Kenya’s economy is one of the largest in Sub-Saharan Africa and is one of the fastest growing in the world. It is a diversified and advanced economy in the region, built around agriculture, manufacturing, tourism, construction/real estate and financial services. In 2017, Agriculture contributed 1.6% of GDP while manufacturing and services accounted for 0.2% and 5.0% respectively.

President Uhuru Kenyatta’s Big 4 Agenda and the Kenya Industrial Transformation Program aim at increasing manufacturing’s contribution to GDP to between 15% and 20% by the year 2022. The areas of focus in the manufacturing strategy include agro-processing (tea, coffee, fruits, cereals, dairy, meat, fish, and animal feeds, among others), textiles and apparels, leather manufacturing, manufacture of construction materials including development of an integrated iron and steel industry, value addition in oil/gas/minerals, electronics assembly, and auto industry. Besides establishment of competitive Industrial Zones/Parks, a robust small and medium enterprises sector and continued transformation of the business environment are other key elements of the manufacturing strategy.

I would like to assure investors, both local and foreign, that Kenya is open to business and offers highly profitable opportunities. The Government is implementing measures aimed at strengthening political and economic stability, which are key pillars for the long-term prosperity of our country. In addition, the Government is developing world-class infrastructure to continue the journey of reducing the cost of doing business. Nairobi is home to at least 25 multinational African and regional headquarters. The enabling services to support investments (financial services, telecoms) are amongst the most advanced in Africa. The quality of education in Kenya is ranked #1 in Africa and we have several trade agreements that give Kenyan businesses preferential access to global markets.

The Government welcomes all investors to our beautiful county; an ideal destination for investment, trade and tourism. This booklet contains very attractive investment opportunities in agro-processing and light manufacturing. To investors, be assured that our Government will do everything necessary to help you reap maximum returns from your investment. The country has an unprecedented rich array of investment opportunities across the various sectors, and is setting up highly attractive special economic zones in addition to the already existing export processing zones.
The government is implementing the Third Medium Term Plan (MTP 2018-2022) of Kenya Vision 2030 and the President’s Big 4 Agenda. The Plans outline several programmes and projects to be implemented both at the national and county government levels, with financing expected from government tax revenues, development partners, private sector, and through Public Private Partnerships (PPP).

The government has put in place strategies to improve investment environment in the country. These strategies include enacting necessary legislations as well as strengthening institutions to support growth of investment through implementing major legal and institutional reforms that will provide a better environment for sustained macro-economic stability and improved management of public resources.

The State Department for Investment and Industry, Ministry of Industry, Trade and Cooperative in collaboration with line ministries and Kenya Investment Authority (KenInvest) has contributed to the preparation of this publication to guide investment in two of our main sectors of priority, agro-processing and light manufacturing.

Investors interested in taking up these investments will receive adequate support from my department, KenInvest, the National Treasury PPP Unit, and all other implementing Ministries, Departments and Agencies.

The support of ITC, CADFund and DFID in the production of this investment guide, and all the other institutions and individuals, who have played a role in it, is highly appreciated.

Ms. Betty Maina
Principal Secretary
State Department of Investment and Industry
Ministry of Industry, Trade and Cooperatives

Kenya Vision 2030 aims at transforming Kenya into a newly industrializing, middle-income country providing a high quality life to all its citizens by year 2030.

In order to achieve these goals, KenInvest is focused on promoting private sector participation in the sectors and industries that provide fast-paced and inclusive growth. Over the next 5 years, the areas identified for priority under the Big 4 Agenda of The President are food security and nutrition, manufacturing, affordable housing and universal healthcare. We welcome investors from around the world to take advantage of the business opportunities available in these areas and other areas of Vision 2030.

Kenya boasts of a number of attractive investment strengths, including its strategic location as a gateway to East Africa, a fully liberalized economy, a large domestic market, availability of skilled and productive human resource, advanced infrastructure and a very strong private sector that offers foreign investors partnership opportunities.
The International Trade Centre (ITC) expresses its gratitude to all parties involved in the development of this Investor guide, including consultants Agnes John and T.C.A Ranganathan, who worked tirelessly under the guidance and technical support of ITC staff and national coordinators. ITC would also like to acknowledge the contributions of Rogers Amisi and his colleagues at Kenya Investment Authority for their technical support; and Vanessa Finaughty and Iva Stastny Brosig for the editing and designing of the final report.

This Investor guide has been produced under the framework of the Partnership for Investment and Growth in Africa (PIGA) project, which is a partnership between the Government of the United Kingdom (UK) of Great Britain and Northern Ireland’s Department for International Development (DFID), the China Council for the Promotion of International Trade (CCPIT), the China-Africa Development Fund (CADFund) and the implementing agency, International Trade Centre (ITC). The project seeks to increase exports, jobs and local development through foreign investments and business partnerships in the agro-processing and light manufacturing sectors in Ethiopia, Kenya, Mozambique and Zambia.

The views expressed in this report are those of the authors and do not represent the official position of the International Trade Centre, Kenya Investment Authority and the Government of the United Kingdom. The images used in this profile may not always reflect accurately the country context.
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ACRONYMS AND ABBREVIATIONS
AGOAAfrica Growth and Opportunity Act KEPSAKenya Private Sector Alliance
CIFCost, insurance and freight KPLCKenya Power and Lighting Company
COMESACommon Market for Eastern and Southern Africa KRAKenya Revenue Authority
EACEast African Community MSEMicro and small enterprise
eFNSElectronic Foreign Nationals Services NEMANational Environment Management Authority
EIAEnvironmental impact assessment NHIFNational Hospital Insurance Fund
EPZE Export promotion zone NSSFNational Social Security Fund
EPZAEExport Processing Zones Authority OSCOne-stop centre
EU European Union PINPersonal identification number
FDIForeign direct investment SEZSpecial economic zone
GDPGross domestic product PPIProducer Price Index
JKIAJomo Kenyatta International Airport TEUsTwenty-foot equivalent units
KEBSKenya Bureau of Standards
Kenya is a sovereign state in Africa. It lies on the equator with the Indian Ocean to the south-east, Tanzania to the south, Uganda to the west, the Republic of South Sudan to the north-west, Ethiopia to the north and Somalia to the north-east. It has a population of approximately 48.5 million (2016).

Kenya is a mature democracy and has enjoyed stability since independence. In 2010, the country promulgated a new constitution that brought with it a robust and independent judiciary, bicameral legislature and devolution. The most fundamental provision in the Constitution of Kenya, 2010 is the establishment of a republic founded upon the idea of all sovereign power belonging to the people of Kenya and the establishment of two levels of government, namely the national government and the county governments. The constitution provides for the devolution of legislative and executive powers whereas the judicial powers are not devolved (Chaney, 2012). With this constitution 2010, there is a greater separation of powers between the legislature, executive and judiciary, and checks and balances on the Executive.

Under the auspices of Vision 2030, which aims to transform Kenya into an industrialized country, the manufacturing sector’s role is to create employment and wealth and to increase its contribution to the gross domestic product (GDP) by at least 10% per annum. The country’s current path to long-term and sustainable growth definitely creates a favourable environment for any investor.

In December, 2017 the Kenya govt. unveiled “The Big Four agenda,” that will define the Government’s priorities and development path for the 2018–2022 planning cycle. The Big Four Agenda which is aimed at accelerating economic growth focuses on: manufacturing; food security and nutrition; universal health coverage; and, affordable housing. The Big Four are rightly pegged on the Kenya Vision 2030 and well-mainstreamed in the third-Medium Term Plan (2018-2022) of the Vision.

Under the BIG 4 agenda, Kenya aims to attain the following:

1. Manufacturing

   The objective is to increase the contribution of manufacturing to GDP from the current 9.2% to 15% by 2022. Some of the key sub sectors targeted includes:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile/Apparel/Cotton</td>
<td>Increase investment from $350m to $2bn</td>
</tr>
<tr>
<td></td>
<td>Create 500,000 cotton jobs; and 100,000 new apparel jobs</td>
</tr>
<tr>
<td>Leather</td>
<td>Increase exports from $140m to $500m</td>
</tr>
<tr>
<td></td>
<td>Create 50,000 New jobs</td>
</tr>
<tr>
<td></td>
<td>Manufacture 20m pairs of shoes</td>
</tr>
<tr>
<td>Agro Processing</td>
<td>Increase GDP contribution from 16% to 50%</td>
</tr>
<tr>
<td></td>
<td>Create 1000 SME’s</td>
</tr>
<tr>
<td></td>
<td>Create 200,000 jobs</td>
</tr>
<tr>
<td>Construction Materials</td>
<td>Upscale investment from $470m to $1bn</td>
</tr>
<tr>
<td></td>
<td>Create 10,000 New jobs</td>
</tr>
<tr>
<td>Oil Mining and Gas</td>
<td>Attract 1 global scale player in Mining value add</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>$1bn in new investments</td>
</tr>
<tr>
<td>ICT</td>
<td>Manufacture of Phone, laptop, TV assembly plants</td>
</tr>
<tr>
<td></td>
<td>Attract 5 BPO players</td>
</tr>
<tr>
<td></td>
<td>Create 10,000 jobs</td>
</tr>
<tr>
<td>Fish Processing</td>
<td>Attract and facilitate $ 20m fish feed Mill investment</td>
</tr>
<tr>
<td></td>
<td>Create 20,000 jobs</td>
</tr>
</tbody>
</table>

The independence of the judiciary has enhanced speedy access to justice, with great emphasis on alternative dispute resolution mechanisms. As such, actors in the manufacturing sector have a variety of channels through which to resolve their disputes before approaching court.
## Basic Statistics: Kenya*

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Area</td>
<td>581,309 km²</td>
</tr>
<tr>
<td>Population</td>
<td>48.5 million (2016)</td>
</tr>
<tr>
<td>Population growth</td>
<td>2.6% (2016)</td>
</tr>
<tr>
<td>Labour force (over 18 years)</td>
<td>18.5 million (2016) (38% of population)</td>
</tr>
<tr>
<td>Literacy levels (15 years and above)</td>
<td>Male: 81.1% (2015 est) Female: 74.9% (2015 est)</td>
</tr>
<tr>
<td>GDP (nominal)</td>
<td>$67.3 billion (2016)</td>
</tr>
<tr>
<td>GDP per capita (nominal)</td>
<td>$1,587 (2016)</td>
</tr>
<tr>
<td>GDP growth</td>
<td>5.8% (2016)</td>
</tr>
<tr>
<td>Inflation rate (consumer price)</td>
<td>6.3% (2016)</td>
</tr>
<tr>
<td>FDI flows</td>
<td>$394 million</td>
</tr>
<tr>
<td>FDI inflow growth rate</td>
<td>45.3% in 2015</td>
</tr>
<tr>
<td>Exports</td>
<td>$6.397 billion (2017 est)</td>
</tr>
<tr>
<td>Imports</td>
<td>$14.52 billion (2017 est)</td>
</tr>
<tr>
<td>Exchange rate (per USD)</td>
<td>KSh 101.5 (2016)</td>
</tr>
<tr>
<td>Govt. expenditure</td>
<td>$15.53 billion (2016 est.) (37.2% of the GDP)</td>
</tr>
<tr>
<td>Govt. revenue</td>
<td>$10.6 billion (2015 est.)</td>
</tr>
<tr>
<td>Currency</td>
<td>Kenyan shillings (KES/KSh)</td>
</tr>
<tr>
<td>Other major cities</td>
<td>Mombasa, Kisumu and Nakuru</td>
</tr>
<tr>
<td>Language</td>
<td>English, Swahili</td>
</tr>
<tr>
<td>Religion</td>
<td>Christianity, Islam, Hinduism</td>
</tr>
<tr>
<td>Climate</td>
<td>The Republic of Kenya has a warm and humid climate along its Indian Ocean coastline, with wildlife-rich savannah grasslands inland towards the capital. Nairobi has a cool climate that gets colder approaching Mount Kenya, which has three permanently snow-capped peaks. Further inland, there is a warm and humid climate around Lake Victoria, and temperate forested and hilly areas in the western region. The north-eastern regions along the border with the Federal Republic of Somalia and the Federal Democratic Republic of Ethiopia are arid and semi-arid areas with near-desert landscapes. Lake Victoria, the world’s 2nd-largest freshwater lake and the world’s largest tropical lake, is situated to the south-west and is shared with the Republic of Uganda and the United Republic of Tanzania.</td>
</tr>
</tbody>
</table>

*Source: CIA World Factbook, 2018*
MODULE 1: WHY INVEST IN KENYA?

1.1.1 Thriving economy

Kenya is a lower middle-income country and the 5th-largest economy in Sub-Saharan Africa, with strong growth prospects supported by an emerging urban middle class with an increasing appetite for high-value goods and services.

It is the dominant economy in the East African Community (EAC), contributing more than 40% to the region’s GDP. The rebased GDP places Kenya as the 5th-largest economy in Sub-Saharan Africa and 9th in Africa. Although the economy remains small by global standards, it is distinguished from those of most of African countries by the fact that it is one of the most diversified and advanced.

a) Gross domestic product

The country’s macroeconomic indicators have remained fairly stable, with increasing growth rate in the real gross domestic product (GDP) for three consecutive years since 2014 (it was 5.8% in 2016). The economy has experienced a relatively conducive environment for growth during the last few years. The GDP at current prices increased from KSh 6,260.6 billion ($63,754.03 million) in 2015 to KSh 7,158.7 billion ($70,529.01 million) in 2016.

The manufacturing sector contributed 9.2% to Kenya’s GDP in 2016, after agriculture, which contributed a significant 32% to the GDP. The small and medium-sized enterprises (SMEs) sector, which constitutes 70% of enterprises under manufacturing and agriculture, contributed 28.5% to the national economy in 2016.
b) Foreign direct investment

Kenya is a liberalized economy. The country’s business environment has continued to improve, thus making it a destination of choice for foreign investors (EY attractiveness survey 2016). This improvement is attributed to government initiatives on reforms and infrastructural frameworks. The country has opened itself to foreign investors with increased leeway in ownership and access to market and information. There are still a few restrictions in the owning of shares in financial institutions and telecom sector as well as in the owning of agricultural land.

This has resulted in emerging and developed markets and a high number of multinational companies with regional and global presence, setting up their headquarters in Kenya, including Volkswagen Group, DHL, Porsche, Sony, Coca-Cola, Henkel, Esso Trading Company, China Wu Yi Co., LTD, Xin Yuna Construction Investment Ltd, Handa Co. Ltd (Kenya) and Afri-China International Co (K) Ltd, etc. The People’s Republic of China has picked up pace in Kenya and Africa at large amid uncertainty around US policies and Brexit.

In 2016, Kenya’s foreign direct investment (FDI) inflow slumped by 36%, to $394 million. Developed economies equally experienced a decline in FDI as a result of constrained global trade, subdued investment and heightened policy uncertainty associated mostly with the United Kingdom of Great Britain and Northern Ireland’s (UK’s) decision to leave the European Union (EU), and elections in the United States of America (USA). However, Kenya’s investment prospects remain firm, underscored by the country’s strong ranking as the 2nd most attractive FDI destination in Africa in 2016 (World Bank).

c) Inflation

The annual inflation decelerated from 6.6% in 2015 to 6.3% in 2016 and is expected to decelerate further in the coming years. This is attributed to fiscal policies put in place by the government to spur economic growth evidenced by the increased GDP rate. The capping of the interest rate at 14% by the Central Bank of Kenya (CBK) in 2016 also contributed significantly to a decelerated inflation that year and in years to come.

d) Interest rates

Commercial banks’ interest rates on loans and advances declined to 13.67% as of December 2016 from 17.45% in December 2015, which narrowed the interest spread significantly to 6.34%. Commercial banks’ credit to the private sector also expanded by 5.6% from KSh 1.8 trillion in 2015 to KSh 1.9 trillion in 2016. Kenya adopted a monetary policy in 2016 that aimed to support a non-inflationary credit expansion into key sectors of the economy and promote stability in the foreign exchange market.
The Banking Act was amended to introduce capping of interest rates on credit facilities in order to protect borrowers from high interest rates. The maximum lending rate has been set at no more than 4% above the base rate set and published by the Central Bank of Kenya (CBK), and the minimum interest rate granted on a deposit held in interest-earning accounts to at least 70% of the Central Bank Rate (CBR). The Central Bank Rate was revised downwards three times, to 10.50% in June 2016, 10% in December and 9.5% in March 2018.

e) Trade statistics
Kenya’s export to China rose by 18.8% to $100.6 million in 2016. Imports from China have continued to grow over the last five years, making the country the leading source of Kenya’s imports in 2016. Imports rose from $3.2 billion in 2015 to $3.37 billion in 2016.

The balance of trade is in favour of China. Chinese companies are encouraged to further open up the market in China for Kenyan products to close the gap.

Kenya’s key top five export markets remain Uganda, the Kingdom of the Netherlands, the United States of America, the Islamic Republic of Pakistan, and the United Kingdom.

Tea, horticulture, apparel and coffee have remained the top export products and accounted for 62.9% of Kenya’s total exports in 2016.

FIGURE 5 Kenya’s exports and imports (2007–2016)
Top import products were industrial machinery (17.7%), petroleum products (12.8%), road motor vehicles (6%), iron and steel (5.3%), pharmaceutical products (4.2%) and plastics in primary form (4.1%), all accounting for 50.1% of total imports in 2016.

Total exports declined marginally from KSh 581.0 billion in 2015 to KSh 578.1 billion in 2016, while total imports declined by 9.2% from KSh 1.6 trillion to KSh 1.4 trillion. This led to an improvement in the (negative) balance of trade from KSh 996.5 billion in 2015 to KSh 853.7 billion in 2016, in tandem with the slowing of global growth to 1.9% from 2.6% in 2015.
The Kenyan Shilling (KES/KSh) weakened against major currencies and averaged KSh 101.5 per USD in 2016 compared to KSh 98.2 per USD in 2015, but is expected to stabilize with the expected stability of macroeconomic factors in the country.

World trade is projected to improve, while the expansion of the global economy is expected to be strong in the coming years. Similarly, the key macroeconomic indicators in Kenya are expected to remain stable and supportive of growth in 2017 and the coming years.

**TABLE 1  Balance of Trade (2012–2016)**

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<tbody>
<tr>
<td>Exports (FOB):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic exports</td>
<td>479 706</td>
<td>455 689</td>
<td>460 572</td>
<td>499 708</td>
<td>506 548</td>
</tr>
<tr>
<td>Re-exports</td>
<td>38 141</td>
<td>46 598</td>
<td>76 664</td>
<td>81 337</td>
<td>71 519</td>
</tr>
<tr>
<td>Total exports</td>
<td>517 847</td>
<td>502 287</td>
<td>537 236</td>
<td>581 045</td>
<td>578 067</td>
</tr>
<tr>
<td>Imports (CIF):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>1 360 408</td>
<td>1 403 225</td>
<td>1 599 619</td>
<td>1 540 731</td>
<td>1 389 731</td>
</tr>
<tr>
<td>Government</td>
<td>14 179</td>
<td>10 091</td>
<td>18 702</td>
<td>36 826</td>
<td>42 014</td>
</tr>
<tr>
<td>Total imports</td>
<td>1 374 587</td>
<td>1 413 316</td>
<td>1 618 321</td>
<td>1 577 557</td>
<td>1 431 745</td>
</tr>
<tr>
<td>Balance of trade</td>
<td>(856 740)</td>
<td>(911 029)</td>
<td>(1 081 085)</td>
<td>(996 512)</td>
<td>(853 678)</td>
</tr>
</tbody>
</table>


**TABLE 2  Foreign exchange rates of the Kenyan Shilling for selected currencies (2012–2016)**

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<th></th>
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</thead>
<tbody>
<tr>
<td>1 Euro</td>
<td>108.73</td>
<td>114.41</td>
<td>116.84</td>
<td>108.96</td>
<td>112.33</td>
</tr>
<tr>
<td>1 US Dollar</td>
<td>84.53</td>
<td>86.12</td>
<td>87.92</td>
<td>98.18</td>
<td>101.50</td>
</tr>
<tr>
<td>1 Pound Sterling</td>
<td>134.00</td>
<td>134.75</td>
<td>144.88</td>
<td>150.17</td>
<td>137.66</td>
</tr>
<tr>
<td>1 Chinese Yuan</td>
<td>13.40</td>
<td>14.01</td>
<td>14.27</td>
<td>15.62</td>
<td>15.29</td>
</tr>
<tr>
<td>100 Japanese Yen</td>
<td>106.01</td>
<td>88.43</td>
<td>83.26</td>
<td>81.12</td>
<td>93.55</td>
</tr>
</tbody>
</table>


World trade is projected to improve, while the expansion of the global economy is expected to be strong in the coming years. Similarly, the key macroeconomic indicators in Kenya are expected to remain stable and supportive of growth in 2017 and the coming years.

f) Improved business environment

To improve investments, the government has put in place several measures, which include: presidential roundtables to address emergent issues in the business arena, a cabinet committee on ease of doing business and automation of government services through the eCitizen portal, and Huduma centres. The Huduma centres are one-stop shops – citizen service centres that provide national government services from one location, enhancing access and delivery of government, among other things. A One Stop Centre has also been established at KenInvest to improve investment facilitation.
1.1.2 Modern labour system

Kenya prides itself on its large pool of highly educated, skilled and sought-after workforce in Africa, trained from within the country and in institutions around the world. Apart from having the highest literacy rate among youth aged 15 and over in the region, 79% of the country’s 43 universities produce 60,000 graduates annually (KNBS 2017), with universities being located in almost every county in Kenya. The youth have been key in helping the country in its industrialization policy. The working class in Kenya currently stands at 47.5% of the total population, thus giving investors access to numerous professionals with diverse skill sets at competitive wages. Investors looking for an innovative, well-educated and multilingual professional workforce can easily find it in Kenya.


Investors can engage Kenyan employees through casual employment, fixed-term employment, permanent employment or contracts of services (for consultants and independent contractors), provided that a written contract exceeding three months validity is signed between the parties. Employers are also required to register with the National Hospital Insurance Fund and the National Social Security Fund in order to promote their employees’ social welfare.

The government has also put in place a minimum wage for low-level staff, which is periodically revised to reflect the costs of living. For example, the minimum wage for machine attendants, sawmill sawyers, machine assistants, mass production machinists, shoe cutters, bakery workers and tailors’ assistants working within the cities (Nairobi, Mombasa and Kisumu) per month is $124.16. See paragraph 1.3.15 for expatriate employment and paragraph 2.15 for procedures of employment of locals and expatriates.

1.1.3 Improving infrastructure and strategic geographical location

Kenya’s geographical location makes the country ideal for strategic partnerships aimed at improving regional and global market share. Its infrastructure is the gateway to the vibrant East and Central Africa region with access to a population of 138 million. Jomo Kenyatta International Airport (JKIA) functions as an effective air hub that connects Africa to Europe and Asia. Kenya has recently also secured category 1 rating, granting it direct flights to the United States of America. Approximately 50 airlines use Jomo Kenyatta International Airport (JKIA), which is capable of processing up to 6 million passengers per year. Apart from JKIA, Kenya has three other international airports, namely Moi International Airport in Mombasa, Eldoret International Airport in Eldoret and Kisumu International Airport in Kisumu.

Kenya also has the largest port in the region, the Port of Mombasa, which is gateway to the East and Central Africa regions. The port provides direct connectivity to more than 80 ports worldwide and is linked by road to a vast hinterland comprising Uganda, the Republic of Rwanda, the Republic of Burundi, the eastern part of the Democratic Republic of Congo, northern Tanzania, South Sudan, Somalia and Ethiopia. The Port of Mombasa is among the busiest ports in Africa and has been declared the best transit and supply logistics port in Eastern and Southern Africa (African Ports Awards 2017). The total cargo throughput handled at the Port of Mombasa rose by 2.4% to 27,364 thousand tons in 2016, while container traffic recorded a growth of 1.4% to 1.1 million twenty-foot equivalent units (TEUs) (KNBS 2017 Economic Survey).

A railway line also runs from the port to Uganda and Tanzania (https://www.kpa.co.ke/) The Uganda–Kenya railway line serves as a cheaper mode of transport for the goods arriving from the Port of Mombasa to Uganda. It takes an estimated 15–30 days to transport the goods from the Port of Mombasa to Uganda.

The inland container depot (dry port) in Embakasi has also been expanded to cater for the anticipated increase in container traffic. Throughput at the Port of Mombasa currently stands at an estimated 22 million twenty-foot equivalent units (TEUs).

Kenya recently completed the construction of phase 1 of the standard gauge railway, which was aimed at promoting logistics in the country. The standard gauge railway project has cut down the 480 kilometres between Mombasa and Nairobi from eight hours to four hours. The railway has been built with an axle load of 25 tons and is expected to move up to 22 million tons per year at the speed of 80–100 km/hr for freight trains. Phase 2 of the SGR from Nairobi to Naivasha is underway.
MODERN ROAD NETWORKS

The Government of Kenya recognizes that an improved road network enhances connectivity, mobility and promotes trade and investments by reducing the cost of doing business. The adoption of the low-volume seal roads technology coupled with increased financing through public-private partnerships (PPP) has led to faster and cheaper construction, maintenance and gravelling of rural roads in Kenya. As of December 2016, there was an increase in the number of roads constructed in the counties. In fact, a total of 57,614.8 kilometres were constructed in the 47 counties. This shows the government’s dedication to industrialization in line with Vision 2030.

Thika Superhighway, an eight-lane controlled access highway in Kenya, links the capital city of Nairobi with the industrial town of Thika. The highway forms the first 50 km of the A21 Highway, which links Nairobi to the Ethiopian border town of Moyale.

The country remains the main transport and logistics hub to most of the African countries in the region and was ranked the 2nd best in logistics on the continent after South Africa (World Bank Report 2016).

ELECTRICITY INFRASTRUCTURE

The largest share of Kenya’s electricity supply comes from hydroelectric stations at dams along the upper Tana River, as well as the Turkwel Gorge Dam in the west. A petroleum-fired plant on the coast, geothermal facilities at Olkaria (near Nairobi) and electricity imported from Uganda make up the rest of the supply. The state-owned Kenya Electricity Generating Company Limited (KenGen), established in 1997 under the name of Kenya Power Company, handles the generation of electricity, while the Kenya Power and Lighting Company (KPLC), which is slated for privatization, handles transmission and distribution. Shortfalls of electricity occur periodically, when drought reduces water flow.

The current peak electric power demand is estimated at 1,710 MW. To this end, total installed power generation capacity is 2,336 MW with an effective capacity of 2,263 MW. This is complemented by an emergency power producer agreement with Aggreko for 290 MW generated from diesel. Limited cross-border imports also take place with Uganda and Tanzania, and many businesses retain their own diesel generators in case of power shortages.

As of September 2017, 70.5% of Kenya had electricity access. This reduces the cost of setting up for investors wishing to invest in Kenya, since the power infrastructure is already in place.

| TABLE 3 | Statistics (30 September 2017) |
| INSTALLED CAPACITY MW | 2 336 |
| Effective capacity MW | 2 263 |
| Effective interconnected capacity MW | 2 243 |
| Peak demand MW | 1 710 |
| Reserve margins grid (when all plants are available) | 27% |
| Energy purchased 2016/2017 GWh | 10 205 |
| Number of customer accounts (millions) | 6.26 |
| Electricity access | 70.5% |
| Transmission and distribution lines, circuit length in kilometres (11–220 kV) | 75 340 |

Source: KPLC.

| TABLE 4 | Charges for electricity supplied to industrial customers |
| VOLTAGE SUPPLIED | 415 V (commercial) | 1 1 000 (commercial) | 33 000 (commercial) | 66 000 (commercial) | 13 2000 (commercial) | Domestic, (240 V) |
| | Fixed charge | Charge per unit consumed | Demand charge per kVA | Fixed charge | Charge per unit consumed | Demand charge per kVA | Fixed charge | Charge per unit consumed | Demand charge per kVA | Fixed charge | Charge per unit consumed | Demand charge per kVA | Fixed charge | Charge per unit consumed | Demand charge per kVA |
| | 2 500 | 9.20 | 800 | 4 500 | 8.00 | 520 | 5 500 | 7.50 | 270 | 6 500 | 7.30 | 220 | 17 000 | 7.10 | 220 | 150 | First 50 kWh: 2.50 | 50 to 1 500 kWh: 12.75 | n/a |

NB: These charges are subject to VAT at 16% and additional levies, namely 5% of unit sales for the Rural Electrification Programme (REP) and three Kenyan cents per kWh for the Energy Regulatory Commission.

See also paragraph 1.1.7 and annex IX of this Investor guide for more details on electricity infrastructure and obtaining a power connection.

1 Link centres of international importance and cross international boundaries or terminate at international ports or airports.
1.1.4 Economic and trade cooperation

Kenya is a member of several trade arrangements and a beneficiary of trade-enhancing schemes that include the Africa Growth and Opportunity Act (AGOA) and World Trade Organization.

Kenya is also a member of regional blocs of the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC), with a potential market of 642 million people.

Kenya has signed preferential trade agreements with a total population of more than 1.4 billion people and market value of $29 trillion. The markets include the following.

European Union: Economic partnership agreements (EPAs) trade zone – EU member states, with 500 million and a market value of $14 trillion.

USA: Africa Growth and Opportunity Act (AGOA) trade zone with a population of 324 million and market value of $14 trillion.

Common Market for Eastern and Southern Africa (COMESA) trade zone, comprising 19 member states with a population of 492 million and a market size of $400 billion.

East African Community (EAC) trade zone, with six member states, a population of 150 million and a market value of $100 billion.

Investing in the country would enable these companies to have duty-free or preferential access to the world’s most important markets through a set of trade agreements and reach more than 1.4 billion customers.

In addition to the above, exports from Kenya entering the European Union are entitled to duty reductions or exemptions and freedom from all quota restrictions under the terms of the Lomé Convention. Trade preferences include duty-free entry of all industrial products and a wide range of agricultural products, including beef, fish, dairy products, cereals, fresh and processed fruits and vegetables.

Under the Generalized System of Preferences (GSP) scheme, a wide range of Kenya’s manufactured products are entitled to preferential duty treatment in the United States of America, Japan, Canada, the Swiss Confederation, the Kingdom of Norway, the Kingdom of Sweden, the Republic of Finland, Australia, the Republic of Austria, New Zealand and most East European countries. In addition, no quantitative restrictions are applicable to Kenyan exports of any of the 3,000-plus items currently eligible for Generalized System of Preferences (GSP) treatment.

MANUFACTURING SECTOR OVERVIEW

Manufacturing recorded a decelerated growth of 3.5% in 2016 from a revised growth of 3.6% in 2015. This was attributable to underperformance of other sectors that provide inputs for manufacturing activities, such as agriculture and electricity, which were negatively hampered by persistent drought.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Value of output</th>
<th>Intermediate consumption</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2 500</td>
<td>9.20</td>
<td>800</td>
</tr>
<tr>
<td>2013</td>
<td>4 500</td>
<td>8.00</td>
<td>520</td>
</tr>
<tr>
<td>2014</td>
<td>5 500</td>
<td>7.50</td>
<td>270</td>
</tr>
<tr>
<td>2015</td>
<td>6 500</td>
<td>7.30</td>
<td>220</td>
</tr>
<tr>
<td>2016 (provisional)</td>
<td>1 619 622</td>
<td>7.10</td>
<td>220</td>
</tr>
</tbody>
</table>


The value of manufacturing output grew by 7.9% from KSh 1,976.8 billion in 2015 to KSh 2,132.3 billion, while value-added products increased by 11.6% to KSh 658 billion in 2016. This was attributable to the increased production of tea, clothing, pharmaceuticals and basic metals.

Processing of food products recorded improved performance in 2016. The bulk of the growth was primarily accounted for by the output value of processing and preservation of meat, and processing of dairy products in 2016. Dry weather conditions in 2016 led to increased offtake of livestock, leading to the expansion of the sector. Coffee processing also augmented the sector’s growth.

The country produces a lot of fish, fruits and vegetables, but lacks enough processing facilities for the same. This was exhibited by the poor performance in processing and preservation of fish and processing of fruits and vegetables in 2016.

The Producer Price Index (PPI) increased by 0.2% to 113.67 in 2016. This was due to the stability of the prices of imported raw materials. The PPI of manufactured beverages and manufacture of wood and wood products and cork increased by 3.4% and 6.3% respectively while the PPI of food products and other non-metallic mineral products dropped in 2016.
1.1.5 Incentives

Investment incentives in Kenya can be classified into investment promotion incentives and export promotion incentives.

EXPORT PROMOTION INCENTIVES

The Government of Kenya has the undernoted export promotion incentive schemes in place.

1) Manufacturing under Bond

This refers to the incentive extended to manufacturers’ import plants, equipment, machinery and raw material for exclusive use in the manufacture of goods and services for exports. Enterprises operating under the programme enjoy exemption from duty and VAT on imported raw materials and other imported inputs.

Bonded manufacturing enterprises can be licenced to operate within a 30 km radius of a Customs office and are administered by the Kenya Revenue Authority. The programme is open to both local and foreign investors wishing to invest in the custom bonded zones.

2) Duty remission facility

The Government of Kenya, through the Tax Remission for Exports Office (TREO), encourages local manufacturers to export their products. This is achieved through remitting duty and VAT (duty drawback) on raw materials used in the manufacture of goods for export. Under this scheme, the manufacturer includes any process by which a commodity is finally produced, e.g. assembling, repacking, bottling, mixing, blending, grinding, cutting, bending, twisting, joining or any other similar activity. For one to qualify for this scheme, the value of imported goods for which remission is being requested must exceed one million Kenyan shillings.

The remission of duty is done once the exporter provides evidence of exportation of the goods, which includes the Customs entry and the certificate of export.

INVESTMENT INCENTIVES

These are tax incentives that influence physical and financial capital. They can be in the form of investment tax credit and allowances.

Under an investment tax credit, companies are allowed to make deductions against their tax liabilities of a fraction of expenditures on new additions to physical or capital stock. These deductions are made at the point of computing the gains or profits of a person or company for any year of income. The various forms of deductions are provided under the Income Tax Act, Laws of Kenya. They include the following.

1) Investment Deduction Allowance (IDA)

This deduction was introduced in 1992 to encourage investment in physical capital such as industrial buildings, machinery and equipment. It is claimable on the capital investment once manufacturing operations commence. It is currently pegged at 100%. An additional 50% is available for investments valued at KSh 200 million or more made outside the cities Nairobi, Mombasa and Kisumu. Investors make the deduction against their tax liabilities at the end of the financial year when computing the company’s gains/profits until they recoup their initial investments within 10 years, after which it is no longer available.

Where the taxpayer intends to incur expenditure on qualifying assets, he/she should submit the claim to Kenya Revenue Authority for an advance decision or ruling. In this case, a proposed building plan and proforma invoices for machinery and a sketch plan for installation of the machinery should be submitted. A breakdown of the costs and the relevant supporting documents in support of each item of cost should be done by the taxpayer or his agent. This will expedite the approval of the claim by Kenya Revenue Authority.

2) Industrial building allowances

In addition to the investment deduction allowance, investors can also claim an industrial building allowance. It applies to the capital expenditure incurred by a person on the construction of an industrial building to be used in a business carried out by them or their lessee. This allowance is claimed by the person who incurred the capital expenditure – i.e. the owner of the building – and the building must be used for the purpose of the business only in order to enjoy the industrial building deduction.

It is granted on a straight-line basis on balance of capital expenditure at the rate of 10% for factories from 1 January 2010 and 25% for commercial buildings (with roads, power, water, sewers and other social infrastructure) from 1 January 2013 until the investor recoups the initial investment, after which it is no longer available.
1.1.6 Industrial zones strategy for investments

The manufacturing sector’s role under Vision 2030 is to create employment and wealth and to increase its contribution to the GDP by at least 10% per annum. Key targets have been set up to steer industrial growth, including the development of small and medium-sized enterprise (SME) parks, industrial and technology parks, and industrial manufacturing clusters.

Kenya’s industrial zones strategy is intended to cluster foreign investment in geographically defined areas. These can be found in special economic zones, e.g. the African economic zones, export processing zones, and public or private industrial parks. These parks facilitate setting up of businesses in Kenya.

1) Export promotion zones (EPZs)

These are designated parts of Kenya that are aimed at promoting and facilitating export-oriented investments and developing an enabling environment for such investments. These zones are managed by the Export Processing Zones Authority (EPZA). EPZA’s objective is to encourage and generate economic development, foreign direct investments and economic activities by encouraging foreign investment for the development of zones.

Activities eligible for the EPZ incentives are:
- Zone developer/operator (the party that builds a zone, provides premises for investors to occupy and manages those premises);
- Enterprise (the party that undertakes the export-oriented investment activities), including: manufacturing and commercial activities such as bulk breaking, labeling, repacking and trading (the 10-year tax holiday does not apply to commercial activities);
- Export-related service activities, including brokerage and repair, consulting and information, but excluding financial services.

These zones enjoy various incentives, namely:
- Ten-year corporate income tax holiday and a 25% tax rate for a further 10 years thereafter (except for EPZ commercial enterprises);
- Ten-year withholding tax holiday on dividends and other remittances to non-resident parties (except for EPZ commercial licence enterprises);
- Perpetual exemption from VAT and Customs import duty on inputs – raw materials, machinery, office equipment, certain petroleum fuel for boilers and generators, building materials and other supplies. VAT exemption also applies on local purchases of goods and services supplied by companies in the Kenyan Customs territory or domestic market. Motor vehicles that do not remain within the zone are not eligible for tax exemption;
- Perpetual exemption from payment of stamp duty on legal instruments;
- A 100% investment deduction on new investments in EPZ buildings and machinery, applicable over 20 years.

Major requirements for EPZ enterprises:
- Export orientation – more than 80% of sales should be made to countries outside EAC partner states.
- Local sales up to 20% can be made subject to Cabinet secretary approval and payment of all taxes.
- Only new investments (not conversion of going concerns) in Kenya are allowed in the zones.
- EPZ location should be the primary place of business (not shell companies).
- A 100% foreign shareholding is allowed.

There are more than 40 gazetted EPZs in Nairobi, Voi, Athi River, Kerio Valley, Mombasa and Kilifi in various stages of development by both private and public zone developers and operators. See annex XVIII for the procedure to invest in the export processing zones and http://www.epzakenya.com/index.php/licensed-epz-firms.html for a list of all gazetted EPZs.

2) Special economic zones (SEZs)

A special economic zone is a designated geographical area of high economic importance to a country, with liberal economic laws and highly developed infrastructure. These zones are provided for in the Special Economic Zones Act of 2015 in order to foster investments in the country. SEZs differ from EPZs as they include an option of selling their products locally or exporting without restrictions. The activities that can be carried within the SEZ are wider than in EPZ, where the investor will be restricted to manufacturing, zone developer and export-oriented services.

Activities to be carried out in a special economic zone include:
- Industrial parks;
- Free trade zones;
- Free ports;
- Information communication technology parks;
- Science and technology parks;
- Agricultural zones;
- Tourist and recreational zones;
- Business service parks; and
- Livestock zones.
The special economic zones will enjoy the following incentives:

- Supply of taxable goods to SEZ enterprises, operators and developers will be exempted from VAT.
- Dividends received by SEZ enterprises, operators and developers will be exempted from income tax.
- The corporate tax rate applicable for SEZ enterprises, operators and developers will be 10% for the first 10 years and thereafter 15% for the next 10 years.
- Payments, except dividends, made by SEZ enterprises, operators and developers to non-residents shall be subject to the withholding tax rate of 10%.
- Exemption from all taxes and duties payable under the Excise Duty Act and the East African Community Customs Management Act on all special economic zone transactions.
- Exemption from stamp duty on the execution of any instrument relating to the business activities of special economic zone enterprises, developers and operators.
- Exemption from payment of advertisement fees and business service permit fees levied by the respective county governments’ finance Acts.

The first private economic zone project was launched in July 2017 in Eldoret town. This was after the signing of an agreement between Kenyan and Chinese firms in China during the Belt and Road Forum for International Cooperation. Africa Economic Zones (AEZ) and Guangdong New South Group are jointly responsible for the development of the zone’s infrastructure. Investors in agroprocessing and light manufacturing are encouraged to invest in this economic zone. More information on investing in this industrial park can be found at the Africa Economic Zones website (http://aez.co.ke/about-us/).

3) Kenya Industrial Estates Ltd (KIE)

Kenya Industrial Estates Ltd is a state corporation that was established in 1967 to champion the development of micro, small and medium-sized enterprises (MSMEs) throughout the country with specific focus on clustering of industries, rural industrialization and value addition to locally available raw materials. A micro enterprise is a business with a sales turnover of less than KSh 500,000 a year or that has one to nine people working in it. A small enterprise is a business that has sales of between KSh 500,000 and KSh 5,000,000 in a year, or has 10 to 50 people working it. A medium-sized enterprise has sales of between KSh 5,000,000 and KSh 10,000,000 and has 51 to 99 people working in it.

The parastatal provides serviced workspace through construction of industrial estates/incubators in fast-growing business centres. As part of its incubation package, Kenya Industrial Estates Ltd has constructed sheds in various parts of the country, which it lets to budding industrialists. With devolution, the parastatal is partnering with county governments to provide more opportunities. Apart from flexible and affordable workspace, the enterprises within the incubators are able to access financial support for machinery, equipment and working capital, shared utility services, management and technical assistance, including skills upgrading, marketing, accounting, legal, secretarial services, Internet and networking. The list of the available workspaces can be found at the Kenya Industrial Estates offices. See annex VIII for the procedure to apply for workspace/sheds at Kenya Industrial Estates.
1.1.7 Risk analysis of investing in Kenya

Kenya has great strengths and advantages as an investment location, something that has always attracted investors both locally and internationally. The World Bank Ease of Doing Business 2018 ranked Kenya as the 3rd most improved country in Sub-Saharan Africa. The country also ranked 80 out of 190 countries, moving up by 12 slots from the previous ranking. However, the country’s investment sector faces certain challenges that hinder investments. These include the following.

POLITICAL RISKS

Kenya has a vibrant democracy where elections are held every five years. There is evidence that Kenyan elections in the last 10 years have not had an adverse effect on economic growth performance.

Kenya provides the following guarantees to local and foreign investors.

a) Guarantee against expropriation

The Kenyan Constitution 2010 provides for a guarantee against expropriation of private property except for security reasons or public interest, upon which fair and prompt compensation is guaranteed.

b) Repatriation of capital and profits

The Foreign Investment Protection Act (FIPA) (Cap. 518). Provides for repatriation of capital, dividends, capital and other legitimate remittance of income derived from operations in Kenya. This is upon proof of payment of taxes derived from such operations.

c) Other guarantees

Kenya is a member of the World Bank-affiliated Multilateral Investment Guarantee Agency (MIGA), which issues guarantees against non-commercial risks to enterprises that invest in signatory countries.

Kenya is also a member of the International Centre for Settlement of Investment Disputes (ICSID): https://icsid.worldbank.org.

ECONOMIC RISK

Kenya is one of the largest economies in Southern and Eastern Africa and is highly reliant on agriculture and tourism. However, the country continues to experience challenges that affect production, including the following.

1) Corruption

The 2016 Corruption Perceptions Index released by the global anti-corruption watchdog, Transparency International, ranked Kenya 145 out of 176 countries. However, the government has put up mechanisms for tackling corruption, including strengthening the Ethics and Anti Corruption commission, the office of Director of public prosecution, the establishment of Huduma centers throughout the country to ensure efficient provision of public services. The constitution 2010 established the office of ombudsman and automation of Government services through the e-citizen.
2) Availability/costs of energy

Kenya has invested heavily in generation, evacuation, distribution and supply of quality power. The country has also diversified the sources of energy moving from hydro to other renewable sources such as geothermal, solar and wind power. Currently, power supply exceeds the demand for power providing opportunities for investment in high power dependent projects. Kenya produces 2600MW against a demand of 2300MW. To mitigate against power outages resulting from frequent droughts, power generation energy sources have been diversified. Dependence on Hydro power generated sources has reduced. This has made power supply to manufacturer and other consumer reliable. Thermal power generation has therefore become unnecessary reducing further the cost of power. In addition, the government is committed to reducing the cost of energy. Over the next five years, commencing January 2018, the power tariffs charged to manufacturing companies will be reduced by 50% between the hours of 22.00 and 6.00 in line with the government’s commitment to a 24-hour economy policy (President Uhuru Kenyatta). Vision 2030 puts energy as one of the key enablers to rapid and sustainable growth.

SYSTEM RISK

1) Inflation

Kenya has maintained macro economics stability over the years, however instances of double digit inflation has occasionally been observed over the last years. The cost mainly being drought occurrences resulting to low food production against demand. Steadily prices increase causing inflation. This has occasioned the need for importation of food from other markets. Drought also affects earnings from agricultural products especially horticulture, tea and coffee.

The high economic growth realized in the last decade has occasioned increased imports to facilitate infrastructure development, fuel and other input of production. This has increased import export ratio of 3:1. Without increased exports earning, this has resulted in depreciation against hard currencies.

The recent capping of interest rate has reduced cost of capital for investment. The Kenyan tax regime has remained stable and predictable. The Kenyan government has twice floated euro bonds in the international markets to finance development and cushion against Kenya shilling devaluation, ensure adequate foreign exchange reserves and maintain a good balance of payment position.

2) Insecurity

Security is another major concern. Peace and stability encourages investors, but, in the recent years, investors in Kenya have been faced with insecurity. Major efforts have, however, been made to tackle crime in Kenya, which is paying off. This includes the installation of a national secure communication network and surveillance system for the National Police Service (NPS) in Nairobi and Mombasa, and the introduction of a ‘roadmap toolkit’ to guide the training of police officers, procurement of additional armoured vehicles and transport trucks to enhance the police’s capacity to respond to emerging security threats and improve police mobility (KNBS Economic Survey 2017).

Kenya also borders Somalia, which has had major insecurity and instability, making the cost of shipping very expensive due to high insurance costs.
## 1.1.8 SWOT analysis of investing in Kenya

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Modern infrastructure</td>
<td>1. Political instability, especially during electioneering period;</td>
</tr>
<tr>
<td>• Good road networks;</td>
<td>2. Corruption.</td>
</tr>
<tr>
<td>• Standard gauge railway from Port of Mombasa to Nairobi;</td>
<td></td>
</tr>
<tr>
<td>• Fibre optics for Internet connectivity. Kenya ranked 6th most 'Internet-ready' country in Africa (2015) (INSEAD, French business school);</td>
<td></td>
</tr>
<tr>
<td>• International airport, JKIA, which connects Kenya to the markets/world.</td>
<td></td>
</tr>
<tr>
<td>2. Labour force that is skilled, innovative and creative. United Nations Global Innovation Index 2017 ranked Kenya as the 3rd most innovative country in Sub-Saharan Africa.</td>
<td></td>
</tr>
<tr>
<td>3. Strategic geographical location. Port of Mombasa connects Kenya to EAC markets and the surrounding countries. JKIA also connects Kenya to the world.</td>
<td></td>
</tr>
<tr>
<td>4. Wide market access through the preferential trade agreements Kenya has signed, giving access to 14 billion people.</td>
<td></td>
</tr>
<tr>
<td>5. Favourable investment climate and policies.</td>
<td></td>
</tr>
<tr>
<td>• Companies 2015 allows for a sole director company and a foreigner can register a fully owned entity without local shareholding;</td>
<td></td>
</tr>
<tr>
<td>• Automation of government services and licences. An eCitizen portal;</td>
<td></td>
</tr>
<tr>
<td>• E-regulations portal;</td>
<td></td>
</tr>
<tr>
<td>• Kenya Electronic Foreign Nationals Services (eFNS) portal for work permit application;</td>
<td></td>
</tr>
<tr>
<td>• One-stop shop for investment facilitation in KenInvest;</td>
<td></td>
</tr>
<tr>
<td>• Huduma centres that also act as one-stop shops for government services;</td>
<td></td>
</tr>
<tr>
<td>• E-government payment gateways;</td>
<td></td>
</tr>
<tr>
<td>• Kenya Revenue Authority (KRA) Simba system for clearance of goods;</td>
<td></td>
</tr>
<tr>
<td>• Single-window system for importation and exportation;</td>
<td></td>
</tr>
<tr>
<td>• KenInvest One Stop Centre.</td>
<td></td>
</tr>
<tr>
<td>6. Guarantees to investors and investment incentives:</td>
<td></td>
</tr>
<tr>
<td>• Guarantee against expropriation;</td>
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<td>• Repatriation of capital and profits;</td>
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<tr>
<td>• Kenya is a member of the World Bank-affiliated Multilateral Investment Guarantee Agency (MIGA), which issues guarantees against non-commercial risks to enterprises that invest in signatory countries;</td>
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<tr>
<td>• Kenya is also a member of the International Centre for Settlement of Investment Disputes (ICSID): <a href="https://icsid.worldbank.org">https://icsid.worldbank.org</a>.</td>
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<tr>
<td>7. Favourable climatic conditions.</td>
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<td>8. Availability of investment incentives.</td>
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<tr>
<td>9. Strong, independent judicial system dedicated to administering justice and hearing and determining corruption and economic crimes.</td>
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<tr>
<td>10. Global rankings</td>
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<tr>
<td>• Ranked 3rd most improved country in Ease of Doing Business 2016 and 2017; improvement by 56 ranks in three years (World Bank).</td>
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<tr>
<td>• Ranked 1st in Brookings financial inclusion 2015, 2016 and 2017 (Brookings).</td>
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<tr>
<td>• Kenya’s growth rate was ranked 3rd globally in (2015) (Bloomberg).</td>
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<tr>
<td>• Second most attractive FDI destination in Africa after Morocco (2016) (Ernst and Young Global Limited).</td>
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<tr>
<td>• Ranked among the seven most promising global investment destinations with good governance structures (2015) (Fortune Magazine).</td>
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## OPPORTUNITIES

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
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<tbody>
<tr>
<td>1. Wide access to markets.</td>
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<tr>
<td>2. Easy access to skilled labour.</td>
</tr>
<tr>
<td>3. Investment zones and industrial parks: special economic zones and export processing zones in which investors can invest.</td>
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<tr>
<td>4. Opportunities in various sectors.</td>
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<tr>
<td>5. Easy access to factors of production, e.g.:</td>
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<tr>
<td>▪ Water connection</td>
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<td>▪ Power connection</td>
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<td>▪ Leasing of land</td>
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## THREATS

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<th>THREATS</th>
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<td>Insecurity leading to high cost of insurance.</td>
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</table>
“If you are going to do business in Africa, Kenya is almost a requirement.”
– Mr. Stephen Hayes, Former CCA President

“Kenya has emerged as one of Africa’s frontier economies.”
– Ms. C. Lagarde, IMF MD

“I have been everywhere and Kenya is my favourite place.”
– Mr. Richard Branson Virgin, Atlantic CEO

“Kenya, which is the gateway to East Africa, continues to grow and expand with positive demographics.”
– Mark Vorsatz, Anderson Tax LLC CEO
MODULE 2: OPPORTUNITIES IN AGROPROCESSING AND LIGHT MANUFACTURING

Agroprocessing and light manufacturing is a lucrative business venture in Kenya. There is a guaranteed source of raw materials, affordable labour and unexploited local, regional and international markets for the products. The opportunities include the following.

GENERAL OPPORTUNITIES

a) Value-addition opportunities for manufacturing and production with value proposition on setting up processing facilities for sunflower oils, among other products, for the regional market. The potential size of the market in the EAC region is 150 million people with $100 billion market value.

b) Processing of white unrefined sugar. Kenya imports this sugar. It would be a great area of investment, since this product is a critical input in the pharmaceuticals, food and beverage industries. The potential size of the market in the EAC region is 150 million people with $100 billion market value.

c) Processing of fruit concentrates. Kenya processes mango and pineapple concentrates and the rest are imported.

d) Establishment of vegetable oil processing industries in Kenya. Potential markets are in EAC and COMESA.

e) Establishment of beef processing units in major livestock production regions such as the Rift Valley and North Eastern Province. Game meat (e.g. ostrich farming and crocodile farming) is a new investment area that has proved profitable so far. There is also investment potential in deep-sea fishing (for prawns, lobsters and tuna, etc.), prawn farming, fish filleting and fish farming.

f) Value addition in pyrethrum and other plants: Kenya produces a lot of pyrethrum, which is exported in a semi-processed form or as dried flowers, which fetch little money in the world market. Opportunities exist in processing the plant into a final product.

g) There are opportunities for manufacturing of insecticides and fungicides using some imported ingredients mixed with locally available filler materials such as soapstone, limestone and clay for local and export markets.

h) Manufacturing of construction materials, agricultural machinery and equipment, plastic and packaging, leather goods, pharmaceuticals and animal feeds.

Agriculture machinery and equipment: There are opportunities to manufacture tractors locally, with more than 3,000 tractor units required for government projects over the next few years and a minimum average of 1,760 tractors to be replaced annually by commercial farmers.

Pharmaceuticals: While there are estimated 50 pharmaceutical manufacturers in Kenya, most of them do not meet the World Health Organization’s good manufacturing practices, excluding them from international donor-funded procurements. A joint venture with these local producers will allow them to tap into this market.

Leather industry: A large potential market for leather goods exists within the COMESA countries. There are two options of investments in this industry: one option is where the investment is in a central collection point for all hides and skins or establishment of tanneries to absorb the current amount of hides and skins that go to waste. A huge potential lies in putting to use the hides and skins that currently go to waste (Ministry of Industry, Trade and Cooperatives). In addition, there is potential for investment in manufacture of high-quality footwear and other leather products for the American market under the AGOA facility, and EU under the Cotonou Agreement. Penetration of EU markets would be easy for footwear and leather products, since the rules of origin emphasize on wholly obtained materials.

SPECIFIC OPPORTUNITIES

a) Tana Delta Irrigation Sugar Project – joint venture – project promoter: Tana & Athi Rivers Development Authority (TARDA).

b) Establishment of fruit processing plant in Baringo County – joint venture – project promoter: County Government of Baringo.

c) Fruit processing and production in Siaya County – project cost: $10 million – project promoter: Siaya County.


h) Honey aggregation, processing and packaging and establishment of a mini tannery in Meru County: https://investmeru.co.ke/agriculture/.

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MODULE 3: KEY PLAYERS IN THE AGROPROCESSING AND MANUFACTURING INDUSTRY

The key actors in Kenya’s manufacturing industry include:

I. Ministry of Industry, Trade and Cooperatives (MITC)
MITC’s mandate is to promote industrialization and enterprise development. The ministry aims to create an enabling environment for a globally competitive and sustainable industrial, enterprise and cooperative sector through an appropriate policy, legal and regulatory framework. It strongly leads the industrialization agenda with a focus on textiles, leather and agroprocessing.

II. The Micro and Small Enterprise Authority (MSEA)
This is a state corporation whose mandate is to formulate and coordinate policies that facilitate the integration and harmonization of various public and private sector initiatives, for the promotion, development and regulation of micro and small enterprises to become key industries. MSEA’s mission is to promote development of competitive and sustainable micro and small enterprises in Kenya. It seeks to:
- Create a conducive working environment for MSEs;
- Enhance MSEs’ access to markets;
- Enhance entrepreneurial and technical skills in the MSE sector;
- Develop and promote gender participation and inclusion of vulnerable groups;
- Establish and implement legal, regulatory and operational mechanisms for the MSE sector;
- Enhance coordination of sector players and facilitate integration of programmes and activities relating to MSEs.

III. Kenya Industrial Research and Development Institute (KIRDI)
Kenya Industrial Research and Development Institute (KIRDI) is a national research institution that undertakes multidisciplinary research and development in industrial and allied technologies, including:
- Mechanical engineering
- Energy and power resources
- Leather technologies
- Textile technology
- Industrial chemistry environment
- Chemical engineering
- Electrical engineering
- Food technology
- Ceramics and clay technologies
- Information communication and technology (ICT)
- Mining

The institution runs an incubation programme in which start-ups are housed within the organization for a maximum period of six months. Investors interested in using the institution’s incubation services can visit the institution’s offices for more information.

IV. Kenya Investment Authority
Kenya Investment Authority is an investment promotion agency tasked with investment facilitation and promotion. It has set up a one-stop centre (OSC) where investors can submit applications for facilitation. The OSC helps investors to get the necessary permits for setting up their businesses in Kenya. It houses officials from the following institutions:
- Kenya Revenue Authority
- Office of the Registrar of Companies to assist in business/company registration
- National Social Security Fund
- Department of Immigration to facilitate work permits, passes and visas
- Nairobi County government
- National Environmental Management Authority
- Kenya Power and Lighting Company Limited, and among others.

The OSC has been set up to help reduce bureaucracy in the issuance of the necessary permits for setting up a business in Kenya and enhance ease of doing business. Investors who wish to get facilitation are first required to register with the authority as investors. In order to be registered as an investor, one has to prove that one is going to invest at least $100,000 or the equivalent currency. The proof can be in the form of a bank statement from a Kenyan bank. Upon successful registration, the authority will then proceed to facilitate issuance of the requested licences for free. See annex II for the procedure to register as an investor.
V. Kenya Industrial Property Institute (KIPI)
Kenya Industrial Property Institute is a parastatal whose mandate is to administer industrial property rights, provide technological information to the public, promote inventiveness and innovativeness in Kenya and provide training on industrial property.

VI. Kenya Bureau of Standards (KEBS)
Kenya Bureau of Standards is mandated to develop and enforce standards. Manufactured products have to comply with the set standards.

VII. Export Processing Zones Authority (EPZA)
The Export Processing Zones Authority manages the export processing zones and is responsible for attracting and retaining export-oriented investments in the zones. It issues licences for companies involved in export-oriented business activities in manufacturing or processing.

VIII. Export Promotion Council (EPC)
The Export Promotion Council promotes Kenyan exports and provides information on potential market opportunities.

IX. Kenya Ports Authority
Kenya Ports Authority is mandated to manage and operate the Port of Mombasa and all scheduled seaports along Kenya’s coastline. It informs on the entry and exit of goods in Kenya.

X. Kenya Revenue Authority
The Authority is responsible for collection of revenue for the government.

XI. Pest Control Products Board
This board aims to provide an efficient and effective regulatory service for the importation, exportation, manufacture, distribution, transportation, sale, disposal and safe use of pest control products.

XII. Kenya Agribusiness and Agroindustry Alliance (KAAA)
Kenya Agribusiness and Agroindustry Alliance (KAAA) is an agroprocessing business membership organization (BMO) that promotes productivity and enhances competitiveness across different agricultural product value chains in the country. The alliance contributes to the development and sustaining of close collaboration between the public and private sector stakeholders in the Kenyan agribusiness sector. The alliance has partnered with the Ministry of Trade, Industry and Cooperatives to lead the agroprocessing component of the Kenya Industrial Transformation Programme (KITP). The programme seeks to guide Kenya in its industrialization journey in line with Vision 2030, Kenya’s economic development blueprint.

XIII. Kenya Leather Development Council
This institution advises the government on matters pertaining to processing of and trade in hides, skins, leather and leather goods. It also equips potential investors with relevant information to warrant productive ventures in the leather and leather goods sector (http://www.leathercouncil.go.ke/).

XIV. African Cotton and Textile Industries Federation
This is a regional federation that aims to promote trade and increase market for the cotton, textile and apparel industry in Africa. It addresses policy issues that have an impact on regional and international trade, promotes knowledge transfer and new investment and technology upgrades, and provides trade linkages. It has an office in Nairobi: http://www.actifafrika.com/contacts.php.

XV. Private sector associations
Empowered by a new constitution and administration in 2010, the national and county governments are approaching the private sector as a central partner in the development and growth of the Kenyan economy. Touted as one of the most dynamic in the world, Kenya’s private sectors have been key in voicing private sector concerns and advocating for the improvement of the investment climate (World Bank). Some of the main players include Kenya Private Sector Alliance (KEPSA), Federation of Kenya Employers (FKE), Kenya National Chamber of Commerce and Industry (KNCCI) and the Kenya Association of Manufacturers (KAM).

XVI. Kenya Association of Manufacturers (KAM)
This is the representative organization for manufacturing value-added industries in Kenya. The association provides links for cooperation, dialogue and understanding with the government by representing the views and concerns of its members. In order to promote trade and investment, the association provides direct technical assistance, capacity building programmes, networking and mentorship, industry insights and analysis, and trade and export development services to its members. The association’s membership consists of 40% manufacturing value-added industries in Kenya and comprises small, medium and large enterprises.

XVII. Kenya Private Sector Alliance (KEPSA)
KEPSA is a key player in championing the interests of the Kenyan business community in trade, investment and industrial relations. The alliance’s mission is to ensure an improvement of the business environment in Kenya. KEPSA brings together the business community in a single voice to engage and influence public policy for an enabling business environment.

XVIII. Kenya National Chamber of Commerce
This is a trade support institution that promotes, coordinates and protects commercial and industrial interests of the Kenyan business community. Its membership constitutes micro, small and medium-sized enterprises.
MODULE 4: INVESTING IN THE AGROPROCESSING AND LIGHT MANUFACTURING SECTORS

An investor wishing to invest in the agroprocessing and light manufacturing sector in Kenya will be required to follow the procedures below.

**Starting a business in Kenya**
- Investor registration for facilitation through the Kenya Investment Authority
- Alien card
- Work permits, Special pass, Investment certificate
- PIN/VAT

1. An investor can open a bank account as soon as they get the foreign taxpayer registration (company PIN).
2. If an investor chooses to operate in an Export processing zone, they won’t be required to obtain the County government business permit.
3. If any investor chooses to buy land inorder to construct premises, the business permit will be acquired once the premises have been fully constructed and certified for occupation by the county government.
1.4.1 Starting a business in Kenya

Kenya has made great strides in the ease of doing business. The World Bank Report 2018 posits that Kenya improved by 2.67% in registration of businesses. This was mainly attributable to the automation of the business registration process through the eCitizen portal.

The main forms of business in Kenya include:

1) Companies
2) Limited liability partnerships
3) Sole proprietorships and partnerships.

The main vehicles utilized by investors are limited liability companies, which can be incorporated either as private companies or as public companies. Companies, whether private or public, are preferred, because they are legal entities different from the shareholders that can be sued on their own names. Taxation is also made at the entity level, unlike partnerships or sole proprietorships, where the taxation is made at the individual level. The resignation of a shareholder also does not affect the running of the company.

A private company restricts its members’ rights to transfer shares and prohibits invitation of the public to subscribe for shares or a debenture of the company. Its membership is also limited to 50 members. A public company, on the other hand, allows its members (through its articles) the right to transfer their shares in the company. There is also no prohibition on invitation to the public to subscribe for shares or debenture of the company.

The limited liability can be either a local company (Kenyan) or a foreign company. A foreign company is a company that has been incorporated outside Kenya. The Companies Act 2015 allows investors to incorporate a sole director company and register a fully owned local company without having any Kenyan shareholders. Local companies are easier to incorporate and enjoy 30% corporate tax, while foreign companies attract 37.5% corporate tax.

Through the eCitizen portal, investors can register and obtain the company certificate online. This takes 5–10 working days if all requirements are met. Registration costs of a local company are KSh 10,650, while for foreign company it is KSh 8650.

Companies with a paid-up capital of more than KSh 5,000,000 or public companies are required to have a company secretary. The company secretary is required to have a practicing certificate issued by the Institute of Certified Secretaries of Kenya (ICSPK). Investors can access the list of practising company secretaries from the Institute of Certified Secretaries of Kenya’s website (http://members.icpsk.com/index.php?q=directory&alpha) and contact them directly for their services.

See annex I for the procedure to start a local company and a foreign company.

Once the company has been incorporated, the investor will be required to obtain a foreign national taxpayer registration (company PIN), apply for employer registration with the National Hospital Insurance Fund and National Social Security Fund, apply for work permit (including special pass and/or foreign national certificate/alien card to manage time limitations), and obtain Investment certificate.

CAPITAL CONTRIBUTION

The Statement of Nominal Capital form (see annex I) indicates the company’s authorized capital. Shares can be issued at par (the nominal value of the shares) or at a premium. A company cannot decrease its capital or issue shares at a discount without the sanction of the court. The authorized capital can be increased by an ordinary resolution of members in a general meeting. A Statement of Increase of Nominal Capital has to be submitted to a Huduma centre or the Lands Office for stamping within 30 days of the date of passing of the resolution. The rate of stamp duty payable is 1% of the amount by which the capital is increased. The stamped Statement of Increase of Nominal Capital has to be filed with the Registrar of Companies.

JOINT VENTURE WITH A NATURAL PERSON OR GOVERNMENT

A joint venture (JV) is a commercial collaboration in which two or more distinct parties agree to develop a new entity and new assets by contributing equity towards a mutual goal for a fixed or indefinite duration. The profits resulting from the joint venture are then apportioned according to the value of their respective contributions.

STRUCTURE OF THE JOINT VENTURE

The structure of a joint venture depends on the strategic, fiscal or commercial advantages from which the parties seek to benefit. Foreign investors are advised to incorporate a company. Once the company has been incorporated, the parties should contract an advocate to draft them a joint venture agreement to have their interests safeguarded.
1.4.2 Foreign taxpayer registration (PIN and VAT registration)
Kenya Revenue Authority (KRA) issues the personal identification number (PIN) to citizens and investors to enable them to make transactions such as opening accounts with financial institutions and investment banks, importation of goods and customs clearing and forwarding, registration of titles, stamping of documents and paying of taxes. The Kenya Revenue Authority requires foreign investors to have an investor’s permit (from the Department of Immigration), a foreign national certificate or an endorsement letter. KenInvest facilitates investors in obtaining the foreign taxpayer registration through issuance of an endorsement letter. See annex III for the procedure to obtain a foreign taxpayer registration through the Kenya Investment Authority.

1.4.3 Employer registration with the National Hospital Insurance Fund and National Social Security Fund

NATIONAL SOCIAL SECURITY FUND
The National Social Security Fund (NSSF) is the statutory retirement benefits scheme and provides retirement benefits for employees in the formal and informal sectors. It registers members, receives contributions, manages funds, processes and ultimately pays out benefits to eligible members or dependents. Employers are required to register with the fund.

NATIONAL HOSPITAL INSURANCE FUND
The National Hospital Insurance Fund (NHIF) provides limited in-patient medical insurance cover at accredited health facilities to eligible members from both the formal and informal sectors. There is a mandatory requirement for employers to register with this fund in Kenya.
See Annex XIV for the procedure of employer registration with NHIF and NSSF.

1.4.4 Work permits
Foreign nationals require authorisation from the Department of Immigration Services to be present in and work in Kenya. The Department of Immigration Services has partially automated application of work permits through the electronic Foreign Nationals Services portal (eFNS). Investors are able to apply and pay for the processing fees online, then submit the application to the Department of Immigration Services for processing.

Under Kenya’s laws, the work permits applicable to the agroprocessing and light manufacturing sector are as follows.

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<thead>
<tr>
<th>CLASS</th>
<th>ACTIVITIES</th>
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<tbody>
<tr>
<td>Class F</td>
<td>Specific manufacturing (for the shareholders and directors of the company).</td>
</tr>
<tr>
<td>Class D</td>
<td>For employees. This permit will only be applicable if the companies in the industry will be employing foreign nationals who are in possession of skills or qualifications that are not available in Kenya.</td>
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See annex XV for the procedure, cost and requirements to obtain a work permit. Class F specific procedures and requirements are included in Annex XVI and Class D specifics are in Annex XVII.

1.4.5 Special pass
Since work permits take time (three to four months) before they can be processed, an investor can apply for a special pass to commence operations in Kenya. A special pass is issued to foreign nationals who wish to enter Kenya or remain in Kenya for:
1) Applying for a permit or pass;
2) Temporarily conducting business, trade or profession in Kenya initially for a period of three months with the possibility of reapplying for the special pass for a further three months.

The applicable procedure and requirements for this pass are contained in annex XV.
1.4.6 Foreign national certificate/alien card

Since the entry permit would not allow the holder to remain in Kenya for more than three months, it is mandatory that the holder of a permit obtain an alien certificate, which is similar to the national identification card issued to Kenyan citizens. The card identifies the holder of a permit as an alien, and bears the holder’s physical address. However, an alien card does not entitle the holder to conduct business for which purpose a special pass or work permit is required. See annex XV for the procedure to obtain an alien card.

1.4.7 Investment certificate

Kenya Investment Authority issues an investment certificate to investors for free. The certificate is issued upon request by a registered investor who has a proof of investment of at least $100,000 either through money already in a Kenyan bank or assets purchased (whether locally or imported) towards initiating the project. Before the certificate can be issued, the Authority will inspect the premises to ensure that the housing use of the registered premises is consistent with the enterprise's operation activities. A holder of an investment certificate is entitled to entry (work) permits for members of the holder’s management or technical staff and fellow owners (or shareholders or partners). Kenya Investment Authority is mandated to facilitate the issuance of those permits.

The holder of a certificate benefits from the initial issuance of any additional licence required for their operations except for health, security (if the investor will be dealing with armoury, armoured vehicles or any activities that touch on security) and environmental certificates for a maximum period of one year. Until the licences are actually issued by their issuing authorities and for a maximum period of 12 months after the issuance of the certificate, the licences are deemed to have been issued by virtue of the certificate, subject to the submission of appropriate applications and fees. This entitlement is only for the initial issue of licences, after which the laws under which they are normally issued apply as usual. See annex II for the procedures to obtain the investment certificate and annex XX for the procedure for import of machinery in Kenya.

1.4.8 Land procedures

Land in Kenya is categorized as:

a) Public land
b) Private land
c) Community land.

Public land is held by county governments and national governments and administered by the National Land Commission. Community land is held by communities. Private land is held by legal persons (whether a company or an individual) either by leasehold tenure or freehold tenure. Under the laws of Kenya, non-citizens can only hold land on a leasehold basis, and the lease should not exceed 99 years. Foreign companies can buy land in Kenya.

However, the company is required to be legally registered and issued with a company personal identification number by the Kenya Revenue Authority. Any transactions on the parcel of land are required to be registered. The Ministry of Lands is responsible for registration of interests in land. See annex VI for the procedure to buy land in Kenya.

1.4.9 Obtaining work place in Kenya Industrial Estates

Kenya Industrial Estates Ltd provides serviced workspace through construction of industrial estates/incubators in fast-growing business centers. The parastatal has constructed sheds in various parts of the country, which it lets to budding industrialists. The investors are able to access flexible and affordable workspace, financial support for machinery, equipment and working capital, shared utility services, management and technical assistance, including skills upgrading, marketing, accounting, legal, secretarial services, and Internet and networking. See annex VIII for the procedure to apply for workspace/sheds at Kenya Industrial Estates.
1.4.10 Construction permits

Constructions permits are issued by the county governments. They act as permits to erect structures in certain areas and ensure that it conforms to the physical planning and building code. The county governments charge different fees for the construction permit. The investor will be required to procure the services of an architect and a structural engineer. An updated list of professionals can be found on these websites: http://portal.iekenya.org/ and https://boraqs.or.ke/members/. See annex VII for the procedure to obtain a construction permit in Nairobi County.

1.4.11 Investing in the export promotion zones

The Export promotion zones offer an attractive package for investors wishing to invest there. Apart from enjoying the incentives listed in section 1.1.5, investors are also able to access work spaces and utilities (electricity, water). Investors wishing to engage in developer/operator activities, Manufacturing and Commercial activities can invest in the zones. See annex XVIII for the procedure to invest in the export processing zones and http://www.epzakenya.com/index.php/licensed-epz-firms.html for a list of all gazetted EPZs.

1.4.12 Opening a bank account in Kenya

Foreign investors wishing to invest in Kenya are allowed to open bank accounts, which can be either in foreign or Kenyan currency. A foreign currency account is availed upon request by the applicant and helps cushion the customer from currency fluctuations. Under the Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2010), banks are required to vet their customers before opening of the bank account. This entails doing due diligence on the following:

a) The customer’s identity;

b) The identity of the beneficial owner;

c) Purpose and nature of the business relationship; and

d) Business relationship and transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the bank’s knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.

Once satisfied, the bank will proceed to open the account. Through this account, the account holder will be able to make financial transactions and even access loans and mortgage plans.

Kenya repealed the exchange control laws in 1995 and has moved to a fully market-determined exchange rate system. The management of the foreign exchange was delegated to foreign exchange dealers (banks and foreign exchange bureaus). Authorized banks are licenced to buy, sell, borrow or lend in foreign currency or transact any other business involving foreign currency. They are also free to facilitate payments between Kenyan residents and non-residents and engage in spot money market and derivative foreign exchange deals. Forex bureaus, on the other hand, are allowed to engage in buying and selling foreign currency cash, and buying travellers’ cheques, personal cheques, bankers’ drafts and bank transfers. They may also sell travellers cheques upon prior approval from the Central Bank of Kenya (https://www.centralkbank.go.ke). Generally, the Forex Bureau is only allowed to engage in spot foreign exchange transactions.

The Kenya Bankers Association has developed a portal where investors are able to calculate the cost of credit from the banks. This enables investors to compare the different lending rates from the bank and make an informed decision on which bank they should approach for a credit facility. See: http://www.costofcredit.co.ke/.

See annex IV for the procedure to open a bank account in Kenya.

1.4.13 Business permits

Business permits are permits issued by the county governments to allow one to trade in the county. The procedure to obtain a business permit across the counties is similar, though different fees will be charged for the business permit. The amount to be paid also varies according to the activity the investor will be carrying out and the number of employees. Investors are required to have business premises before they can obtain the business permit. See annex V for the procedure to obtain a business permit in Nairobi County.
1.4.14 Clearance certificate for fire prevention inspection

Investors in agroprocessing and light manufacturing will also need to have a fire clearance certificate. The clearance helps regulate and ensure fire safety and prevention. It is valid for one year. The licence is issued by the relevant county government in which the business activity will take place. See annex V for the procedure to obtain the unified business permit, which is inclusive of the fire clearance certificate, and annex XXIII for a list of county governments and their websites in Kenya.

1.4.15 Food hygiene licence

If the agroprocessing activity will involve handling of consumables, the investor will also be required to obtain a food hygiene licence and the workers will be required to obtain a food handler’s medical certificate.

These certificates are issued by the county governments where the business activity will take place. For Nairobi County, the investor need not apply for a separate food hygiene licence, since it will be covered under the unified business permit as discussed in paragraph 1.3.13. See Annex V for the procedure to obtain the unified business permit, which is inclusive of the food hygiene licence, and annex XI for the procedure to obtain the food hygiene licence.

1.4.16 Environmental Impact Assessment (EIA) Licence

An environmental impact assessment is a critical examination of impacts a project will have on the environment and measures to mitigate the negative effects while maximizing the positive ones. Investors wishing to invest in the agroprocessing and light manufacturing industry are required to obtain an Environmental Impact Assessment Licence from the National Environment Management Authority (NEMA). They will be required to contract an environmental impact assessment expert who will draw the EIA report, then submit it to the authority for approval. A list of licenced experts is available on the NEMA website (https://www.nema.go.ke/). See annex XII for procedure to obtain the EIA licence.

1.4.17 Effluent discharge licence

In addition to the Environmental Impact Assessment Licence, NEMA also requires that any operator of an industrial undertaking and operators of sewage systems acquire an effluent discharge licence. This licence will be acquired once the factory is in place, but before commencement of production. Application for the effluent discharge licence is made at the National Environmental Management Authority’s offices. See annex XIII for the procedure to obtain an effluent discharge licence.

1.4.18 Licence to manufacture or import excisable goods

All manufacturers and importers of excisable goods are required to obtain excisable goods licences. Excisable goods include fruit juices, wines and spirits, beer, cosmetics, plastic shopping bags and bottled water, among others. Investors involved in fruit processing are required to obtain this licence. The licence is issued by the Kenya Revenue Authority. See annex XIX for the procedure to obtain this licence.

1.4.19 Power connection

Kenya Power and Lighting Company (KPLC) is responsible for the distribution and retail of electricity in Kenya. The company buys electricity in bulk from all generating companies and retails it to customers. Investors in need of a power connection submit their application to Kenya Power and Lighting Company for processing. See annex IX for the procedure to obtain a power connection.

1.4.20 Water connection

Application for a water connection is made to Nairobi City Water and Sewerage Company, which is a ISO9001-certified institution that provides water and sewerage services to Nairobi residents. See annex X for the procedure to obtain a water connection.
ANNEX I: STARTING A BUSINESS

1. Registering a foreign company in Kenya

The Companies Act under Section 995 provides for registration of foreign companies. A foreign company is a company that has been incorporated outside Kenya. Registration is done online through the eCitizen portal.

REGISTRATION PROCEDURE

1) Register with the eCitizen portal and conduct a name search. The name search costs KSh 150 and takes three hours to one day. The name is reserved for 30 days.

2) Apply and pay for foreign company registration. The applicant will be required to fill in the eCitizen online forms and then download them for the directors to sign, then scan them back into the system.

REQUIREMENTS

a) Certified certificate of incorporation – duly certified by a notary public from the county of origin;

b) Certified memorandum and articles of association – duly certified by a notary public from the county of origin;

c) Passport – for each foreign director and the local representative if foreign;

d) Passport photo – for each foreign director and the authorized local representative.

For local representative if Kenyan:

a) PIN certificate;

b) Identity card.

The foreign company is required to have a local representative in Kenya, which can be either a Kenyan or a resident foreigner. Certified professionals capable of acting as local representatives such as lawyers and accountants are available and the investor can contact them directly via the associations’ websites: http://online.lsk.or.ke/ for lawyers or https://www.icpak.com/cpa-directory/ for certified public accountants firms.

The cost of registration of the foreign company is KSh 8,650.

Next, the certificate of compliance must be obtained. Upon uploading the eCitizen-generated forms and the above-listed requirements, the applicant will be issued with the certificate of registration and the list of shareholders (CR12) after three to five days.
2. Local company registration procedure

**REGISTRATION PROCEDURE**

1) **Register with the eCitizen portal using their account or the agent's account (lawyer or secretary):**
   www.ecitizen.go.ke (business registration service).

2) **Conduct a name search:** The proposed name must be searched and reserved online through eCitizen. Names can only be reserved for 30 days with the prescribed fee of KSh 150. Name reservation takes three hours to one day.

3) **Apply and pay for company registration.** The applicant will be required to pay KSh 10,650 for the company registration, then fill in the eCitizen online forms and download them for signing, and then upload them back into the system. These forms include:
   a. **Form CR1** – Application for registration of a limited company, unlimited company or a company limited by guarantee.
   b. **Form CR2** – Memorandum for a company with a share capital or Form CR3 – memorandum for a company limited by guarantee.
   c. **Form CR8** – Notice of residential address of the directors and company secretary if the company has a nominal capital of KSh 5 million or is a public company. The foreign directors are required to indicate their residential address at the country of origin while Kenyan directors will indicate their Kenyan addresses.
   d. **Statement of nominal capital** – declaration of nominal capital of the company.

4) **Obtain certificate of incorporation and list of shareholders (CR12).**
   **Cost:** KSh 10,650 for the company registration.

**REQUIREMENTS**

a) **Proposed company name for name search approval.**

b) **Objectives of the company.** The nature of business/activities the company shall undertake.

c) **Full names of the shareholders.**

d) **Full names of the directors if different from the shareholders.**

e) **Postal addresses, e-mail addresses and telephone numbers of the shareholders and directors.** The address of the directors can be foreign or Kenyan depending on the residency of the investor.

f) **Number of shares to be held by each shareholder.**

g) **Proposed physical address of the company and the directors.** The physical address includes the road name, the plot number, the town and the county. The proposed physical address must be Kenyan, as foreign investors will be incorporating the company in order to operate in Kenya. If the investor doesn’t have a physical address at the time of incorporating the company, he or she can procure the services of an advocate to help in incorporating the company, then use the advocate’s physical address as the initial address.

h) **Copy of ID or passport biodata page of the shareholders and directors if they are foreigners.**

i) **Passport photos of the shareholders and directors.**
3. Registration procedures for other business entities

Even though registration of the other forms of businesses entities are open to everyone, it is prudent for foreign investors to register a company to enable them to operate smoothly in Kenya. The company’s certificate of incorporation is a mandatory requirement for most of the work permits applications. In addition, the company is considered to be a legal entity capable of suing and being sued on its own names.

BUSINESS NAME REGISTRATION IN KENYA

Business names can take the form of sole proprietorships or partnerships and are registered under the Business Names Act Chapter 499. A business name means a name under which any business is carried on, whether in partnership or otherwise. The registration of business names has been migrated to the eCitizen platform, which allows applicants to make online applications.

REGISTRATION PROCEDURE

1) Conduct a name search
   The proposed business name must be reserved pending registration. The application for reservation of a business name is made online at eCitizen (www.ecitizen.go.ke) and accompanied by the prescribed fee of KSh 150.

2) Apply for business name
   Once a name is searched for and reserved, the applicant(s) should complete the online application form in the eCitizen portal (www.ecitizen.go.ke). The application fee for business name registration is KSh 850.

REQUIREMENTS

- Copy of passport of the proprietor or partners if they are foreigners;
- Passport photo of the proprietor/s; and
- Copy of PIN certificate of the proprietor/s or partner/s.

3) Obtain certificate of registration, also referred to as BN3.

LIMITED LIABILITY PARTNERSHIP

Limited liability partnership is registered under the Limited Liability Partnership Act (LLP), 2011. A limited liability partnership is a body corporate with perpetual succession with a legal personality separate from that of its partners. A partner is not personally liable for the partnership’s obligations other than as a result of a wrongful act or omission by that partner, and partners are not liable for the wrongful act or omission of another partner.

Two or more persons (individuals or body corporates) may form a limited liability partnership by lodging with the Registrar of Companies a statement in the prescribed form. The statement must include the name of the partnership and the general nature of its proposed business, the address of its registered office, the name, nationality and address of each person who will be a partner, and the name, nationality and address of each person who will be a manager of the partnership. The name of the partnership must end with the words ‘limited liability partnership’ or the abbreviation ‘LLP’ or ‘llp’. A limited liability partnership may be governed by a partnership agreement, but, if there is no such agreement or if there is an agreement that does not deal with a particular matter, it will be governed by the provisions set out in the First Schedule to the Act. A limited liability partnership must have at least one manager, who must be resident in Kenya.

REGISTRATION PROCEDURE

Registration of a limited liability partnership is done online through the eCitizen portal (www.ecitizen.go.ke) Business Registration Service.

1) Conduct a name search
2) Apply for limited liability partnership registration

REQUIREMENTS

- Identity document or passport of and place of residence of each person who will be a partner of the partnership; or
- Certificate of incorporation for corporates.

3) Obtain certificate of registration. The certificate is sent online through the eCitizen portal.

Cost: Name search and reservation is KSh150 and registration fee is KSh 25,000.

It takes 1–2 weeks to obtain the certificate of registration of the limited liability partnership.
ANNEX II: INVESTOR REGISTRATION AND OBTAINING INVESTMENT CERTIFICATE

1) Apply to be a registered investor at the Kenya Investment Authority offices.

REQUIREMENTS
a) Investment application form, which is readily available on the KenInvest website (http://www.investment-kenya.com/).
b) Cover letter addressed to the managing director of Kenya Investment Authority indicating the company’s activities.
c) List of shareholders (CR12).
d) Company registration certificate.
e) Articles of association. The company’s articles of association may be determined by the shareholders independently or they may obtain a reference template from the Companies Act 2015, which provides model articles of association.
f) Proof of investment of at least $100,000, which can be either through money already in a Kenyan bank or assets purchased/imported towards initiating the project. In case of a bank statement, it should be in the sole names of the applicants or the company and must show that the amount to be invested by a foreign investor is at least $100,000 or the equivalent in any other currency. See annex XX for the procedure to import machinery in Kenya.

Upon submission of the application to be registered as an investor, KenInvest reviews the application and issues the applicant with an acknowledgment letter within one to two days.

2) Apply for an investment certificate.

REQUIREMENTS
Request letter – the letter should be addressed to the managing director of the Kenya Investment Authority requesting an investment certificate.

3) Inspection of premises.
KenInvest will inspect the premises to ascertain the existence of the project or the company and whether the housing use of the registered premises is consistent with the operation activities of the enterprise. Before the inspection, the authority notifies the investor of the scheduled date of the visit. (The investor can lease premises from the industrial parks or private persons or even buy land. The procedure for acquisition of land and leasing of premises is discussed in annex VI and annex VIII.)

4) Obtain investment certificate. The authority issues the applicant with the certificate after one to two days.
ANNEX III: FOREIGN TAXPAYER REGISTRATION THROUGH KENINVEST

1) Apply for a director’s PIN online at iTax: https://itax.kra.go.ke/KRA-Portal/. Upon completing the online form, the applicant will obtain a KRA acknowledgment receipt. This will take 5–15 minutes.

REQUIREMENTS
Passport number and contact details such as e-mail address and physical address.

2) Apply for investor facilitation and request PIN facilitation at the Kenya Investment Authority’s offices. The authority will assess the application and issue the applicant with an acknowledgment letter.

REQUIREMENTS
a) Investment application form.
b) PIN acknowledgment receipt.
c) Cover letter addressed to the managing director of the Kenya Investment Authority requesting investor registration and foreign taxpayer PIN facilitation.
d) Company/business registration certificate.
e) Memorandum and articles of association.
f) Passport showing biodata and visa page.
g) Proof of investment of at least $100,000, which can be either through money already in a Kenyan bank or assets purchased towards initiating the project. In case of a bank statement, it should be in the sole names of the applicants or the company and must show that the amount to be invested by a foreign investor is at least $100,000 or the equivalent in any other currency. See annex IV for the procedure to open a bank account and links to all the banks in Kenya where one can open a bank account.
h) List of shareholders (CR12).

IN ADDITION, FOR REPRESENTATIVES
a) Agent’s current practising certificate – the agent can be either an advocate or an auditor.
b) Letter of authority – for the designated representative of the branch – signed by the CEO or similar of the foreign company.

3) Obtain endorsement letter. This is issued within one to four days upon the authority vetting the application. The applicant will then collect the endorsement letter form the authority’s offices and submit to KRA for PIN processing.

4) Submit documents for PIN processing at the Nation Income Tax Support Centre.

REQUIREMENTS
a) PIN acknowledgment receipt – non-resident.
b) Passport (original).
c) Endorsement letter (original).

Applicants can be physically present or contract a Kenya Revenue Authority tax agent to submit the application for them. Tax agents are licenced representatives who are authorized to present documents for PIN processing, and even file tax returns for the company. Upon submitting the required documents, applicants will be issued with an individual PIN free of charge, which will allow them to apply for the company PIN.

5) Apply for company PIN online through the iTax portal: https://itax.kra.go.ke/KRA-Portal/. The applicant will be issued with a PIN acknowledgement receipt. When undertaking the PIN registration, the taxpayer is required to endorse the tax obligations that are applicable to the taxpayer. These include corporation tax, VAT, PAYE and income tax, etc.

REQUIREMENTS
a) Director PIN.
b) Certificate of incorporation/certificate of compliance of the company.

6) Obtain company PIN. The PIN is sent to the applicant’s registered e-mail.
ANNEX IV: OPENING A BANK ACCOUNT

1) Identify the bank with which one wants to open an account. A list of banks operating in Kenya can be found on the Kenya Bankers Association website: http://www.kba.co.ke/members.php.

International banks offering China banking desks in Kenya include:


2) Identify the type of account one intends to open by going to the bank and enquiring about the services being offered, account types and charges.

3) Submit application for account opening. The standard requirements for opening a bank account in Kenya include:

BUSINESS ACCOUNT REQUIREMENTS

a) Company certificate of incorporation for local companies or certificate of compliance for foreign companies.
b) Company KRA PIN.
c) Directors’ identity card copies/valid passport copy.
d) Directors’ passport photos.
e) Memorandum and articles of association (CR2).
f) Contact details, e.g. residential address, phone number and e-mail address.

PERSONAL ACCOUNT REQUIREMENTS

a) Passport/identity cards.
b) Passport photo.
c) Personal identification number.
d) Contact details.

Cost: The account opening varies depending on the bank.
Duration: It will take a week to open a business account, but the duration may vary depending on the bank.
ANNEX V: BUSINESS PERMITS – NAIROBI COUNTY

The County Government of Nairobi’s unified business permit consolidates five permits into one permit: the single business permit, fire clearance certificate, advertising signage, health certificate and food hygiene. Business entities that deal with consumables will be required to pay for the health certificate and a food hygiene licence in addition to the single business permit and fire clearance certificate. An advertising signage licence fee will only be applicable for all entities with advertising signage (300 mm by 600 mm or less).

1) Apply for business permit at the Nairobi City Hall Annex building, Licencing Department. At the customer care office, the investor is issued with a business permit application form, which he/she must fill in.

REQUIREMENTS
a) Certificate of incorporation of the company.
b) Company PIN certificate. Procedure for obtaining the company the PIN has been outlined in annex III.
c) Identity card/passport of one of the directors.

2) Submit the filled-in application form and the attachments for assessment of fees to facilitate payment of permit fees. The licencing officer will assess the application form and indicate the fees to be paid.

3) Obtain invoice for business licence fees. This is obtained from the data capturing counter at the Licencing Department. The investor is required to present the assessed application form. Duration: 5–45 minutes.

4) Pay the business permit fees. This is done at the Nairobi County Cash Office. Once the investor pays the fees, he or she is issued with the unified business permit. This is an annual fee and the unified business permit is eligible for renewal upon expiry of the business permit on 31 December of each year. The fees for the unified business permit vary depending on the company’s business activity and the number of employees.

Cost: For a large agricultural processing plant:
- Trade licence – KSh 80,000
- Fire permit licence – KSh 12,000
- Health certificate – KSh 10,000
- Food hygiene certificate – KSh 50,000
- Advertisement – KSh 4,200
- Registration fee – KSh 200

It takes 15 minutes to an hour to obtain the business permit.

Investors can also obtain the Nairobi unified business permit online at the Nairobi County self-service portal: https://epayments.nairobi.go.ke/selfservice/login. The procedure to obtain the permit is detailed below.

1) Register with the Nairobi self-service portal.

REQUIREMENTS:
a) Passport number/identity card number.
b) E-mail address.

2) Apply for a unified business permit. The investor will be required to register the business during the application.

REQUIREMENTS
a) Registration certificate.
b) Kenya Revenue Authority PIN certificate.
c) Identity card/passport.

3) Submit application for assessment of fees at the county’s offices. The applicant will be issued with an invoice and then proceed to pay for the fees at the Nairobi City county offices, where they will be issued with the provisional unified business permit.

It takes 15 minutes to two hours to obtain the permit.

An investor can also obtain business permits for Nyeri, Kisumu and Mombasa Counties online through the eCitizen website: https://www.ecitizen.go.ke/. For the rest of the 44 counties, the procedure is similar to the one for Nairobi County, though the fees will vary.

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ANNEX VI: LAND TRANSFER PROCEDURE

1) Identify the land the company wants to buy. Negotiate the price with the seller and get a copy of the title deed from the seller.

2) Contract an advocate to conduct due diligence on the land. See a link for advocates in the county: http://online.lsk.or.ke/.

3) The advocate will then proceed to conduct an official land search at the Ministry of Lands and Physical Planning offices to identify the owner of the land and check whether the land has any encumbrances.

4) The directors of the company and seller will then execute (sign) the sale agreement.

5) Obtain land registration documents from the seller. The seller and his advocate are required to give the buyer’s advocate the following documents.

   a) Consent to transfer land. This consent is issued by the Ministry of Land and Physical Planning (for leaseholds) or the district land control boards if the land being transferred is freehold. There are 47 land control boards in Kenya (http://www.ardhi.go.ke/?page_id=344).

   b) Land rate clearance certificate issued by the county government to show that all rates accruing on the land have been paid.

   c) Land rent clearance certificate from the Ministry of Lands and Physical Planning to indicate that the rent owed by the government has been paid.

6) Execution (signing) of land transfer document by both the seller and the buyer (company). The seller is required to sign the transfer document and forward it to the buyer’s advocate, together with the following: the original title of the parcel of land, land consent, certificate of incorporation/compliance of the company (if the seller is a company), Kenya Revenue Authority PIN for the company and the directors (see annex III), identification document/passport for the directors of the company/individual, and three colour passport photos for each director. NB: non-citizens need to have a KRA PIN in order to effectively transfer the land.

7) The buyer’s advocate will then submit the transfer document for valuation by the Ministry of Lands and Physical Planning offices. A government valuer will value the land, then the buyer will be required to pay stamp duty.

   Stamp duty is charged at:
   a) For leasehold land: 4% of the valued amount, and
   b) For freehold land: 2% of the valued amount.

   Do: One is required to obtain the Kenya Revenue Authority payment slip from the iTax portal (https://itax.kra.go.ke/KRA-Portal/) before one can proceed to make payments at the bank.

8) Submit the transfer document to the Ministry of Lands offices for franking. This can take one to three days.

9) Upon franking of the documents, the buyer’s advocate will submit them for registration upon payment of KSh 500. The registration of the transfer takes two weeks to four weeks.

10) Upon registration of the transfer, the certificate of title/lease will bear the name of the buyer, who will be considered as the legal and beneficial owner of the land.
ANNEX VII: CONSTRUCTION PERMITS IN NAIROBI COUNTY

1) Contract an architect to draw the architectural drawings. A list of licenced architects is available at https://boraqs.or.ke/members/.

2) The architect registers with the Nairobi City Development permit system (https://ccn-ecp.or.ke/index.php) and uploads the architectural drawings in the Nairobi eDevelopment permit system. The architect is required to upload the following documents:
   a) Architectural drawing
   b) Disclaimer form in case there is excess coverage
   c) Land survey plan
   d) Land rates clearance receipt
   e) Proof of land ownership.

3) Obtain construction payment invoice within one to three days. This invoice is sent to the architect, who will then forward it to the investor for payment of the fees.

4) Payment of the construction permits fees. The fee is not standard and depends on the size and type of building being erected. See link for the fees: https://kenya.eregulations.org/media/merged_document_15_1%20(1)_2.pdf. The fee for a construction board, which must be erected before commencement of construction works, is KSh 30,000. The banker’s cheque for the total fee should be addressed to the Nairobi City County and delivered to Nairobi County City Hall Cash Office.

5) Obtain the architectural plans approval notification. This is usually sent to the architect’s e-mail or through the eDevelopment permit system. The approval takes between 20 days and 30 days before it can be issued, because the application has to undergo vetting.

6) Submit the architectural drawings and the notification of approval for signature at the Nairobi City County offices: Development Control Section. It takes one to three days for the drawings to be signed, after which the architect can collect the authenticated drawings and approval.

If the structure being constructed is a storeyed building, the investor will be required to contract a structural engineer to draw a structural plan, which must be approved by the county government.

7) The structural engineer will work together with the architect in order to upload the structural plans to the Nairobi eDevelopment permit system. It takes one to three days for the structural plans to be signed.

8) Obtain the authenticated structural plans and approved certificate of structural design. During collection, the architect/structural engineer will be required to present the application reference number, which is issued when they submit the application.

9) Register the project with the National Construction Authority.
   Cost: Nil

REQUIREMENTS
   a) Project contractor’s practicing certificate. A list of the registered contractors the investor can contract is available on the National Construction Authority’s website: http://nca.go.ke/new/src/search-registered-contractors/.
   b) The project consultants’ practicing certificates (e.g. engineer, architect and quantity surveyor who must be duly registered by their respective professional bodies).
   c) Approved architectural and structural drawings.
   d) NEMA licence (for commercial construction works).
   e) Bill of Quantity summary.
   f) Developer KRA PIN (foreign taxpayer registration).
   g) Signed contract/tender form/signed agreement with the developer and contractor/consultants.

10) Obtain preliminary compliance certificate to commence construction works.
ANNEX VIII: OBTAINING WORKSPACE IN KENYA INDUSTRIAL ESTATES

1) Apply for workspace/incubation centres. The same should be submitted to the Kenya Industrial Estates offices.

REQUIREMENTS
a) Filled tenancy/incubation application form, which is available on the Kenya Industrial Estates website: http://www.kie.co.ke/.
b) Copy of identity card (ID)/passport.
c) Copy of PIN certificate.
d) Business registration/incorporation certificate.
e) Two passport-sized colour photographs.
f) Business permit.
g) Application fee receipt of KSh 1,000.
h) Copies of memorandum of understanding and articles of association for a limited company.
i) Rent memorandum showing the company business activity and size of space required.

2) Obtain notification of approval.

Kenya Industrial Estates will vet the application. If it is approved, the applicant will be notified and required to pay an administration fee of KSh 5,000 before he or she can sign the tenancy agreement. The tenancy fees will depend on the size of the workplace sought. More information can be found at Kenya Industrial Estates offices at Likoni/Lusingeti Road, Nairobi Industrial Area.
ANNEX IX: ELECTRICITY CONNECTION

1) Submit application for supply of electricity.

REQUIREMENTS

a) Enquiry for supply of electricity form, which is readily available on the institution’s website: http://www.kplc.co.ke/fileadmin/user_upload/Documents/Forms/sup_enq.pdf.

b) Copy of ID/passport.

c) Copy of PIN certificate.

d) Route sketch map.

e) Copy of title deed and land search documents for owner of property (to support wayleaves consent). Wayleave is a permission granted to the KPLC by the land owner to enable them to construct and lay electric poles on the land.

f) Supply contract form (signed). This form is readily available from the KPLC website: http://kplc.co.ke/fileadmin/user_upload/Documents/Forms/.

g) Wiring certificates. The investor will need to contract a licenced electrical technician who will install electrical wires in the building. A list of licenced technicians is available from the Energy Regulatory Authority’s website (http://www.erc.go.ke/index.php?option=com_content&view=article&id=107&Itemid=625). The cost installations depend on the negotiations made between the investor and the licenced technician.

ADDITIONAL REQUIREMENTS FOR PREMIUM APPLICANTS

a) Scaled site plan (preferably in soft copy AutoCAD or DWG format).

b) Load schedule details.

2) Visit site to survey and design quotation.

Kenya Power and Lighting Company (KPLC) locates the building using geographic information system (GIS) technology and makes the site visit in order to design the price quotation. Some of the key aspects that determine the price estimate that the client will receive include:

a) Amount of power required for the building.

b) Existing infrastructure (poles and transformers).

c) Premises. If the premise is within 600m of existing infrastructure, this considerably lowers the cost.

d) Wayleaves clearance.

3) Pay the quoted amount or estimate.

4) Await the completion of the external works, meter installation and connection to supply.

Duration: On average, it takes 97–165 days to get power supply.

Cost:
The cost is dependent on the demand (kVA) required and the proximity of the premises to the existing electricity network. The cost will be determined after the application is made and a site visit is carried out to provide detailed information.

The current price of electricity is KSh 15.03 per kWh (Nov. 2017).

POWER CONNECTION THROUGH KENINVEST FACILITATION

Kenya Investment Authority has an officer from the Kenya Power and Lighting Company whose mandate is to facilitate investors in obtaining power connection and promoting ease of doing business. This is done at nil costs. The procedure to obtain a power connection is similar to the one where the applicant goes to the KPLC offices. The only difference is that, under KenInvest, the investor will be required to first apply for investor registration (see annex II) and request the power connection, then the authority will proceed to facilitate the process of obtaining the power connection. It takes 72–159 days to obtain the connection.
ANNEX X: WATER CONNECTION

1) Submit application for water connection at the Nairobi City Water and Sewerage Company: https://www.nairobiwater.co.ke/index.php/en/.

REQUIREMENTS
a) Application form, which can be obtained from the Nairobi City Water and Sewerage Company. The company is also required to pay KSh 2,500 for a survey and estimate of fees and attach the receipt of payment to the application form, stamped with a company seal.
b) Company’s certificate of registration.
c) Company PIN.
d) Land ownership documents.

2) Visit site to assess the connection cost. Two to three weeks after the application has been received, Nairobi City Water and Sewerage Company will send a team to assess the connection cost.

3) Payment of the quoted connection price. The connection fee for industrial customers is KSh 50,000.

4) Obtain water connection. Once payment has been made, it will take an estimated 30 days to have a water connection.

ANNEX XI: HEALTH CLEARANCE AND FOOD HYGIENE LICENCE

1) Apply for a food hygiene licence at the county offices. See annex XXIII for a list of county governments and their websites.

REQUIREMENTS
Application form for food hygiene licence.

2) Premise inspection. The county officials will then conduct a premise inspection to ascertain whether the premise is hygienic and meets the required standard. Once the premises and the occupants meet the standards (medical certificates for the food handlers and protective clothing, etc.), the investor will be advised to collect the health clearance certificate from the county government offices.

3) Obtain health clearance certificate. The certificate will take one to two days to be processed and issued.

4) The investor will then be required to pay for the food hygiene licence, which costs KSh 2,000.

5) Obtain food hygiene licence.

ANNEX XII: ENVIRONMENTAL IMPACT ASSESSMENT LICENCE

1) Submit terms of reference to National Environment Management Authority (NEMA) headquarters and get approval within 10 days.

2) Submit application through the online NEMA portal (http://portal.nema.go.ke) and attach the study report and a copy of EIA expert’s practicing licence. Thereafter, submit hardcopies of the study to the NEMA headquarters accompanied by the following:
a) EIA submission form (original + two copies).
b) Study report (three originals).
c) EIA expert practicing licence (copy).
d) Digital optical disk (CD) (original), which should contain the study report.

3) Obtain notice of gazettment from NEMA. The authority will respond with a notice for gazettment, which the applicant is supposed to submit to the Kenya Gazette for gazettment. At the Kenya Gazette, one is required to submit a forwarding letter requesting gazettment and pay the following fees for the gazettment.
a) KSh 27,840 – for a full page of the gazette notice.
b) KSh 13,920 – for single column of the gazette notice.
c) KSh 10,440 – for a three-quarter column of the gazette notice.
d) KSh 6,960 – for half a column of the gazette notice.
e) KSh 3,480 – for a quarter column or less of the gazette notice.

The applicant is also supposed to advertise the notice in a public newspaper of wide circulation to allow the public to make their comments.

4) Submit evidence of gazettment and advertisement of the notice.

5) Obtain Environmental Impact Assessment Licence. A NEMA officer will randomly inspect the investment site before one obtains the Environmental Impact Assessment Licence within 30 to 45 days after the gazettment.
ANNEX XIII: EFFLUENT DISCHARGE LICENCE

1) Pay application fees for the effluent discharge licence: Cost: KSh 5,000 payable to the NEMA Revenue Account, A/C No. 1102298158, Kenya Commercial Bank (KCB), KICC Branch, Nairobi.

2) Submit application for effluent discharge licence.

REQUIREMENTS

a) Effluent analysis report.
b) Duly filled-in application form and fee.
c) Site plan layout indicating sampling points.
d) Waste water treatment plant design highlights.
e) Personal identification number (PIN).
f) Certificate of incorporation.
g) Environmental Impact Assessment Licence.
h) Payment deposit slip for the fees.

3) Pay licence fees.

4) Obtain effluent discharge licence.

The cost of the effluent discharge is as follows.

Application fee: KSh 5,000.
Annual licence fee: KSh 100,000 for a discharging facility.

The processing of the effluent discharge licence takes approximately 51 working days, after which the applicant can collect the licence from the NEMA offices.
ANNEX XIV: LABOUR AND SOCIAL SECURITY RULES

LABOUR CONDITIONS IN KENYA

Kenya’s total population is estimated at 48.5 million, out of which 18.5 million were workers in 2016. It is estimated that 841,600 people enter the job market each year, of which 107,800 people were in wage employment and 20,200 were in self-employment or unpaid family employment in the modern sector and 713,600 were in the informal sector in 2016. The employment-to-population rate was estimated at 61% in 2016. The youth employment-to-population ratio of 32% is particularly low in Kenya in comparison with the Sub-Saharan Africa average of 59%, while the total unemployment stood at 11% in 2016.

The labour market is divided into a formal and informal sector. The Kenyan informal sector is the majority (83%) in terms of the total employment. In 2016, employment in the sector stood at 13.3 million. The sector recorded an additional 747.3 thousand jobs, which constituted 89.7% of all new jobs in 2016 (Economic Survey 2017). Employers’ organizations and trade union federations have found in this sector. There are eleven umbrella associations/unions representing informal workers in Kenya, which represent more than 600 informal sector groups.

GENDER

The Kenyan workplace has traditionally been dominated by the men, especially at management levels. Men tend to have lower unemployment, higher employment and higher waged workers rates than women have. In 2016, the unemployment rate of men was 9.3% as compared to women, whose unemployment rate stood at 9.3% (World Bank). However, women are slowly picking up, as evidenced by the increasing number of ladies in management levels. The government is also encouraging more women to take up leadership positions.

YOUTH

The Kenya Labour Market Profile 2016 posits that 800,000 youths leave school each year and begin looking for formal sector employment, but only a few succeed. This is illustrated by the high youth unemployment (32.4%) and the growing informal economy with high underemployment. In order to curb this problem, the government has developed the National Employment Policy and set up several initiatives aimed at empowering the youth, such as Youth Enterprise Development Fund and Uwezo Fund, and has set aside Sh200 billion worth of government tenders for the youth every year.

The country is also trying to improve the youth population’s technical skills that could transition into wage and salaried jobs in the formal sector. There are approximately 748 technical, industrial, vocational and entrepreneurship training (TIVET) institutions and the government is ambitiously pursuing a policy that will set up at least one polytechnic in each county in an effort to train more artisans and improve youths’ technical skills.

CHILD LABOUR

Child labour is not prevalent in Kenya. This is as result of the introduction of the free and compulsory primary education programme that has triggered high enrolments in primary and secondary education levels.

In addition, Kenya’s laws prohibit child labour: the Constitution gives children legal protection from hazardous or exploitative labour along with the Children’s Act, which explicitly prohibits forced labour, trafficking and other practices similar to slavery.

TRADE UNIONS

Every employee has the right to join a trade union. This is a right that is enshrined in the Constitution and the Labour Relations Act. The trade union movement in Kenya organizes 2.7 million workers with an estimated trade union density of 15% of the total labour force. These unions are sector-based with a few general unions that cover several industries such as the Kenya Union of Commercial, Food and Allied Workers that represents workers in varied sectors like banking, food, retail and finance.

The Central Organization of Trade Unions (COTU-K) is the sole national trade union centre in Kenya. It has 43 registered and affiliated trade unions in the country and has a membership of approximately 2.5 million workers (2016). The organization is a well-established political actor on general labour market issues. It has concentrated on negotiating improvement in salaries, workplace safety, fringe benefits and generally better terms and conditions of employment for the workers it represents in the formal sector.
LABOUR LAW


As earlier mentioned in paragraph 1.1.3 of the Investor guide (Modern labour system), the forms of employment in Kenya include the following.

a) **Casual employment** – where the employee is engaged for not more than 24 hours at a time and wages are paid on a daily basis. However, the contract will convert into a monthly contract if the casual employee works continuously for a period or a number of continuous working days in the aggregate of not less than one month or if the employee performs work that cannot reasonably be expected to be completed within a period of three months.

b) **Fixed-term/temporary employment** – where an employee is employed for a period of more than a day and for a specific term.

c) **Permanent employment** – where an employee is employed for an indefinite period or until a set retirement age. The employee will be paid at the expiration of each month. This kind of employment is usually preceded by a probationary employment for six months, which can be extended by a further period of six months only with the agreement of the employee.

d) **Contracts for services** – where the employer may hire the services of a consultant or independent contractor to execute some work. The consultant or independent contractor will supply the necessary labour and the employer will not be involved in anything to do with the employment contracts of workers under such a relationship.

Guidelines on employment

a) A contract for service, whether oral or written, must conform to the requirements of employment. These requirements constitute minimum terms and conditions of employment.

b) An employee can be engaged in an oral or written contract, provided always that a contract for a period of more than three months must be put in writing.

c) It is upon the employer to prepare the contract and to have the employee signify his consent by signing his name within two months of starting work.

<table>
<thead>
<tr>
<th>Particulars of an employment contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Name, permanent address, gender and age of employee;</td>
</tr>
<tr>
<td>• Date of commencement of present employment;</td>
</tr>
<tr>
<td>• Length of notice to be given by and to the company or the subsidiaries (if any) to terminate employment;</td>
</tr>
<tr>
<td>• Place and hours of work;</td>
</tr>
<tr>
<td>• Job title and brief description of duties;</td>
</tr>
<tr>
<td>• Entitlement to annual leave, sick leave, bereavement leave, maternity/paternity leave or accrued holiday pay;</td>
</tr>
<tr>
<td>• Annual basic salary;</td>
</tr>
<tr>
<td>• Participation in any commission, bonus, share incentive, share option or profit-sharing scheme or arrangement, together with any other benefits provided (such as a car, loan, insurance schemes, accommodation, club membership, season ticket loans, staff discount or expenses arrangements);</td>
</tr>
<tr>
<td>• Disciplinary and grievance procedures;</td>
</tr>
<tr>
<td>• Benefits in kind; and</td>
</tr>
<tr>
<td>• Pension arrangements.</td>
</tr>
</tbody>
</table>

The payment of the worker will depend on the negotiations between the employer and the employee. The government has, however, provided for minimum rates of remuneration or conditions of employment for certain industries, e.g. the agriculture and construction industries. These minimum rates are established in a wages order, which is published by the State Department for Labour (http://www.labour.go.ke/resources/category/17-regulation-of-wages-guidelines.html). They constitute a term of employment of any employee to whom the wages order applies and may not be varied by agreement.

PENSION AND BENEFITS

Kenya has a mandatory statutory National Social Insurance Pension Scheme for employers engaging Kenyan citizens. The National Social Insurance Pension Scheme provides the employee with a lump sum retirement benefit.

Under the National Social Security Fund (NSSF) Act, employers are required to register with the fund and remit the employees’ contributions monthly using an employer’s code. Deductions have to be remitted by the 15th of the following month or last working day before the 15th where this falls on a Saturday, Sunday or a public holiday.

Employees have the right to join a trade union and cannot be penalized or discriminated against by their employer for opting to join such a union. As long as a trade union
represents the simple majority of ‘unionisable’ employees, the employer must recognize it and engage it in discussions involving the terms and conditions of the workers’ employment.

WORKING HOURS
The normal working hours in a week are 52 for day employees and 60 for night duty employees. In addition, the employee is entitled to one day of rest per week.

OVERTIME
Employers are at liberty to engage employees for extra hours, but with compensation. The Regulation of Wages (General) Order provides for the criteria of calculation of the additional wages (overtime pay). This is paid at the rates of one and one-half times the basic hourly rate on weekdays, and twice the basic hourly rate on rest days and public holidays.

However, there is a limitation to the extent that employees can work overtime. The overtime plus time worked in normal hours for employees engaged in night work should not exceed 140 hours per week and 116 hours for all other employees in any two consecutive weeks.

EMPLOYEES’ LEAVE
a) In every 12 consecutive months of service, an employee is entitled to 21 working days (excluding public holidays) of leave with full pay.

b) In addition to annual leave, female employees are entitled to three months maternity leave with full pay. Male employees are entitled to two weeks paternity leave with full pay.

c) After two consecutive months of service, an employee is entitled to sick leave of not less than seven days with full pay and thereafter another seven days with half pay, in each period of 12 consecutive months of service. Compassionate leave of up to five days may also be taken without pay.

DISMISSAL OF EMPLOYEES
Before the employee can be dismissed, the employer is required to give a notice of termination in accordance with the contract of service, except for casual employment, which can be terminated without notice at the close of any day. Probationary contracts may be terminated with a seven-day notice.

In case of termination or resignation without notice, the employer/employee is required to pay in lieu of notice according to the terms stipulated in the contract.

DISPUTE RESOLUTION OF EMPLOYMENT DISPUTES
Disputes between an employer and employee may be resolved by the labour officer or through conciliation, subject always to final determination by the Employment and Labour Relations Court.

As a last resort, a complaint or suit may be lodged in the Employment and Labour Relations court, which is the only court that is mandated to hear and determine matters of this nature. It may, therefore, be futile to attempt an arbitration or mediation if the matter could still possibly end up in the Employment and Labour Relations Court.

OTHER RIGHTS
a) Upon termination of a permanent or monthly employment contract, the employer must pay the employee service pay for every year worked unless the employee was a member of a registered pension or provident fund or the National Social Security Fund.

b) An employee is entitled to a certificate of service upon termination of employment unless the employment has continued for a period of less than four consecutive weeks.

c) Severance pay of 15 days for each completed year of service during a redundancy.
Procedure for registration as an employer

a) Apply for National Social Security Fund (NSSF) employer registration.

REQUIREMENTS: NSSF application form, certificate of incorporation or compliance (for foreign companies), company PIN certificate and business permit.

The application can be submitted to the Huduma centres (one-stop centres for government services) or the NSSF offices (http://www.nssf.or.ke/).

b) Obtain NSSF certificate of registration. The certificate will contain an employer’s code where the employer will be able to remit contributions for his Kenyan employees.

Duration: 1 day.
Cost: Nil.

In addition, an employer and employee may make their own private pension arrangements.

Kenya also has a mandatory statutory National Hospital Insurance Fund (NHIF) to which everyone with an income (except those excluded by national or international law) should be registered as a contributing member.

Employers engaging Kenyan citizens are required to register with the fund and remit employees’ contributions to the fund monthly. All contributions are due by the 9th of the following month or the last working day before the 9th where this falls on a Saturday, Sunday or a public holiday.

Procedure of registration with NHIF

1) Apply for NHIF employer registration. This can be done at the NHIF offices.

REQUIREMENTS: NHIF application form, which is readily available on the institution’s website (http://www.nhif.or.ke/), certificate of incorporation/certificate of compliance and company PIN.

2) Obtain employer’s code. The employer will be issued with a code with which he/she shall be remitting the employees’ contributions.

Duration: 1–2 days.
Cost: Nil.

GROSS INCOME (Shs)  | MONTHLY PREMIUM (Shs)
---|---
0–5 999 | 150
6 000–7 999 | 300
8 000–11 999 | 400
12 000–14 999 | 500
15 000–19 999 | 600
20 000–24 999 | 750
25 000–29 999 | 850
30 000–34 999 | 900
35 000–39 999 | 950
40 000–44 999 | 1 000
45 000–49 999 | 1 100
50 000–59 999 | 1 200
60 000–69 999 | 1 300
70 000–79 999 | 1 400
80 000–89 999 | 1 500
90 000–99 999 | 1 600
100 000 and above | 1 700
Self-employed (special) | 500

In most cases, the medial benefits from the scheme can only cover a fraction of the actual medical costs. Hence, most companies provide employees with private medical insurance.

The provision of other benefits as a minimum requirement under the law, such as water, food, housing and medical attention, is the employer’s responsibility. Usually, the employer will give what is known as a ‘consolidated pay’ to the employee, which includes elements intended to be used for those benefits or that represent those benefits.

Other benefits above the statutory mandated benefits are offered wholly at the discretion of the employer, for example, bonuses, employee share purchase options, low interest rate loans, in and outpatient medical insurance, school fees, travel and entertainment allowances, etc.
ANNEX XV: IMMIGRATION AND HIRING FOREIGN NATIONALS

It is an employer’s duty to apply for and obtain a work permit or a relevant pass for a foreign national before granting him employment. It is an offence to employ a foreign national who has entered Kenya illegally, or whose status does not authorize him or her to engage in employment or on terms and conditions or in a capacity different from those authorized in such foreign national status. If convicted, an employer may be liable to a fine not exceeding one million shillings or imprisonment for a term not exceeding five years or both.

Foreign employees on short-term assignments not exceeding six months should obtain a special pass to enable them to carry out their employment functions. Foreign employees intending to work for a longer period will need work permits.

SPECIAL PASS
1) Register with eFNS portal. The applicant will be required to create a log-in account within the foreign nationals’ service portal.
2) Apply for special pass. Once logged into the eFNS portal, select the ‘Apply now’ link. Click on the ‘Submit Applications’ tab and select the special pass tab. After the application is approved, an invoice will be generated, which the investor can access by clicking on ‘Dashboard’, then the ‘Payments’ tab.
3) Submit pass application. The applicant will be required to submit the following documents to the Department of Immigration.

REQUIREMENTS
a) A duly filled-in and signed Form 32 – special pass online application form. The investor will print the form at the end of the application for a special pass.
b) Detailed and signed cover letter addressed to the Director of Immigration Services from the applicant or organization.
c) Two recent passport-sized colour photos.
d) Copy of passport (the biodata page).
e) Current immigration status if in the country.
f) Copy of registration certificate for the organization.
g) Certified copies of academic and professional certificates.
   Documents in foreign languages should be translated into English by the embassy, public notary or an authorized/recognized institution.
h) Copy of any permit or passes held.
i) Copy of any official receipt.
4) Obtain notification of approval.
5) Pay for special pass fees of KSh 15,000.
6) Obtain a special pass.
7) Special pass endorsement.

Duration: It takes around four to seven days to process.
Costs: KSh 15,000 per every month applied for.

Please note: Notification of approval does not give the investor authority to engage in business, profession, employment or residence without first obtaining the special pass.

If payment for the special pass does not occur within 30 days from the date of notification, the applicant will be required to apply afresh for the special pass.

Apart from obtaining permits from the immigration department, they can also be facilitated by Keninvest - please see end of Annex XVII.

PROCEDURE TO OBTAIN FOREIGN NATIONAL CERTIFICATE/ALIEN CARD
1) Log in to the eFNS portal (https://fns.immigration.go.ke/). The investor can log in to the account using the eCitizen account or create an account with the eFNS portal.
2) Apply and pay for foreign national application. This is done online on the eFNS portal. The applicant will be required to pay KSh 2,000 for the alien card.
3) Submit application for data entry. The applicant is required to submit the following documents to the Department of Immigration (foreign national section).

REQUIREMENTS
a) A duly filled-in, signed online application Form 50. Print this form.
b) A copy of a valid passport to establish identity and nationality.
c) Two recent colour passport-sized photographs (white background) taken not more than 12 months before date of application.
d) A resident person will be required to produce the above in addition to a valid permit or pass.
4) Fingerprinting. The applicant will be required to physically present himself or herself to the Department of Immigration for fingerprinting. The applicant will then be issued with a waiting card/slip, which will be presented to Immigration when collecting the alien card.
5) Obtain foreign national registration certificate.

Duration: It takes approximately 45-50 days to be issued.
Costs: KSh 2,000.
ANNEX XVI: SPECIFIC MANUFACTURING (CLASS F) WORK PERMIT

This permit is issued to a person who intends to engage, whether alone or in partnership, in a specific manufacture in Kenya.

REGISTRATION PROCEDURE

1) Log in to the eFNS portal (https://fns.immigration.go.ke/). The investor can log in to the account using the eCitizen account or create an account with the eFNS portal.

2) Apply and pay for work permit processing fees (https://fns.immigration.go.ke/). The applicant will be issued with a payment invoice upon payment of the processing fees (KSh 10,000).

3) Submit permit application at the Department of Department of Immigration. The applicant must submit the following documents.

REQUIREMENTS

a) Duly filled-in and signed Form 25 online form. The investor will print the form at the end of the application.

b) Permit cover letter – it should be on the company’s letterhead and addressed to the Director of Immigration Services, detailing the company’s activities.

c) Copy of invoice as proof of payment of processing fee of (KSh 10,000).

d) PIN certificate for the applicant.

e) Company PIN.

f) Memorandum and articles of association.

g) For a branch of a foreign country, the memorandum and articles of association must be notarized from the country of origin by a notary public or the embassy.

h) Certificate of incorporation for local companies or certificate of compliance for a foreign company.

i) Bank statement of the applicant issued by a local bank. The amount to be invested by the investor should be at least $100,000 or the equivalent in any other currency. (See annex IV.)

j) Passport showing the biodata and visa page.

k) Passport photo (two originals) of the applicant.

4) Obtain notification of approval.

5) Pay for permit fees and submit proof of payment to the Department of Immigration Services for the issuance of the permit.

6) Obtain class F work permit.

7) Permit endorsement.

Duration: It takes three to four months before the work permit can be issued.

Costs: Processing fees (non-refundable) of KSh 10,000. Issuance fee (payable upon approval) of KSh 100,000 per year.

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ANNEX XVII: CLASS D PERMIT FOR EMPLOYEES

An investor in the agroprocessing and light manufacturing industry may elect to employ foreign nationals in possession of skills or qualifications that are not available in Kenya and whose engagement in that employment will be of benefit to Kenya. In this case, the foreign nationals will be required to obtain a class D work permit. The applicant should, simultaneously with the applicant’s entry permit application, apply for a re-entry pass that will be endorsed on his passport. A re-entry pass is issued so that the permit holder is not required to acquire a visa every time he re-enters Kenya.

REGISTRATION PROCEDURE

1) Log in to the eFNS portal (https://fns.immigration.go.ke/). The investor can log in to the account using the eCitizen account or create an account with the eFNS portal.

REQUIREMENTS

a) Passport for foreign nationals who are yet to acquire the foreign national’s certificate.
b) Contact details.

2) Apply and pay for work permit processing fees (https://fns.immigration.go.ke/). The applicant will be issued with a payment invoice upon payment of the processing fees (KSh 10,000).

3) Submit permit application at the Department of Immigration. The applicant must submit the following documents.

Apart from obtaining special passes from the immigration department, they can also be facilitated by Keninvest - please see end of Annex XVI.

REQUIREMENTS

a) Duly filled-in and signed Form 25 online form. You will print the form at the end of the application.
b) Copy of invoice as proof of payment of work permit processing fee.
c) Two copies of detailed and signed cover letter from the employer/organization, addressed to the Director of Immigration Services.
d) Copy of a valid national passport.
e) Two recent passport-sized colour photos.
f) Documents in foreign languages should be translated into English by the embassy, public notary or authorized/recognized institution.
g) Duly certified copies of academic and professional certificates.
h) Curriculum vitae.
j) Name of the Kenyan understudy. This is a person to whom the expatriate can transfer knowledge and skills during their employment in Kenya. The company is required to have a Kenyan employee to be trained by the expatriate.
k) Certified copies of academic/professional certificates of the Kenyan understudy.
l) Curriculum vitae (CV) for the Kenyan understudy.
m) Full contact address, e-mail and cell phone number of the Kenyan understudy.
n) Clearance letter from relevant institutions.
o) Certificate of company/organization registration.

4) Obtain notification of approval.

5) Once the notification of approval is issued, the applicant is required to pay the permit fees, or obtain a security bond (in the form of an insurance bond or bank guarantee) for the same amount. The security bond and the issuance fee are forwarded to the Department of Immigration Services within 30 days of the notification of approval.

6) Pay for permit fees and submit proof of payment to the Department of Immigration Services for the issuance of the permit.

7) Obtain class D work permit.

8) Permit endorsement. The permit is usually endorsed on the applicant’s passport.

Duration: It takes three to four months to obtain the work permit upon submission of the application.

Costs: Processing fee (non-refundable) of KSh 10,000. Issuance fee per year: KSh 200,000 per year.

Note: All citizens of the East African Community (Uganda, Tanzania, Rwanda and Burundi) are exempt from payment of the processing and permit fee.
Where the holder of a work permit ceases to engage in the employment in respect of which the work permit was issued, the employer specified in the work permit shall, within 15 days from the date of such cessation, inform the Department of Immigration.

WORK PERMIT AND SPECIAL PASS FACILITATION THROUGH KENYA INVESTMENT AUTHORITY

In order to remove bureaucracy in obtaining work permits and special passes for foreign investors in Kenya, Kenya Investment Authority has an Immigration officer who assists with facilitating and obtaining these permits.

The investor will first be required to register with the authority and request the work permit/special pass facilitation. See annex II of the annexure for requirements for registering with the authority.

The investor will then submit the application to Kenya Investment Authority for work permit facilitation and processing. See annex XVI and XVII for requirements of work permit processing.

The authority will then notify the investor once the work permit/special pass application has been approved by the authority and request the investor to pay the required fees for the work permit. Once the fees are paid, the investor will then be called or e-mailed to collect the work permit/special pass from the KenInvest offices.

Housing for foreign nationals

Investors intending to work and reside in Kenya can also access local housing (rentals) the same rate as the locals.

REGISTRATION PROCEDURE

1) Identify the house the investor intends to rent. This may be found online through property management companies. Investors should be aware of fraudsters posing as property agents. It is recommended that they should deal with the registered and licensed real estate agents: http://estateagentsboard.or.ke/members.html.

2) Conduct a site visit to assess the house and see whether it meets the investor’s preferences.

3) Sign the lease agreement and pay for the rent. Some landlords may require one to pay 2-3 months deposit before they can occupy the house. The investor will also be required to submit a copy of the passport as proof of identification.

The rent will differ depending on the location and the size of the apartment. For example, a four-bedroom apartment in Lavington area, Nairobi goes for approximately $2,000.
ANNEX XVIII: INVESTING IN THE EXPORT PROMOTION ZONES

1) Investor makes enquiry on area(s) of interest at the EPZA offices.

REQUIREMENTS
The investor will be required to submit a short project proposal giving information on: the investor’s background, intended activity, product and production process, desired location, target markets, proposed level of investment, investment financing, proposed employment generation, technology transfer and skills training.


2) Apply for the EPZ enterprise manufacturing licence at EPZA’s offices.

REQUIREMENTS
a) Non-refundable application fee of $250.
b) EPZ enterprise manufacturing licence application form, which is readily available on the EPZA website: http://www.epzakenya.com/index.php/login.html.
c) Production flow chart.
d) Implementation timetable.
e) Letter from Kenyan banker attesting to financial ability to undertake the project.
f) Letters from two prospective buyers outside Kenya showing interest in purchasing your products.

3) Obtain a letter of approval.

EPZA evaluates the project and provides the investor with letter of approval within 30 days.

The investor will then prepare the memorandum and articles of association (MEMARTs), incorporate an EPZ company, locate a zone, obtain environmental approval if required and submit the documents to EPZA offices.

4) Pay annual licence fee ($1,000) and submit the evidence of payment to EPZA offices.

5) Obtain EPZA enterprise licence from the EPZA offices.

6) Apply for company PIN online through iTax portal: https://itax.kra.go.ke/KRA-Portal/.

7) Submit application for VAT exemption letter at the KRA offices.

REQUIREMENTS
a) Export processing zone licence.
b) Letter requesting export/import code and VAT exemption.

8) Obtain company PIN. The PIN will be issued after verification of the documents submitted for VAT exemption. The PIN is sent to the client’s e-mail.

9) The firm commences its activities: open bank accounts, import machinery, hire staff and occupy premises within a zone.

COST OF DOING BUSINESS IN EPZ

a) Application fees (non-refundable, $250).
b) Licence fees ($1,000 for enterprise licences; $5,000 for developer/operator licences), plus 15% service charge.
c) Rentals – buildings (ranging from $2.5–$3.50/sq. ft/yr), plus 15% service charge.
d) Labour costs guided by minimum government wage rates and statutory deductions.
e) Utilities less VAT.
f) Other operational costs, e.g. transport.
ANNEX XIX: LICENCE TO MANUFACTURE EXCISABLE GOODS

1) Apply for licence to manufacture excisable goods online through iTax portal (https://itax.kra.go.ke/KRA-Portal/ – excise goods management system tab). Upon successful application, the portal will generate a KRA acknowledgment receipt.

2) Submit application for licence to manufacture excisable goods to the Kenya Revenue Authority offices (Excise Department).

REQUIREMENTS

a) KRA acknowledgement receipt.
b) Company PIN certificate.
c) PIN certificate for the directors.
d) Manufacturing process flow chart.
e) Company registration certificate.
f) Environmental Impact Assessment Licence.
g) Business permit.
h) Proof of land ownership.
i) Route sketch.
j) Kenyan bank details for both the directors and the company.
k) Brand details.
l) Production formulas.
m) Public health certificate for foods and beverages.

3) Factory inspection. Kenya Revenue Authority will visit the manufacturer’s premises to inspect the factory.

4) Vetting interview. The manufacturer will be invited for an interview at the Kenya Revenue Authority offices, Excise Department.

5) Pay licence fees. The manufacturer will be required to obtain the KRA payment slip from the KRA portal and then proceed to make payment for the excise licence. Cost: KSh 50,000.

6) Obtain licence to manufacture excisable goods. The licence is sent online via the iTax portal and the applicant can print and commence manufacturing.

Duration: Six to seven days.
To attract investment, the Kenyan Government enacted several reforms, including abolishing export and import licensing (import and export codes). However, foreign and local investors wishing to import goods in Kenya are required to have import documents, notably:

a) Import declaration form (IDF);
b) Transport documents, e.g. bill of lading;
c) Original commercial invoice;
d) Customs entry form;
e) Any other product-specific licence, e.g. drug import permit for pharmaceuticals, phytosanitary certificate for plant materials and pre-export verification of conformity.

The commercial invoice and bill of lading will be obtained from the country of import while the import declaration form and the custom entry form are obtained online using the single-window system. The contracted clearing agent will obtain these documents on behalf of the investor.

Below, see the clearance of the imported goods through the Port of Mombasa.

**IMPORT OF MACHINERY**

1) Contract a clearing agent and a shipping agent. A list of licenced shipping agents is available on: http://infotradekenya.go.ke/media/Shipping%20agents%20list_1.xlsx. For clearing agents, the list can be found at: http://infotradekenya.go.ke/media/KTNA-KRA-CSCC-01.xlsx. Once the goods arrive at the port, the shipping agent will notify the client and issue an invoice upon submission of the bill of lading.

2) Pay shipping line charges.

3) Obtain delivery order from the shipping agent.

**REQUIREMENTS**

a) Bank deposit slip as evidence of payment of the shipping line charges.
b) Letter of indemnity (original) from the clearing agent.
c) Valid ports pass of the clearing agent.
d) Passport of the importer.

4) Obtain KEBS consignment document. The clearing agent will then apply for the Kenya Bureau of Standards consignment document from the single-window system (https://kenyatradenet.go.ke/keswsoga/Trader Login.do).

5) Lodge a Customs entry through the Kenya Revenue Authority’s Simba system (https://212.49.91.93/). (the Simba 2005 system can only accessed using Microsoft Internet Explorer Version 5.0 and above).

6) Pay taxes and merchant shipping (MS) levy.

a) Cost, insurance and freight (CIF) of 2% or Customs value for import declaration form.
b) CIF of 1.5% or Customs value for railway development levy.
c) Merchant shipping levy – $2 per weight in tons for a 40-foot container to a maximum of six tons per twenty foot equivalent unit (TEU).

7) Obtain passed clearance entry form from the KRA Simba system. This is issued to the clearing agent once the importer makes the payments of the taxes and levies.

8) Submit documents for allocation of a verification officer. These include:

a) Import declaration form (IDF);
b) KRA receipt;
c) Passed clearance entry form;
d) Delivery order;
e) Invoice;
f) Bill of lading;
g) Packing list;
h) Clearing agent authorization letter obtained from the importer.

9) Joint verification of consignment by the Kenya Revenue Authority and Kenya Bureau of Standards, who will stamp the clearance entry as evidence of the KEBS and KRA release order.

10) Submit delivery order to the container freight station (CFS), which will issue the clearing agent with an invoice for payment of container freight charges by the importer. The fees are dependent on the negotiations made between the importer and the container freight station.

11) Obtain gate pass from the container freight station.

**REQUIREMENTS**

a) Evidence of payment of the fees.
b) KRA release order.

12) Physical release of consignment from the port.
ANNEX XXI: EXIT FROM KENYA

Winding up of companies in Kenya is the process in which a company is brought to an end; all of its assets are liquidated and the proceeds from the sale of assets is used to repay creditors. The management of the company during liquidation/winding up is placed in the hands of a liquidator who realizes the assets of the company and pays the company’s debts from the realization.

The company’s board will be required to pass a special resolution for the affairs of the company to be wound up. Then the investor will be required to make an application to the Registrar of Companies stating the intention of the company to wind up its affairs. This application will be accompanied by the special resolution, minutes of the meeting and copies of all outstanding company returns.

The registrar shall cause the application to be published in the Kenya Gazette for a period of three months once satisfied with the application, after which the registrar is at liberty to remove the company from the register of companies.

ANNEX XXII: INVESTMENT OPPORTUNITIES IN OTHER SECTORS

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>NAME OF INSTITUTION</th>
<th>PROJECT</th>
<th>INVESTMENT PLAN</th>
<th>LOCATION</th>
<th>ESTIMATED INVESTMENT COST</th>
<th>PROJECT DESCRIPTION</th>
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</table>
| TRANSPORT | Kenya National Highways Authority (KeNHA) | Duality of Mombasa-Nairobi highway | PPP model | Mombasa-Nairobi | $2.35 billion | The project involves the design, capacity enhancement and subsequent operation and maintenance of the heavily trafficked 466 km Mombasa-Nairobi highway (A109) through a PPP arrangement. The project has been packaged into three packages as follows:  
a. Package 1 – JKIA to Kibwezi (160 km)  
b. Package 2 – Kibwezi to Voi (145 km)  
c. Package 3 – Voi to Mombasa (180 km) |
| | Kenya National Highways Authority (KeNHA) | O&M of Nairobi-Thika Road | PPP model | Thika Road | $56 million | This involves a 10-year operation and maintenance (O&M) of the 50.4 km road connecting Nairobi City with the satellite town of Thika. |
| | Kenya National Highways Authority (KeNHA) | DBFO of Nairobi-Nakuru-Mau Summit highway | PPP model | Nairobi-Nakuru-Mau Summit | Total: $210 million  
Nakuru-Mau: $14 million  
Rirroni-Nakuru: $70 million | The project entails the following components:  
a. Design and capacity enhancement of the Nairobi-Nakuru-Mau Summit highway into a six-lane dual carriage road, financing and thereafter the operation and maintenance of the road. This road is 175 km.  
b. Strengthening of Rirroni-Mai Mahiu Naivasha Road and thereafter operation and maintenance of the road. This section is 58 km. |
<p>| | Kenya National Highways Authority (KeNHA) | O&amp;M of Nairobi Southern Bypass | PPP model | Southern Bypass | $40 million | The operation and maintenance of the 28 km Southern Bypass. |</p>
<table>
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<th>SECTOR</th>
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<th>PROJECT</th>
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<tr>
<td></td>
<td>Kenya Railways Corporation</td>
<td>Nairobi Commuter Rail</td>
<td>PPP – private equity and private debt</td>
<td>Nairobi</td>
<td>Private equity: $68 million Private debt: $70 million</td>
<td>Rehabilitation of existing 100 km railway line, doubling of sections and support infrastructure. Design and provision of rolling stock and operation of the commuter rail link between Nairobi CBD and the airport.</td>
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<tr>
<td></td>
<td>Ministry of Transport, Infrastructure, Housing and Urban Development</td>
<td>Development of cruise ship facilities</td>
<td>PPP – BOT</td>
<td>Lamu</td>
<td>Total: $3.5 million (public $2.5 million &amp; private $1 million)</td>
<td>The project entailing the design of the proposed cruise terminal in Mombasa has been carried out and is ready for implementation.</td>
</tr>
<tr>
<td></td>
<td>Ministry of Transport, Infrastructure, Housing and Urban Development</td>
<td>Development of a free port in Mombasa (Dongo Kundu)</td>
<td>PPP</td>
<td>Dongo Kundu, Mombasa County</td>
<td>$269 million</td>
<td>It entails the establishment of a free trade zone of between 300 and 500 acres for wholesale and retail trading, breaking bulk, repackaging logistics, warehousing, and handling and storage of goods.</td>
</tr>
</tbody>
</table>
|       | Kenya Ports Authority (KPA) | Mombasa Port Development Project (MPDP) – 2nd container terminal phases II & III | PPP | Mombasa County | $330.1 million | The entire project consists of construction of a new container terminal with a total area of 100 hectares and capacity to handle 1.2 million TEU per annum. It is funded by Japan Bank for International Development and will be implemented in three phases.  
- Phase I will involve construction of berth Nos. 20 and 21 and will be 350 metres long and 15 metres deep, and will give additional capacity of 470 000 TEU. It is expected to be completed by March 2016.  
- Phase II will involve construction of berth No. 22, which will be 250 metres long and 15 metres deep, and will give additional capacity of 500 000 TEU.  
- Phase III will be the development of berth No. 23, which will be 300 metres in length, 15 metres deep and a side berth of 4.5 metres deep and 80 metres long. There will also be construction of additional stacking yards, procurement of equipment and dredging works. Construction of this phase will give additional capacity of 550 000 TEU. |
<p>|       | Kenya Railways Corporation | Railway Cities (Nairobi, Mombasa &amp; Kisumu) | Joint venture (85% private &amp; 15% KRC) | Nairobi, Mombasa and Kisumu | $2 150 million | This initiative will include the redevelopment of existing rail stations into mini cities that include business parks for light manufacturing, hotels, shopping arcades, restaurants and parking garages. Apart from the Kisumu Railway City, the others have feasibility studies and land is readily available for investor uptake. |
|       | Kenya Railways Corporation | Dry port at Voi | Private equity and private debt | Voi | KSh 700 million | An inland intermodal terminal directly connected by rail to the sea port will operate as a centre for transhipment of sea cargo to inland destinations. In addition, this port would also include storage, maintenance for road/rail cargo carriers and customs clearance services. |
|       | Kenya Railways Corporation | Lake View Resort Kisumu | Joint venture | Kisumu | Undisclosed | The project will involve development of a five-star hotel (400 rooms), two three-star hotels (300 rooms), conference facilities, office park, car park, entertainment and recreation areas, a shopping mall and a BPO park. |
|       | Kenya Ports Authority (KPA) | Conversion of berths 11–14 to container terminals | PPP model | Kipevu, Mombasa | $260 million | The original objective was to redevelop berth Nos. 11–14 into container berths and procure the requisite equipment to supplement the existing container berths, improve port productivity, reduce congestion and handle the increasing volume of container traffic. Berth Nos. 11–14 were constructed between 1956 and 1959 to serve as conventional berths. |</p>
<table>
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<th>SECTOR</th>
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<tr>
<td></td>
<td></td>
<td>Mombasa County</td>
<td>Multi-level car park facility in Mombasa</td>
<td>PPP model</td>
<td>Mombasa To be determined</td>
<td>Mombasa County owns a plot of approximately three acres at Makundara grounds, in the central business district, which is currently used as an informal parking lot. The project seeks to redevelop the site and construct a multi-storey parking facility with a capacity of 5,000 cars.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mombasa County</td>
<td>Integrated marine transport system (IMTS)</td>
<td>PPP model</td>
<td>Mombasa To be determined</td>
<td>Development and operation of an IMTS on the vast Indian Ocean involving the provision of regular ferry services with landing on the Mombasa Island, Mainland North, and South &amp; West; i.e. water bus; leisure ferry services around Mombasa – cruise vessels; water taxis; coastal ferry services linking all coastal towns between Mombasa and Lamu and associated islands, and floating hotels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kenya Ferry Services Limited (KFSL)</td>
<td>Multi-storey terminal at Likoni</td>
<td>PPP model</td>
<td>Mombasa To be determined</td>
<td>Development of a multi-storey terminal on 1.6 ha in Mombasa to provide a modern ferry terminal, parking, bus terminal as well as a variety of commercial services to maximize revenue potential of the site.</td>
</tr>
<tr>
<td></td>
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<td>LAPSSET Development Authority</td>
<td>Development of Lamu Port 32 berth as part of LAPSSET corridor project</td>
<td>PPP</td>
<td>Lamu County $5.3 billion. 1st three berths will cost $480 million</td>
<td>The project will entail construction of 32 berths and a draft of 18 metres to accommodate larger ships of up to 200,000 tons. The first three berths are under construction through government funding, while 29 are available for development through PPP framework. The port will be linked to Ethiopia and South Sudan through a road network and a standard gauge railway line via Garissa, Isiolo, Maralal, Lodwar and Lokichochi. Investors are welcome to participate in infrastructure development under BOT arrangements. The expected internal rate of return will be 23.4%.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAPSSET Development Authority</td>
<td>Construction of airports as part of LAPSSET corridor</td>
<td>PPP</td>
<td>Lamu, Isiolo and Turkana $506 million</td>
<td>The project involves construction of three international airports in Isiolo, Lamu and Turkana and will primarily serve the planned establishment of resort cities in these areas. The construction of these airports is also aimed to give the country’s transport sector great impetus by creating efficiency in the transport and logistics sector. The three airports provide investment opportunity through PPP framework.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kenya Airways Authority (KAA)</td>
<td>Development of airport (JKA) city</td>
<td>PPP</td>
<td>Nairobi, Kiambu, Kajiado and Machakos Counties $138 million</td>
<td>The government has developed a transit plan aimed at reducing traffic congestion by integrating a number of transport systems to include a heavy rail, light rail and a bus rapid transit. The plan is to develop nine key railway transport corridors linking the Nairobi Railway Station (NRS) with: Ruai and Thika; Juja Road to Kangundo; JKIA to Athi River; Langata Road to Karen; and Upper Hill to Ngong.</td>
</tr>
<tr>
<td></td>
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<td>Kenya Ports Authority (KPA)</td>
<td>Kisumu Sea Port</td>
<td>PPP</td>
<td>Kisumu To be determined</td>
<td>The project involves development of Kisumu Port into a modern commercial rake port to serve the growing trade in the EAC region.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kenya Civil Aviation Authority (KCAA)</td>
<td>Government flying school</td>
<td>PPP model</td>
<td>Nairobi To be determined</td>
<td>Establishment of a government flight training school at the East African School of Aviation, the training directorate of KCAA, in partnership with the private sector.</td>
</tr>
<tr>
<td>SECTOR</td>
<td>NAME OF INSTITUTION</td>
<td>PROJECT</td>
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<tr>
<td>MINING</td>
<td>Ministry of Mining</td>
<td>Vihiga Granite Processing Centre</td>
<td>PPP</td>
<td>Vihiga County</td>
<td>$14.5 million</td>
<td>The centre will be a processing hub to convert granite boulders into polished granite dimension stones to cater to the burgeoning construction industry in the region.</td>
</tr>
<tr>
<td>MINING</td>
<td>Ministry of Mining</td>
<td>The Nairobi Gold Refinery</td>
<td>PPP</td>
<td>Nairobi County</td>
<td>$68 million</td>
<td>The refinery will provide value addition for gold sourced from Kenya and the region.</td>
</tr>
<tr>
<td>MINING</td>
<td>Ministry of Mining</td>
<td>National Gold Exploration Project</td>
<td>PPP</td>
<td>Turkana, West Pokot, Kwale, Kilifi</td>
<td>$29 million</td>
<td>The department of geological survey is carrying out comprehensive geological mapping.</td>
</tr>
<tr>
<td>MINING</td>
<td>Ministry of Mining</td>
<td>National Gemstone Exploration Project</td>
<td>PPP</td>
<td>Taita Taveta, Samburu, Baringo, West Pokot, Kwale</td>
<td>$19 million</td>
<td>The department of geological survey is carrying out comprehensive geological mapping.</td>
</tr>
<tr>
<td>MINING</td>
<td>Ministry of Mining</td>
<td>National Iron Ore Mapping Project</td>
<td>PPP</td>
<td>Kwale, Taita Taveta and Tharaka Nithi Counties</td>
<td>$14.5 million</td>
<td>The department of geological survey is carrying out comprehensive geological mapping.</td>
</tr>
<tr>
<td>ENERGY</td>
<td>KenGen</td>
<td>2 x 70 MW Olkaria V</td>
<td>Joint venture</td>
<td>Naivasha</td>
<td>$504 million</td>
<td>KenGen was seeking a joint venture partner to build a geothermal power plant in Naivasha.</td>
</tr>
<tr>
<td>ENERGY</td>
<td>KenGen</td>
<td>Olkaria I Unit 6 (70 MW)</td>
<td>EPC</td>
<td>Naivasha</td>
<td>$314 million</td>
<td>The implementation of the Olkaria I Unit 6 geothermal power project is an extension to the recently completed Olkaria I Unit 4 &amp; 5 under the GoK’s 5000+ Strategy of provision of affordable power through renewable energy sources. Opportunities exist for EPC contractors for: LOT 2 contract: Power plant – civil, electrical and mechanical works, including interconnection to the grid.</td>
</tr>
<tr>
<td>ENERGY</td>
<td>KenGen</td>
<td>Olkaria VI (140 MW)</td>
<td>EPC</td>
<td>Naivasha</td>
<td>$418 million</td>
<td>Olkaria field is abundantly endowed with geothermal energy for provision of steam and power. KenGen has been exploring the field and the exploited capacity amounts to 487 MW of power. The project presents opportunities in terms of advisory services, consultancy, financing (debt &amp; equity), EPC contract and O&amp;M management contract.</td>
</tr>
<tr>
<td>ENERGY</td>
<td>KenGen</td>
<td>Meru Wind (400 MW)</td>
<td>EPC</td>
<td>Meru</td>
<td>$688 million</td>
<td>The proposed project will be undertaken in three phases: 50 MW, 150 MW and 250 MW. The project provides opportunities for EPC contractors to design, supply, install, test and commission Phase I of the project. An equity partner is required for the subsequent phases.</td>
</tr>
<tr>
<td>ENERGY</td>
<td>KenGen</td>
<td>Olkaria VII (140 MW)</td>
<td>Joint venture</td>
<td>Naivasha</td>
<td>TBD</td>
<td>Six production wells have been drilled out of the target for five.</td>
</tr>
<tr>
<td>ENERGY</td>
<td>National Oil Corporation of Kenya (NOCK)</td>
<td>Offshore jetty</td>
<td>PPP model</td>
<td>Mombasa</td>
<td>Development, operation and maintenance of the Mombasa offshore loading and offloading jetty and tank-farm project under a PPP arrangement.</td>
<td></td>
</tr>
<tr>
<td>ENERGY</td>
<td>Tana And Athi Rivers Development Authority (TARDA)</td>
<td>High Grand Falls multi-purpose dam</td>
<td>PPP model</td>
<td>Tharaka Nithi and Kitui Counties</td>
<td>$1.5 billion</td>
<td>The project site is located 50 km down-stream of the Kiambere Hydro Power Station along the River Tana. The project has a reservoir storage capacity of 5.4 billion cubic metres and is to generate 700 MW of power. It will provide huge benefits, which include opening up huge areas for irrigation and proving fresh water supply for proposed Lamu Port through intra- and inter-basin water transfer canals.</td>
</tr>
<tr>
<td>SECTOR</td>
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<tr>
<td>Lake Basin Development Authority (LBDA)</td>
<td>Magwagwa multipurpose dam development project</td>
<td>PPP model</td>
<td>NYANZA-Magwagwa/Muhoroni</td>
<td>$979.8 million</td>
<td>A build-operate-transfer model under a PPP agreement where the private partner finances, constructs and maintains and transfers the facility to LBDA at the end of an agreed period of time. It comprises the construction of a 95 metre-high and 450 metre-long concrete-faced, rock-filled dam with a design total plant output of 120 MW and an annual energy production of 510 GWh/yr. It also comprises a reservoir with a maximum capacity of 106 m³. The reservoir is expected to supply water to 19 service centres starting with Magwagwa town and also provide water for irrigation and fisheries.</td>
<td></td>
</tr>
<tr>
<td>Tana And Athi Rivers Development Authority</td>
<td>Ecotourism complex</td>
<td>Private equity and private debt</td>
<td>Masinga Dam</td>
<td>$2.52 million</td>
<td>The proposed project hopes to develop an ecotourism complex at the Masinga Dam. This ecotourism will have the following components: Masinga Dam beach hotel, tented camp on an island within the dam, holiday homes, wildlife sanctuary, afforestation and a golf course, cultural tourism, irrigated agriculture, and alternative access (air strip and ferry).</td>
<td></td>
</tr>
<tr>
<td>Geothermal Development Company (GDC)</td>
<td>Implementation of 400 MW Menengai Phase 1 Geothermal Dev. Project</td>
<td>PPP model</td>
<td>Menengai</td>
<td>TBD</td>
<td>A green field electricity generation project whose objective is to increase the installed national capacity by an additional 400 MW.</td>
<td></td>
</tr>
<tr>
<td>Geothermal Development Company (GDC)</td>
<td>Implementation of 800 MW Menengai Phase 2 Geothermal Dev. Project</td>
<td>PPP through BOT</td>
<td>Menengai</td>
<td>$2.8 billion</td>
<td>The 800 MW Menengai Phase 2 geothermal development is a green field electricity generation project whose objective is to increase the installed national capacity by an additional 800 MW. The benefits of the project include: reduced electricity tariffs, job creation and income generation, increased security and forest conservation.</td>
<td></td>
</tr>
<tr>
<td>Agipol Africa Limited</td>
<td>Agipol Africa Petroleum Trading</td>
<td>Private equity and private debt</td>
<td>Nairobi</td>
<td>$40 million</td>
<td>Agipol Africa will bring the energy services and supplies closer to the people and ensure competitive pricing in all stages of supply chain.</td>
<td></td>
</tr>
<tr>
<td>National Oil Company Of Kenya</td>
<td>Mombasa petroleum trading hub – single buoy mooring (SBM)</td>
<td>PPP scheme or private equity or private debt</td>
<td>Mombasa</td>
<td>$500 million</td>
<td>Mombasa Port is the primary entry port for petroleum imports entering into East Africa. The objective shall be to address the present constraints faced at the Port of Mombasa and set up the infrastructure necessary to position the Kenyan Coast as the petroleum trading hub to serve Eastern Africa, the East Coast of Africa and ultimately serve as an important supply point for cargos destined for South-East Asia.</td>
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<tr>
<td>Geothermal Development Company</td>
<td>Isiolo 100 MW wind power</td>
<td>PPP model</td>
<td>Isiolo</td>
<td>$203 million</td>
<td>The Isiolo project site is one of the places with long-term average wind speeds of about 7.8 m/s. A total of four wind masts are installed at the area. At the project site, the dominant wind direction and main wind energy direction is SSE with a total potential of 400 MW. The 2nd phase involves the set-up of 50 wind turbines V80/2.0, resulting in an installed capacity of 100 MW. The benefits include the development of green energy and meeting the current power supply shortfalls.</td>
<td></td>
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<tr>
<td>Geothermal Development Company (GDC)</td>
<td>800 MW Bogoria-Silali Phase 1</td>
<td>PPP model</td>
<td>Bogoria, Baringo, Arus, Korosi, Chepkuk, Paka and Silali</td>
<td>$2.8 billion</td>
<td>The 800 MW Bogoria Silali Block Phase 1 is a joint steam development project whose objective is to generate steam for electricity generation. Scheduled for commission in 2019.</td>
<td></td>
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<tr>
<td>SECTOR NAME OF INSTITUTION</td>
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<tr>
<td>Lake Basin Development Authority</td>
<td>Nandi Multipurpose Dam Project</td>
<td>A build-operate-transfer model under a PPP agreement where the private partner finances, constructs maintains and transfers the facility to LBDA at the end of an agreed period of time.</td>
<td>Kisumu</td>
<td>TBD</td>
<td>Involves establishment of a large-scale multipurpose water reservoir catering for public/industrial water supply, irrigation, river regulations, flood control and power production (20 MW). Promotion and development of tourism, inter-basin water transfers, fisheries, flood control and downstream ecosystem conservation are also components of the project. The project comprises a 58 metre-high earth/rock embankment dam located in the Nandi Forest. It would impound water with a live storage capacity of 275 million square metres and surface area extending to some 12.5 square kilometres. The project will see the irrigation of 16 000–17 000 hectares of land in Miwani and Chemelil areas of Kisumu County.</td>
<td></td>
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<tr>
<td>Lake Basin Development Authority</td>
<td>Webuye multipurpose dam development project</td>
<td>PPP model</td>
<td>Bungoma</td>
<td>$60 million</td>
<td>A build-operate-transfer model under a PPP agreement where the private partner finances, constructs maintains and transfers the facility to LBDA at the end of an agreed period of time. It comprises the construction of a 54 m earth embankment dam located 2.5 km upstream of Webuye Falls. It also comprises a reservoir with a full supply level with a live storage of 200x106 cubic metres. The dam is expected to supply a single 30 MW power station that will ensure rural electrification and value addition of products. Water supply, rehabilitation and stocking of dams for improvement of inland fish are also components of the project farming, and environmental conservation.</td>
<td></td>
</tr>
<tr>
<td>Geothermal Development Company (GDC)</td>
<td>300 MW Geothermal Plant at Suswa</td>
<td>PPP model</td>
<td>Suswa</td>
<td>TBD</td>
<td>A greenfield electricity generation project that aims to contribute up to 300 MW towards the Least Cost Power Development Plan. IPPs will be invited to buy the steam from GDC under a Steam Purchase Agreement, and sell the electricity it generates to the KPLC under a PPA, thereby recouping its investment cost.</td>
<td></td>
</tr>
<tr>
<td>Ministry of Energy and Petroleum</td>
<td>40 MW solar power plant at Muhoroni, Kisumu County</td>
<td>PPP model</td>
<td>Muhoroni, Kisumu</td>
<td>TBD</td>
<td>Procure an independent power producer for generation of 40 MW solar energy at the Muhoroni area of Kisumu County.</td>
<td></td>
</tr>
<tr>
<td>Ministry of Energy and Petroleum</td>
<td>980 MW coal plant in Lamu</td>
<td>PPP model</td>
<td>Lamu</td>
<td>Generation of 980 MW of power by IPPs on a build, own, operate and transfer basis for 20 to 25 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Energy and Petroleum</td>
<td>495 MW LNG Power Plant</td>
<td>PPP model</td>
<td>Dongo Kundu, Mombasa</td>
<td>The aim of the power plant is to supply power to a potential LNG import terminal to be located at the coast and the national. KenGen has successfully completed a full study on the feasibility and potential siting of a LNG import terminal to be located at the coast.</td>
<td></td>
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</tr>
<tr>
<td>Kenya Electricity Generating Company (KenGen)</td>
<td>560 MW geothermal project pipeline at the Olkaria Field</td>
<td>PPP model</td>
<td>Naivasha</td>
<td>TBD</td>
<td>560 MW geothermal project pipeline (divided into four equal projects of 140 MW each) on a build, own, operate and transfer basis for a period of 15 years.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kenya Investment Authority.
ANNEX XXIII: LIST OF COUNTY GOVERNMENT AND OTHER WEBSITES IN KENYA

1. Mombasa: http://www.mombasa.go.ke/
4. Tana River: http://www.tanariver.go.ke/
5. Lamu: http://www.lamu.go.ke/
6. Taita Taveta: http://taitataveta.go.ke/
8. Wajir: http://www.wajir.go.ke/
10. Marsabit: http://marsabit.go.ke/
11. Isiolo: http://www.isiolo.go.ke/
17. Makueni: https://www.makueni.go.ke/
23. Turkana: http://www.turkana.go.ke/
24. West Pokot: http://www.westpokot.go.ke/
27. Uasin Gishu: https://www.uasingishu.go.ke/
31. Laikipia: http://laikipia.go.ke/
34. Kajiado: https://www.kajiado.go.ke/
37. Kakamega: https://kakamega.go.ke/
38. Vihiga: http://vihiga.go.ke/
40. Busia: https://busiacounty.go.ke/
41. Siaya: http://siaya.go.ke/
42. Kisumu: https://www.kisumu.go.ke/
43. Homa-Bay: http://www.homabay.go.ke/
44. Migori: http://migori.go.ke/
45. Kisii: http://www.kisii.go.ke/
46. Nyamira: http://www.nyamira.go.ke/
47. Nairobi City: http://www.nairobi.go.ke/
ANNEX XXIV: RESOURCES FOR INVESTORS

Here are a number of useful links and contact information for various departments, government offices and industry sectors in Kenya.

MINISTRIES
- Ministry of Defence
- Ministry of Foreign Affairs
- Ministry of Industry, Trade and Cooperatives
- Ministry of Lands & Physical Planning

INDUSTRY
- Agricultural and Food Authority
- Fresh Produce Exporters Association of Kenya
- Kenya Fish Processors and Exporters Association
- Kenya Association of Manufacturers
- Kenya Flower Council
- Kenya Plant Health Inspectorate Service
- Kenya Tea Development Agency Holdings Ltd
- Kenya Industrial Research and Development Institute
- Africa Economic Zones
- Infinity Industrial Park

INVESTMENT
- Export Processing Zones Authority
- Export Promotion Council
- Kenya Investment Authority
- Official bodies
- Kenya Bureau of Standards
- Kenya National Bureau of Statistics
- Kenya Revenue Authority
- Professional associations
- Kenya Association of Manufacturers
- Kenya Private Sector Alliance

RELEVANT WEBSITES
- http://www.nairobi.go.ke/
- http://www.nssf.or.ke/
- www.ecitizen.go.ke
- https://kenya.eregulations.org
- http://www.kie.co.ke
- http://investmentkenya.com
- https://fns.immigration.go.ke/
- http://online.ls.k.or.ke/
- http://www.aradhi.go.ke/
- https://boraqs.or.ke/
- https://ccn-ecp.or.ke/index.php
- www.nhif.or.ke/
- www.nssf.or.ke/
- http://infotradekenya.go.ke
Partnership for Investment and Growth in Africa (PIGA)