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Kenya

Microsoft, IBM, Oracle, and Google are already here!

Kenya's rapidly growing IT market is becoming a key player in Africa's digital transformation, driven by a dynamic startup ecosystem, a skilled workforce, and strong government support. Here are the key reasons why Kenya is an attractive investment destination:

- **Thriving Startup Ecosystem**:
  - Over 200 tech startups, mostly based in Nairobi ("Silicon Savannah").
  - In 2023, Kenyan startups raised $674 million, making up 12.5% of Africa's total tech investment.

- **Political Stability**:
  - Kenya offers a stable political environment, which is essential for long-term business investments.
  - The country's strategic location in East Africa makes it an ideal base for
  - regional operations.

- **Government Support**:
  - Vision 2030 and the Digital Economy Blueprint focus on creating a fully integrated digital economy.
  - Initiatives to expand broadband access, improve cybersecurity, and support innovation hubs.

- **Language & Cultural Similarities**:
  - English is one of Kenya's official languages, facilitating smooth communication with global investors.
  - The country shares cultural similarities with Western nations, which helps foster strong business relationships.

- **Global Partnerships**:
  - Kenya's government actively links businesses with professional vendors, strengthening international tech collaborations.
  - Major global companies like Microsoft, IBM, Oracle, and Google have invested in Kenya, further boosting its tech ecosystem.

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In summary, Kenya's growing tech ecosystem, skilled labor, supportive government initiatives, and stable political environment make it an attractive and strategic location for tech investments.

Pros

- **English-Speaking Talent**: English is the main language, ensuring easy communication and alignment with global teams.
- **Established Tech Market**: More mature and structured compared to many other African countries.
- **Validated Local Vendors**: Through our 112Hub network, we've identified trusted vendors who are capable of supporting full Build-Operate-Transfer (BOT) models or running development centers.
- **End-to-End Operational Support**: 112Hub can connect investors with partners covering legal, HR, accounting, compliance, and interactions with local authorities.
- **Cost Advantage**: Competitive rates — approximately three times lower than in the EU — making it a cost-effective option for scaling tech teams.

Cons

- **Data Security Concerns**: Infrastructure and regulations around data protection still need improvement, making Kenya less suitable for highly sensitive projects.
- **Talent Retention Challenges**: High competition from major players like Microsoft and Oracle can make it hard to retain talent long-term without frequent salary adjustments.

Rate Card - Kenya

	Middle	Senior
.NET	$85 / day	$155 / day
Java	$110 / day	$190 / day
PHP	$95 / day	$155 / day
Python	$105 / day	$140 / day
Javascript	$75 / day	$120 / day

*Please note that the prices presented are for reference purposes only and may be subject to change based on the specific needs and context of each project.

Ethiopia

An emerging digital economy with low operating costs and untapped potential.

Ethiopia's IT sector is gaining traction, driven by a government-led digital transformation strategy, low-cost skilled labor, and increasing foreign investor interest. While the market is still developing, it offers strong early-mover advantages.

Why Ethiopia is worth considering:

- **Addis Ababa's Startup Scene:**
  - Home to over **300 tech startups**, with growing activity in fintech, logistics, and agtech.
  - The city hosts Ethiopia's main **ICT Park** (200 hectares), built to attract foreign companies and encourage collaboration with universities.
  - Declared a national "Startup City" in 2023, aimed at easing entry for international startups and investors.
- **Government-Driven Digital Agenda:**
  - The **Digital Ethiopia 2025** strategy focuses on digitizing key sectors and building digital infrastructure.
  - Reforms are aimed at improving the business climate and increasing access to digital services.
- **Cost Advantage:**
  - Average annual salary for a software engineer is around **$4,000**.
  - Office space and operational expenses are among the lowest in Africa's urban tech hubs.
- **Startup Growth in Strategic Sectors:**
  - **30+ fintechs** are active in the country, some already processing tens of millions in transactions.
  - Agtech is also rising, backed by international development funds and donor support.

Summary:

With competitive costs, an expanding digital framework, and strong government backing, Ethiopia is an attractive location for investors and tech firms looking to build lean operations in Africa. While the ecosystem is still maturing, it holds strong promise for companies ready to engage early.

Pros

- **Professional Talent Pool** – Skilled and reliable workforce with strong work ethics.
- **Good English Proficiency** – While not the native language, many professionals speak English well, especially in tech and business.
- **Easy Access to Talent** – Major global tech companies have limited presence, so competition for top talent is relatively low.
- **Cost-Effective** – Developer salaries and operational costs are significantly lower than in the EU or even neighboring Kenya.
- **Time Zone Proximity** – Close alignment with European working hours (EAT = UTC+3) facilitates real-time collaboration.

Cons

- **Capital Repatriation Challenges** – Foreign companies may face restrictions and delays in transferring profits out of Ethiopia.
- **Less Stable Political Environment** – Compared to Kenya, Ethiopia's political landscape is less predictable, which may pose risks for long-term local presence.
- **English Not a Native Language** – Although many professionals speak English, it's not as widespread or native as in Kenya.
- **Not Ideal for BOT Models** – Due to regulatory and political complexity, we recommend outsourcing through vetted local vendors rather than opening your own office.

Rate Card - Ethiopia

	Middle	Senior	Architect
Software Developer	$80 / day	$120 / day	$250 / day
DevOps Engineer	$95 / day	$120 / day	N/A
QA Engineer	$65 / day	$80 / day	N/A

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