

Calm words won't stop bankers from leaving London

PETER THAL LARSEN

BREXIT

An outbreak of common sense may come too late to stop bankers leaving London. The City is the European Union's main capital market, and a big source of tax revenue for the UK

So both sides have good reason to negotiate a sensible post-Brexit agreement on financial services. For banks considering moving staff to the continent, though, what really matters is the timetable.

Prime Minister Theresa May's statement that Britain will definitely

leave Europe's single market has narrowed the options for financial groups that use London as a base for their EU businesses. Unless the United Kingdom can negotiate some kind of continued access, they will have to shift operations - and staff - to new subsidiaries in other member states.

The outcome of that discussion will not be known for some time. If other EU negotiations are any guide, any agreement will be struck at the last possible moment - probably two years after Britain gives formal notice that it is leaving the bloc. Even then, dismantling parts of London's financial architecture and

reassembling it in Frankfurt or Paris will be a complex process.

That is why any deal is likely to include a lengthy transition process. At the World Economic Forum in Davos, UK finance minister Philip Hammond and his German counterpart Wolfgang Schäuble agreed that without one, there could be a risk to financial stability.

London-based investment banks cannot take a deal for granted. The process of setting up new subsidiaries and applying for licences in other capitals could take several years, while securing office space, housing and school-

ing for employees and their families is also time-consuming. HSBC and UBS each said that about 1,000 London-based staff could move.

Banks are keen to delay the point at which staff physically relocate as long as possible. But they will only put their plans on hold if Britain can secure a transition agreement for its financial services industry up front.

If that can't be secured, the outcome of the subsequent negotiations will matter less - because bankers will already have started to ship out.

The writer is a Reuters Breakingviews columnist

What does it mean for a technology to be African?

AMROTE ABDELLA

INNOVATION

Mobile and cloud may be global technologies, but African start-ups have explored their functionalities, shaped their applications and used them to build differentiated business models suited to their markets. They have created new and uniquely African technologies that speak to their lifestyles and complexities, using the infrastructure as a base to deliver key services in ways the rest of the world would never have thought to. To us, this is what it means for technology to be innately African.

No one has ever doubted that Africa has a thriving entrepreneurial spirit. Despite sub-Saharan Africa being one of the most challenging regions to launch a business in, the 2017 Global Entrepreneurship Index ranks it highest in 'Opportunity Perception'. What this means is that a large percentage of the population can (and are) identifying and starting good businesses, despite regulatory, environment and infrastructural burdens. This is what makes innovation in Africa so unique and so thrilling.

Challenges, such as limited internet connectivity or access to a reliable power supply, only add fuel to Africa's innovative energy and creativity. Start-ups continue to develop clever solutions around these obstacles, bringing essential services to their markets. And technology is playing a vital role.

Significant

Think of mobile payments as a solution to Africa's largely unbanked population. Africa now has one of the largest mobile money markets in the world, where 34 per cent of African adults have mobile money accounts compared to only two per cent worldwide. Financial technology has thrived in markets such as Kenya and Uganda where the formal banking sector has yet to reach every corner of these countries. Or think of start-ups such as M-KOPA Solar, who have combined the power of mobile payments with the need for electricity. According to a recent World Bank study, only one in three Africans has access to electricity.

The mobile phone has played a significant role in shaping African technology. Because it is so accessible, it gives start-ups an appropriate tool to create and deliver locally relevant solutions.

The cloud is also proving to be another relevant tool in shaping African technology, with its ability to enhance the power of mobility and allow mobile solutions to shine. We are seeing first-hand how mobile and cloud technology is accelerating growth for Africa.

At the same time, we are seeing how our local innovators are using these platforms to accelerate technology for the world. As the ICT sector, we need to continue supporting these innovators and the locally relevant technologies that change people's lives, embrace underserved markets and trigger market growth.

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Feedback

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Entrench tree planting culture to protect our environment

Arid and semi-arid lands (Asals) constitute about 80 per cent (467,200 square kilometres) of Kenya's total land mass. They host about 35 per cent of Kenya's population (13 million people) and over 60 per cent of its inhabitants live below the poverty line, subsisting on less than one US dollar per day.

Approximately 80 per cent of Kenya's Asal area lies in Kitui, Embu and Machakos counties, covering 80 per cent of the total land surface. These counties are among the driest and are known to experience first-hand adverse effects of global warming and climate change.

Drought is a common occurrence in the Asals, and is exacerbated by climate change. Caused by rainfall deficit, it leads to shortage of water, unusually higher temperature, reduced vegetation cover, shrinking water sources, increased competition between animals and threatened populations of aquatic life.

Globally, climate change has become the number one environmental concern with rising global temperatures being accompanied by changes in weather and climate.

According to the United States Environmental Protection Agency, many places have seen changes in rainfall, resulting in more floods, droughts, as well as more frequent and severe heat waves.

The planet's oceans and glaciers have also experienced some big changes - oceans are warming and becoming more acidic, ice caps are melting and sea levels are rising. As these and other changes become more pronounced in the coming decades, they will likely



Digging holes ahead of a tree planting exercise. FILE

present environmental challenges to our society.

Closer home, the narrative is the same. A 2012 report from a county stakeholders consultative workshop on the development of the national climate change response strategy's action plan outlines the negative impacts of climate change in Asal counties.

From the report findings, the counties of Kitui, Embu and Machakos have over the recent years collectively experienced low or reduced crop yields, drying up of seasonal rivers, prolonged droughts and rising temperatures. Although sections of Machakos and Embu counties are known to receive relatively good rainfall, the other parts remain arid.

It has been noted that there is need for the protection of our environment to avoid further negative impacts such as desertification. The government has singled out the environment, water and sanitation as among the major drivers of Kenya's socio-economic well-being.

Kenya's Vision 2030 social pillar - Environment and mineral resources acknowledges this sector as vital for

long-term growth and development of the country to become a middle-income country by the year 2030.

The importance of environmental conservation and management of natural resources in steering the socio-economic development of the economy cannot be ignored.

This therefore calls for concerted efforts from all fronts including the private sectors and government alike, to ensure sound management of the environment for a sustainable future.

In a bid to help ameliorate the environment, Bamburi Cement Limited, KenGen and Better Globe Forestry are currently implementing the Green Initiative Challenge (GIC) in collaboration with schools in Asal areas to improve the environment within the institutions and the surrounding communities.

The GIC project is aiming at greening 460 acres of land in the three counties. This will propel Kenya a step closer towards achieving 10 per cent tree cover by the year 2030.

Currently, Kenya's forest cover stands at approximately seven per cent, which falls short of the required

standards as stipulated by the United Nations Environmental Programme (Unep).

Currently in its second phase, GIC has a total of 120 participating schools, 40 in each of the three counties. The schools received a total of 36,000 seedlings of three tree species: 5,040 Terminalia brownii, 12,980 Senna siamea and 18,000 Melia volkensii. So far, the trees have recorded a 65 per cent survival rate for all the species.

Just like in other Asal areas, Kitui, Embu and Machakos counties are characterised by low rainfall amounts, high evapotranspiration and poor soils. There's also increased emergence of diseases and pest insects.

For tree growth to be successful, it is prudent that mechanisms to improve water and soil environment, and mechanisms of mitigating diseases and pest occurrence.

The GIC project encourages participating pupils to employ one or more innovations to enhance the seedlings' survival. These innovations range from macro-catchments for water harvesting, drip irrigation, mulching, inter-cropping, weeding and fencing to protect the seedlings from animals.

With the Unep statistics showing that deforestation deprived Kenya's economy of approximately Sh5.8 billion in 2010, involving our children as part of a long-term strategy of inculcating a tree growing and nurturing culture, will promote their understanding at an early age, their responsibility in preserving natural resources for the future generation.

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