



**WELCOME REMARKS OF MR. EDDY NJOROGE,
THE CHAIRMAN OF NAIROBI SECURITIES EXCHANGE,
DURING
THE 18TH AFRICAN SECURITIES EXCHANGE ASSOCIATION CONFERENCE,
MONDAY, NOVEMBER 24, 2014**

Your Excellency Hon. William Ruto, Deputy President of the Republic of Kenya;
Mr. Salim Mvurya: Governor of Kwale County;
Hon. Minister Claver Gatete, Minister of Finance and Economic Planning, Republic of Rwanda.
Mr. Jimnah Mbaru: Founder Chairman of ASEA;
Mr. Sunil Benimadhu: President of the African Securities Exchange Association;
Hon. Benjamin Langat, Chairman Finance, Planning and Trade Committee of the National Assembly and Member of Parliament for Ainamoi
Hon. Dennis Waweru, Member Finance, Planning and Trade Committee of the National Assembly and Member of Parliament for Dagoretti South.
Members of the ASEA Board Present;
Members of the CMA Board Present;
Members of the NSE Board Present;
Distinguished Guests;
Members of the Media;
Ladies and Gentlemen;

Good Morning.

On behalf of the Board of Directors and the entire Management and staff of the Nairobi Securities Exchange, it is my singular privilege to welcome you to Kenya, to Diani, and to

the 18th African Securities Exchange Association (ASEA) Conference being held in this beautiful setting.

The NSE is truly honoured to host this flagship Conference, particularly as it coincides with the commemoration of our sixtieth anniversary this year. We are both humbled and honoured that all of you in this room heeded our invitation to be a part of this historic conference.

The African Capital Markets must play a pivotal role in the development and sustenance of the African economy. This informed our decision to theme the conference - *Africa on the Rise: Strengthening the Capital Markets Ecosystem to Fuel Economic Growth*. We are looking forward to having fruitful discussions around this theme and generating realistic solutions on ways the Capital Markets can fuel economic growth to help address problems ailing our continent.

YOUR EXCELLENCY LADIES AND GENTLEMEN ;

The famous explorer Sir Henry Morton Stanley- him of the famous salutation *Dr. Livingstone I presume'* uttered on Nov 10th 1871 in the very heart of the African continent when he finally met Dr. Livingstone in the village of Ujiji on the shores of lake Tanganyika later wrote two books;

- 1. Through the dark continent in 1878*
- 2. In Darkest Africa 1890 .*

The later was his account of his last adventure in Africa.

Over a hundred years later, I vividly remember sitting at home on one fine weekend in May 2000, when I picked an international magazine with the headline '*The Hopeless Continent*' and it depicted the image of a bazooka-wielding young man inscribed within the map of Africa.

I read the story and although accurate to a certain extent, it was, nevertheless coated with the usual prejudices that we encounter far too often in our portrayal by international journalism. Allow me to just quote two sentences in that article;

No one can blame Africans for the weather, but most of the continent's shortcomings owe less to acts of God than to acts of man. These acts are not exclusively African- brutality, despotism, and corruption exist everywhere- but African Societies for reasons buried in their cultures seem especially susceptible to them.

Eleven years later in 2011, I was on a plane to Europe and I picked up a copy of the same magazine which had an illustration of a boy flying a rainbow-coloured kite the shape of the continent, but this time, the headline read 'Africa Rising.' What a contrast in just a decade. Again the story was accurate but not as optimistic as the cover page. What struck me most in the article was the strong tinge of pessimism when the writer says;

Optimism about Africa needs to be taken in fairly small doses, for things are exceedingly bleak in much of the continent.

At that moment I felt strongly that we ought to direct, write, edit and tell our story.

No one captured this feeling better than the late Ghanaian journalist, Komla Dumor who famously stated that "*there's so much more to tell about Africa than the usual stories about war, famine and disease.*"

So compelling is the Africa Rising story that in a very uncharacteristic way, the Time Magazine cover page of Nov 2012 bore the same title 'Africa Rising'.

YOUR EXCELLENCY LADIES AND GENTLEMEN ;

The late Conservative British Prime Minister Harold Macmillan at the end of a one month tour of Africa addressed both Houses of Parliament in the Union of South Africa on 3rd February 1960. He said and I quote,

The wind of change is blowing through this continent, and whether we like it or not, this growth of national consciousness is a political fact. We must accept it as a fact, and our national policies must take account of it.

At the time Ghana had just received independence (1957) but most of the other African countries were under colonial rule. His prophesy was proven right because;

By the end of that year, Senegal, Somali, Nigeria, Benin, Burkina Faso, Chad, Congo, Côte d'Ivoire, Gabon, Madagascar, and another half a dozen countries had become independent. So strong as the wind that even South Africa pushed through a Declaration of Independence and the creation of a republic on 31st May 1961.

Many other countries followed and the last country was Zimbabwe in 1980.

YOUR EXCELLENCY LADIES AND GENTLEMEN;

Why am I telling you all this you may ask. It is because I believe that there is another wind of change blowing across the African Continent.

This time not a political wind of change but a whirlwind of unprecedented economic growth created by the convergence of the limitless human capital potential of the African people and her natural resources. Ladies and Gentlemen, as we begin this Conference, we are in the middle of that whirlwind. Consider the following facts which inform my argument;

- When early in the year The Economist Intelligent Unit released its projections for economic growth in 2014, five out of the top ten came from Africa.
- A recent report by Deloitte states that Africa's economy will grow from USD 1.1 trillion to USD 3.9 trillion in the next five years.
- The value of exports from Africa has risen from USD 170 billion in the late nineties to USD 800 billion last year. Africa is the only continent to have a trade surplus with China which would probably explain why several Chinese firms are setting up shop on the continent-they are keen on addressing the existing trade imbalance!
- According to the African Development Bank, Foreign Direct Investment (FDI) into African economies will reach a record \$80 billion this year, with most of the money being

directed to countries without natural resources but which nevertheless present attractive opportunities in other diverse sectors.

- Today, Africa is the second most populous continent on earth with a current estimated population of 1.12 billion. The Washington-based Population Research Bureau estimates that this population would more than double to 2.4 billion by 2050, with the sub-Saharan Africa making up a headcount of 2.2 billion.
- Currently, the African middle class is estimated at 123 million with a projected rise to 1.1 billion by 2060.

Investor and philanthropist George Soros has termed this demographic shift as *'the world's fastest growing middle class.'*

- Infrastructure has played key part in Africa's recent economic transformation and will need to play an even greater role if the continent's development targets are to be realised. Africa's largest infrastructure deficit is to be found in the power sector. The 48 countries of Sub-Saharan Africa less South Africa (with a combined population of about 780 million people) generate roughly the same amount of power as Norway (with a population of 5 million).
- It is estimated that Africa's infrastructural investment requirement will be USD 38 billion per year and a further USD 37 billion for operations and maintenance- an overall price tag of USD 75 billion per annum. This translates into some 12% of Africa's GDP. There is currently a funding gap of US\$35 billion per year.

YOUR EXCELLENCY LADIES AND GENTLEMEN;

This is why for all the above, and many other reasons, this is a defining decade for the capital markets in Africa. A turning point one may say. And as we turn the corner, we will find an exciting new horizon of limitless opportunities where our only limitation will be our ability to be innovative and raise the needed capital to bridge the gap.

And so, we could not be meeting at a more opportune moment. A moment where the African Continent is clearly becoming the 'New Frontier', a time when Africa offers limitless

investment opportunities. And as Shakira sang in her 2010 World Cup theme song Waka Waka *this time for Africa*.

YOUR EXCELLENCY LADIES AND GENTLEMEN ;

This year's Conference seeks to address what we can do together to ensure that the capital markets play a key role in the development of Africa by trying to answer the question;

'How can we play our role of promoting growth by mobilizing foreign and domestic savings and channelling them efficiently into investments that drive the development of the overall economy'?

The conference gives us the opportunity to tell our own success stories; the story of an Africa that is on the rise and how we, the capital market practitioners, can transform a potential into a reality while ensuring that at all times, the fruits of economic success are widely shared across the population.

This year's programme will include high level panel discussions, several networking opportunities and separate investor relations meetings that will allow us to delve deeper into key issues affecting our industry.

I urge you all to be fully engaged, to debate and suggest solutions on how we can promote the broadening of the product and service offering of African capital markets to domestic, regional and international investors. **Let us see how we can strengthen the necessary Ecosystem to fuel Economic Growth.**

This Conference will also allow us to showcase Kenya's rich heritage. When the sessions are over, I invite you to enjoy the splendor that is Diani, swim with the dolphins off Wasini Island, go deep sea diving at Chale Marine Park, buy curios by the whitest beach shores in Africa.... and enjoy the beauty that our lovely country has to offer.

Thank You and God Bless You All

EDDY NJOROGE, CBS
CHAIRMAN
NAIROBI SECURITIES EXCHANGE