

**COUNTRY SEMINAR  
ORGANIZED BY  
KENYA EMBASSY, BRUSSELS  
IN  
PARTNERSHIP WITH LUXEMBOURG CHAMBER OF COMMERCE  
  
BUSINESS AND INVESTMENT OPPORTUNITIES  
IN KENYA**

**26<sup>TH</sup> MARCH 2019**

---

**PRESENTATION  
BY  
JOSHUA MUGODO  
  
DEPUTY HEAD OF MISSION  
  
KENYA EMBASSY**

# Overview of the Republic of Kenya

- ❑ Kenya is the fifth largest economy in Sub-Saharan Africa.
- ❑ It is the dominant economy in the East African Community (EAC), contributing more than 50% of the region's GDP.



GDP (2017)  
**US\$ 74.94B**

FDI inflows (2017)  
**US\$ 672M**



GDP Growth (2017)  
**4.9%**

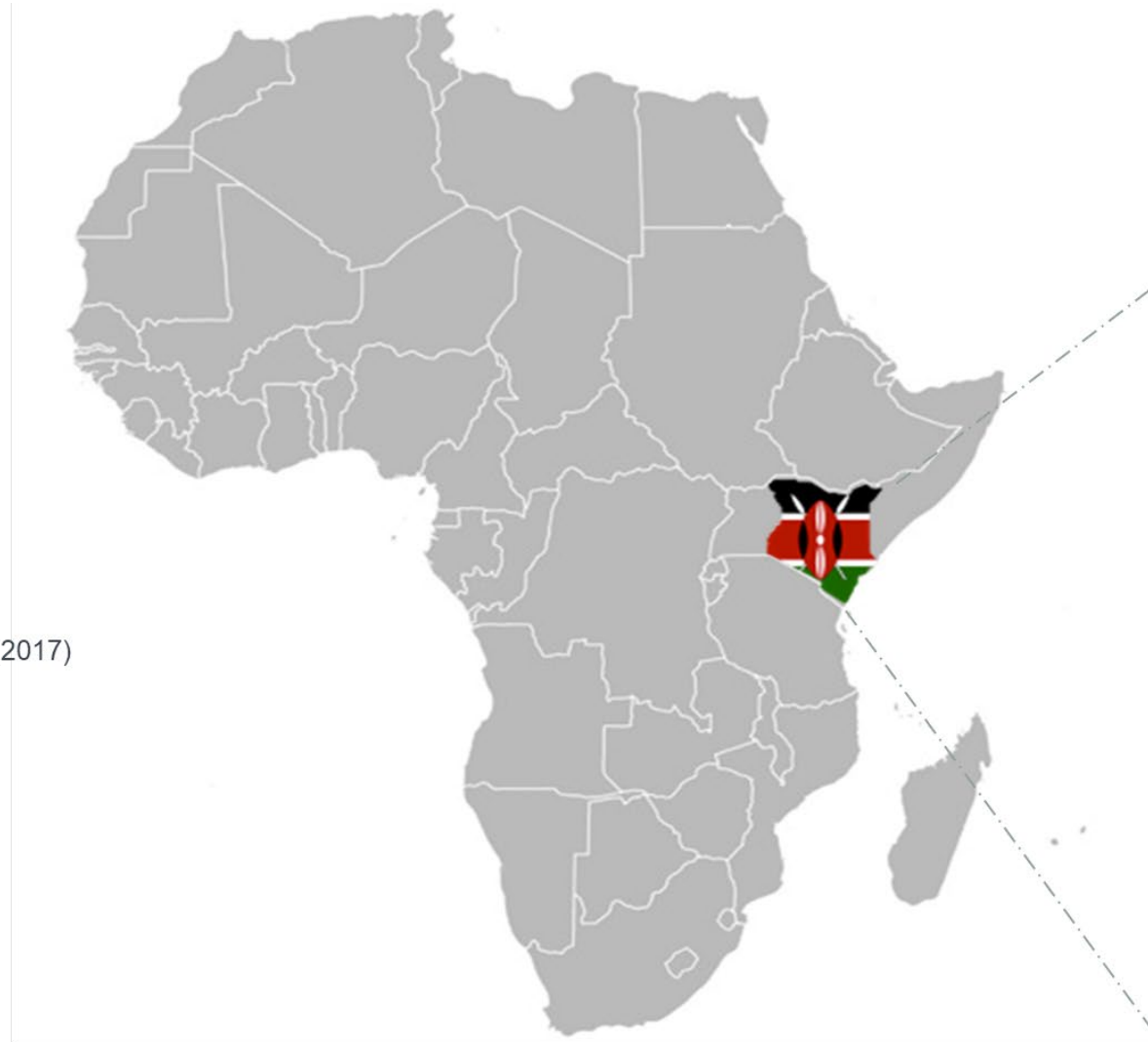
FDI Growth (2017)  
**71%**



Average GDP Per Capita (2017)  
**US\$ 1,663**



Av. Exchange Rate  
**US\$ 1 - KES 100.8**



Area  
**582,650 sq km**

Population  
**51.12M**

Age structure  
**0-14 years: 40.02%**  
**15-35 years: 35%**  
**36-64 years: 21.98%**  
**65 years and over: 3%**

Official language  
**English**

Political system  
**Devolved State with  
Multiparty Democracy,  
47 Counties**

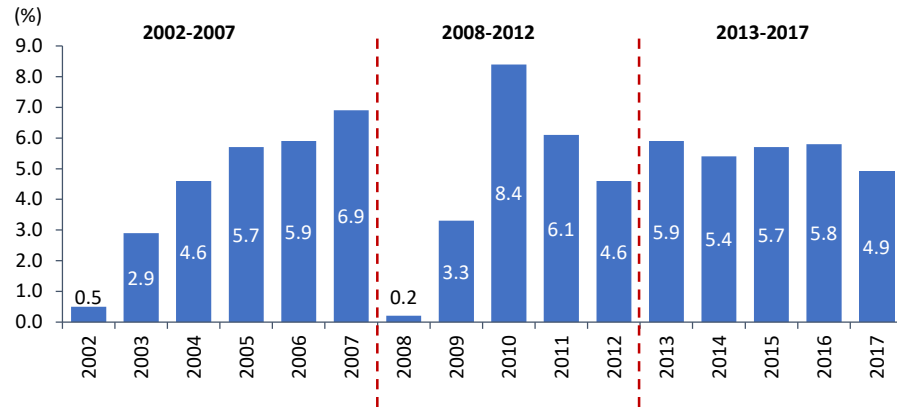
Kenya lies on the equator  
and enjoys a varied climate  
ranging from tropical to  
temperate (10° C to 40° C)



# Growth Remains Robust, Over the Last 5 Years, Supported by Strong Public and Private Sector Investment

## Kenya has Experienced Sustained and Resilient Economic Growth

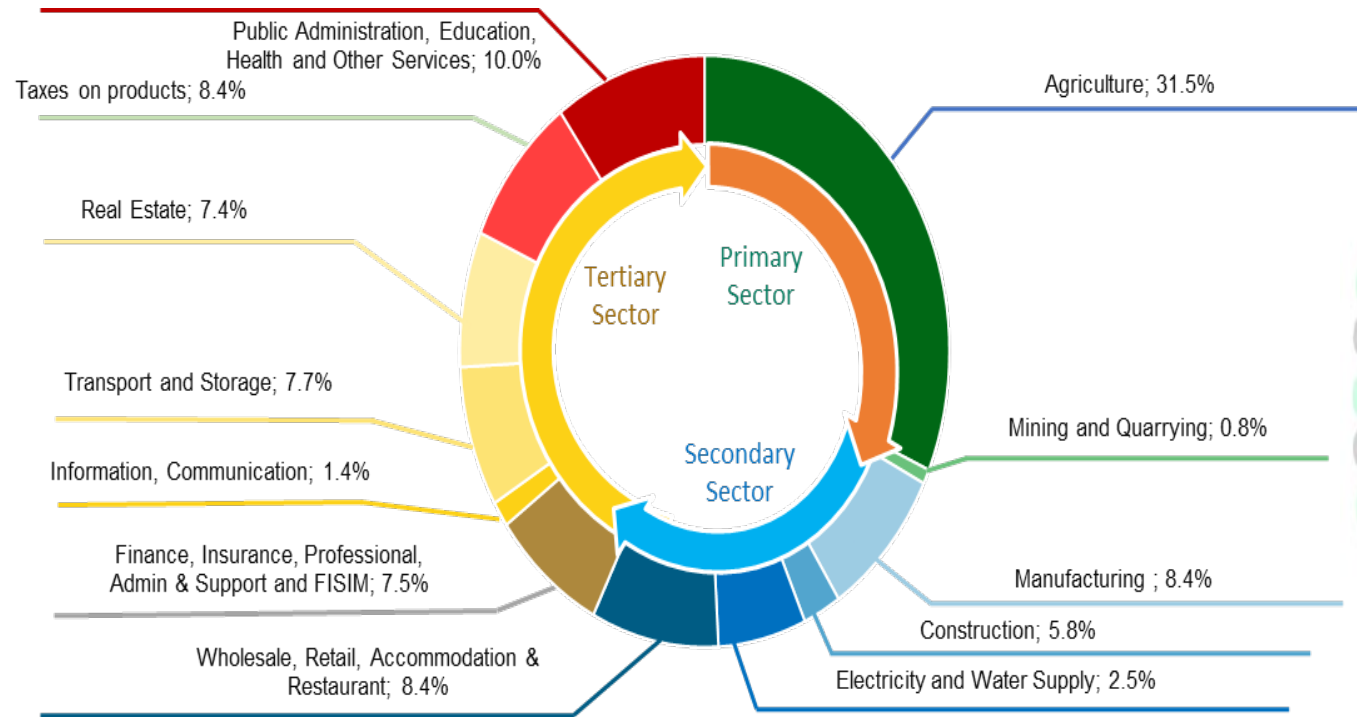
Real GDP Growth Rates (2002-2017)



Source: 2018 Budget Policy Statement. (19 January 2018)

- ▶ Kenya GDP growth averaged 5.5% (2013 - 2017) versus 4.5% (2008 - 2012) and 5.2% (2003 - 2007).
- ▶ The strong growth reflects strong macroeconomic and structural reforms implemented during the last 5 years.

## A Well Diversified Economy Underpins Kenya's Resilient Growth



Source: KNBS

## Kenya offers an excellent business ecosystem...

Kenya's foreign investment inflows in 2017 soared to 71% defying Africa's slump. The improved business environment has seen a number of MNCs setting up in Kenya among them Japanese companies viz;



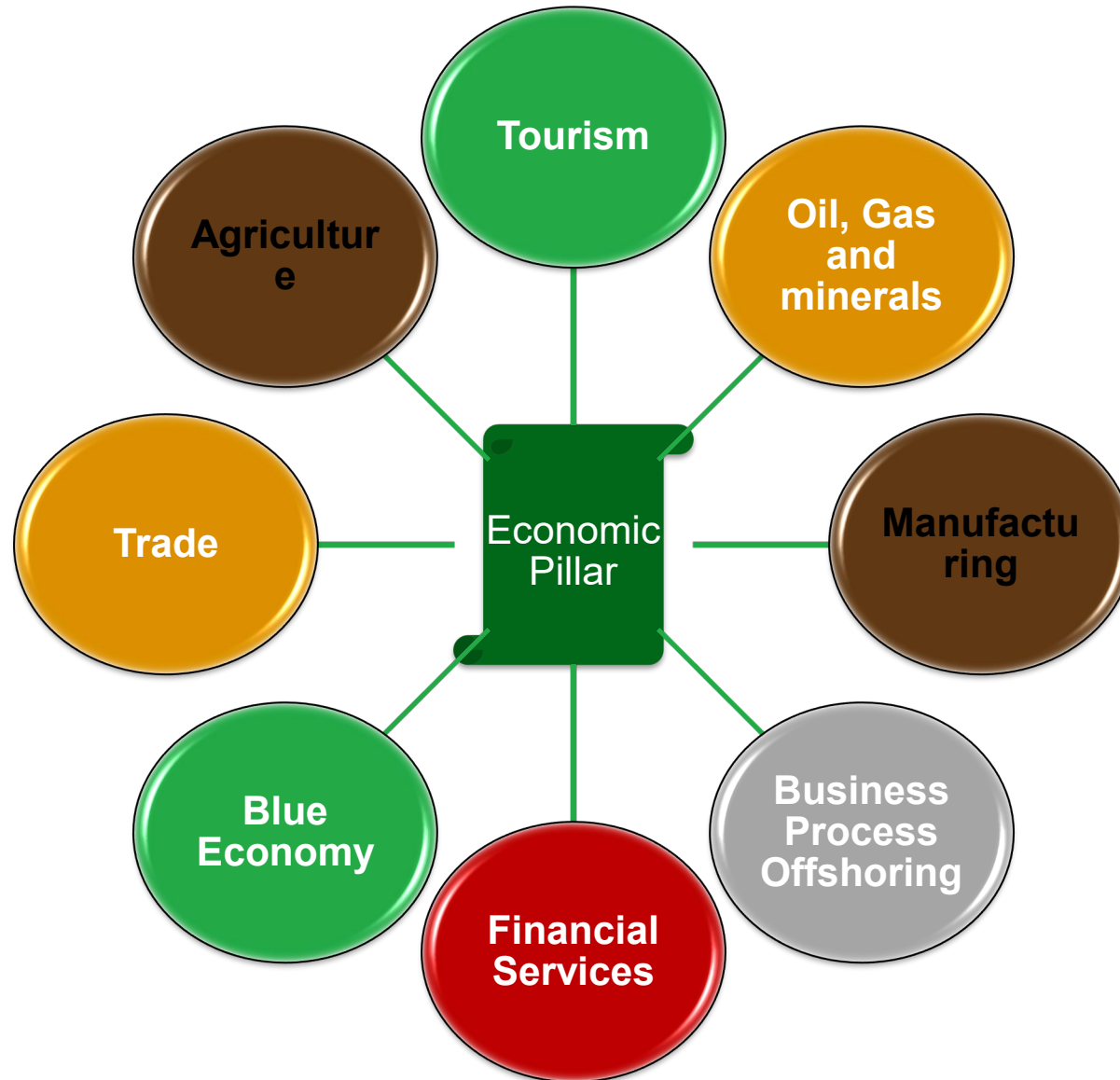




# The Big Four Agenda

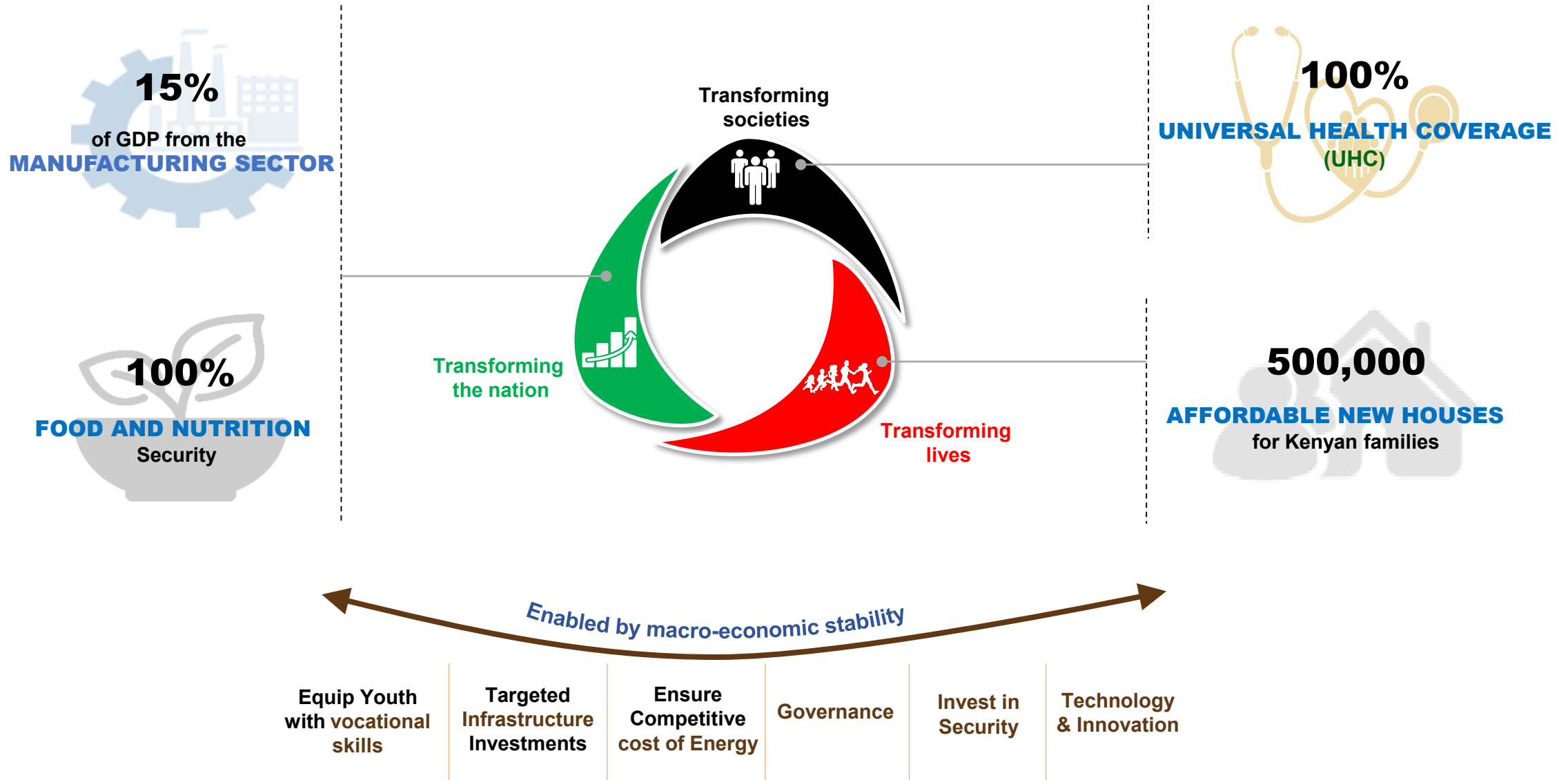
Kenya's Strategic Development Priorities

Through vision 2030, Kenya has identified priority sectors that double up as key economic drivers. Through the sectors, key opportunities have been identified.



# The Big Four Plan: Policy priorities for Public investments to unlock growth constraints

The Big 4 Agenda is an accelerated 5 year development plan designed to fast track the realization of the country's Vision 2030





# Manufacturing

**Objective:** Raise the share of the sector to GDP from the current 8.3% to 15% by 2022 by adding \$2 - \$3 billion to the economy.

- ❑ Over the last 5 years, manufacturing has accounted for, on average, 20% of total FDIs to Kenya.
- ❑ An estimated 60% of Kenyan manufactured exports go to the EAC markets and 40% to the rest of the world.

## Investment opportunities

- 1. Textile & Apparel production:** 90% of the fabric used in Kenya's Apparel sector is imported. There is therefore a great opportunity for import substitution through local production e.g. in Cotton processing and Ginning industries, Existing and new textile mills and apparel manufacturing within existing and planned Special Economic Zones (SEZs)
- 2. Leather processing:** Processing of finished leather and leather goods; substituting approximately USD 86 million in shoe imports yearly; Setting up of Tanneries
- 3. Manufacture of Construction materials and equipment** for use in the ongoing developments in airports, malls, hotels, railways (SGR) and pipelines; Scalable low-cost construction technology and modern innovative building technologies
- 4. Agro-processing opportunities:** Local value addition for tea, coffee, meat, dairy, fruits, nuts and oils, fish feed mills, Warehousing & Cold chains
- 5. Heavy industries (Oil & Gas, Mining and Iron & Steel):** Exploration, exploitation and production of coal, oil & gas and minerals deposits in Joint Ventures with the Government of Kenya
- 6. ICT products & services:** Local consumer and light electronics assembly i.e. phones, laptops and televisions; Business Process Outsourcing (BPO) services





**Objective:** Develop innovative affordable housing (about 500,000 units) and increase Real estate & construction sector GDP contribution from 7% to 14% by 2022.

- ❑ 22% of Kenyans live in cities and the urban population is growing at the rate of 4.2% every year; nearly 56% of these urban households live in slums.
- ❑ Kenya has a deficit of 250,000 housing units annually. The low cost housing agenda seeks to plug in on the acute shortage of habitable housing units nationally through;
  - Cutting the cost of construction through the use of innovative technologies
  - Reducing the cost of mortgages;
  - Raising low-cost funds from private and public sector for investment in large-scale housing construction.

## Investment Opportunities

1. Development of affordable housing to cater for the needs of low income Kenyans (PPP - USD 265 Million) viz; Kibera Zone B (approx. 3,000 units); Mariguini (approx. 2,100 units) and Mavoko (approx. 5,000 units)
2. Setting up factories for Industrial Building Systems (IBS) for timely delivery of construction inputs
3. Financing of affordable homes - Investment in the Housing Fund; provision of affordable long term Tenant Purchase Schemes (TPS);
4. Engage in joint ventures with county governments towards delivery of affordable housing in respective counties.
5. Construction and operation of mass rapid transit systems within urban centres

**Incentive:** 15% corporate tax for developers of 100 low cost residential units and above.

## 100% Food & Nutrition Security

Food and nutrition is strongly linked to vibrancy in the Agricultural sector, which is the mainstay of Kenya's economy and contributes about 51% to GDP: 26% directly & 25% indirectly.

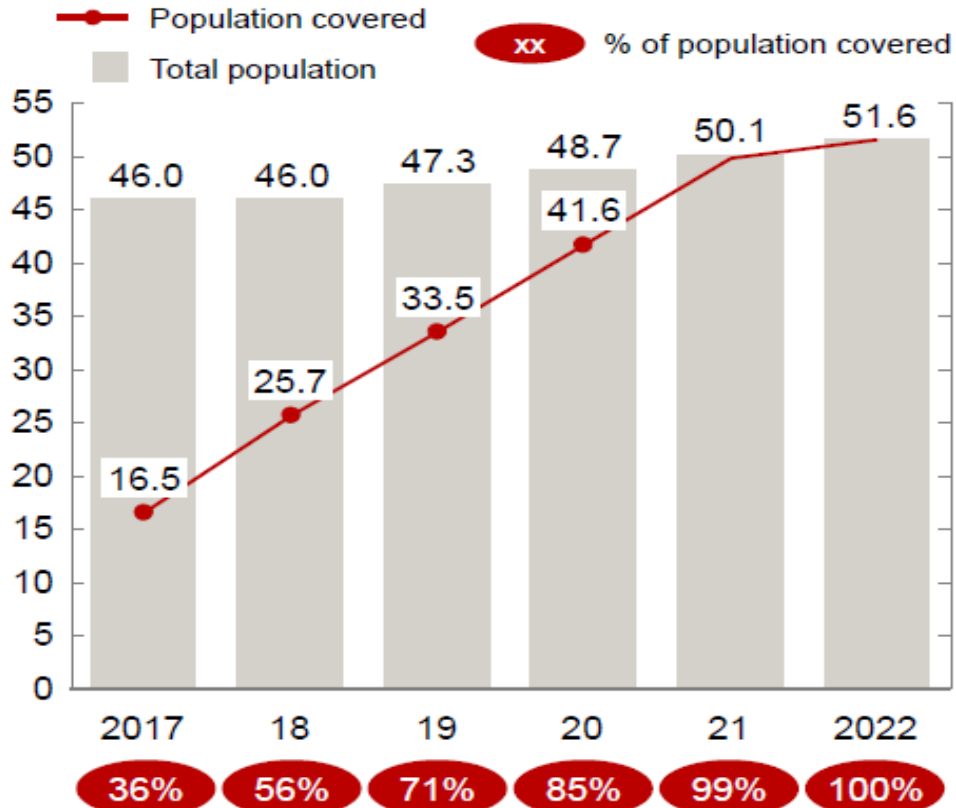
A high proportion of the population have no access to food in the right amounts and quality, a majority of whom rely on food relief due to poverty and frequent droughts in most parts of the country.

### Available opportunities;

- ❖ **Large-scale commercial agricultural production:** Fisheries (aquaculture), Crop production, Orchards, Animal products (dairy & meat)
- ❖ **Production of agricultural inputs:** Local manufacture, distribution & direct sales of fertilizers, high quality animal feeds, pesticides, certified crop seeds, livestock feed mills & animal brood stock.
- ❖ **Agricultural equipment:** Leasing, direct sales & operation of warehousing, cold store chains, driers, storage & handling equipment, tractors, transplanters, combined harvesters, weeders & irrigation equipment
- ❖ **Agriculture support services:** Dairy processing and cold chain development, Provision of crops and animal insurance services

# 100% Universal Health Coverage (UHC)

## Population and NHIF coverage, M



## Objective: Ensure 100% Universal coverage

- ❑ Current health coverage: **16.5 Million**
- ❑ Target: **35 Million**
- ❑ Population covered by 2022: **51 Million**

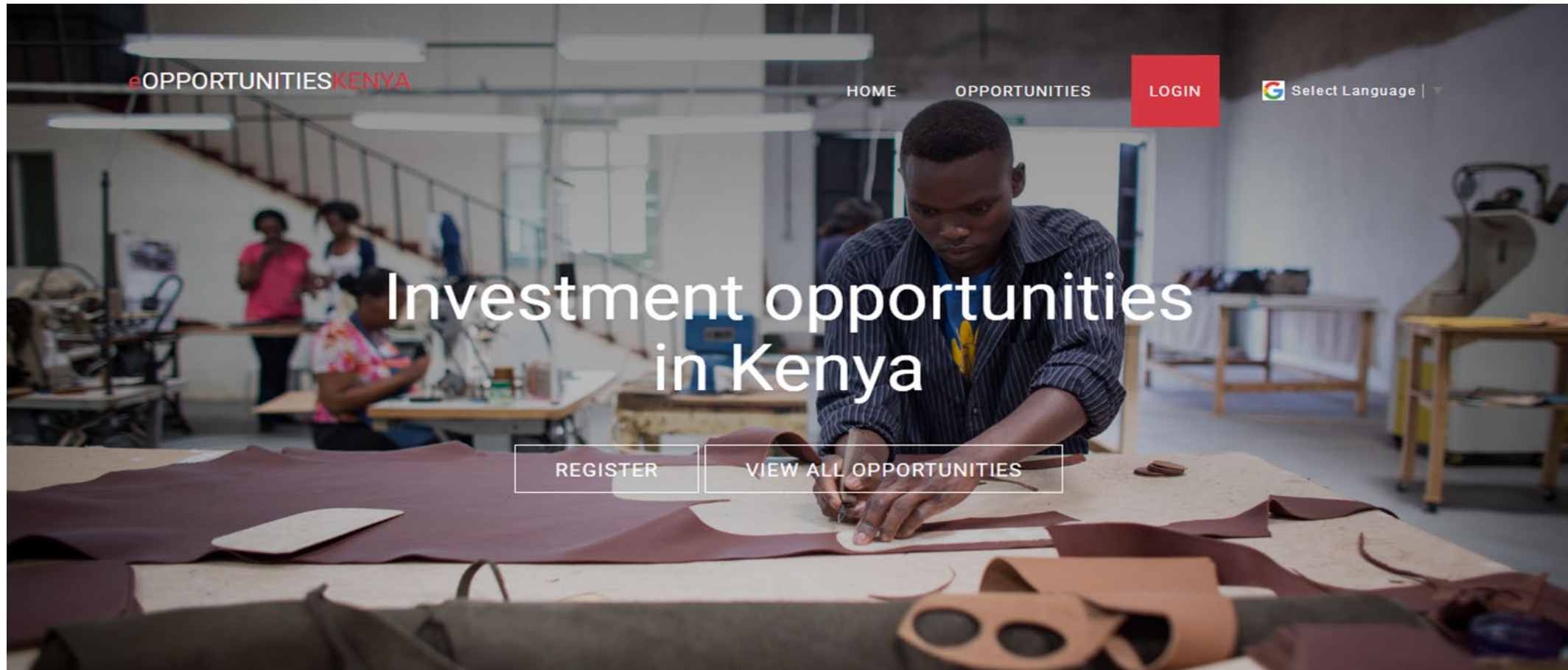
Pilot project for UHC launched in Dec 2018 to equip health facilities in 4 Counties.

## Opportunities & Initiatives

- ✓ Enhance low cost private insurance coverage and schemes
- ✓ Private healthcare facilities and services
- ✓ Provision of medical commodities and equipment
- ✓ Digitization of healthcare e.g. Supply chain telemedicine
- ✓ Provision and implementation of alternative financing

E-opportunities portal  
<https://eopportunities.org/>

- ❑ A market place for investment opportunities in Kenya.
- ❑ Allows investors to search for investment opportunities by sector, county, and the type of opportunity (whether a merger and acquisition, PPP, Joint venture, equity ...)







Why Kenya?





# Kenya's business environment has continued to improve thus making the country a destination of choice for investors..

## Kenya Steps Up in Ease of Doing Business

(Out of 190 countries, rank 1 is the highest)



Year	Rank
2018	61
2012	170

Sub-Sahara Africa Rank



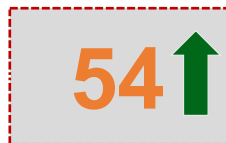
## Logistics Outperformance Cementing Kenya's Status as East Africa's Trade Hub

(Out of 160 countries, rank 1 is the highest)



Year	Rank
2018	68
2012	122

Change



## Large Young & Educated Population



**79%**

Total adult literacy (age 15+ years)

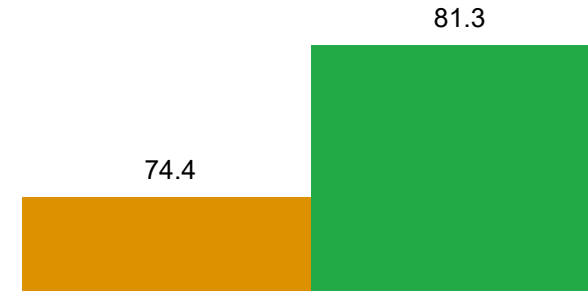
**29.2Mn**

Population aged 15-64 years (total population estimate of 51.12Mn as of 2018)

## Leading ICT Innovation Hub in Africa

High Level of Mobile Penetration

■ Sub-Saharan Africa (excluding high income) ■ Kenya



Well-adopted mobile money ecosystem



Domestic government debt securities traded on mobile platform

# KENYA DOING BUSINESS RANKINGS

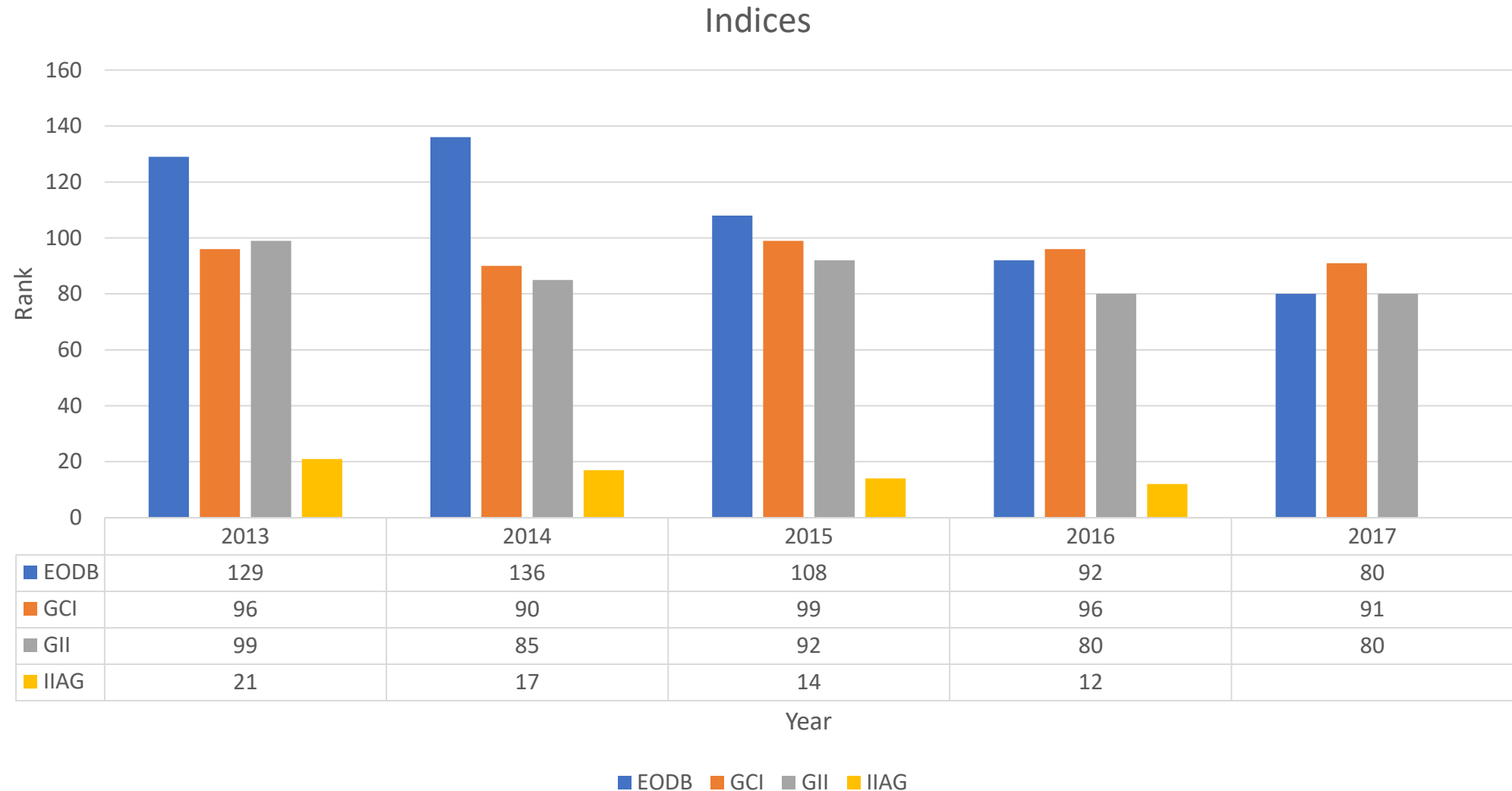


#DoingBiz



Government  
of Kenya

*Business environment has improved substantially, as indicated by ranking under various indices....*

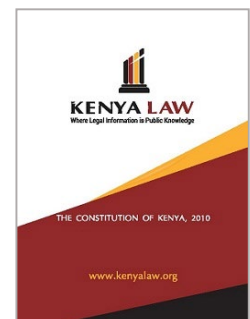


## The safety of your investment is guaranteed in Kenya...

- No foreign exchange control, allowing for full repatriation of profits, capital or interests
- Foreign Investments Protection Act (FIPA)- FIPA guarantees against expropriation of investment by the government ensuring investments by foreigners is protected
- Member of the International Centre For Settlement Of Investment Dispute (ICSID).
- Member to the Multilateral Investments Guarantee Agency (MIGA), providing political risk insurance guarantees to private sector investors and lenders in member countries.
- A member country of the Africa Trade Insurance Agency (ATIA)- provides export credit, political risk insurance and investment insurance lowering the risk and cost of doing business.
- Explicit Constitutional protection of private property.



African Trade Insurance Agency  
Agence pour l'Assurance du Commerce en Afrique





### General Incentives

1. Capital goods and raw materials are zero-rated (Plant, Machinery and equipment)
2. SOME of the plant, machinery and equipment are exempt from VAT;
3. Investment allowance:
  - 100% Nairobi, Mombasa and Kisumu cities; and
  - 150% for those in other parts of the country (must have invested over KES 200 Million)
4. Market access in COMESA & EAC markets with no taxes





# Incentives in the EPZs & SEZs (SPECIAL ECONOMIC ZONES)...



## EPZs

- 1 **10 years corporate tax holiday**
- 2 **25% corporate tax for another 10 years**; 30% from the 21<sup>st</sup> year;
- 3 **10 years withholding tax holiday** on remittances to non-residents
- 4 **Stamp duty exemption**
- 5 **Import duty** and **VAT exemption** on raw materials, machinery and other inputs
- 6 **100% investment deduction over 20 years** on building and machinery

## SEZs

- 1 **10% corporate tax** for the first 10 years
- 2 **15% corporate tax for another 10 years**; 30% from the 21<sup>st</sup> year;
- 3 **10 years withholding tax holiday** on remittances to non-residents
- 4 **Stamp duty exemption**
- 5 **Import duty** and **VAT exemption** on raw materials, machinery and other inputs
- 6 **100% investment deduction over 20 years** on building and machinery

## Other benefits in the designated Zones

- 1 Full operation under **one single license**
- 2 **Project approval** and **licensing** within **30 days**
- 3 Foreign currency accounts and offshore borrowing allowed – **no exchange controls**
- 4 **Unrestricted investment** by foreigners
- 5 **One-stop shop service** for facilitation and after-care
- 6 **Ready-made** factory building and office premises
- 7 **Readily available services** – water, sewerage, electricity, landscaping etc.
- 8 **High security standards** – 24 hours security, illuminated perimeter fences.
- 9 **On-site** customs documentation

## Kenya boasts of an open & diverse economy with encouraging prospects...

Stable macroeconomic environment - supported by stable inflation rates

Preferential market access – EAC, COMESA-SADC, AGOA, EU, AfCFTA

Distribution hub and commercial powerhouse in the East & Central Africa

Fully liberalized economy

Repatriation of capital, profits

Highly developed social and physical infrastructure

Favorable Tax treaties and investment protection Agreements

Pool of Highly Productive, Skilled & Youthful workforce

Well established & Vocal private sector – KEPSA, KNCCI, KAM



# Kenya Investment Authority (KenInvest)

A state corporation under the Ministry of Industry, Trade & Cooperatives established under the Investment Promotion Act No. 6 of 2004, with the mandate of promoting & facilitating investment in Kenya.



## Investment Promotion

- Profile investor ready projects and provide information on investment opportunities.
- Business advisory services and Enterprise development.



## Investment Facilitation

- Assist in obtaining necessary licenses and permits
- Assist in obtaining incentives/exemptions under various regulations
- Investment Tracking & Aftercare services
- Issuance of Investment certificate
- Facilitate Joint Venture between local & foreign investors



## Policy Advocacy

- Review investment environment and make recommendations to Government and other stakeholders with respect to changes that would promote and facilitate investment

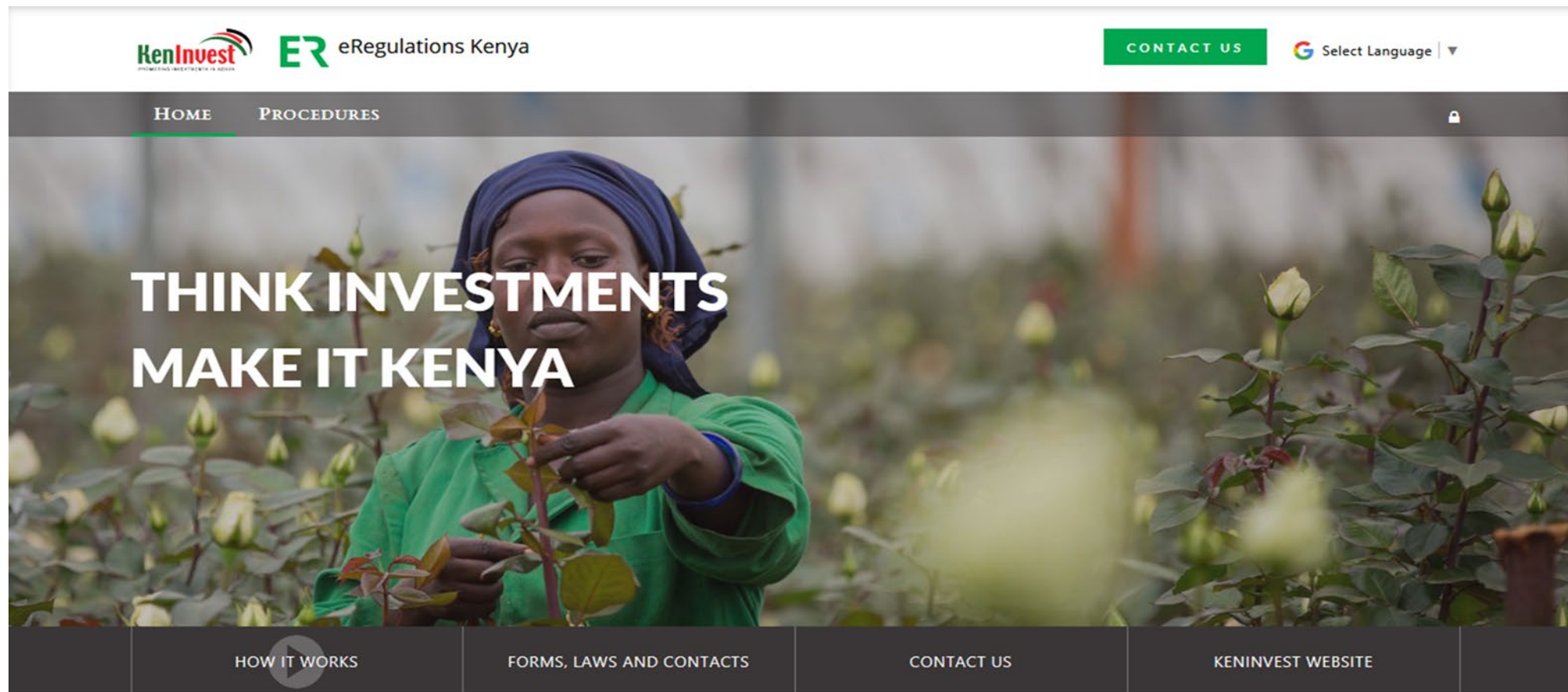


# Step By Step Guide To Investing & Doing Business in Kenya



E-regulations portal  
<https://eregulations.invest.go.ke/>

- ❑ An online guide on the step by step procedure of investing in Kenya.
- ❑ Currently, over 115 investment procedures published in the portal. Has since become the most visited of such portals in Africa.





## ONE-STOP-CENTRE (OSC) at KenInvest

---

- KenInvest provides a wide range of pre-investment facilitation services.
- The OSC has streamlined the overly complex processes. Some of the key functions currently facilitated by the OSC are;

**EPZ or SEZ  
Set Up**

**Obtaining a Work  
Permit**

**Power Connection**

**Obtaining import/  
export permits**

**Obtaining a  
Construction  
Permit**

**Obtain an  
Environment  
Permit**

**Registration of  
Land**

**Social Security  
Registration**

**Company  
Registration**

**Tax Registration**



# The One Stop Centre



*Think investment...*



**Welcome and be part of the success!**