

Optiven Group



Voted NO. 1

Top Mid-Sized Company in Kenya and
the best in Real Estate
2014/2014



COYA Award Winner
2015/2016

Best in Customer Orientation and
Marketing

Dec 2017/Jan 2018
Newsletter

Featured Project

Faith Gardens - Nyeri County:

Where You Bathe With the Mountains' Fresh
Air

VOTED

Superbrands

East Africa's Choice

2017-18

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Optiven Limited



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Optiven Kenya

CEOs Desk:

Let us Spur Kenya's Micro, Small and Medium Enterprises

It is estimated that 70% of Kenya's Micro, Small and Medium Enterprises (MSMEs) fail within the first 3 years of existence according to a 2016 study commissioned by Invest in Africa (11A) and Strathmore University. MSMEs have huge potential for growth; they currently contribute about 45% of Kenya's GDP and employ 80% of the country's workforce.

The following key areas need to be addressed in order to spur MSMEs growth.

1. Accelerated Business Licensing: According to a 2016 MSMEs survey report by KNBS, 80% of Kenya's MSMEs operate without licenses. Majority of the licensed MSMEs (69 percent) had an annual turnover over of above 12 Million implying that the MSMEs that are registered are quite few (31 percent).

There is a pressing need to have a smoother coordination between the national and county governments towards harmonizing licensing procedures and manage levies being raised by the county governments.



2. More Business Skills Training: These include leadership qualities, building up of a culture, setting up systems and crafting a great vision.

3. Cash Flow Management Training: MSMEs must learn the ropes of managing their cash flow well. This is the very lifeline that can mark the difference between their business' success or collapse. This includes the know-how to have a clear forecast and the right discipline of maintaining working capital to understanding the dangers of cash diversion.

4. Enhanced Access to finance and credit: More than 70% of MSMEs lack access to medium and long term finance. This credit gap is particularly wide in Africa and Asia. According to the World Bank, the current credit gap for formal MSMEs is estimated to be US\$1.2 trillion - the total credit gap for both formal and informal MSMEs is as high as US\$2.6 trillion.

There is an urgent need to improve MSMEs' access to finance as well as finding smart solutions to unlock sources of capital, which will be crucial towards enabling this potentially dynamic sector to grow to its full potential.

5. Embracing Business Networks: MSMEs that have joined support bodies such as industry-specific associations stand a huger chance on excelling.

The unfortunate current state of affair however, as projected by 2016 National Micro, Small and Medium Establishments Survey shows that 1.2% of the licensed and 75.6% of unlicensed MSMEs did not belong to any support group.

~ George K. Wachiuri, Optiven Group CEO.

Special Feature: The Children Of The Poor Must Be Educated At Common Expense



Thomas Jefferson wrote 100 years ago that *“the children of the poor must be educated at common expense.”*

Today, scholarships open doors for students from low-income families, by providing financial aid for those who need it most.

Optiven Foundation has been a partner to these needy students for over two years now, having over 80 beneficiaries through its Soaring Eagles Scholarship Fund in over 14 counties.

When the Foundation began its scholarship program in 2016, we set a budget of Ksh. 70,000 per student, per year. We did our budget according to the fee structures that the students were issued with upon admission, whose figures were utmost Kes 56, 000.

This however changed when we did the back-to-school shopping, the books were very highly priced and some demands from the schools were seemingly unbelievable, when a school asks for 4 reams of

photocopying papers, you tend to wonder what they will be used for. These shocking revelations did not cease.

When students came home after the end of first term, the fees structures stated that they had balances in school that had to be cleared by reporting day. The increment for 2nd term went up by over 50%, translating to Kes. 90,000 annually instead of the targeted Kes. 56,000 per student.

Well, this definitely interfered with the Foundation’s set budget though we still had to ensure that our Eaglets are in school and on time. We wanted to find out the reason behind the increment but the schools have mastered the art of increasing fees undetected by writing down numerous requirements in fine print.

Maybe the rapidly growing size of population, shortage of teachers, books and basic facilities, and insufficient public funds to cover education costs, are some of the challenges that are pushing the schools to increase their fees.

Children are entitled to free, quality and basic education. Recognizing this entitlement, world leaders successfully established universal primary education as one of the Millennium Development Goals, by 2015.

In 2004, this goal appeared to be out of reach for many poor countries. School attendance, especially for girls, is far from universal, and many children drop out of school before completing their primary education. Most children who attend school receive substandard education because of poorly trained, underpaid teachers, overcrowded classrooms, and a lack of basic teaching tools such as textbooks, blackboards, pens and paper.

The issue gets worse for those who go to secondary education. Many children in poor countries drop out of school before graduating. In 1999, the completion rate - the percentage of children of graduating age who actually completed primary school that - was 73 percent in developing countries as a group - 81 percent in East Asia, compared with 50 percent in South Asia and sub-Saharan Africa.

As discouraging as these figures are, they too, represent an improvement: completion rates were lower in 1990. This is because, there is no free secondary education, thus a larger number of primary school pupils end up dropping out and those who manage have to struggle through unforeseen fee increment.

The problem in many developing countries is that governments lack either the financial resources or the political goodwill to meet their citizens' educational needs. In response, poor parents have organized and paid for their children's education themselves. It is true that school fees and other utilities are a heavy burden for some parents but, given the alternative - children receiving no education at all. Such payments can represent a temporary, if less than ideal, solution to the problem.

Where, when and why do you come in?

- Give a student a chance at a brighter future.

When students are awarded on their educational achievements, they are given a fair shot at success.

Scholarship programs give children, from low-income families the chance to attend a school of their choice. Giving families access to educational opportunities rewards us as a community, state

and nation, since when the beneficiary becomes an adult, he is not only able to survive, but thrive as well.

• **Personal satisfaction**

Of course many will say that helping those in need “is the right thing to do,” but there’s more to it than that. Harvard Business School’s Professor Michael Norton et al conducted a 2008 study to examine if there exists a direct connection between one’s financial and emotional wealth. The study showed that “those who reported spending more on others, what the team called ‘prosocial’ spending, also reported a greater level of happiness, while how much they spent on themselves had no impact on happiness.”

That’s right, spending money on someone else can make you even happier than spending it on yourself!

• **Improve the systems**

Since basic education is a recognized entitlement and society benefits when children are educated, the state should bear the cost, especially for poor children.

The government may not have the resources to provide free education for all, either because there is a large, untaxed shadow economy and the tax base is small, or because tax administration and collection are ineffective. Maybe funds are poorly managed, and inefficiency or outright corruption may prevent resources from reaching schools.

Although correcting these deficiencies is clearly a priority, it will take time. What can be done in the meantime to ensure that poor children in poor countries get an education? Are you there and you are the one in charge of handling systems and policies that influence education systems in Kenya?

What can the parents pay for and what can the government cater for? School fees may cover teachers' and administrators' salaries, materials such as pencils and textbooks, and school maintenance. Can the parents make payments in kind, for example, providing food for the teachers, assisting in the classroom, or contributing their labor for school construction or maintenance? It is important to examine the effect of such user payments on education before deciding whether they should be continued, reformed, or prohibited.

Corruption is another reason poor children in poor countries may not have access to quality government-financed schools. Government officials may shun spending on schools in favor of big-ticket items such as defence or road construction, for example, since funding such departments make it easier to divert and such projects are likely to involve kickbacks. What can you do about corruption in Kenya?

It is our responsibility to keep the bright but needy students in school. Optiven Foundation is doing it, you can partner with us also, and together we can improve the quality of education we are giving to the students. We can work on proper systems and policies.



Optiven Foundations aims at Creating visible transformation that positively impacts communities, partners, and all other stake holders through sustainable social-economic programs for generations to come.

Email: info@optivenfoundation.org

Faith Gardens - Nyeri County:

Where You Bathe With the Mountains' Fresh Air



Faith Gardens is a project located only 20 Minutes' drive from Nyeri town and 3.5km off the tarmac with a scenic view of Mt. Kenya and Aberdare Range, the project has great harmony with nature and un-matched convenience.

It offers tranquility and country fresh air that is strategic for your dream Residential Home, Country Home and suitable for Agri-Business.

Apart from its close proximity to The Rhino Watch Safari Lodge, Faith Gardens is also surrounded by a fully developed neighborhood that offers an easy, effortless and homely environment.

This is a limited value added project that comes with Electricity and Water within the vicinity.

The project is ready for immediate settlement with Ready Titles.

Investment Offer:

- **Size & Cost:** Quarter (1/4) Acre at Ksh 495,000.
- **Installment Period:** Pay in 6 Months at Zero Interest
- **Deposit:** Ksh 105, 000
- **Monthly Installments:** Ksh 65, 000

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Investing in the Unknown

According to the Kenya National Bureau of Statistics (KNBS) the investment in real estate dropped by 21 percent during the first quarter of the year 2017. This time was not propitious for investors in real estate.

According to a recent local report, the residential market was the most affected as it slowed down by 3.2 percent. However, Data Fintech Analytics showed that investors invested in the outskirts of Nairobi as opposed to the leafy suburbs in Nairobi as in the previous time.

This trend is one to watch out for in 2018 since it is a low-lying fruit awaiting exploitation with major factors influencing the industry positively. Investors were slow at investing previously because of the political uncertainty.

The political cohesion in the country will influence the economy majorly and some of the sectors that influence real estate industry directly like tourism, already seem to be catching up well.

According to Central Bank of Kenya's Outlook report tourism performed best with growth of around 16 percent within the first quarter of 2017. Tourists had shown interest in furnished houses and hotel bed occupancy increased as well. This is an indication of the projected trends that the industry experiences during the first quarter of most years.

The real estate sector stakeholders will reap even greater benefits this year considering that there are better conditions impacting the sector positively in 2018. The contractors and subcontractors, land procurement managers will enjoy growth in business in this first quarter of the year as even the political atmosphere will favor the sector. The government is set to expand more transport infrastructure within various counties.

In Nairobi the construction of various roads to decongest the city will lead to booming of new estates and new residential areas. This means that the government will introduce better laws that ensure safe and cheap housing for its citizens.

The president in his speech said his government will focus on the rates of housing which means that even the affordability of housing will lead to increased demand in the market. Richard Zeckhauser in his book, Investing in the knowable, unknown and unknowable analyses how some of the billionaires in history achieved economic success. He carefully analyses the actions they took at different faces of the economy they chose to invest in.

Mostly, the book shows that investing in the known could be an unwise decision as there has been previous exploitation by the people who chose to invest in it at an early stage when it was the unknown. An unknown investment in its sense is a risk.

However, the unknown if rationally looked into could be a blessing in disguise. It could be the idea that did not make sense a few years ago but the cash cow after a few years. Richard explores the rationale these billionaires used to make money.

He shows that this rationale is one that seeks to unearth the unknown sources of income to the point where further exploitation of the particular resource cannot pay off higher than when it is known. In the same light, the real estate industry during this time is at a state of come back because of the negative interference it faced during the political uncertainty in the country. So, will you invest in the unknown?