that, and we make sure that we have a strong agenda to build up the ESG capabilities in the businesses we have invested in, by cross-fertilizing some of the best practices already in place within similar operations within the Group and having the valuable support of our co-investing DFI partners who also have strong capabilities in this area.

Transactions in East Africa tend to take c. 12 months to complete. In your view, which segments of the transaction process need further investment to achieve higher quality and faster transactions?

Indeed, transaction timelines tend to stretch over a year in most cases. However, we have seen major transactions in the region that were wrapped up in less than that. A few aspects come to mind as to how the timelines can be better contained. From a buy-side perspective, it is key that the groundwork of the M&A strategy is well detailed so that you can narrow down the list of targets and hit a higher success ratio. You also need to work hard on understanding your future partners and ensuring from the outset that there is a common objective in the transaction. One should not shy away from investing in the right due diligence streams with strong partners who have the capability to go deep quickly. From a sellers' perspective, once you have set your mind on entering a transaction process, it is important to spend time and effort on setting up a strong data room and partner with capable transaction advisors to ensure a smooth process once investors' interests start coming in.

Interview with Michel Pilot & Jorsen Patten

COO, IBL East Africa Investment and COO, East Africa Operations, IBL Group

Nairobi has witnessed an eclectic explosion in restaurants following the Covid-19 pandemic. Which restaurant in the city is your favourite and how does the restaurant scene in Nairobi compare with Port Louis?

On a lighter note, we are very happy about the vibrant restaurant scene in Nairobi, which is very diverse and cosmopolitan, and caters for various tastes. It's difficult to pick a favourite within the choices that are available, some of which remind us of the flavours from the diverse scene in Port Louis too.



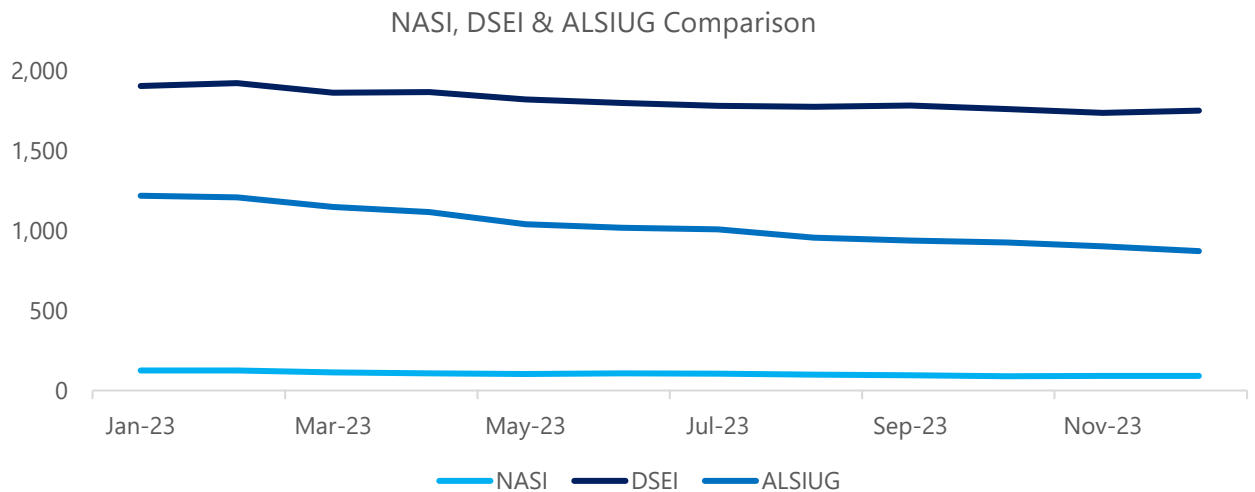
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PUBLIC MARKETS

EQUITIES MARKETS COMMENTARY



Performance of the Nairobi Securities Exchange

- The market continued a downward trend in 2023. All 3 Nairobi bourse indices (NSE 20, NSE 25 & NASI) were down 10.4%, 24.15% and 27.67%, respectively during the year. Performance fell most sharply in Q3 attributed to a combination of global factors. Markets worldwide experienced declines due to concerns about inflation and geopolitical tensions.
- At the individual stock level, Umeme Limited and Kapchorua Tea Company Limited were the top gainers in 2023 recording a positive growth by 115.6% and 89.8% respectively. Unga Group was the top loser recording 47.34% in losses during the year.

African Markets Performance

- During the financial year 2023, the performance of numerous African stock markets declined, except for those in Nigeria, Egypt, and South Africa.
- This pattern was likely influenced by developments in the US economy and the Federal Reserve's intensified monetary policy measures to address inflation in the US. These actions led to a stronger USD compared to other currencies, attracting investors in search of greater returns. Consequently, there was a notable redirection of capital from emerging markets to the US.

Key Market Developments

- Key market developments in 2023 included the following:
 - The private sector was in a consolidation zone in 2023 due to inflationary pressure driven by increased food and energy costs, weakening currency and rising interest rates which consequently led to higher selling prices as businesses endeavored to sustain profit margins
- The Kenyan Shilling experienced a notable depreciation in its exchange rate against the US Dollar, trading at a record low of 156.5 in December 2023, compared to 123.3 in December 2022.

KEY MARKET STATISTICS

Key Africa and Global Equity Indices Performance

Equity Index	Dec-23	Year 2023 High	Year 2023 Low	Dec-22	% change
NSE 20	1,501	1,657	1,461	1,676	-10%
NSE 25	2,380	3,136	2,370	3,134	-24%
NSE ALL SHARE	92	126	89	127	-28%
DSEI(TZ)	1,751	1,924	1,737	1,882	-7%
ALSIUG	873	1,218	873	1,213	-28%
NGSEINDEX	74,774	74,774	52,404	51,251	46%
EGX 30	24,691	25,905	16,419	14,599	69%
JALSH(SA)	76,893	80,791	69,653	73,049	5%
NYSE	16,853	16,898	14,887	15,184	11%
FTSE 100	7,733	8,014	7,322	7,452	4%

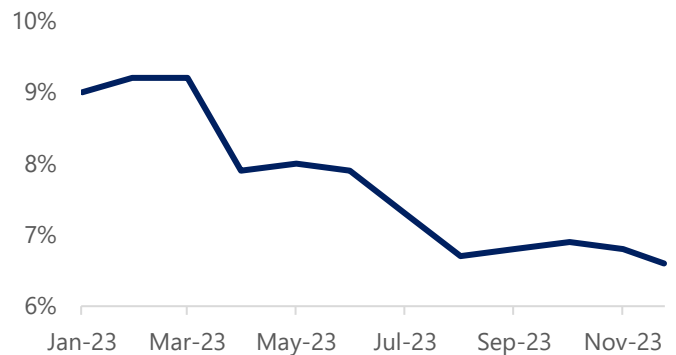
Source: Refinitiv

Central Bank Rates

Country/Region	Dec 2023	Dec 2022	Bps Ch. y/y
Central Bank of Kenya (Kenya)	12.50%	8.75%	375
Bank of Uganda (Uganda)	9.50%	10.00%	-50
Bank of Tanzania (Tanzania)	5.00%	7.00%	-200
South African Reserve Bank (RSA)	8.25%	7.00%	125
Central Bank of Nigeria (Nigeria)	18.75%	16.50%	225
Central Bank of Egypt (Egypt)	19.25%	16.25%	300
Bank of England (UK)	5.25%	3.50%	175
Federal Reserve Bank (USA)	5.33%	4.50%	83
European Central Bank (EU)	4.75%	2.50%	225

Source: Refinitiv

Kenya Monthly Inflation Rate

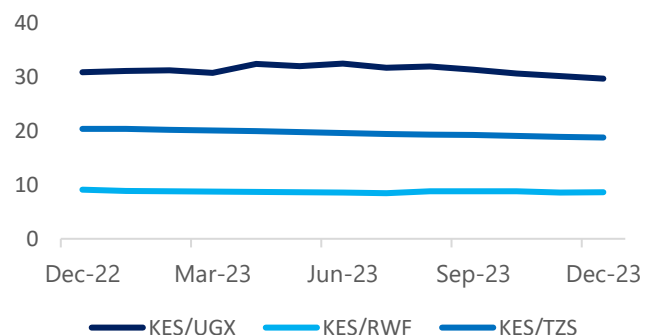


Key Africa and Global Currency Performance

Currency	Dec 2023	Dec 2022	% Ch. y/y
USD/KES	156.5	123.3	26.93%
USD/TZS	2,505.00	2,327.00	7.65%
USD/UGX	3,775.00	3,710.00	1.75%
USD/RWF	1251.42	1056.82	18.41%
USD/ETB	55.9969	53.34	4.98%
USD/ZAR	18.2822	17	7.54%
USD/NGN	881.03	447.58	96.84%
USD/EGP	30.85	24.74	24.70%
GBP/USD	1.2729	1.21	5.20%
EUR/USD	1.1036	1.07	3.14%

Source: Refinitiv

KES vs. UGX, RWF, TZS



Source: Refinitiv



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4

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Enhancing shareholder value through ESG

Enhancing shareholder value through ESG



Gurmit Santokh, CPA
 Managing Director
 PKF Consulting (K) Limited

Companies create shareholder wealth through earning a return on capital that is greater than the opportunity cost of capital. Consequently, the drivers of shareholder value are the discounting factor representing the risk associated with the investment and the free cash flows against which the discounting factor is applied. The impact of Environmental, Social and Governance (ESG) initiatives on these two drivers of value have informed recent discourse in the corporate finance world that are worth exploring.

The first one is the awareness by consumers on the need to preserve the environment and their focus towards fair treatment of various stakeholders in companies whose products they consume. This has been a key driver towards implementation of ESG initiatives. Such implementation has created a niche for such entities thus ensuring a competitive advantage that ensures higher cash flows associated with an increased market share. This feeds into the free cash flow component of the equation thus boosting share values. Many corporate leaders are now seriously considering investment in ESG initiatives.

Still on the free cash flow side of the value equation, cost savings associated with capital investment in ESG far outweigh the initial investment thus generating higher free cash flows in post implementation periods. Empirical studies have demonstrated that companies that have re-purposed production processes towards ESG have generated higher free cash flows in the long-run through measures such as use of natural lighting, solar panels, and rain harvested water. The initial capital expenditure is recouped through tax incentives and shareholder value appreciation.

Many employees today identify with organisations that have a well-entrenched ESG proposition since such organisations provide a sense of purpose to employees through an alignment of environmental and social causes that are dear to them. Such social causes resonate particularly well with a younger workforce that is well informed on global matters, through social platforms. The feel-good factor that emanates from such alignment increases employee loyalty and productivity both of which increase an entity's staff retention ratio; a key driver in any wealth creation strategy.

On the risk side of the equation, whereas corporate finance experts are yet to agree on a common approach towards calculating the exact value by which shares appreciate as companies embrace ESG, studies have shown that compliant companies register lower risk, which reduces the discounting factor known as cost of capital by up to about 1.2% thus boosting the value of the shares through lower discounting rates. The calculation is based on a set of ESG assessment questions designed to determine the level by which ESG initiatives have been implemented, which in turn determines an ESG score based on pre-set algorithms. The standard ESG score generates a factor by which the cost of capital is adjusted downwards, to lower the discount rate applied on free cash flows. This is a major breakthrough in the corporate finance space and there is no doubt that consensus will soon be built around a refined and more universally accepted formula as more standardized reporting frameworks are adopted.

The speed at which the global community is adopting ESG dictates a rapid legislative change to guide the process, which in turn will call for compliance by all companies. It is important that those charged with governance of companies factor this trend in decisions aimed at maximizing shareholder wealth.



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5

PARTNER INSIGHT

**Regulatory Action and the Business Environment
DLA PIPER AFRICA, KENYA (IKM ADVOCATES)**

Regulatory Action and the Business Environment

DLA PIPER AFRICA, KENYA (IKM ADVOCATES)



David Lekera
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(IKM Advocates)

In order for a country to attract, retain and enhance investment capital, it must, at a minimum, create a conducive business environment, constantly improve its ease of doing business, increase its competitiveness and provide a predictable investment environment including in particular on regulatory action.

In its global assessment of the ease of doing business, the World Bank considers, among others, the following ten key parameters, namely, ease of starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency.

In addition, the World Bank considers the ease of doing business score which assesses the level of regulatory performance and its improvement over time.

To improve her ease of doing business performance, the Government of Kenya embarked on a journey in 2014 to develop and implement several regulatory and institutional reforms and initiatives aimed at making Kenya more competitive locally and globally. The measures taken by Government included documenting government business processes and embracing digitalisation. Many Government offices such as the Business Registration Service (BRS), the National Transport Services Authority (NTSA), the Competition Authority of Kenya, the Ministry of Immigration (among others) have embraced a digital system of providing services through the Government eCitizen online portal.

Despite some teething problems, the online business portal significantly improved government processes and service provision including, to a reasonable extent, reducing corruption by eliminating or substantially reducing the need for human intervention on application for services from Government. For example, it is now possible by a click of a button (and use of mobile money) for one to apply for change of particulars of records of a company, to file returns, to register security at the collateral office, to apply for a passport, renew a passport or even renew a driving licence, all from the comfort of his office or home without the need to look for an intermediary to help as it used to be the case in the past.

As a result of the deliberate efforts taken by the Government (obviously in collaboration with the private sector), Kenya's ease of doing business ranking, according to the World Bank, rose tremendously from 136 in 2014 to 56 globally in 2019.

That said, there is still a lot to be done in order to enhance investors' confidence and comfort.

While the Government has performed well on matters relating to systems and service delivery (particularly digitalisation of processes), the same cannot be said with the same level of confidence on matters and actions that involve the exercise of regulatory discretion. Based on recent trends by some regulators, one wonders whether their mandate has shifted from one of business and trade facilitation to one of impeding and discouraging free enterprise.

For example, the private equity and venture capital industry (which recently at the EAVCA 2023 Annual Private Conference celebrated over 20 years of existence in East Africa) was recently shocked by the Kenya Revenue Authority (KRA) and the Tax Appeals Tribunal (TAT) in a decision rendered on 6 October 2023 in Tax Appeals Tribunal Appeal No. 335 of 2022 (ECP Kenya Limited vs Commissioner of Domestic Taxes) (ECP Decision).

In a nutshell, the ECP Decision, if not vacated by the High Court on appeal, may wholly undermine the private equity and venture capital investment model as it has been developed and practiced over the last two decades or more. In this matter, like most private equity funds, ECP Africa Fund III PCC (Fund) (for different reasons - including presumably the existence of an appropriate regulatory framework and investors' preference) was established in Mauritius, with its manager (ECP Manager) (also for regulatory reasons) registered in Mauritius and its investment advisor incorporated in Kenya (ECP Advisor). Upon the sale by the Fund of its stake in Java House Mauritius Limited, a holding company in Mauritius which held Java House in Nairobi, KRA assessed corporation tax on the ECP Advisor for (i) business income earned from the sale transaction and (ii) a share of management fee earned by the ECP Manager from the Fund.

In its decision, the TAT upheld the KRA assessment and held that:

- i. the sale of shares by the Fund was business resulting in business income taxable at 30% and not capital gain subject to tax at 15%;

Regulatory Action and the Business Environment

DLA PIPER AFRICA, KENYA (IKM ADVOCATES)

- ii. the ECP Advisor created a permanent establishment of the Fund in Kenya on the basis that through the ECP Manager it exercises discretionary control of the Fund. This is despite the fact that, as structured and as demonstrated to the TAT:
 - a) the ECP Advisor only provided non-binding services by making recommendation to the ECP Manager based on an advisory agreement between them; and
 - b) none of the employees of the employees of the ECP Advisor sat on the board of directors of either the ECP Manager or the Fund; and
- iii. while ordinarily, income earned from the sale of shares is treated as a capital gain and subject to capital gains tax and while it is accepted worldwide (including under OECD principles) that the income of private equity funds is not deemed trading income but as investment income, as tax law is country specific and the Kenyan Parliament did not specifically provided an exemption of private equity funds from taxation under business income, the ECP offshore transaction must be subjected to corporation tax on the disposals of their portfolio companies.

Due to, among others, the non-existence of a suitable regulatory environment in Kenya for setting up private equity and venture capital funds, such funds are typically established offshore in jurisdictions (such as Mauritius) which have an established regulatory environment. The ECP Decision, however, introduces significant uncertainty and complication to private equity and venture capital in Kenya as currently structured. In other words, unless and until the decision is reversed by the Courts, it makes the landscape unpredictable and potentially hostile for investment.

In order to fund its budget Government is currently extremely aggressive in seeking to maximise revenue collection. However, it would be advisable for Government and regulators to consider the long-term effects of their action. For example, in facilitating measures that would help grow and retain private equity capital in the county (rather than seeking to maximise revenue collection on a short-term basis), the Government and the economy is likely to stand to benefit a lot more in the long run.

Another case in point of seemingly regulatory overreach is the recent decision by the Competition Authority of Kenya to sanction Carrefour supermarkets to a fine of KES 1.1 billion for alleged abuse of buyer power. While the Competition Authority has the honourable mandate of promoting healthy competition in the economy with a view to ultimately enhancing a conducive business environment, it would be in the interest of all players for it to do so in a measured approach and, where appropriate, impose fines that are proportionate to the offence allegedly committed. A fine of approximately USD 7million (especially in a situation where the advantage allegedly gained was rolled over to the end consumer) appears significantly onerous by any standards.

Therefore, while the Government has done well in improving processes and procedures in order to enhance investments and attract capital, there is some improvement required on the part of regulators to ensure that they maintain and play their trade facilitation roles properly and fairly.

On a positive note, the Ministry of Trade, Investment and Industry encourages the private sector to reach out to the Ministry on any areas that require attention to ensure that the business environment is conducive. Accordingly, stakeholders (comprising private equity and venture capital funds, EAVCA, advisors including financial and legal advisors) have an opportunity to lobby and engage the Government to adopt policies that will streamline and bring certainty to the private sector.

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6

Economic Review & Outlook: Sub-Saharan Africa

ECONOMIC REVIEW & OUTLOOK - SSA

Sub-Saharan Africa



Sub-Saharan Africa, home to more than 1 billion people, half of whom will be under 25 years old by 2050, is a diverse continent offering human and natural resources that have the potential to yield inclusive growth and eradicate poverty in the region. With the world's largest free trade area and a 1.2 billion person market, the continent is creating an entirely new development path, harnessing the potential of its resources and people.

The region is composed of low, lower-middle, upper-middle, and high-income countries, 22 of which are fragile or conflict-affected. Africa also has 13 small states, characterized by a small population, limited human capital, and a confined land area.

Macro Environment

Africa experienced a slow economic growth of 3.3% in 2023 down from 4.0% in 2022. This is primarily on account of the global economic slowdown, global financial tightening conditions and sluggish growth across African regions including Southern Africa, Central Africa and North Africa. However, stronger continental GDP growth is expected to rebound to 4.0% in 2024 as the global economy recovers along with infrastructure investments across several countries.

The inflationary pressures in Sub-Saharan Africa are expected to ease to 15.7% in 2024 from 19.7% in 2023 as the global supply chain disruptions subside. Inflation is expected to remain above Central bank targets in most African countries.

Domestic food price inflation has also fallen, driven largely by a general drop in global food prices. Typically, as international food prices fall, domestic food inflation follows with a lag of 6-to-12 months and with an almost complete pass-through for imported staples.

Monetary Policy

The rapid tightening of global monetary policy has raised borrowing costs for SSA countries both on domestic and international markets. The average public debt as a percentage of GDP across the SSA is estimated at 58.8% in 2024 from 57.7% in 2023 due to the high cost of imports, weak recovery in exports and rising international interest rates. The rising interest rates have led to increased debt service costs, with over 34 SSA countries being listed on the Heavily Indebted Poor Countries (HIPC) initiative.

Fiscal Policy

The region's fiscal situation is gradually improving. The median fiscal deficit (excluding grants) is estimated to narrow to 55.8% of GDP in 2024 from around 57.7% of GDP in 2023. In this context, consolidating public finances in the context of a credible and transparent medium-term fiscal policy framework remains a priority for the region.

ECONOMIC REVIEW & OUTLOOK - SSA

Economic growth in Sub-Saharan Africa is projected to grow to 3.9% in 2024 from 3.3% in 2023 on account of global economic recovery, moderating inflation and easing of monetary policy tightening. Inflation is projected to average at 15.7% in 2024 down from 19.7% in 2023. The decline is attributed to increased private consumption and investment across the region despite the challenging global economic environment.

On the external front, the current account deficit is expected to widen slightly to 2.9% of GDP in 2023, as imports rebound. However, export growth will be hampered by softening global demand. Total investment as a share of GDP is envisioned to edge up to 21.9% in 2024. The challenging global environment characterized by high commodity prices, tightening financial conditions, debt distress risks and climate change impacts, will weigh on the region's growth prospects over 2023. Countries with high debt burdens, elevated fiscal deficits, and low reserves buffers are especially vulnerable to economic shocks.

In the medium-term, economic activity in Sub-Saharan Africa is projected to pick up to 3.9% in 2024, assuming inflation continues to moderate, and the external sector stabilizes. However, the outlook is subject to high uncertainty, and policymakers will need to strike a delicate balance between supporting economic recovery, ensuring debt sustainability and addressing development needs.

Key Economic Statistics - Sub-Saharan Africa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F
Real GDP growth (%)	3.2	1.5	3.0	3.3	3.2	-1.7	4.5	3.8	4.0	3.9
Inflation (%)	6.7	10.2	10.7	8.3	8.2	10.2	17.5	17.7	19.7	15.7
Volume of goods and services exported (%ch.)	3.6	-0.1	3.1	3.0	2.2	-9.6	2.4	1.6		
Volume of goods and services imported (%ch.)	2.1	-8.9	1.3	7.2	6.7	-10.1	0.9	5.3		
Current account balance (%GDP)	-5.7	-3.6	-2.1	-2.3	-3.3	-2.9	-1.1	-2.1	-2.7	-2.9
Total Investment (% GDP)	22.4	21.1	20.6	21.7	23.4	22.9	22.7	21.6	21.4	21.9
Government Debt (% of GDP)	37.6	42.3	44.6	47.1	49.8	57.1	56.6	57.1	57.7	58.8
Gross National Savings (%GDP)	16.9	17.7	18.4	19.2	19.6	19.8	21.8	19.5	19	19.4



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7

Economic Review & Outlook: Kenya



ECONOMIC REVIEW & OUTLOOK - KENYA

KENYA



Macro Environment

Kenya's economic performance strengthened in 2023 despite continued challenges, with real GDP growth accelerating from 4.8% in 2022 to an estimated 5.0% in 2023. The improved growth performance is attributed to a strong rebound in agriculture sector in 2023 which had faced a persistent and severe drought as well as a moderate growth in the services sector. The recovery in agriculture led to improvements in food supply and coupled with monetary policy tightening, helped reduce inflationary pressures. In 2023, tourism continued to expand, credit to the private sector improved and manufacturing activity is expected to improve from the anticipated growth in agro-processing sector. The agriculture sector, contributing 26% - 30% of the country's GDP, improved from 2.4% to 7.7% on account of improved rainfall, subsequently increasing the value of exports in tea, coffee and horticulture. The manufacturing sector contracted to 1.6% in 2023, from 4.6% in Q2 of 2022 due to decline in manufacturing activities due to restrained demand and high cost of inputs.

Monetary Policy

Annual inflation is expected to have accelerated marginally from 7.7% in 2022 to 7.8%. The differential in the two years hides the rapid price increases in H1 and Q3 2023 driven high commodity and food prices resulting from Russia-Ukraine war headwinds and poor local agricultural performance on account of the drought that came to an end in Q4 2023. Inflation is expected to ease to 5.8% for 2024 on account of stability in oil prices and improved agricultural performance.

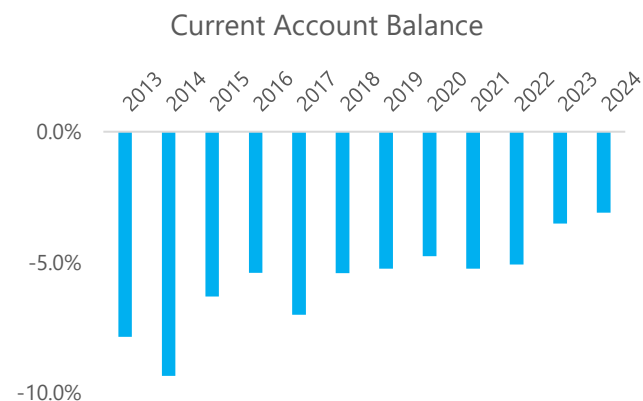
The Monetary Policy Committee raised the Central Bank Rate by 375 bps during the year as it walked a tight rope in managing inflation and currency depreciation against the backdrop of weakening growth.

Under the pressure of high global interest rates and commodity prices, the KES shed 26.2% against the greenback, the worst performance in the region, closing the year at KES 157 for each US dollar.

Balance of Payments

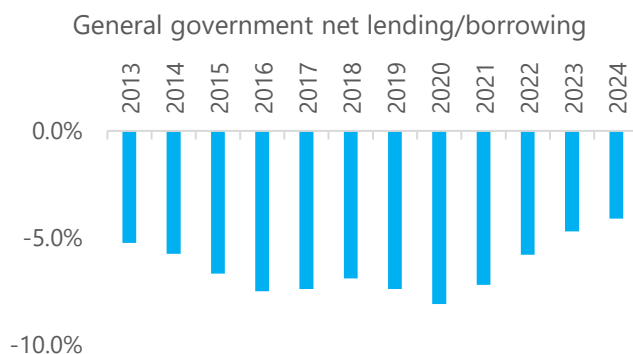
Kenya balance of payments was reported at USD 1.07 billion in June 2023. This averaged at USD 259 million from Mar 2015 to June 2023.

The balance of payments reached an all-time high of USD 1.06 billion in Mar 2022 and a record low of USD 2.03 billion in Mar 2018.



Fiscal Policy

The FY2022/2023 closed on a positive note with a fiscal deficit of 5.6% against a target of 5.8% despite constraints with tight liquidity positions and saturation of short-term instruments. Revenue performance increased from USD 14.3 billion in FY2021/2022 to USD 15.3 billion in FY2022/2023 a growth of 7.3%. The reduction in fiscal deficit from 6.2% in FY2021/2022 to 5.6% in FY2022/2023 created a fiscal space for the government to meet financial obligations.



Source: IMF World Economic Outlook

ECONOMIC REVIEW & OUTLOOK - KENYA

Key Economic Statistics - Kenya	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F
Consumer inflation (%)	6.88	6.58	6.32	7.99	4.69	5.24	5.29	6.11	7.65	6.80	6.80
Real GDP growth (%)	5.02	4.97	4.21	3.82	5.67	5.11	-0.25	7.52	4.80	5.60	6.0
Current account balance (%GDP)	-9.33	-6.28	-5.40	-7.00	-5.41	-5.24	-4.75	-5.20	-5.10	-4.10	-4.20
Fiscal balance (%GDP)	-5.75	-6.68	-7.45	-7.37	-6.91	-7.40	-8.13	-8.02	-6.20	-5.60	4.40
Gross government debt (% GDP)	41.28	45.83	50.40	53.87	56.45	59.09	67.95	67.80	67.33	68.33	68.33

Source: IMF World Economic Outlook Database

Economic Outlook

The World Bank projects that real GDP will grow between 4.5–5.2% in 2024. Improved investor confidence and credit to the private sector—helped by reduced domestic borrowing by the government—will strengthen private investment over the medium term. Monetary policy remains tight to anchor inflation expectations, with the Central Bank lending rate raised to 12.5% from 10.5% in December 2023. Overall inflation is expected to remain within the target range of 2.5% to 7.5% supported by lower food prices and government intervention through subsidies, reduced tax increases, easing currency depreciation and slightly lower oil prices.

The current account deficit is expected to narrow to 4.20% of GDP in 2024 from 4.10% of GDP in 2023 attributed to the increased export income, improved service sector, foreign remittances and fall in international oil prices.

Source: IMF World Economic Outlook



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8

Economic Review & Outlook: Tanzania

ECONOMIC REVIEW & OUTLOOK - TANZANIA

TANZANIA



Macro Environment

Tanzania's real GDP growth accelerated to 5.2% in 2023 up from 4.5% in 2022. The growth was driven by improvements in the services sector and agriculture on the supply side and by investment and consumption on the demand side.

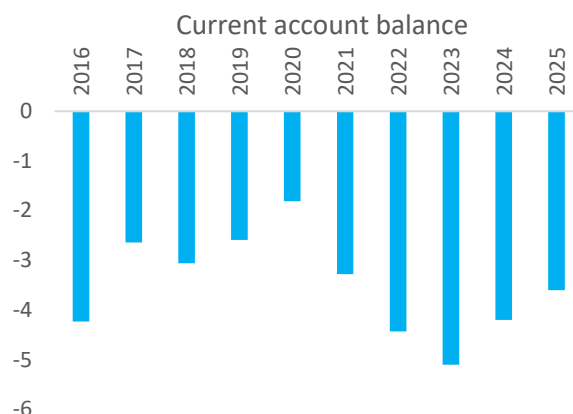
From 2024 onward, Tanzania is expected to remain among the top ten growth performers in Sub Saharan Africa. Further, GDP growth in 2024 is forecast to stand at 6.1%, predicated by the scaling of production of Liquefied Natural Gas and increased activity in the tourism sector.

Monetary Policy

Inflation increased to 4.0% in 2023, up from 3.96% in 2022, owing to gradual increased fuel and food prices. Nonetheless, inflation remained below Bank of Tanzania (BoT)'s target ceiling of 5.0%, mainly due to government subsidies that helped moderate prices. The exchange rate depreciated following an increase in demand for foreign exchange in the market. The nominal exchange rate averaged at TZS 2,319.80 per USD in 2023, compared to TZS 2,308.87 per USD in 2021-2022.

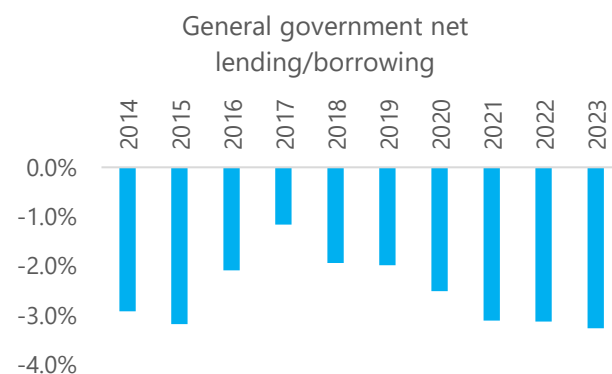
Balance of payments

The current account deficit widened to 5.1% of GDP in 2023 as rising imports outpaced the growth of exports. A combination of expanding capital-goods imports for major investment projects and a rising oil-import bill will more than offset the growth of exports, widening the trade deficit.



Fiscal Policy

Increased recurrent spending and the accelerated implementation of flagship projects expanded the fiscal deficit to 3.3% of GDP in 2023. Recurrent expenditures increased significantly as the government undertook development expenditures through implementation of major projects in the transportation and energy sectors. Domestic and external borrowing financed the fiscal deficit. The public debt stock is rose to 33.8% of GDP.



Source: IMF World Economic Outlook Database, AFDB

ECONOMIC REVIEW & OUTLOOK - TANZANIA

Key Economic Statistics - Tanzania	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Consumer inflation (%)	5.2	5.3	3.5	3.4	3.3	3.7	4.0	4.0	4.0	4.0
Real GDP growth (%)	6.9	6.8	7.0	7.0	4.8	4.9	4.5	5.2	6.1	6.2
Current account balance (%GDP)	(4.2)	(2.6)	(3.1)	(2.6)	(1.8)	(3.3)	(4.4)	(5.1)	(4.2)	(3.6)
Fiscal balance (%GDP)	(2.1)	(1.2)	-1.93	(2.0)	(2.5)	(3.1)	(3.1)	(3.3)	(2.6)	(2.5)
Gross government debt (% GDP)	39.8	40.7	40.5	39.0	40.5	40.7	39.5	42.6	41.8	40.3

Source: IMF World Economic Outlook Database, African Economic Outlook (AEO) 2023

Economic Outlook

Risks to Tanzania's economic outlook have moderated, but the recovery continues to hinge on external developments. Real GDP is projected to grow at 6.1% in 2024, driven by the sustained recovery in tourism, higher spending on infrastructure and gradual stability in supply and value chains. Inflation is projected to increase to 4.0% in 2024 due to better agricultural performance. Headwinds include the effects of the war in the middle east and Europe, which could aggravate food and oil prices.

The fiscal deficit is projected to narrow to 2.6% of GDP in 2024 from 3.3% of GDP in 2023. The current account deficit is projected to narrow to 4.2% of GDP in 2024 from 5.41% in 2023 due to higher merchandise exports and tourism receipts and is projected to be financed mainly by external borrowing.

Tanzania maintains a positive outlook for consumer spending in 2024, with an increase in growth which is in line with increasing economic activity. Wages in the public sector are set to rise, resulting in elevated consumer consumption, and lower cost credit in the agricultural sector will also help to boost consumer activity.



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Economic Review & Outlook: Uganda

ECONOMIC REVIEW & OUTLOOK - UGANDA

UGANDA



Macro Environment

According to the Uganda Bureau of Statistics, the Ugandan Economy grew by 5.3% in Q3 of 2023 as compared to growth of 9.3% recorded in Q3 of 2022. The reduction in the growth was due to the country slowly transitioning from a post COVID recovery state which saw rapid recovery in several sectors, to a normalized sustainable operating environment in-line with the country's long term growth rate of 5.0%.

According to Bank of Uganda, for the period 2022/2023, the economy grew by 5.3%, an improvement from 4.6% the previous financial year. This was driven by the services and industry sectors, particularly trade, manufacturing and construction.

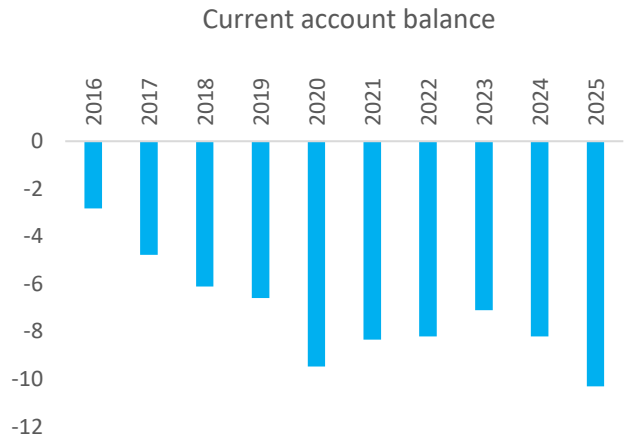
GDP growth is forecasted at 5.5% in 2024 attributable to infrastructure investments in the energy sector, related to East African Crude Oil Pipeline and oil refinery in the Albertine region.

Monetary Policy

Inflationary pressures increased in 2022 and spilled over to 2023, driven by the continued war in Ukraine. The Bank of Uganda raised the central bank rate from 7.5% to 10.0% between July 2022 and June 2023, to combat inflation which had reached a 10-year peak of 10.7% in October 2022 and began 2023 with an inflation rate of 10.4% in January. The inflation outlook points to higher disinflationary pressures in the near term, with inflation expected to return to Bank of Uganda's target in the medium term of 5.0%.

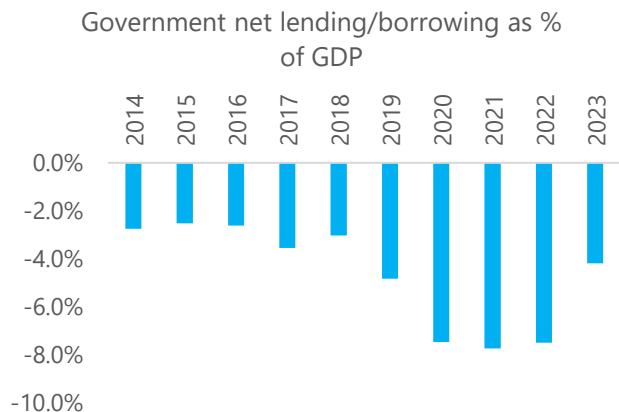
Balance of Payments

With higher capital imports, due primarily to investments related to the country's crude oil development project, the current account deficit narrowed to 7.1% of GDP in FY23 up from 8.2% in FY22.



Fiscal Policy

The fiscal deficit reduced from 7.5% of GDP in FY2022 to 4.2% in FY2023. With the halting of funding to Uganda from the World Bank, Uganda's borrowing as % of GDP is expected to reduce as it finds other alternative sources of funding.



Source: IMF World Economic Outlook, UBS, BOU

ECONOMIC REVIEW & OUTLOOK - UGANDA

Key Economic Statistics - Uganda	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Consumer inflation (%)	5.1	5.6	2.6	2.1	2.1	2.8	7.2	5.8	4.7	5.0
Real GDP growth (%)	0.2	6.8	5.5	7.8	(1.4)	6.7	6.4	4.6	5.7	7.5
Current account balance (%GDP)	(2.8)	(4.8)	(6.1)	(6.6)	(9.5)	(8.3)	(8.2)	(7.1)	(8.2)	(10.3)
Fiscal balance (%GDP)	(2.6)	(3.6)	(3.0)	(4.8)	(7.5)	(7.7)	(5.5)	(4.1)	(2.8)	(2.4)
Gross government debt (% GDP)	31.0	33.6	35.0	37.6	46.3	50.6	48.4	48.3	47.7	46.3

Source: : IMF World Economic Outlook Database

Economic Outlook

Uganda's economic growth is expected to be 5.7% in FY23/24 as the Bank of Uganda eases monetary policy, relies on investment in the oil and gas sector, anticipates stronger demand for exports coupled with Argo-industrialization efforts. Additionally, there will be an expected increase in revenue collections from foreign remittances and tourism inflows. The anticipated development of the oil and gas sector further strengthens Uganda's economic growth prospects.

Inflation remains below the Bank of Uganda (BOU)'s target of 5.0% but this is projected to stabilize at the medium-term target of 5.0% in FY24. The low inflationary trend will be attributed to the stability of the Uganda Shilling, good harvests due to good weather conditions, and lower international commodity prices.

The current account deficit is expected to widen to 8.2% of GDP in 2024 from 7.1% of GDP in 2023 driven primarily by the anticipated developments in the oil and gas sector.



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Economic Review & Outlook: Rwanda

RWANDA



Macro Environment

Rwanda's GDP growth is expected increase in 2024 to 7% up from 6.2% 2023 growth rate. The slow growth is attributed to slow recovery in domestic agricultural production, exports and conference tourism. Debt is projected to remain at moderate risk. The current account deficit is projected narrow to 11.3% of GDP in 2024 from 12.7% in 2023 on account of a temporary reduction in capital imports. Robust performance in the manufacturing and services sectors combined with strong private consumption were able to offset weather-affected weak agricultural production and a contraction in the construction sector. The unemployment rate estimated to increase to 21.5% in 2024 up from 18% in 2023.

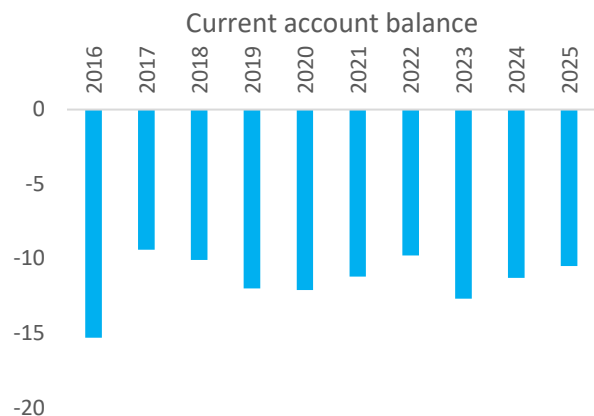
Monetary Policy

Inflation is estimated to drop to 6% in 2024 from 14.5% in 2023 mainly due to a decrease in imported inflation. The CBR rate was capped at 7.5%, reflecting tight monetary policies set to reduce inflation within the target band of 2% - 8%.

Balance of Payments

Together with strong domestic demand and high energy prices, the trade deficit increased by USD 332 million, as the rise of imports outpaced exports, although relative to GDP it remained stable at 15% due to nominal GDP growth. Rapid tourism recovery drove improvement in the balance of services.

FDI inflows increased, but net inflow of other private investments dried up amid tightening global financial conditions. The international official gross official reserves remain adequate covering 4.4 months of prospective imports of goods and services as of end June 2023. The Rwanda franc depreciated against the USD by 8.8% in 2023, with the NBR appropriately accommodating greater nominal depreciation in the first three months of 2023.



Fiscal Policy

The FY22/23 fiscal position is expected to be 0.8% of GDP lower than anticipated. This improved fiscal position is driven by lower expenditures (1.6% of GDP), that were more than enough to offset lower revenues (0.8% of GDP). Despite the high inflationary environment, the authorities presented a revised budget in January that was largely the same. Tax revenues were impacted by new tax exemptions, and delays to the Medium-Term Revenue Strategy (MTRS) and a narrow tax base that already exempted several sectors (especially the agriculture and transport sectors) that faced high inflation.

ECONOMIC REVIEW & OUTLOOK - RWANDA

Key Economic Statistics - Rwanda	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Consumer inflation (%)	5.7	4.8	1.3	2.4	7.7	2.2	13.9	14.5	6.0	5.0
Real GDP growth (%)	6.0	4.0	8.6	9.5	-3.6	10.9	8.2	6.2	7.0	7.0
Current account balance (%GDP)	-15.3	-9.4	-10.1	-12.	-12.1	-11.2	-9.8	-12.7	-11.3	-10.5
Fiscal balance (%GDP)	-2.3	-2.5	-2.6	-5.1	-9.5	-7.0	-5.8	-5.0	-7.3	-4.0
Gross government debt (% GDP)	36.6	41.3	44.9	49.8	65.6	66.7	61.1	63.3	72.1	73.7

Source: IMF World Economic Outlook Database

Economic Outlook

Rwanda's economic growth is expected at 7.1% in 2024 as the economy slowly recovers owing to improvement in the service sector, manufacturing and infrastructure investments. Growth is forecasted to be broadly based across sectors, with industrial activities continuing to expand. Ongoing government support for manufacturing and construction will sustain industry growth.

On the demand side, private consumption and fixed investment are envisaged to remain robust. This is attributed to the decreased inflation, forecasted at 6% for 2024, which will boost real income and purchasing power. The decrease in inflation will be driven by a further decline in global commodity prices and an easing of supply bottlenecks.

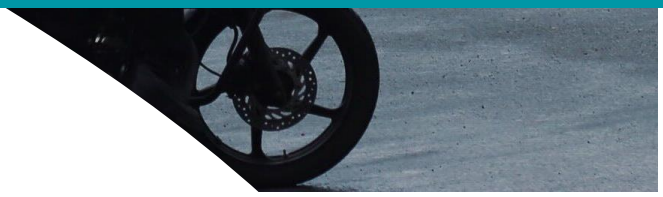
The current account deficit is projected narrow to 11.3% of GDP in 2024 from 12.7% in 2023 on account of a temporary reduction in capital imports, recovery in conference tourism, and strong foreign remittances.

Fiscal consolidation efforts are expected to continue, with the budget deficit narrowing slightly to 7.34% of GDP in 2023. However, gross government debt is forecasted to edge up to 72.08% of GDP. The tight fiscal stance amidst a challenging global environment will weigh on near-term growth prospects. Debt is projected to remain at moderate risk.



11

Economic Review & Outlook: Ethiopia



ECONOMIC REVIEW & OUTLOOK - ETHIOPIA

ETHIOPIA



Macro Environment

In 2023, Ethiopia's economy faced challenges amidst a 6.1% GDP growth (down from 6.4% in 2022), led by industry and services alongside private consumption and investment. Inflation surged to 29.1% from 33.9% in 2022 due to internal conflict, drought, and global events affecting commodity prices. The fiscal deficit narrowed to 2.7% of GDP from 4.2% in 2022, attributed to increased government revenue driven by improved domestic resource mobilization, implementation of the fiscal consolidation strategy, and resumption of donor inflows.

The current account deficit deteriorated to 2.4% of GDP, reducing international reserves to less than 3 weeks of import cover in 2023 from 1 month in 2022. Despite a decrease in public debt to 40.4% of GDP, rating agencies downgraded Ethiopia's sovereign rating amid restructuring attempts. Escalating conflicts and drought increased humanitarian support needs to 31.4 million from 20 million in 2022, despite a modest 2.7% growth in income per capita.

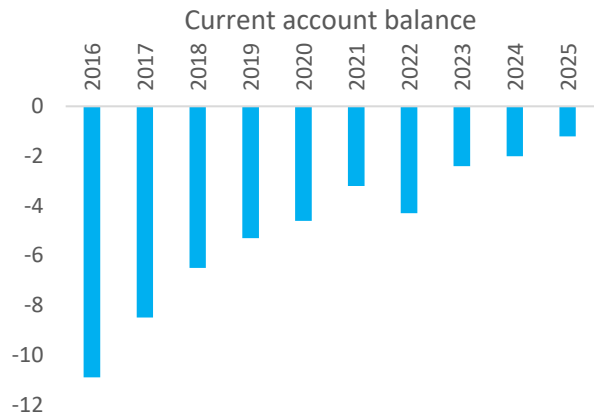
Monetary Policy

Inflation reduced to 29.1% in 2023 down from 33.9% in 2022 following the peace dividend despite the higher food and oil prices due to the Russia-Ukraine conflict.

Balance of Payments

The current account deficit at 3.4% of imports has shown a narrowing, in large part due to import compression and inflation. The deficit declined from 4.2% in 2022 to 3.4% in 2023.

During the period from July 2022 to March 2023, it reached USD 4.5 billion, which is lower than its level in the same period of the previous year. On the other hand, private transfers/remittances were 11.3% higher than the level a year before (USD 5.4 billion). FDI is projected at USD 3.6 billion in 2023. The overall balance of payments deficit for 2023 is projected at USD 1.6 billion. The high current account deficit has put further pressure on the foreign reserves.



Fiscal Policy

The nominal growth is only 2% compared to 2023, thus, a major contraction in real terms. Due to the high inflation, a trend analysis shows that the budget in 2024 is less than 8% of GDP compared to close to 10% in 2023. The fiscal deficit in 2024 at Birr 281 billion is projected to be lower than the current fiscal year. More than 85% of the budget deficit will be financed through issuance of Treasury Bills and borrowing from the Central Bank, and the remainder is expected to come from donors. The 2024 budget is tilted towards recurrent spending (70%), a continuation of a previous trend.

ECONOMIC REVIEW & OUTLOOK - ETHIOPIA

Key Economic Statistics - Ethiopia	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Consumer inflation (%)	6.6	10.7	13.8	15.8	20.4	26.8	33.9	29.1	20.7	16.5
Real GDP growth (%)	8.0	10.2	7.7	9.0	6.1	6.3	6.4	6.1	6.2	6.5
Current account balance (%GDP)	-10.9	-8.5	-6.5	-5.3	-4.6	-3.2	-4.3	-2.4	-2.0	-1.2
Fiscal balance (%GDP)	-2.3	-3.2	-3.0	-2.5	-2.8	-2.8	-4.2	-2.7	-2.0	-2.5
Gross government debt (% GDP)	51.8	55.3	58.5	54.7	53.7	53.0	46.4	40.4	37.9	28.9

Source: IMF World Economic Outlook Database and African Economic Outlook, Deloitte, AFDB

Economic Outlook

Ethiopia's economic growth is estimated to increase slightly to 6.2% in 2024 from 6.1% in 2023, owing to the temporary debt repayment suspension by its bilateral lenders, higher energy exports and reform programs expected to attract Foreign Direct Investments (FDI), a rebound in the services sector, and the expected liberalisation of the banking and sugar sectors. However, headwinds related to the recurrent internal conflicts, the high cost of living which limits private consumption, fiscal pressures, challenges in doing business in the country and liquidity challenges including its ability to service external debt (if not agreed to be structured with its lenders) could result in slower economic growth below 6%.

Inflation is projected to drop to 20.7% in 2024 from 29.1% in 2023 following the peace dividend. On the external front, the current account deficit is expected to narrow to 2.0% of GDP in 2024, supported by strong receipts from exports and remittances. However, rising global commodity prices could exert pressure on the import bill.

Fiscal consolidation efforts by the government are expected to pay dividends, with the budget deficit shrinking to 2.0% of GDP in 2024 from 2.7% in 2023. As a result, public debt is projected to decline substantially to 37.9% of GDP And expected to reduce further by 2025. While government capital spending could slowdown amidst fiscal tightening, increased infrastructure investment by the private sector will cushion the impact on growth.

In the medium-term, Ethiopia's economic expansion is envisioned to pick up slightly, averaging 6.4% over 2024-2025, driven by structural reforms and increased FDI. However, risks to the outlook include rising social tensions, climate shocks and regional geopolitical tensions. Still present Ethiopia as a high risk investment nation.



12

Disclosed* PE Deals - 2023

**Transactions that were publicly disclosed during the year. This list and subsequent lists are a fair reflection of the deal activity in the region but do not purport to be comprehensive.*

SELECTED PE DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
03-Jan-23	Blue Peak	Watu	20	Financial Services	PE	Kenya	BluePeak Private Capital's invested USD20 million in Watu Africa. Watu is an East African asset leasing company that focuses on improving mass-market mobility and has a presence in six countries across Africa. The company has financed over 400,000 two and three-wheeler vehicles since its inception.
2-Feb-23	OikoCredit	MyCredit	2.6	Financial Services	PE	Kenya	MyCredit Limited, a non-bank financial service Institution licensed as a Digital Credit Provider by the Central Bank of Kenya, received funding worth USD 2.6 million (KES 325 million) from OikoCredit for onward lending. The funding was expected to support MyCredit's strategic plan in offering affordable and medium-term financing of up-to a maximum period of three years to its SME customers who are in trading businesses.
3-Feb-23	InfraCo Africa	Mawingu	6	ICT	PE	Kenya	Mawingu, a Kenyan-based internet service provider, successfully closed its Series B investment round bringing onboard a new investor, InfraCo Africa. InfraCo Africa's USD 6 million commitment, delivered through its dedicated investment arm, will support Mawingu to roll out infrastructure across Kenya that will increase access to affordable internet connectivity to underserved households and businesses.
10-Mar-23	Zoscales Partners, Brook Fekadu	Pioneer Diagnostic Centre	Undisclosed	Healthcare	PE	Ethiopia	Private equity firm Zoscales Partners signed an agreement with Brook Fekadu, founder of Pioneer Diagnostic Center (PDC), to make a joint follow-on investment into the company to support its continued growth and expansion. The investment was intended to be used to buy additional machines and open new centres
27-Mar-23	Grit Real Estate Income Group	Buffalo Mall	2	Real Estate	PE	Kenya	Mauritius-based, Grit Real Estate Income Group, acquired an additional 50.0% stake in Naivasha's Buffalo Mall that it did not already own in a deal valued at Sh262.5 million, the firm's new financial disclosures show. London Stock Exchange-listed Grit said in its financial report for the six months ended December 2022 that it had laid out a capital commitment of about USD2 million (Sh262.5 million) towards purchasing the additional stake from the mall's other investors.
31-Mar-23	Gemcorp Capital Management	Milele Energy	150	Energy	PE	Kenya	Milele Energy, a clean energy platform provider, raised a seed round of USD 150 million from Gemcorp Capital Management. This includes the funding for the planned acquisition of Lake Turkana Wind Power Project as well as focus on the development of clean energy assets across sub-Saharan Africa.

SELECTED PE DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
19-Apr-23	AgDevCo, Granot, Agris	Ndabibi Farm	8	Agribusiness	PE	Kenya	Agris, the agriculture and forestry division of investment company Maris, and Granot, a leading avocado producer from Israel, announced they were developing a 390 hectare avocado plantation at Agris' flagship Ndabibi farm in Naivasha, Kenya, with investment from AgDevCo.
26-Apr-23	InfraCo	Afresco	1.5	Energy	PE	Uganda	InfraCo Africa, part of the Private Infrastructure Development Group (PIDG) invested USD 1.5m in Afresco's 'Energy-as-a-Service' solution to bring clean, reliable power to Commercial and Industrial (C&I) clients in Uganda, Malawi and the Democratic Republic of the Congo (DRC).
29-Apr-23	The Rohatyn Group (TRG)	Kensta	Undisclosed	Manufacturing	PE	Kenya	The Rohatyn Group ("TRG"), a specialized global asset management firm focused on investment solutions in emerging markets and real assets, announced an investment in Kensta Group ("Kensta"), an East African group operating in the region's paper and print sectors. The investment was intended to enable Kensta to increase production capacity, diversify product offerings and fund core working capital requirements as it implements its five-year strategic plan.
23-May-23	InvestAfrica FZCO	Eveready E.A	Undisclosed	Manufacturing	PE	Kenya	An agreement was signed by a company owned by the family of the late businessman, Naushad Merali, and sold its 35% stake in Eveready East Africa to Dubai-based InvestAfrica FZCO, thereby reducing its losses in the Nairobi Securities Exchange-listed firm. According to the filing with the Capital Markets Authority, the batteries distributor stated that its top shareholder, East Africa Batteries Limited (EABL), sold its 73.4 million shares to InvestAfrica in a private transaction.
23-Jun-23	Aavishkaar Capital	Hela Apparel Holdings	5	Manufacturing	PE	Kenya	Aavishkaar Capital (Aavishkaar) announced its second investment from the ESG First Fund in a joint partnership with KfW, a German state-owned investment and development bank. The funding by KfW, a global pioneer in taking an entrepreneurship-based approach to scaling businesses for impact, and the Aavishkaar Group company totals a USD 5 million loan to Hela Apparel Holdings PLC to fund their Africa growth strategy.
29-Jun-23	Verdant Capital Hybrid Fund	Mogo	7	Automotive	PE	Kenya	The Verdant Capital Hybrid Fund completed a USD 7 million dual-tranche investment comprising a subordinated loan and senior secured loan to Mogo Kenya, a subsidiary of Elevation Group operating in Europe, Asia, and Africa. The investment is aimed at assisting Mogo Kenya to expand its portfolio of motorbike (fuel and electric-powered two-wheelers, locally known as boda-bodas), tuk-tuk (three-wheeler), car, and car logbook or leaseback financing throughout the country.
03-Jul-23	Alta Semper	MyDawa	20	Healthcare	PE	Kenya	Alta Semper Capital acquired an undisclosed stake in MyDawa, a Nairobi-based online pharmaceutical and beauty platform, for a total KES 2.81 bil (USD 20 mil), in a privately negotiated transaction.

SELECTED PE DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
12-Jul-23	Gemcorp Capital	Walkabout Resources	25	Mining	PE	Tanzania	Graphite developer, Walkabout Resources executed an agreement for a senior debt facility worth up to USD 25 million with Gemcorp Capital. The debt facility was expected to consist of a USD 20 million Tranche A and a USD 5 million Tranche B facility.
19-Jul-23	Sahel Capital	Rogathe Dairy	Undisclosed	Agribusiness	PE	Tanzania	Sahel Capital, an investor in the food and agriculture sector in sub-Saharan Africa, extended a three-year term loan facility and a renewable working capital line to Rogathe Dairy Farm Products Ltd from its Social Enterprise Fund for Agriculture in Africa (SEFAA). Rogathe is a dairy processing company based in Msata, Tanzania, that actively collaborates with smallholder farmers, sourcing fresh milk while enhancing their productivity and profitability.
20-Jul-23	Vantage Capital	Aquasantec International	25	Manufacturing	PE	Kenya	Vantage Capital, an Africa-focused mezzanine debt fund manager, made an investment into Aquasantec International, a manufacturer and distributor of water tanks, pipes and related products, addressing water, sanitation and hygiene needs across the East African region. Vantage invested USD 25 million into Aquasantec in June 2023, in the form of mezzanine debt and ordinary equity, acquiring a controlling shareholding in the group as part of a leveraged management buy-out.
31-Jul-23	Meridiam	Rift Valley Energy Tanzania	Undisclosed	Energy	PE	Tanzania	Meridiam acquired Rift Valley Energy Tanzania (RVE), a renewable energy infrastructure platform. The company owns a portfolio of 30MW of renewable energy generation assets in operation, construction and development stages. In parallel, Rift Valley Energy developed two rural distribution networks, 460 km long, in southern Tanzania serving a population of more than 75,000 living in 38 villages.
03-Aug-23	Goodwill Investments	SOUK Farms	Undisclosed	Agribusiness	PE	Rwanda	SOUK Farms, Rwanda's leading horticultural producer and exporter, raised an undisclosed amount from Goodwill Investments through its uMunthu II fund. The additional capital raised by SOUK Farms will be used for its expansion plans including sustainable agriculture efforts.
28-Aug-23	Sahel Capital	Sourcing and Produce	1.0	Agribusiness	PE	Tanzania	Sahel Capital, a prominent investor in the food and agriculture sector in sub-Saharan Africa, announced a USD 1 million trade finance facility extended to Sourcing and Produce (S&P) from its Social Enterprise Fund for Agriculture in Africa (SEFAA) fund. S&P is a trading company specialising in procuring and distributing agricultural commodities sourced from Africa, particularly Nigeria and Tanzania, to customers globally.
26-Sep-23	AgDevCo	East African Magical Farms	Undisclosed	Agribusiness	PE	Kenya	EMF, a leading premium carnations producer with farms in Ethiopia and Kenya secured mezzanine financing from AgDevCo to expand into two further farms in the Naivasha area, Kenya.

SELECTED PE DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
23-Oct-23	Bamboo Capital Partners	JKCC General Supplies	0.8	Agribusiness	PE	Uganda	The Agri-Business Capital Fund announced the investment of EUR 800,000 (c. USD 850,000) into JKCC General Supplies ("JKCC"), a Ugandan based coffee trader.
25-Oct-23	Roha Group Inc and Meridiam	Raxio Data	46	ICT	PE	Uganda	Raxio Data centres, a leading provider of world class carrier-neutral data, Tiew III data centres in Africa, received USD 46 million from existing shareholders Roha and Meridiam, which was aimed at helping Raxio expand and consolidate its position as a provider with the widest geographic footprint.
30-Oct-23	EXEO Capital	Amos Dairies	10	Agribusiness	PE	Uganda	EXEO Capital through its Agri-Vie Fund II, committed USD 10 million to a Ugandan dairy producer Amos dairies. The investment is directed towards its strategic growth step as it concretises its market capacity as one of the largest milk processors in Uganda and the only processor of casein in sub-Saharan Africa.
08-Nov-23	AfricInvest	I&M Group	Undisclosed	Financial Services	PE	Kenya	UK development finance institution British International Investment (BII) sold its 10.13% stake in I&M Group to East Africa Growth Holding. The buyer of the stake was an investment vehicle established by Africinvest Fund IV LLC, Africinvest IV Netherlands C.V. and AfricInvest Financial Inclusion Vehicle LLC. P
14-Nov-23	Africa Capitalworks	Cipla Quality Chemical Industries Limited	Undisclosed	Healthcare	PE	Uganda	Africa Capitalworks, an investment company that deploys permanent equity capital in strategically-selected sectors across sub-Saharan Africa acquired a majority stake in Cipla Quality Chemical Industries Limited (QCIL) from the Cipla Limited Group (Cipla). QCIL, which is listed on the Uganda Securities Exchange is the largest pharmaceutical manufacturer in East Africa.
22-Nov-23	AfricInvest, Africa50 and Ohara Pharmaceutical	Africa Healthcare Network (AHN)	20	Healthcare	PE	Tanzania	Africa Healthcare Network (AHN), a provider of dialysis services in Africa, secured USD 20 million in equity and debt funding from AfricInvest, Africa50 and Tokyo-based Ohara Pharmaceutical. The funding will enable AHN to accelerate its growth and address significant gaps in the availability of high quality, affordable renal care across Africa.
01-Dec-23	ARCH Cold Chain Solution East Africa Fund	Uganda's Kazi Food Logistics.	Undisclosed	Logistics	PE	Uganda	The ARCH Cold Chain Solution East Africa Fund (CCSEAF) invested in Uganda's Kazi Food Logistics. The investment supported the creation of an advanced temperature-controlled facility. It was focused on energy efficiency, utilising solar power for its energy requirements and employing ammonia as a refrigerant, alongside other environmentally-conscious initiatives.

SELECTED PE DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
04-Dec-23	Aqua-Spark, Acumen, Katapult and Mercy Corps Ventures	Aquarech	1.7	Agribusiness	PE	Kenya	Kenyan fish farming platform Aquarech closed an equity investment of USD 1.7 million to hire talent, acquire more feed, and set up infrastructure to support more vertical integration of its technology. The investment was led by Netherlands-based global aquaculture investment fund Aqua-Spark with additional investment from Acumen, Katapult and Mercy Corps Ventures.
08-Dec-23	Cygnum Capital	BURN Manufacturing	10	Manufacturing	PE	Kenya	The Africa Go Green Fund (AGG), managed by Cygnum Capital, invested USD 10 million to fund the manufacturing and distribution of efficient cookstoves produced by BURN Manufacturing, a clean cookstove manufacturer and cookstove carbon project developer.
12-Dec-23	InfraCo Africa	Enterprise Project Ventures	5.4	Agribusiness	PE	Kenya	InfraCo Africa, part of the Private Infrastructure Development Group (PIDG), signed an agreement with Enterprise Project Ventures, committing EUR 5 million (USD 5.4 million) to scale the company's InspiraFarms Cooling offering across Kenya, Zambia, Zimbabwe and Ghana. The investment aimed to enable InspiraFarms Cooling to pilot its 'cooling-as-a-service' model and generate the data necessary to unlock future investment.

SELECTED DFI DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
04-Jan-23	African Development Bank, Finnfund, Eastern and Southern African Trade & Development Bank	Globeleq	72	Energy	PE - DFI	Kenya	Globeleq, a private power company in Africa, secured USD72 million in debt funding from the African Development Bank (AfDB), Finnfund and the Eastern and Southern African Trade & Development Bank (TDB) for the 35 MW Menengai project.
09-Jan-23	FMO	Watu Credit	20	Financial Services	PE - DFI	Kenya	Dutch development finance institution FMO provided a USD15 million and USD5 million senior term loan to Watu Credit Kenya and Watu Credit Uganda, respectively. Watu is a fintech company that provides financing for motorcycles, which are commonly used as taxis and a source of employment. The company, which started operations in 2015 and has since expanded across Africa, will use the funds from FMO to provide financing for youth-owned micro, small, and medium enterprises.
25-Jan-23	54 Capital, Norfund	SAMANU	21	FMCG	PE - DFI	Ethiopia	54 Capital joined a consortium that included the Norwegian development finance institution (Norfund) to invest USD 21 million growth capital in Ethiopia's FMCG platform SAMANU.
24-Feb-23	Norwegian Investment Fund, Ethos Mezzanine Partners	Balaji	25	Manufacturing	PE - DFI	Kenya	Pan-African Textile company, Balaji, received KES 3.2 billion (USD 25 million) from two investors to ramp up production capacity. The investment came from Norwegian Investment Fund (Norfund) and Ethos Mezzanine Partners 3, a specialist mezzanine capital fund.
27-Feb-23	Norwegian Investment Fund	Hela Apparel Holdings PLC	14	Manufacturing	PE - DFI	Kenya	Hela Kenya, established in 2016, is the largest manufacturing facility within the Hela Group and employs over 4,000 people. It raised USD 14 million from Norwegian Investment Fund (Norfund) to bolster the development of its manufacturing operations in East Africa.
27-Mar-23	DEG	WaterKiosk Ltd.	3	Water & Sanitation	PE - DFI	Kenya	DEG, the German development finance institution, invested EUR 3 million in a project by Kenyan firm WaterKiosk Ltd. and its Berlin-based sister company, Boreal Light GmbH, aimed at providing solar-powered water treatment facilities to hospitals in East Africa. Many hospitals in the region, particularly in Tanzania and Kenya, lack a reliable supply of clean drinking water.
03-Apr-23	DFC	Hewa Tele	10	Healthcare	PE - DFI	Kenya	Hewatele, an oxygen production firm, secured a KES 1.32 billion (USD 10 million) loan from the United States US International Development Finance Corporation (DFC) to step up the production of affordable supplies.

SELECTED DFI DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
17-Apr-23	Proparco and EAIF	Raxio	170	ICT	PE - DFI	Uganda	Pan-African data centre developer Raxio Data Centres secured a debt facility of up to USD 170m (EUR 155m) from lenders including the Emerging Africa Infrastructure Fund (EAIF) and development finance institution Proparco to help expand across the continent. Raxio said the new funding will be used to accelerate the firm's growth in African markets and to support the construction and expansion of existing and new facilities in the region.
18-Apr-23	Swedfund	d.Light	1.9	Energy	PE - DFI	Kenya	The Swedish development finance agency, Swedfund, announced an additional USD 1.9 million investment in d.light, an energy solution provider operating in Africa. This comes as a continuation of Swedfund's initial investment in December 2018 in the company.
29-Apr-23	IFC	Avenue Hospital Group	12.7	Healthcare	PE - DFI	Kenya	The International Finance Corporation (IFC) approved a KES 1.7 billion (USD 12.7 million) senior loan to Avenue Hospital that was expected to fund an expansion drive and enhancement of existing facilities in the country. The funds are expected to finance a new wing at Avenue's Nairobi facility in Parklands, a radiology department at its Kisumu hospital and installing operating theatre equipment at its Kisumu and Thika branches.
24-May-23	IFC	Duval Group	17.5	Real Estate	PE - DFI	Rwanda	A USD 17.5 million investment was made by the International Finance Corporation (IFC) in the French real estate conglomerate, Duval Group, for the development of a mega mixed-use building complex situated opposite the Kigali Convention Centre in the Rwandan capital.
08-Jun-23	FMO	Sun King Financing Limited	9.8	Financial services	PE - DFI	Kenya	FMO, the Dutch entrepreneurial development bank, disclosed an approved investment of KES 1.37 billion (c. USD 9.8 million) in Sun King Financing Limited. The fund raised are intended to be used in allowing the company to continue its expansion of the Pay-As-You-Go business in Kenya.
09-Jun-23	IFC and MIGA	Safaricom Ethiopia	257.4	ICT	PE - DFI	Ethiopia	IFC and MIGA, members of the World Bank Group, announced an equity investment, a loan and guarantees to support the ongoing construction and operation of Safaricom Ethiopia's greenfield telecommunications network across Ethiopia, leading to more affordable internet, reliable mobile connectivity and technology access for people and businesses in the country.
23-Jun-23	IFC	Seacom	207	ICT	PE - DFI	Kenya	Digital infrastructure firm Seacom received a KES 29 billion (USD 207 million) loan from the IFC to expand its broadband cable network in seven sub-Saharan countries, including Kenya. The facility, which is a long-term loan package, included USD 70 million (KES 9.8 billion) from IFC's financing, USD 42.2 million (KES 5.9 billion) co-financing from institutional investors through IFC's Managed Co-Lending Portfolio Programme, and USD 94.8 million (KES 13.3 billion) equivalent mobilised from Nedbank and Mauritius Commercial Bank.

SELECTED DFI DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
18-Jul-23	FMO and responsibility Investments	Starsight Premier Energy	20	Energy	PE - DFI	Kenya	The Global Climate Partnership Fund (GCPF), managed by ResponsAbility Investments, and the Dutch entrepreneurial development bank FMO invested USD 10 million each in renewable energy company Starsight Premier Energy Finance. The two investments are aimed at supporting commercial and industrial solar projects in East Africa.
20-Jul-23	IFC, Proparco & MIGA	Kasada Hospitality	49.5	Hospitality	PE - DFI	Kenya	IFC, Proparco, and MIGA invested USD 49.5m in Kasada Hospitality Fund, which will be used to refurbish, modernize, and expand the former Crowne Plaza in Nairobi's Upper Hill, a business district that hosts embassies, international organizations, and the headquarters of some of East Africa's largest corporations. Following this revamp, the property was expected to re-open as a dual branded Pullman & Mercure property and include a state-of-the-art co-working space under the brand WOJO, to cater to a growing demand in the market for more flexible workspaces.
14-Aug-23	TDB Group	d.light	30	Financial services	PE - DFI	Tanzania	d.light, a provider of solar-powered products as well as affordable finance for low-income households, has announced a USD 30 million securitisation facility from the Eastern and Southern African Trade and Development Bank Group (TDB Group). d.light will use the capital to increase its existing securitised financing facility in Tanzania and scale up its low-cost pay-go personal finance service in the country.
14-Aug-23	AFC	Mahathi Infra Uganda Limited	95.25	Energy	PE - DFI	Uganda	Africa Finance Corporation (AFC) today announced its investment in Mahathi Infra Uganda Limited, one of East Africa's largest oil and gas downstream players. AFC's USD 95.25 million investment will finance the construction of two self-propelled barges for operation on Lake Victoria, providing a more efficient and less carbon intensive alternative to traditional trucking.
23-Aug-23	DFC and Finnfund	Kentegra Biotechnology	15.0	Agribusiness	PE - DFI	Kenya	Finnfund and the United States International Development Finance Corporation (DFC) committed USD 15 million in equity and debt funding to Kentegra Biotechnology, a pyrethrin producer in Kenya. Kentegra produces and sells pyrethrin extracted from dried pyrethrum flowers to global insecticide and pesticide manufacturers.
10-Dec-23	IBL and Proparco	Harley's	Undisclosed	Healthcare	PE - DFI	Kenya	Together with Mauritian conglomerate IBL, Proparco has closed the acquisition of a majority stake in Harley's, alongside the founding family. Proparco's goal is to expand the supply of medicine and health products in Kenya, Uganda and Tanzania.
13-Dec-23	IFU	Nithio	11	Energy	PE - DFI	Kenya	Nithio, an energy finance company, received a EUR 10 million (USD 11.4 million) investment from the Danish Investment Fund for Developing Countries (IFU). The investment was directed towards Nithio's FAIR (Facility for Adaptation, Inclusion, and Resilience), an initiative designed to finance clean energy solutions for households and small enterprises in Africa.

SELECTED VC DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
13-Jan-23	Inclusion Japan	Gebeya Inc.	Undisclosed	ICT	PE - VC	Ethiopia	Gebeya Inc., the SaaS-enabled, pan-African marketplace, announced a new investment from Inclusion Japan (ICJ). The new investment aimed to drive growth and innovation for Gebeya's continuous expansion. The undisclosed strategic investment will be used to expand Gebeya from a single two-sided tech talent marketplace, to a provider of marketplaces under the marketplace-as-a-service model.
19-Jan-23	DOB Equity, Globinvest	Kwara	3	Financial Services	PE - VC	Kenya	Kenyan fintech company, Kwara, raised a USD 3 million seed extension round and signed an agreement to acquire IRNET, a software provider owned by the national body of credit unions in Kenya, KUSCCO. Investors in the round included existing backers DOB Equity, Globinvest and the founder of Kobalt Music. New investors, mainly African VCs, participated as well.
24-Jan-23	Bamboo Capital	Green Mountain Arabica Coffee	3.6	Agribusiness	PE - VC	Rwanda	Bamboo Capital invested USD 360,000 in the company through the BUILD Fund it launched with the U.N. Capital Development Fund and the government of Luxembourg. The Rabo Foundation, the impact fund of Dutch-based Rabobank, invested USD150,000. More than half of Green Mountain's suppliers are certified under the Rainforest Alliance's UTZ standards for sustainable farming practices
30-Jan-23	UM6P Ventures	Zuri Health	Undisclosed	Healthcare	PE - VC	Kenya	Kenya-based healthcare startup, Zuri Health, secured an investment from UM6P Ventures to support the growth and expansion of its telemedicine platform. Launched in 2021, Zuri Health allows patients to chat and consult with doctors, buy medication from pharmacies, book labs and diagnostic tests, and schedule home visits with licensed medical doctors.
2-Feb-23	AlphaMundi	Ampersand	1	Automotive	PE - VC	Rwanda	AlphaMundi Group, through its AlphaJiri Investment Fund (AJIF) in Mauritius, invested USD 1 million in Ampersand, a Kigali-based e-mobility company that assembles electric motorcycles and provides users with battery swap station networks to power the vehicles.
2-Feb-23	Renew Capital	Teraki	Undisclosed	ICT	PE - VC	Ethiopia	Renew Capital invested in Teraki, an online audio platform based in Ethiopia, co-founded by Nahom Tsegaye and Abel Engida. The platform amplifies Ethiopia's rich tradition of storytelling by offering audiobooks and podcasts in various Ethiopian languages.
7-Feb-23	CV VC	Fastagger Inc	Undisclosed	ICT	PE - VC	Kenya	Fastagger Inc, an African AI and Blockchain startup announced that it received investment from CV VC, a leading blockchain venture capital firm based in Zug, Switzerland. This was the first time a Web3 and AI startup based in Africa had received investment from a firm based in "Crypto Valley" Switzerland, where blockchain unicorns such as Ethereum are based.
9-Feb-23	EchoVC	Senga	Undisclosed	Logistics	PE - VC	Kenya	EchoVC led a seed investment round into Senga, an innovative logistics startup in Kenya, and a first-mover in Africa, tackling a highly complex problem of "consolidation" logistics. Senga uses a proprietary methodology that drastically cuts down delivery timelines for FMCG companies and other suppliers, using consolidation to deliver fragmented loads to large supermarkets across Kenya via continuous strings of trips. Senga has deconstructed traditional approaches used globally in consolidated delivery.

SELECTED VC DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
14-Feb-23	FrontEnd Ventures, XA Network, Google Black Founders Fund and Renew Capital, and others.	BuuPass	1.3	Automotive	PE - VC	Kenya	Online bus ticketing platform, BuuPass, raised KES 162.8 million (USD 1.3m) to expand its transport solutions in Kenya and Uganda. The round came from FrontEnd Ventures, XA Network, Google Black Founders Fund and Renew Capital. Others include Ajim Capital, Changecom, Adaverse, Gullit, Artha Ventures, Daba Finance, and several angel investors.
15-Feb-23	DOB Equity, Bolt by QED Investors, Quona Capital, Zephyr Acorn and Norrksen Accelerator	Power Financial Wellness	3	Financial Services	PE - VC	Kenya	Financial services provider, Power Financial Wellness, raised KES 376 million (USD3 million) seed funding with proceeds set to finance the platform's expansion in Kenya and Zambia. The funding round was led by DOB Equity, Bolt by QED Investors, Quona Capital, Zephyr Acorn and Norrksen Accelerator. Founded in 2020, Power has operations in Kenya and Zambia and has offices in the United States and India.
16-Feb-23	Acumen	SokoFresh	Undisclosed	Agribusiness	PE - VC	Kenya	Acumen invested in SokoFresh, which provides smallholder farmers in East Africa with cold-storage solutions and market access to reduce post-harvest losses and guarantee demand for produce. This was Acumen's first new investment through its latest energy initiative, PEII+, which is designed to invest early-stage capital in energy businesses that are improving the livelihoods of smallholder farmers and micro-entrepreneurs in India, East Africa and West Africa.
20-Feb-23	Local Globe, Enza Capital, SpeedInvest and Others	Jumba	4.5	Real Estate	PE - VC	Kenya	Jumba, a Kenyan B2B construction tech startup, raised USD 4.5m in a pre-seed round. The round was led by LocalGlobe, with participation from Enza Capital, Fundamental, Seedstars International Ventures, Logos Ventures, Speedinvest, First Check Africa and Alumillioni Angel Network.
24-Feb-23	LaunchAfrica, Saviu Ventures, Proparco and Others	Workpay	2.7	Professional and Other Services	PE - VC	Kenya	A Kenyan HR and payroll startup, Workpay, raised USD 2.7 million in pre-Series A funding to expand its HR, payroll, compliance, and benefits tools across Africa. The round included Global and Africa-focused investors, including Launch Africa Ventures, Saviu Ventures, Acadian Ventures, Proparco, Fondation Botnar, Kara Ventures, Norrksen and Axian, with the participation of P1 Ventures, an existing investor.
22-Mar-23	Renew Capital Angels	Wazi Vision	Undisclosed	Manufacturing	PE - VC	Uganda	The Renew Capital Angels invested in Wazi Vision, a Ugandan company with a goal to change the eyewear industry in Africa. Founders Brenda Katwesigye Baganzi and Georgette Ochieng Ndabukiye launched Wazi in response to a gap in Uganda's eyewear market.
30-Mar-23	Renew Capital Angels	Xente	Undisclosed	Financial Services	PE - VC	Uganda	Renew Capital Angels invested in Ugandan digital payment platform, Xente, a business neobank that streamlines payments and financial management for companies on a single, user-friendly platform. By simplifying these processes, Xente aims to drive digital transformation in a region where the majority of payments are still conducted manually

SELECTED VC DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
30-Mar-23	CFAO	Tibu Health	Undisclosed	Healthcare	PE - VC	Kenya	Toyota Kenya's parent company, CFAO Group, increased its venture funding in the country with the recent financing of Tibu Health, a medical technology company which will use the new unspecified capital to find solutions to chronic illnesses. Health54, the healthcare-dedicated venture capital arm of CFAO Group did not disclose the funding but said the investment is expected to help Tibu continue its growth strategy.
05-Apr-23	Creadev	Victory Farms	35	Agribusiness	PE - VC	Kenya	East African aquaculture platform, Victory Farms, raised a USD 35 million Series B round to fund the expansion of its operations in Kenya, Rwanda, and potential entry into Ethiopia, Uganda and Tanzania. Victory Farms provides a climate-smart, profitable, and scalable solution to Africa's nutritional security challenges. The Series B round was led by Creadev, a global VC and growth equity evergreen investor controlled by the Mulliez Family.
04-May-23	Inflection Point Ventures, Grenfell Holdings, Venture Catalysts and Other Investors	Badili	2.1	ICT	PE - VC	Kenya	Badili, an African ReComm startup that buys and sells used smartphones, raised a pre-seed round of USD 2.1 million from V&R Africa, Venture Catalysts, Inflection Point Ventures, Grenfell Holdings, Uncovered Fund Japan, SOSV, and a dozen other family offices from Kenya, Nigeria, South Africa, and India. The funds raised were expected to be utilized for the physical expansion of the company across several markets in Africa, as well as for working capital, marketing, operations, and the establishment of repairing labs and administrative functions.
15-May-23	The Case for Her	YeneHealth	Undisclosed	Healthcare	PE - VC	Ethiopia	YeneHealth, a FemTech startup based in Ethiopia, secured pre-seed investment from The Case for Her, a Swedish-based women's health investment fund. YeneHealth aims to advance sexual and reproductive health services and offers accessible, confidential, convenient, and personalized healthcare to women. The investment in YeneHealth was expected to expand its reach and improve its product offerings.
17-May-23	TCG Crypto, Saison Capital, Global Coin Research and Other Investors	Jia	4.3	Financial services	PE - VC	Kenya	Jia, a blockchain-based fintech company that provides loans to micro and small businesses in emerging markets, raised USD 4.3 million in seed funding. It also received an additional USD 1 million commitment for on-chain liquidity in a funding round led by early-stage backer TCG Crypto, with participation from funds such as BlockTower, Hashed Emergent, Saison Capital, and Global Coin Research. The funding received was expected to be utilized to strengthen its operations in Kenya and the Philippines, with the intention of expanding into new markets in West Africa, Latin America, and Asia.
18-May-23	Pale Blue Dot, RaliCap, W3i, Superorganism and Other Investors	Amini	2	Agribusiness	PE - VC	Kenya	Amini, a Nairobi-based climate tech startup that focuses on addressing Africa's environmental data gap using artificial intelligence and satellite technology, raised USD 2 million in pre-seed funding. The funding round was led by Pale Blue Dot and included participation from investors like RaliCap, W3i, and other angel investors. With these funds, the startup plans to expand its customer base to include global food and beverage companies and insurance companies.

SELECTED VC DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
19-May-23	From Here Ventures	ElevateHR Africa	Undisclosed	Professional and Other Services	PE - VC	Kenya	A seed round was raised by ElevateHR from From Here Ventures. ElevateHR is a cloud-based HR management platform that provides modules in payroll, salary advance, leave management, and performance management, among others. The funding received was to be utilized to expand operations and scale the people management software.
23-May-23	DOB Equity, KUA Ventures and Other Investors	Zydii	Undisclosed	ICT	PE - VC	Kenya	Zydii, a Kenya-based digital training solutions provider, received a pre-seed funding from DOB Equity, Kua Ventures, Kaleo Ventures, and NaiBAN. The funds obtained will aid in supporting the growth of the company and expanding its range of upskilling solutions for the African business workforce.
31-May-23	Advancly	Zofi Cash	1	Financial services	PE - VC	Uganda	Zofi Cash raised USD 1 million in pre-seed funding from Advancly, a business-to-business financing company operating in six African countries. This funding will allow Zofi Cash to expand its operations in Uganda.
14-Jun-23	Tokyo Edge Capital partners and other investors	Peach cars	5	Automotive	PE - VC	Kenya	Kenyan automotive startup Peach Cars raised USD 5 million in seed funding. Led by University of Tokyo Edge Capital Partners (UTEK), the investment round attracted contributions from Mercari's CEO, Shintaro Yamada; PayPal's head of Japan, Peter Kenevan; and Waseda University Ventures' GP, Hiroaki Ohta.
18-Jun-23	Convergence partners	Yellow	14	Energy	PE - VC	Kenya	Yellow, an asset financier for solar energy and digital devices in Africa, raised USD 14 million series B funding in a round led by Convergence Partners with participation from the Energy Entrepreneurs Growth Fund, managed by Triple Jump, in addition to follow-on investment from Platform Investment Partners.
21-Jun-23	Satgana, Unruly capital, Plug & Play and Other Investors	Kubik	3.34	Real Estate	PE - VC	Kenya	Kubik, a startup specialising in the transformation of hard-to-recycle plastic waste into affordable, low-carbon building materials, raised a USD 3.34 million seed funding round. Investors included Plug & Play, BESTSELLER Foundation, GIG Africa Fund, Satgana, Unruly Capital, Savannah Fund, African Renaissance Partners, KAZANA Fund, Princeton Alumillioni Angels, and Andav Capital. The funding raised will be used to expand its production capacity.
26-Jun-23	Chui ventures	Shopzetu	1	ICT	PE - VC	Kenya	ShopZetu, the fashion technology start-up founded by Marvin Kiragu and Wandia Gichuru, raised USD 1 million pre-seed funding round. The round was led by Chui Ventures, with participation from Launch Africa, Roselake Ventures, Logos Ventures, and angel investors. The funding will be used to expand its current capacity.
11-Jul-23	Verdant capital	Patasente	Undisclosed	Financial Services	PE - VC	Uganda	Verdant Capital announced a revolving credit facility for Patasente Uganda, a digital trade services platform for farmers, warehouses, and factories. The facility was to be used to support Patasente's invoice discounting and supplier financing activities.

SELECTED VC DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
25-Jul-23	Knife Capital, Finnfund and Other Investors	Kasha	21	Healthcare	PE - VC	Rwanda	Kasha, an East African digital platform for last-mile access to health, announced its Series B financing of over USD 21 million led by Knife Capital, a pan African VC firm based out of South Africa, with participation from Finnfund, DFC, Altree Capital, Tim Koogole and Pam Scott, Beyond Capital Ventures, Bamboo Capital's BLOC Smart Africa Fund, Five35 Ventures and other new and existing investors. With the Series B funding, Kasha aimed to scale operations into South and West Africa.
26-Jul-23	Five35 Ventures	Zuri Health	Undisclosed	Healthcare	PE - VC	Kenya	Five35 Ventures, an early-stage venture capital firm investing in female-focused startups, announced a strategic investment in Kenya-based Zuri Health, a digital health platform
09-Aug-23	Adaverse Accelerator	Melanin Capital	Undisclosed	Financial services	PE - VC	Kenya	Melanin Kapital, a Kenyan fintech startup which aims to provide affordable climate finance to SME's, raised an undisclosed amount in its pre-seed round. The funding was received from Adaverse Accelerator and the funding is intended to assist in the expansion plans for Melanin Kapital.
23-Aug-23	Beyond Capital Ventures and Variant	Zanifu	11.2	Financial services	PE - VC	Kenya	Zanifu, a B2B fintech lender headquartered in Kenya, specialising in providing inventory supply chain financing to MSMEs, secured USD 11.2 million in pre-series A financing. The funding round, a combination of debt and equity financing, was led by Beyond Capital Ventures and Variant Investments. This significant capital injection will empower Zanifu to broaden its inventory finance offerings, targeting retailers and distributors within the FMCG supply chain
06-Sep-23	Renew Capital	Flexpay	Undisclosed	Financial Services	PE - VC	Kenya	Renew Capital Angels invested in Kenyan fintech company FlexPay. FlexPay's 'save now, buy later' platform allows customers to purchase products over time, interest-free, by setting personal savings goals. The funding is intended to allow Flexpay to expand its operations.
19-Sep-23	Zephyr Acorn, African Renaissance Partners and Other Investors	Emata	2.4	Agribusiness	PE - VC	Uganda	Emata – the agricultural finance solution for East African farmers, raised a USD 2.4 million seed fundraiser, comprising USD 800,000 in equity and USD 1.6 million in on-lending capital. The fundraiser was backed by African Renaissance Partners, Norrsken Accelerator, Zephyr Acorn, Swedish angel investor Marcus Boström, and venture philanthropy firm Draper Richards Kaplan Foundation. Emata plans to use the proceeds to enhance its agri-loan services throughout East Africa, building on its initial success in Uganda and eyeing potential expansion into Tanzania.
25-Oct-23	CRE Ventures and Other Investors	Sukhiba Inc	1.5	ICT	PE - VC	Kenya	Sukhiba Connect secured USD 1.5 million in seed funding, led by CRE Ventures and joined by notable investors such as Antler, EQ2 Ventures, Goodwater Capital, Chandaria Capital, and several angel investors. The primary intentment behind this funding is to support the expansion of Sukhiba Connect beyond its native Kenya.

SELECTED VC DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
02-Nov-23	E3 Capital and FSD Africa	CAVEX (4R Digital)	6	Financial Services	PE - VC	Kenya	The Carbon Value Exchange (Cavex) secured Sh905.15 million (USD 6 million) in seed capital to scale its digital carbon financing platform. The transaction was led by E3 Capital, a Nairobi-based investor in early-stage businesses and FSD Africa Investment to help Cavex's existing and future portfolio companies access carbon markets.
23-Nov-23	Aqua-Spark, Acumen and Other Investors	Aquarech	1.7	Agribusiness	PE - VC	Kenya	Kenyan fish farming startup Aquarech raised USD 1.7 million in equity funding to help it improve outcomes for small-scale fish farmers in Kenya through its mobile app platform. The investment was led by Netherlands-based global aquaculture investment fund Aqua-Spark, with additional capital from Acumen, Katapult and Mercy Corps Ventures.
28-Nov-23	Creadev and Juven	Twiga Foods Limited	Undisclosed	Agribusiness	PE - VC	Kenya	Twiga Foods Limited received an undisclosed amount from Creadev and Juven. The investment is aimed at repositioning and fine-tuning operating processes as well enabling further resource mobilization to ensure long-term resilience of the business.
13-Dec-23	Enza Capital, LGT and Other Investors	Copia Global	20	ICT	PE - VC	Kenya	Copia Global raised USD 20 million in a Series C extension round led by Enza Capital. Other participants in the funding round include global private bank LGT, investment firm Goodwell Investments, the U.S. International Development Finance Corporation (DFC), German financial service provider DEG, Swiss impact fund Elea, Perivoli Foundation and Sorenson Foundation.
22-Dec-23	Ecosystem Integrity Fund (EIF), Acumen and Other Investors	Ampersand	19.5	Automotive	PE - VC	Rwanda	Ampersand, an African electric transport energy company, raised USD 19.5 million in funding. The venture capital round was led by Ecosystem Integrity Fund (EIF), with participation from Acumen and Hard Edged Hope Fund. In addition, the company secured a USD 7.5 million debt facility from Cygnus Capital's Africa Go Green (AGG) Fund.
25-Dec-23	Axian Group	Dawa Mkononi	Undisclosed	Healthcare	PE - VC	Tanzania	AXIAN Investment added two new startups to its corporate venture portfolio: Dawa Mkononi and Bosta. Dawa Mkononi, a Tanzanian healthtech company, operates in the pharmaceutical supply chain sector. It offers an independent, integrated marketplace for efficient and rapid delivery of medicines.

SELECTED PE EXIT DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
17-Mar-23	BlackRock	FinnFund, Vestas, Investment Fund for Developing Countries	Undisclosed	Energy	PE Exit	Kenya	BlackRock Alternatives' public-private finance vehicle, Climate Finance Partnership (CFP), acquired a 31.25% stake in Lake Turkana Wind Power (LTWP), the largest wind farm in Africa. The stake was purchased from Vestas, Finnfund, and the Investment Fund for Developing Countries for an undisclosed sum.
26-Mar-23	IBL Energy Holdings Ltd & STOA	Maris Ltd & Nvision Ltd (Equator Energy)	Undisclosed	Energy	PE Exit	Kenya	Maris Ltd and Nvision Ltd announced the sale of a majority stake in Equator Energy Ltd to IBL Energy Holdings Ltd, a fully owned subsidiary of the Mauritian conglomerate, IBL Group and STOA, an energy and infrastructure impact fund created by Caisse des Dépôts et Consignations (CDC) and Agence Française de Développement (AFD).
21-Jun-23	Meridiam, Engie	Actis	1000	Energy	PE Exit	Kenya	Actis agreed to sell 100% of BTE Renewables to Engie and Meridiam. On completion, Engie will acquire the South African portfolio and team while Meridiam will acquire the Kenyan portfolio and team. Actis established the pan African renewable energy platform in 2017, with the acquisition of the Kipeto wind project in Kenya in the development stage. In 2019, Actis grew the platform with the acquisition of South Africa-focused BioTherm Energy and rebranded the company BTE Renewables.
04-Jul-23	MyDawa	Ascent Rift Valley Fund	Undisclosed	Healthcare	PE Exit	Uganda	Ascent Rift Valley Fund exited its investment in Guardian Health Ltd, a Ugandan retail pharmacy chain, to MyDawa, a Nairobi based online pharmaceutical and beauty platform. I&M Burbidge Capital advised Ascent Capital on the transaction.
20-Sep-23	LOLC Holdings	Incofin Investment Management	Undisclosed	Financial Services	PE Exit	Rwanda	Incofin Investment Management sold the 28% equity stake that its Rural Impulse Fund (RIF II) had in Rwanda's Unguka Bank to LOLC Holdings. The LOLC group is a diversified financial services business with a presence in 23 countries across Asia, Africa and Australia. Since its investment in 2012, RIF II helped the company more than double its total assets from USD 14 million to USD 29 million, growing into the largest microfinance bank in Rwanda.
06-Oct-23	Pioneer General Insurance, Wizpro Enterprise and Afram Limited	Sidian Bank	Undisclosed	Financial Services	PE Exit	Kenya	Pioneer General Insurance, Wizpro enterprise and Agram Limited purchased 39% of the issued share capital of Sidian Bank. The alliance with the new shareholders is expected to create a significant synergy between the insurance sector and the banking sector in Kenya.
08-Nov-23	AfricInvest	British International Investment (BII)	Undisclosed	Financial Services	PE Exit	Kenya	UK development finance institution British International Investment (BII) sold its 10.13% stake in I&M Group to East Africa Growth Holding. The buyer of the stake was an investment vehicle established by Africinvest Fund IV LLC, Africinvest IV Netherlands C.V. and AfricInvest Financial Inclusion Vehicle LLC.



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Disclosed* M&A Deals - 2023

**Transactions that were publicly disclosed during the year. This list and subsequent lists are a fair reflection of the deal activity in the region but do not purport to be comprehensive.*

SELECTED M&A DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
16-Feb-23	IBL Group	Harley's	Undisclosed	Healthcare	M&A	Kenya	Mauritian conglomerate, IBL Group, bought an undisclosed stake in Nairobi-based pharmaceuticals distributor, Harley's, as part of a consortium that took control of the company. This was the latest investment in Kenya for IBL, which last year acquired a stake in supermarket chain Naivas Limited.
06-Mar-23	Velogic Logistics	Rongai Workshop & Transport Limited	Undisclosed	Logistics	M&A	Kenya	Mauritian conglomerate Rogers Group acquired Rongai Workshop & Transport Limited through one of its subsidiaries Velogic Logistics as part of its regional expansion strategy. The multinational did not disclose the value of the transaction which has seen the exit of the Vanessa Evans family which founded the logistics firm in Rongai in 1947.
07-Mar-23	Premier Bank Limited	First Community Bank	21.9	Financial Services	M&A	Ethiopia	A Mogadishu-based bank paid Sh2.8 billion for a controlling stake in the First Community Bank (FCB) in a deal designed to shore up the capital levels of the Kenyan lender that are in breach of regulation. Premier Bank Limited (Somalia), which has been in operation for under 10 years, was offered new 10.8 million shares in exchange for a 62.5% stake.
04-Mar-23	Carta	Raise	Undisclosed	ICT	M&A	Kenya	Raise, a company that simplifies cap table management for startups and companies, raised an undisclosed amount from Carta, the world's largest ownership platform. Raise aims to work along with Carta to improve customer experiences using technology.
05-May-23	Browns Investment Plc	James Finlay	Undisclosed	Agribusiness	M&A	Kenya	An undisclosed stake in multinational tea firm James Finlay Kenya was bought by Sri Lankan firm Browns Investment Plc in a deal that was expected to result in locals holding a 15% ownership through a co-operative. The Saosa tea extraction facility, which was expected to be used to source and process green leaves from outgrowers, was been retained by Finlay, along with their farms in Kericho and Bomet counties.
05-May-23	Sun King	PayGo Energy	Undisclosed	Energy	M&A	Kenya	PayGo Energy, an innovator in pay-as-you-go technology for clean cooking, was acquired by Sun King, the largest off-grid energy company in Africa and Asia. Sun King was expected to focus on developing a range of cooking products powered by solar energy, liquified petroleum gas (LPG), electrical grids, and other energy sources. These products, along with consumer financing services, will enable African and Asian customers to pay for energy and equipment in small, affordable installments.
06-May-23	Shara Inc.	Maisha Microfinance Bank Limited	Undisclosed	Financial services	M&A	Kenya	Maisha Microfinance Bank Limited (Maisha MFB) in Kenya was acquired by Shara Inc., a Delaware-based fintech firm, resulting in Shara holding a controlling stake. The acquisition of 55.8% of Maisha MFB by Cactus Cantina Investments Limited, a Kenyan entity fully owned by Shara, was confirmed by the Central Bank of Kenya (CBK), with the transaction becoming effective from May 1, 2023.

SELECTED M&A DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
23-May-23	Shorecap	Credit Bank PLC	Undisclosed	Financial services	M&A	Kenya	Mauritius private equity fund, Shorecap, acquired a 20% stake in Credit Bank Plc (CBP), following approvals granted by the Central Bank of Kenya (CBK) effective June 15th, 2023. This approval from the CBK was received on April 24th, 2023 and was further approved by the National Treasury and Planning Cabinet Secretary on April 28th, 2023.
05-Jun-23	Flamingo Horticulture Investment Ltd	Bigot Flower farm	Undisclosed	Agribusiness	M&A	Kenya	United Kingdom (UK) investment holdings company, Flamingo Horticulture Investment Limited (Flamingo), acquired Naivasha-based flower firm, Bigot Flower Kenya Plc, for an undisclosed amount. The Competition Authority of Kenya (CAK) approved the acquisition of the entire share capital of Bigot by Flamingo
06-Jun-23	Shalina Healthcare Limited	Provexa Pharma Kenya	Undisclosed	Healthcare	M&A	Kenya	Dubai-based healthcare company Shalina acquired Provexa Pharma Kenya Limited for an undisclosed price. Shalina Healthcare acquired all the issued shares of Provexa, a local wholesale distributor of cheap generic drugs.
14-Jun-23	Equity group plc	Compagnie Générale De Banque Plc	47.3	Financial services	M&A	Rwanda	Equity Group acquired a controlling stake in a Rwandan bank at RWF54.68 billion (Sh6.67 billion). The lender announced that it signed an agreement to acquire a 91.9% stake in Compagnie Générale De Banque Plc (Cogebanque) in a deal that values the Rwandan bank at KES 7.26 billion.
04-Jul-23	MyDawa	Guardian Health Ltd	Undisclosed	Healthcare	M&A	Uganda	Online health platform MyDawa acquired Ugandan pharmacy chain Guardian Health Ltd after it raised KES 2.8 billion (USD 20 million) from London-based private equity investor Alta Semper Capital to expand its product offering in the region.
04-Jul-23	Kyosk	Kwik Basket	Undisclosed	Hospitality	M&A	Kenya	Kenyan retail distribution startup Kyosk acquired Kwik Basket as part of its expansion into the African fresh produce market. Kwik Basket has used technology to provide agricultural produce to consumers while Kyosk creates a direct link between the farmers and the small traditional retail shops.
07-Jul-23	Mambo Retail (IBL Group)	Gakiwawa Family Investments (Naivas)	41.7	FMCG	M&A	Kenya	Gakiwawa Family Investments, the investment vehicle of Naivas Supermarkets' founder family was set to sell an additional 11% stake in the company to Mambo Retail for an estimated USD 41.7 million (KES 5.8 billion). Mambo Retail is the investment vehicle that holds IBL Group, Proparco and DEG's investment in Naivas Supermarkets. Initial market reports held that the additional stake purchase was to be financed by IBL Group's subscription of additional shares in Mambo Retail.
24-Jul-23	Sarrai Group	TSS Millers	Undisclosed	Agribusiness	M&A	Kenya	Sarrai Group acquired the assets of Tahir Sheikh Said Grain Millers Limited (TSS) for an undisclosed amount. The acquisition was undertaken by Ustawi Grain Millers Limited (UGML), which is owned by Sarrai Group after approval from the Competition Authority of Kenya.

SELECTED M&A DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
01-Aug-23	888Africa	BetLion	Undisclosed	Media	M&A	Kenya	888Africa, jointly owned by 888 Holdings PLC and Digital Leadership LLC, acquired BetLion, is a leading established casino operator. The acquisition is expected to allow 888Africa to further scale up the business, as well as introduce significant numbers of new customers to 888AFRICA.
08-Aug-23	Undisclosed Acquiror	Sendy	Undisclosed	Logistics	M&A	Kenya	Sendy Ltd, a Nairobi-based internet service provider, divested the company to an undisclosed acquiror.
12-Aug-23	MGM Muthus Hotels Ltd	The Warwick Hotel Kenya	Undisclosed	Hospitality	M&A	Kenya	MGM Muthus Hotels Ltd of India, a unit of MGM Pvt Ltd, acquired The Warwick Hotel Kenya, a Nanyuki-based hotel operator. MGM Muthus intends to expand its footprint in Kenya making this the fifth acquisition in Kenya within the year.
14-Aug-23	Kaishan Renewable Energy Development Pte Ltd	Orpower Twenty Two Ltd	3.3	Energy	M&A	Kenya	Kaishan Renewable Energy Development Pte Ltd of Singapore, a unit of Kaishan Group Co Ltd, acquired the entire share capital of Orpower Twenty Two Ltd, alternative energy sources establishment, from Symbion Power Holdings LLC, for a total KES 473.55 mil (USD 3.3 mil). Kaishan intends to inject additional capital into OrPower 22 after the acquisition and establish a geothermal plant as soon as possible.
22-Aug-23	Moniepoint Inc	Kopo Kopo Inc	Undisclosed	Financial services	M&A	Kenya	Moniepoint Inc of the UK acquired the entire share capital of Kopo Kopo Inc, a Nairobi-based provider of financial transactions services. Following the approval by Competition Authority of Kenya (CAK), Moniepoint (formerly TeamApt) expanded its services to Kenya continuing its growth plans across the continent.
12-Sep-23	Kuehne+Nagel	Morgan Air and Sea Freight Logistics Kenya Limited	55.2	Logistics	M&A	Kenya	Logistics firm Kuehne+Nagel (Kenya) Limited acquired rival Morgan Air and Sea Freight Logistics Kenya Limited for an estimated Sh8 billion, marking one of the largest transactions in the industry. The Competition Authority of Kenya (CAK) approved the deal on the basis that it will not have a negative impact on competition.
04-Oct-23	Infrastructure Corp of Africa LLC	GoK	Undisclosed	ICT	M&A	Kenya	Infrastructure Corp of Africa LLC (ICA) of South Africa acquired a 60% interest in Telkom Kenya Ltd, a Nairobi-based wired telecommunications carrier, from the Kenyan state-owned Government of Kenya. The offer by ICA included capital injection to fund Telkom's critical infrastructure and the overall upgrade of the company's capabilities, and also settle some of the outstanding liabilities of the company
27-Oct-23	Shenghe Resources (Singapore) Pte Ltd	Vital Metals/Kisaki Mining Ltd	Undisclosed	Mining	M&A	Tanzania	Shenghe acquired 50% of the issued share capital of Kisaki Mining Ltd, which is the applicant for the mining licence, thereby acquiring an indirect 50% interest in the Wigu Hill Project in Tanzania.

SELECTED M&A DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
16-Nov-23	Sarrai Group and Rwimi Holdings	Hima Cement Limited	120	Manufacturing	M&A	Uganda	The Sarrai Group, a local industrial conglomerate, and Rwimi Holdings, a regional investment firm, bought Hima Cement Ltd., a Ugandan subsidiary of Bamburi Cement Group, for USD 120 million. The deal will give the buyers 100% ownership of Hima Cement Ltd., which is one of the leading cement producers in Uganda.
20-Nov-23	Amsons Group	Mbeya Cement Limited	Undisclosed	Manufacturing	M&A	Tanzania	Holcim signed an agreement to divest its business in Tanzania. Holcim agreed to sell its 65% participation in Mbeya Cement Company Ltd in Tanzania to Amsons Group for an undisclosed sum. Completion of the transaction is subject to obtaining the respective regulatory clearances.
08-Dec-23	Maziwa	Highland Creamers and Food Limited	Undisclosed	FMCG	M&A	Kenya	Uganda's leading milk processing company, Maziwa, acquired Kenya's Highland Creamers and Food Limited in a move that will strengthen its presence and competitiveness in the East African market.
24-Dec-23	Wasoko	MaxAB	Undisclosed	ICT	M&A	Kenya	Africa's leading e-commerce giants, MaxAB and Wasoko, have officially announced their intent to merge. Wasoko and MaxAB will have a collective customer base of over 450,000 merchants serving an estimated 65+ million consumers with essential goods in their local communities across eight African countries: Egypt, Morocco, Kenya, Tanzania, Rwanda, Uganda, Zambia and DR Congo.



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Disclosed* Other Deals - 2023

**Transactions that were publicly disclosed during the year. This list and subsequent lists are a fair reflection of the deal activity in the region but do not purport to be comprehensive.*

OTHER DEALS IN EA - 2023

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
9-Feb-23	Absa	Acorn	53	Real Estate	Debt	Kenya	Acorn Holdings Limited (AHL), East Africa's largest institutional rental housing developer, together with Absa Group and Absa Bank Kenya, announced the successful conclusion of a Ksh 6.7 billion (USD53.55 million) financing agreement to support the development of a further ten purpose-built student accommodation (PBSA) developments in Nairobi, Kenya.
20-Feb-23	US-based impact asset manager	Jali Finance	3	Financial Services	Debt	Rwanda	Rwandan leasing company, Jali Finance, raised a USD 3 million dollars term loan. It specializes in providing motorcycles on a lease-to-own model to individuals, with a focus on creating jobs for Rwanda's youth population. The loan will aid the growth and expansion of the company, helping to address the significant credit gap for MSMEs and startups in Africa.
12-Apr-23	Kuramo	TransCentury	Undisclosed	Financial Services	Rights Issue	Kenya	Kuramo Capital took an extra 24.0% stake in TransCentury via conversion of part of its shareholder debt to the investment firm. Disclosures from TransCentury's rights issue results showed 272.7 million shares were taken up through the conversion to settle Kuramo's loans amounting to KES 300 million.
18-Apr-23	Savannah Clinker	Undisclosed	500	Manufacturing	Bond	Kenya	Savannah Clinker received funding amounting to KES 65 billion (USD 500 million) for construction of a new clinker factory. Savannah Clinker said it had raised the funds through a privately placed debt arrangement with the bond expected to have been listed at a regulated international exchange in the future.
17-May-23	Standard Bank Group	M-Kopa	250	Financial services	Debt	Kenya	M-KOPA, a fintech platform, raised over USD 250 million in new debt and equity funding with the aim of expanding its financial services offering to underbanked consumers across sub-Saharan Africa. This fundraising achievement represents one of the largest combined debt and equity raises in the African tech sector, granting M-KOPA the opportunity to sustain its rapid growth. Standard Bank Group, Africa's largest bank and a long-term strategic partner to M-KOPA, led and arranged over USD 200 million in sustainability-linked debt financing.
28-Sep-23	General public in USA	Lipa Later	3.4	Financial Services	Debt	Kenya	Kenya's Lipa Later, a fintech platform founded to empower African businesses to do more by enabling e-commerce, financial inclusion, and shopping on a centralised and fully integrated platform, raised USD 3.4 million from a privately-placed debt issuance to help it expand its offerings.

Glossary of Abbreviations

ABBREVIATION	MEANING
"ALSIUG"	Uganda All Share Index
"AVCA"	African Private Equity And Venture Capital Association
"c."	Circa
"CAPEX"	Capital Expenditure
"COVID-19"	Coronavirus Pandemic
"DFI"	Development Finance Institutions
"DSEI(TZ)"	Tanzania All Share Index
"EAC"	East African Community
"EGP"	Egyptian Pound
"EGX"	Egyptian Exchange
"ETB"	Ethiopian Birr
"EU"	European Union
"EUR"	Euro
"FMCG"	Fast-Moving Consumer Goods
"FTSE"	Financial Times Stock Exchange
"FY"	Financial Year
"GBP"	Great Britain Pound
"GDP"	Gross Domestic Product
"IMBC"	I&M Burbidge Capital
"JALSH(SA)"	JSE All Share
"KES"	Kenyan Shilling
"M&A"	Mergers and Acquisitions
"NASI"	Nairobi All Share Index
"NBV"	Net Book Value
"NSE"	Nairobi Stock Exchange
"NGN"	Nigerian Naira
"NGSEINDEX"	NGX All Share Index
"NYSE"	New York Stock Exchange
"PE"	Private Capital
"RSA"	South African Reserve Bank
"RWF"	Rwandese Franc
"SSA"	Sub-Saharan Africa
"S&P 500"	Standard and Poor's 500
"TZS"	Tanzanian Shilling
"UK"	United Kingdom
"USD"	United States Dollars
"UGX"	Ugandan Shilling
"VC"	Venture Capital
"y-o-y"	Year - on - year
"ZAR"	South African Rand

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