



# Gatsby Africa

Working in partnership with others to catalyse and demonstrate sector transformation in East Africa



# About Gatsby Africa

Gatsby Africa is committed to helping build stronger and more inclusive economies in East Africa through the transformation of sectors. This is our purpose, the reason we exist. We are strongly aligned to the region's aim for rapid economic growth that is ambitious in its scope and driven by sectors which are environmentally sustainable, can sustain growth and competitiveness in the long-term, whilst creating employment opportunities for large numbers of the population.

Driven by this purpose, we think long-term, take calculated risks, innovate, reflect, learn, and adapt appropriately to continuously improve and achieve these goals.

We don't do this alone; we partner with governments and sector stakeholders to facilitate the transformation of key sectors.

As we build our understanding of what works, we are refining our approach and sharing our first-hand experience with others to help catalyse broader change.



## Private foundation

Set up by Lord David Sainsbury

## Focus on East Africa

30+ years operating in the region

## Diverse portfolio

Agricultural inputs, Aquaculture, Commercial forestry, Livestock, Textiles & Apparel, Water and Tea

## Funder-Implementor

We are a funder, an implementer and a thought partner, with 150+ staff



## Our founder and funder

David Sainsbury is part of a family with a long history of donating personal wealth to philanthropic causes. He has experience at the highest levels of business and government, and brings an exceptionally valuable perspective to Gatsby Africa's work.

For many years, David Sainsbury has dedicated himself to exploring how countries can transform and grow their economies in a way which includes and uplifts entire populations. As part of this, he is a strong believer in the importance of science and innovation and has written books on the role that key sectors or industries can play in building national capabilities to kick-start economic transformation.

# East Africa's opportunity

East Africa is an exciting region to work in, with young populations, great access to regional and international markets and many sectors ready for transformation.

## The challenge of job-creation at scale:



Poverty levels and inequality remain stubbornly high in East Africa despite relatively strong GDP growth rates – the sectors driving growth have not provided economic opportunities for broad swathes of the population and population growth remains high.



Most of the working population in East Africa continue to engage in agriculture or informal services for their livelihoods, which are beset by productivity, market and climate challenges.



An additional 80 million people are expected to enter the workforce in the region between 2015 and 2050 meaning that East Africa needs a radical acceleration of job creation.

To tackle these challenges, there needs to be a focus on the right mix of sectors – targeting those sectors with the opportunity to deliver better jobs or work at scale. It means coordinating and aligning a range of public and private factors behind the changes needed to drive growth in these sectors, before identifying and investing in capabilities to build new areas of competitive advantage. Moving forward, it is imperative that growth is as inclusive as possible, powered by dynamic sectors which yield large numbers of jobs and benefit a broad cross-section of the population.



# Rethinking sectors and working in partnership to transform them

Gatsby Africa focuses on transforming sectors with real opportunity for widespread impact. We focus on high potential and labour-intensive sectors, providing targeted assistance and helping to drive rapid growth that is competitive, inclusive, and resilient. We believe working in such sectors is critical to long-term poverty reduction and wider economic transformation.

Independent and neutral, we draw global insights and local experience together to guide our approach to each sector and seek to build sector capacity to adapt, innovate and add value over time to ensure growth is resilient.

## Why we focus on sectors:



### Building blocks of economies

Targeting specific sectors can help governments and development partners efficiently use their funds, their political capital and their staff capacity; on sectors that can become globally competitive while creating widespread economic opportunities.



### Focus on innovation

Focusing on sectors allows us to identify, adapt and facilitate regional and global best-practice to be applied in East Africa, as technologies, business models and skills are often sector and value chain specific.



### Targeted policy needs

Whilst the broader enabling environment within a country is important, targeted policy interventions are vital because, often, it is at the sector level where key policy or regulatory issues need to be addressed. For example, regulating market relationships, creating business or product standards or aligning taxes and incentives to growth strategies.



### Investment proposition

Rapid sector growth requires substantial private investment. Countries need to deliberately target the right type of investors and encourage investment in the research and technologies that can drive future sector growth in line with their strategy.

# Our approach

Our approach is founded on lessons from global evidence as well as from our own work in East Africa over the past 30+ years. Our aim is to transform high-potential sectors, so they are competitive, inclusive and resilient, capable of inspiring a step change in a country's growth and generating significant increases in jobs and incomes.

This strategy and mindset enables us to play our part in realising the ambitious Sustainable Development Goals (SDGs).

## Competitive

Firms compete in target markets by raising productivity, efficiency, and quality, and innovating to develop new products or ways of working.

## Inclusive

Sector growth generates economic opportunities at scale while reducing inequality and removing barriers to participation.

## Resilient

Sectors can adapt and evolve to overcome new challenges and create new opportunities, maintaining competitiveness and inclusiveness.

## How we work

### • Partner to governments:

We work hand-in-hand with governments across the region, supporting their agenda for development and helping them to prioritise and coordinate public investments or policy initiatives, enabling them to play their central role in transforming sectors.

### • Bold vision:

We work with government and sector actors to set an ambitious but realistic vision of what the sector could become, informed by lessons from other countries as well as in-depth analysis of the big opportunities for growth.

### • Long-term commitment:

We define our own strategic priorities and help tackle immediate constraints, building momentum to show that transformation is possible, while recognising that large scale and sustainable impact takes time and needs long-term targeted efforts.

### • Systemic and politically aware approach:

We seek to understand the whole system, its interdependencies, and the underlying political economy in order to support changes that are feasible, sustainable and dynamic.

### • Commercial mindset:

We know that growth requires investment in businesses and that it is businesses that provide employment and markets, so we focus on supporting business capabilities and best practices, enabling innovation and investment in growth.

### • Learn, adapt and be pragmatic:

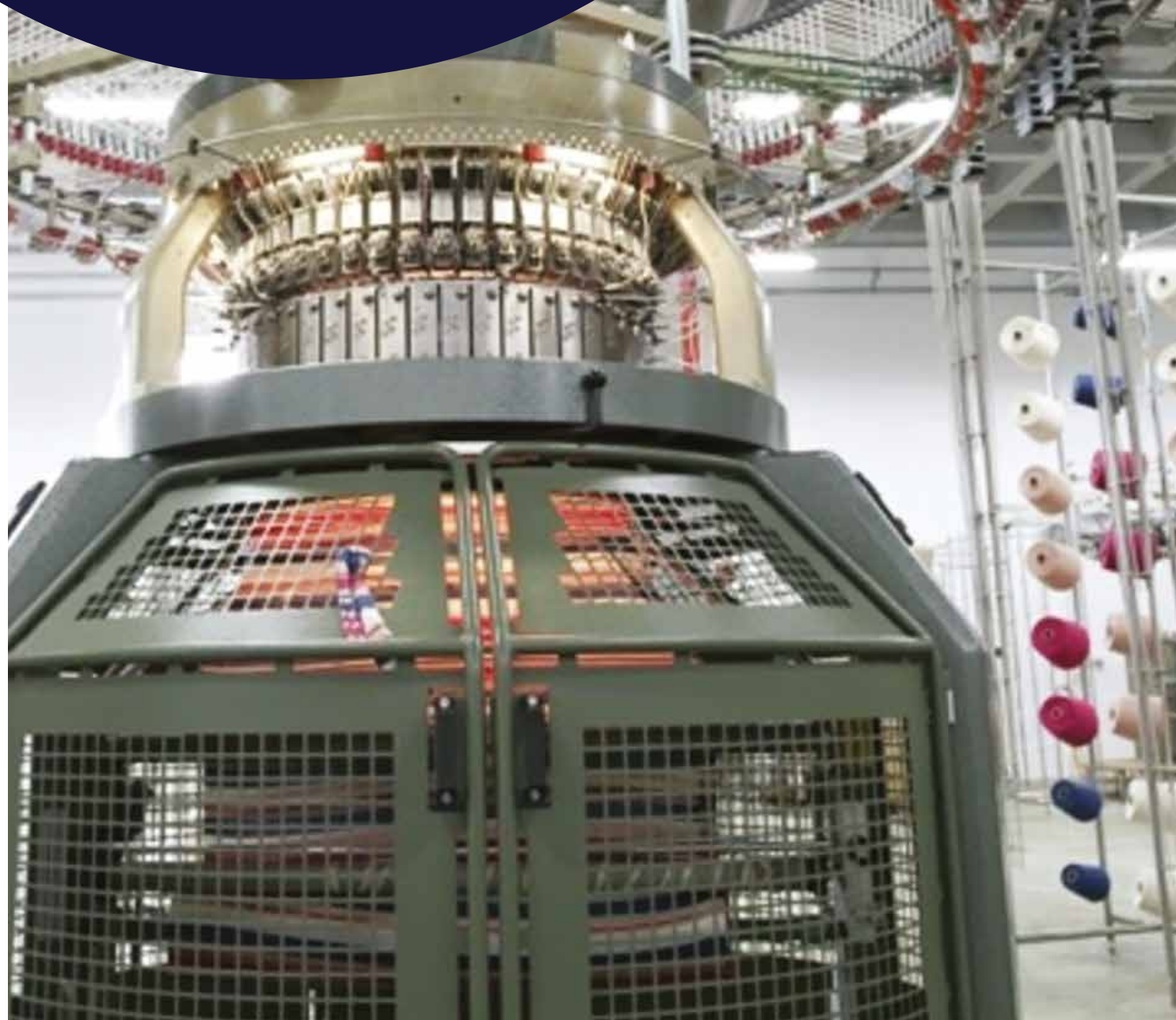
We actively seek to reflect, learn and adapt as we implement, recognising that we work in dynamic, complex environments and that we need to take risks and learn from failures to deliver ambitious levels of transformation.

### • Apply a flexible 'toolkit':

We have the flexibility to use a range of approaches and tactics. This ranges from supporting research and information sharing, to piloting new business models, to facilitating investment, technology and skills transfer; even investing in businesses ourselves when this is required.

# Our portfolio

Our current portfolio is large enough to deliver significant impact and generate learning which is valuable to others – our mix of sectors cuts across agriculture, agro-processing, manufacturing, and services. This breadth allows us to capture learning and share this knowledge of what works in sector transformation within our portfolio, as well as with governments and other donors. If successful, these sectors could have a significant impact on the economies of East Africa.



## Textiles & Apparel

Textiles & Apparel is one of the few sectors which can generate millions of jobs in urban areas, including significant employment opportunities for women. The future of the sector in East Africa is bright; some of the largest buyers in the world are showing an interest in the region, as they seek to diversify from China and India, where wages are on the rise and the sector has faced reputational risks related to social & environmental issues. With the industry seeking to migrate to lower cost and untapped regions like Africa, East Africa has an opportunity to be an environmentally and socially responsible destination for garment production. The early signs are positive; the region's factories are starting to perform well and have been receiving high order volumes. Investors and brands are now looking at the region and Textiles & Apparel are forming an important part of government strategies and plans.

### Our focus:

To support existing mills in East Africa as they seek to supply international buyers. To engage with investors and build the capacity of investment promotion agencies. To help infrastructure providers to develop adequate industrial space; and work with governments to set strategies and unlock the sector's potential.



## Agricultural inputs

Agricultural productivity is dependent on the appropriate use of quality products and the best agricultural practices and services. A stronger inputs system across East Africa could help transform the agricultural sector and by extension; the livelihoods of millions of smallholders who depend on the land. Our Agricultural Inputs programme currently focuses on Kenya, but we are in the process of scoping opportunities across the region. While Kenya has seen limited progress in agricultural productivity in recent decades there are reasons to believe this could change. There is increasing intent from the Kenyan government to follow through on reforms in agriculture that will enable the private sector to flourish. In addition, technological advances are easing supply constraints; mobile platforms are making it easier to communicate with farmers, mobile payment and trading systems are lowering transaction costs, and the digitisation of agriculture means data is now increasingly informing decision making.

### Our focus:

To improve the management of soil health and expand the use of crop-specific inputs to boost yields and restore land. To implement and enforce quality standards in the sector through fit-for-purpose self-certification and accreditation systems. To enhance public-private dialogue within the sector to make critical advances on policy. To strengthen farmer access to good quality information and advice.



## Livestock

East Africa is home to an estimated 180 million cattle, but the region remains a net importer of beef, and its beef trade deficit is growing. Our current programme focuses on Kenya, where livestock production accounts for 12% of GDP; and over 10 million pastoralists and smallholders depend on the sector as their main source of income. By 2050, the global demand for livestock products is expected to increase by 70%, and domestic demand in Kenya is expected to double. We are already seeing positive momentum in the country, as there is an increasing demand for meat in urban centres, consumers are increasingly concerned with food safety and there is a small but growing export opportunity especially for sheep and goats. In addition, Kenya is investing significantly in infrastructure in the North, bringing an opportunity for pastoralists to engage in the livestock industry on a more commercial basis.

### Our focus:

To improve access to, and the uptake of quality inputs and professional services amongst pastoralists. To explore the use of inclusive feedlot and aggregation models to improve the quality and quantity of livestock traded. To attract large-scale private investment in processing capacity and cold chains. To support the finalisation and implementation of the country's livestock policy and masterplan.

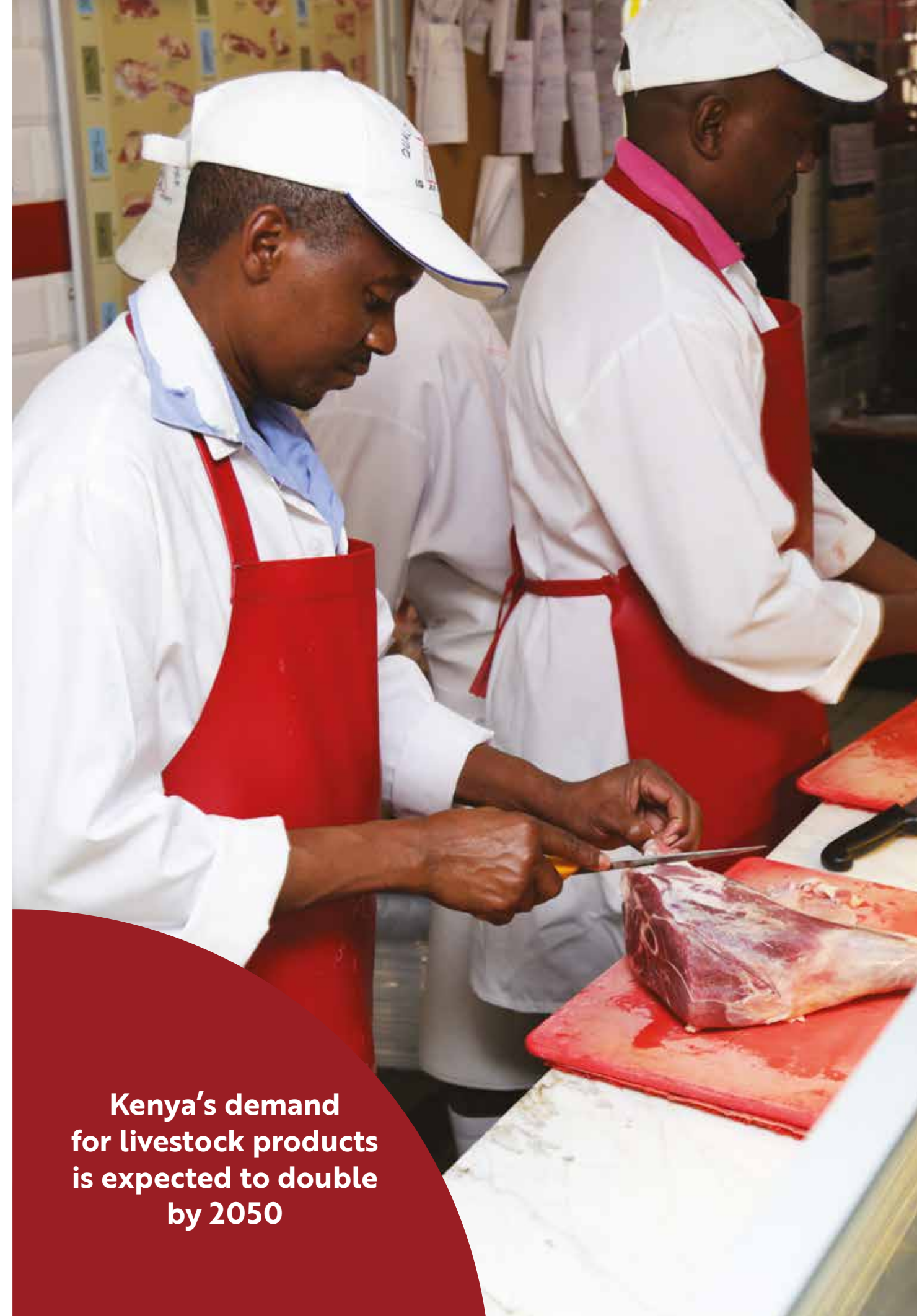


## Water

Water is a vital strategic asset for any country and plays a significant role in economic development, serving as a critical resource for agriculture, industry, and domestic consumption. As things stand, Kenya loses \$1.5 billion every year due to inadequate water supply; the country has one of the world's lowest renewable water resource rates. With a growing demand-supply gap, Kenya has the ambition to achieve universal access by 2030 (SDG 6). Furthermore, changes in weather and climate patterns are set to create additional challenges. Nevertheless, reform of the water sector has begun to yield positive changes in recent years. Devolution to local governments, together with the availability of relevant data and increasing transparency in the sector, has led to a commitment to learning and tracking performance and Gatsby Africa is seeking to build on this progress.

### Our focus:

To convene government and donors around a sector vision; and to learn from how other countries have transformed their water sectors. To enhance coordination mechanisms, information flows, transparency, and overall governance. To work with counties and utility firms to improve performance levels. To stimulate innovation and trial high potential service delivery models in rural areas.



**Kenya's demand  
for livestock products  
is expected to double  
by 2050**



**East Africa's growing urban centres offer significant markets and labour for timber products**



### Aquaculture

East Africa is the home of tilapia, and the region has an abundance of high-quality water bodies, well suited to productive aquaculture. In the recent past, wild stocks of tilapia have stagnated and they may well dwindle in future, making aquaculture a viable substitute source of protein. There is also a growing trend of consumers keen to consume more fish, and many preferring local fish to imported fish. Increasingly, it is also possible to competitively farm fish as many of the sector's constraints are in the process of being eased and East African governments are starting to put in place an enabling environment which will help aquaculture thrive. We believe the sector has the potential for significant growth that will create a hundred thousand jobs and could provide a carbon friendly source of protein for the population of East Africa.

#### Our focus:

To demonstrate the viability of business models at different scales and pioneer firms. To support advances in feed and genetics. To ensure effective bio-security measures are in place to enable the sector to scale up responsibly. To secure buy in, alignment from governments and associations on national plans, regulations as well as working with banks and investors to catalyse commercial investment into the sector.



### Commercial forestry

Commercial forestry in East Africa has enormous potential for growth and value addition. Parts of the region have large swathes of land with a highly suitable climate. In addition, East Africa has some of the fastest growing urban centres in the world which offer significant market opportunities. The sector provides a critical input into construction, electrification, packaging and furniture sectors, as well as providing potential for exports. Currently, the sector is falling well short of its potential. Despite some growth in tree planting over the last ten years – and except for plantations in Uganda – the overall quality of tree growing and efficiency in processing remains low. The demand for wood and wood products continues to grow rapidly across the region and countries are struggling to keep up. If the right processing technologies are adopted and the production from small-scale tree growers can be effectively aggregated in the right models, then tree growing will make commercial sense for all stakeholders in the value chain in East Africa.

#### Our focus:

To explore mutually beneficial regional opportunities between Kenya, Tanzania and Uganda. To improve access to quality genetics. To catalyse investment in processing technologies. To support governments in Kenya and Tanzania as they seek to explore PPP models for the sustainable management of plantation forestry.

# Working together

## Join us on our journey

At Gatsby Africa, we know we cannot address these challenges alone, that is why partnerships are central to our work. Together we can help more sectors compete globally and change millions of people's lives through the provision of quality employment opportunities. Together we can learn what works at a sector level, translate this for action by others, and drive wider transformation of the economies of East Africa.

## What we bring

We have an empowering mandate from David Sainsbury to take a long-term approach, innovate, share learning and partner with others to achieve our ambitious vision.



### Political and business networks

We have high-level networks and strong relationships across East Africa after 30+ years operating in the region; being a private foundation we can take an independent, neutral position.



### Implementing experience and innovation

We learn by doing and test new solutions to stubborn problems; we have invested heavily in our teams and their capabilities in the region.



### Research and sharing knowledge

We invest in research and learning across our portfolio and internationally. We also partner with leading thinkers and learning institutes.



### Funding

We fund our own programmes and seek co-finance from partners to scale our programmatic work.



### Learning

Learning is central to what we do – bringing in global experience and examples to our sector programmes, gathering robust evidence and data on what is working and adapting our activities in light of this evidence. We are continuously seeking to improve our approach and to share what we are learning with others.

**We believe that together, we can build economies of the future that are globally competitive, inclusive and resilient – join us**