

## A Lead institution in Kenya's economic development

### Message from the Cabinet Secretary Ministry of Industrialization and Enterprise Development

**O**n behalf of the Government, I wish to congratulate ICDC on this auspicious occasion of her 60th anniversary. The Corporation has been one of the institutions that have played a leading role in Kenya's economic development from independence. ICDC, together with its investee companies, have accounted for a significant share of business and economic activity across the country.

It can be argued that ICDC's foundations go beyond the 60 years being celebrated today because its predecessor institution – the East African Industrial Management Board (EAIMB) – was founded during World War 11, that is 10 years before the colonial Legislative Council (Legco) enacted the law establishing the Corporation on December 15, 1954. The

Kenya Colony and, indeed all the East African Protectorates of Kenya, Uganda and Tanganyika (Tanzania), suffered international blockades at sea in wartime which starved the region of much-needed manufactured goods. EAIMB was established to assist local industry fill the gap brought about by the blockades, with the mandate of assisting local manufacturing.

As ICDC positions itself for the 21st Century, focus on the challenges confronting the global financial sector is necessary so as to put in place structures capable of monitoring financial trends in the region and beyond. This will serve to equip the Corporation with information to counter, or insulate itself against, any possible adverse effects occasioned by market factors. The Corporation also needs to think of ways of raising more capital to build a bigger financial base so as to ensure it is relevant as a provider of the investment capital required by investors, who no longer seek financing in millions of shillings but design projects requiring billions of shillings in investment capital. To ensure jobs are



Hon. Adan Mohamed, EBS

created for the largely youthful population, ICDC may want to consider assisting investments whose results bear the decades-long mandate of creating jobs for Kenya's youth.

The Government is only too keen to see ICDC strengthen itself and play an even bigger role in spurring Kenya's economic growth, as it marches towards its first century of existence.

**“As ICDC positions itself for the 21st Century, focus on the challenges confronting the global financial sector is necessary so as to put in place structures capable of monitoring financial trends in the region and beyond.”**

## ICDC has grown as it has played its role in creating industry and jobs

### Message from the Principal Secretary Ministry of Industrialization and Enterprise Development

**A**s we congratulate ICDC today, we note the pivotal role it has played over the last 60 years in the country. The Ministry of Industrialisation and Enterprise Development is happy that it continues to assist investors in creating and preserving jobs. ICDC has also been instrumental in advising businesses besides providing loans. The Ministry values this role which will drive industrialisation in Kenya from the present 10 per cent component of the GDP to the desired 20 per cent.

The Ministry is encouraged to note that ICDC's balance sheet has grown remarkably from an asset base of KSh12 billion in 2012 to KSh22 billion in 2014.

The Government plans to merge organisations which have a common orientation. It is, therefore, proposed that ICDC be merged with the Industrial Development Bank (IDB) and the Tourist Finance Corporation (TFC) to form the Kenya Development Bank (KDB). The aim is to increase efficiency and ICDC's mandate will be improved more given the increased capital base.

We are aware of the oft-repeated question regarding the possible disappearance of the decades-old brand of ICDC locally and



Dr. Wilson Songa

internationally. Brand ICDC will be missed, but ICDC services will not be lost; they will become even more enhanced and efficient; we hope that KDB, just as ICDC, will develop its own unique brand name that will be unrivalled locally and internationally for future generations.

ICDC is a big family given its operations in its investee companies in which it has had shareholding for decades. Within the family ICDC has a programme of using interns which enables young graduates to gain experience in their workplaces. This is the pride that is ICDC and we in the Ministry will support such programmes which help young people get employment and move up the ladder. As a Ministry, we will develop the necessary policies to enable ICDC live

up to its mandate of oiling the wheels of progress of private and public sector players.

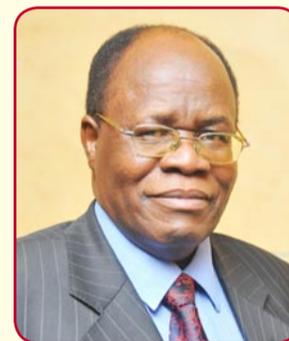
We have specific agenda in the coming years for ICDC. First, we aim to revamp the textiles industry to create jobs for our youth. We will develop the necessary policies to attract foreign players to join hands with ICDC towards the achievement of this goal. Already, we have some international investors for whom we have identified land with the required acreage for a big textile industrial town.

Second, is for ICDC to partner with international investors to build a leather industry which has huge potential for job creation given that Kenya has sufficient raw materials and can also access the same from its neighbours.

**“As a Ministry, we will develop the necessary policies to enable ICDC live up to its mandate of oiling the wheels of progress of private and public sector players.”**

## ICDC is here for the long-haul

### Message from the Chairman ICDC



Mr. Martin Muragu, MBS

**T**he Corporation is celebrating its 60th anniversary at a time when Kenya is implementing the Constitution adopted in 2010, an important component being devolution which, in turn, envisages equitable sharing of resources for the development of all of Kenya's 47 counties. The ICDC mandate has been and still is, to supplement the Government's efforts in ensuring the establishment of industry and commerce in Kenya. It is a role ICDC has been identified with since the 1950s when

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ICDC Management team: (Seated L-R) Mbatha Mbithi, Chief Manager Operations, Peter M. Kimurwa, Executive Director, Faith D. Nene, Human Resources & Administration Manager, Joseph C. Mwaura, Special Projects Manager. (Standing): Erasto Shako, Equity Manager, Edward Gitau, Credit Manager, Peter Mwangi, ICT Manager, Dismas J.O. Oyieko, Portfolio Manager, Isaac Ole Ntiki, Business Development Manager, Wilson M. Kamau, Audit Manager and Kennedy M. Wanderi, Finance Manager.

### Message from the Chairman ICDC

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the Corporation started providing loans for development of industries and boosting the services sector.

Indeed, ICDC left an indelible imprint on Kenya's map not only in Nairobi, the capital, but also in the country's rural villages and market places. The ordinary Kenyan knocked on ICDC's doors to obtain loans under the small enterprises programme to start business in villages. It is common knowledge that many shops in local markets across the Republic, which also provided residential premises at the back, were built in the 1960s and 1970s with ICDC loans.

This has made the Corporation an unforgettable brand and has given it sentimental value among Kenyans. ICDC will endeavour to have its presence felt in the counties in the same way it began by assisting big businesses in Nairobi, Mombasa, Nakuru, Kisumu, Eldoret and Nyeri which gave the Corporation an all-time presence in these towns. Second, ICDC will undertake to build its capital base to match the big demand for finance which lies ahead.

Given its history, resilience and experience, I can confidently and unequivocally state that ICDC is prepared to deal with the challenges of transformation to play an even bigger role in the Eastern Africa region in line with the aspirations of the member governments of the East African Community.

I am proud to be associated with this great institution on this occasion of its 60th birthday. I salute the leaders who have captained this institution from inception to-date.

### Vision

#### To be Africa's world class DFI

Focusing on industrial growth and development in Kenya as well as having a significant impact on creating jobs and raising household incomes for a profit.

### Mission

#### To be the catalyst for wealth creation

By investing in opportunities with the potential to create tomorrow's blue chip companies.

### Keeping true to original mandate

#### Message from the Executive Director, ICDC

Sixty years ago, the founders of ICDC envisaged a Corporation that would help spur economic growth at all levels – large and medium scale private enterprises as well as individual small enterprises in rural areas. ICDC has lived up to this mandate

At independence, the founding fathers of the nation understood that for private sector to grow; first, capital must be found; ways and means of mobilizing it must be discovered; and, institutions for proper management and utilization must be put in place and strengthened. Thus, ICDC became the institution central to the economic growth of the new nation.

The founding fathers knew that not every government could depend solely on its Treasury and ICDC became the alternative vehicle to partner with the private sector. For instance, ICDC would provide capital; government would provide land and even marketing channels. These actions were in line with the objects of the law that created ICDC since the Colonial Ordinance (Act) was enacted by the Legislative Council (Legco) on December 15, 1954 and the subsequent Act of 1965. This law even if it were left in place would withstand the test of time for ever.

The foundation laid by the founding fathers at independence subsequently led to the successes of the 1970s which established ICDC as an institution watering the tree of economic development in Kenya to-date.

The Corporation rebranded in 2011 announcing a shift in the way it does business to the market. The rebranding saw the 'Fungua Uchumi' logo, for many years under a distinct teathed Locker's key, give way to 'Turning ideas into Wealth' reflected in a modern key to capture the realities of the 21st century. Subsequently, ICDC has grown its asset base from KSh12 billion in 2012 to the present



Peter M. Kimurwa

KSh22 billion and is aspiring to grow to KSh50 billion by the year 2017.

The vision for ICDC is to stay relevant in the changed financial market and in line with the financial demands required for present and future investments. The scale of investment projects across different

sectors of the economy has grown to billions of shillings, and there are now many sources available for investors looking to raise capital. A strategic corporation like ICDC has to address these realities and change with the times to find relevance while leveraging on its heritage and traditional strengths that have served it well over the years.

Growing its capital base to reflect these realities is the biggest challenge ICDC faces in the coming years. The proposal to merge it with the Tourism Finance Corporation (TFC) and IDB Capital to form the Kenya Development Bank (KDB) is one very plausible way of achieving this objective, the idea being to create an institution with proper scale and adequate capital for Kenya's development needs going forward.

As we celebrate ICDC @60, I take this opportunity to thank the Board, the management team and all the staff for their dedicated service that has seen the Corporation grow over the years. I am convinced that ICDC's future is bright.



The Board of Directors: (Standing left to right): Daniel Mutua, Alternate to PS the National Treasury, Peter M. Kimurwa, Executive Director ICDC, Bernard G. Njuguna, Director, Samson Olala, Alternate to PS Ministry of Industrialization and Enterprise Development. (Seated): Martin K. Muragu, MBS, Chairman ICDC.

### 60 Years today

Today, Industrial & Commercial Development Corporation (ICDC) celebrates exactly 60 years of having been a critical contributor towards Kenya's economic development. Founded on 15th December 1954, ICDC is among strategic institutions that were at the foundation of this great nation created to spearhead the development of the nation's economy prior to and after independence.

ICDC's mandate at its formation was to promote the establishment and growth of industrial and commercial enterprises through the provision of financial and managerial support, and this has not changed over the years. Given the strong emphasis of Vision 2030 on economic growth and prosperity, and the fact that financing remains the single biggest obstacle to entrepreneurs in this country, ICDC as a development finance institution is even more relevant to the country's development agenda today.

As the government's investment arm, a position the Corporation occupied at post-independence, ICDC through joint ventures and strategic business partnerships, had a hand in the creation of more than 100 companies both quoted and unquoted which operate

in various sectors of the economy. A few examples of Kenya's iconic companies founded by ICDC are General Motors (E.A.) Ltd, Centum Investment Company Ltd (previously known as ICDC Investment), Uchumi Supermarkets Ltd, Yana Tyres Ltd (previously known as Firestone), AON Insurance Brokers Ltd (previously known as Minet ICDC Insurance Brokers), the Coca Cola franchise companies – Nairobi Bottlers, Mount Kenya Bottlers, Rift Valley Bottlers and Kisii Bottlers, Kenya Wine Agencies Ltd, Eveready East Africa Ltd and Unilever Kenya (previously known as East African Industries).

A number of these companies have been listed on the Nairobi Securities Exchange through Initial Public Offerings allowing ICDC to cede substantial shareholding to the Kenyan public. ICDC therefore prides itself in being a pacesetter in the country's economic development.

The corporation also played a vital role in the formation of other local Development Finance Institutions (DFIs) namely the Kenya Industrial Estates Ltd (KIE), IDB Capital Ltd and Development Bank of Kenya Ltd.

In May 2011, ICDC successfully rebranded unveiling a new corporate identity and a new tagline 'Turning Ideas



The Board of Directors from left to right Mr. Daniel Mutua, Mr. Bernard Njuguna, Mr. Martin Muragu (Chairman), Mr. Peter Kimurwa (Executive Director) and Mr. Samson Olala.

into wealth' This was after undergoing a process of re-engineering its processes and procedures so as to remain relevant in the competitive business environment of the 21st century.

After the rebrand, the Corporation has increased its visibility in the market thereby attracting and creating new investments upto the tune of Ksh. 3Bn in a number of private enterprises thus creating jobs and wealth for Kenyans.

As a state Corporation, ICDC signs a Performance Contract with the government annually and at the end of each year, all parastatals are evaluated and ranked in order of performance. ICDC's Performance Contract rating has been improving from 'Good' in 2009/2010 to 'Very Good' in 2013/2014. It is also noteworthy that the Corporation was awarded a strong international credit

rating of BBB- by Global Credit Rating Company (GCR) of South Africa in 2013.

ICDC being the premier Development Finance Institution in Kenya continues to play its role in line with its mandate and in alignment with the country's Vision 2030. The Corporation has been self-sustaining and has grown from strength to strength over the years. In recent years, ICDC has focused on creating

investments in the sectors that offer the highest benefits to the people of Kenya economically and socially. Towards that end, the Corporation partners with the private sector through provision of opportunities for joint ventures and strategic partnerships as well as provision of debt financing and technical advisory services.

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

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