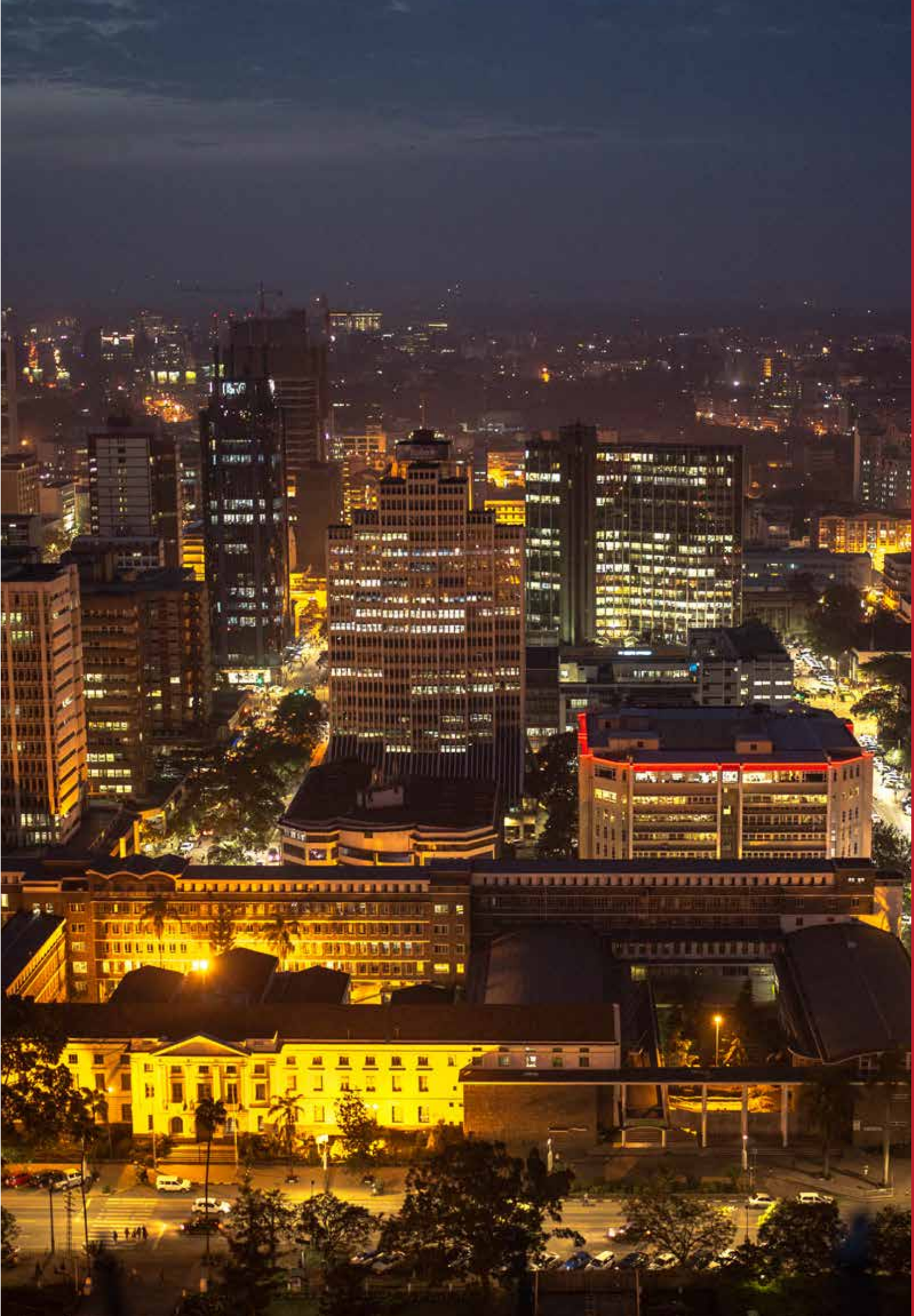
INVESTORS GUIDE TO KENYA

PREFACE

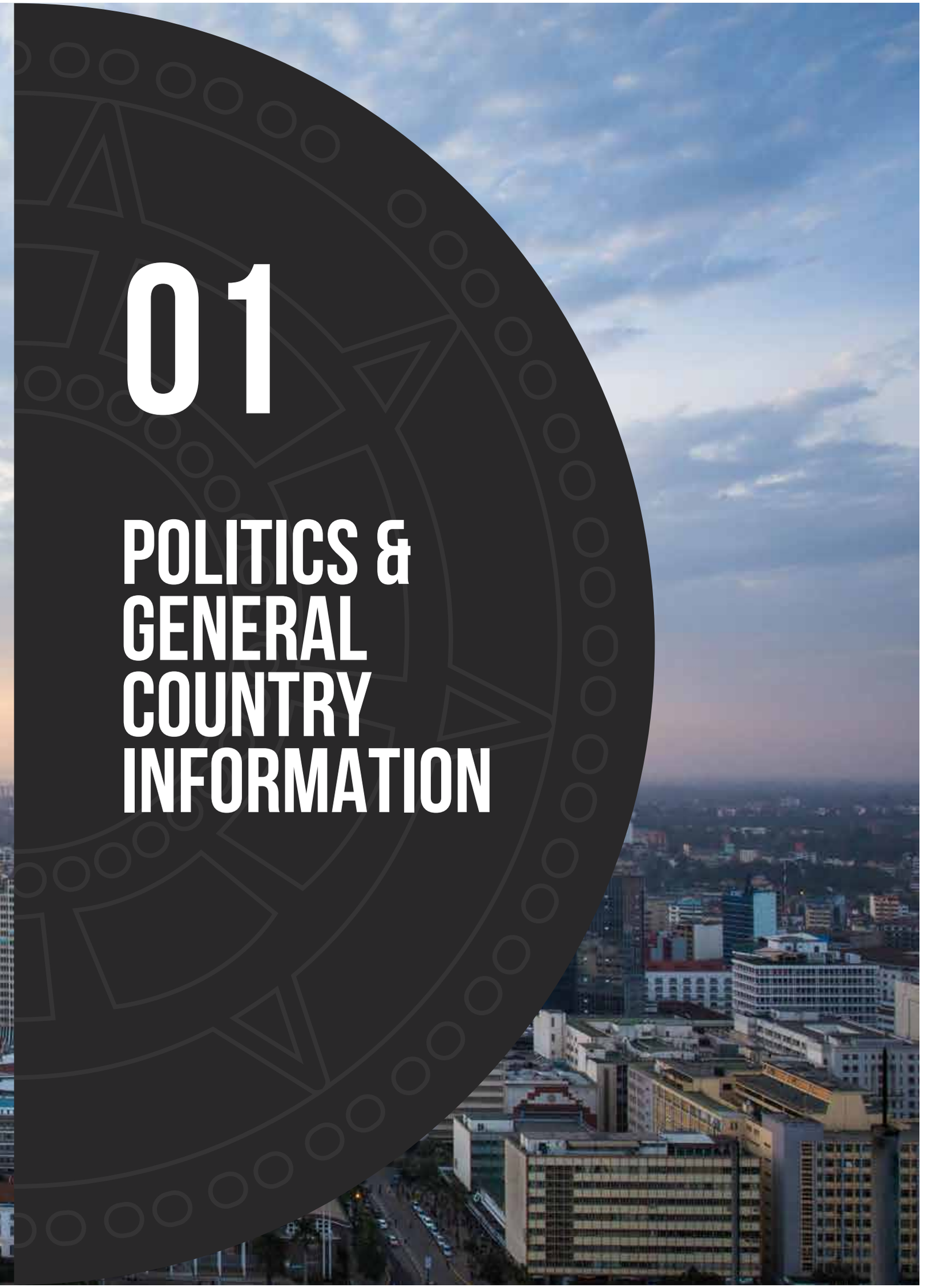
This book was prepared by KenInvest in conjunction with Regional Investment Agency (RIA) of the Common Market for Eastern and Southern Africa (COMESA). It was written to give the busy executive a quick overview of the investment climate, taxation, types of business organisation and accounting practices in Kenya. Making decisions about foreign operations is complex and requires an intimate knowledge of a country's commercial climate. Companies doing or planning to do business in Kenya are advised to get current and detailed information from experienced professionals and investment authorities.

Visit
invest.go.ke
for the latest information on investment opportunities and incentives in Kenya.



CONTENTS

01	POLITICS & GENERAL COUNTRY INFORMATION	7
02	NATURAL RESOURCES AND GEOGRAPHY	15
03	POPULATION AND DEMOGRAPHICS	23
04	ECONOMY	27
05	SECTORS AND OPPORTUNITIES	35
06	BANKING AND FINANCIAL SERVICES	47
07	INFRASTRUCTURE AND COST OF DOING BUSINESS	55
08	EDUCATION AND HUMAN RESOURCES	73
09	LABOUR MARKET	77
10	INVESTMENT PROMOTION AND PROTECTION	83
11	SPECIAL ECONOMIC ZONES	91
12	LICENSING AND PERMITS	97
13	INTERNATIONAL ORGANIZATION MEMBERSHIPS, MARKET ACCESS AND SPECIAL TRADE REGIMES	107
14	QUALITY OF LIFE	111



01

POLITICS & GENERAL COUNTRY INFORMATION

1.1.

GENERAL INFORMATION

PARAMETER	KENYA
OFFICIAL NAME	REPUBLIC OF KENYA
FORM OF STATE	UNITARY STATE WITH MULTI PARTY DEMOCRACY
AREA	580,367 SQ KM
POPULATION	46.6 Million (2017)
DENSITY	79.3 PEOPLE PER SQ KM
OFFICIAL LANGUAGE	ENGLISH & KISWAHILI
RELIGION	CHRISTIAN, MUSLIM, INDIGENOUS AFRICA AND OTHERS
ADMINSTRATION	CENTRAL GOVERNMENT AND 47 COUNTY GOVERNMENTS
TIME ZONE	GMT + 3
CURRENCY	103 KENYAN SHILLING IS EQUAL TO USD 1 (2017)
TOTAL GDP	USD 77.5 BILLION (2017)
AVERAGE GDP PER CAPITA	USD 1663.1 (2017)
GDP GROWTH	4.9% (2017)
TOTAL EXPORTS VOLUME	USD 5.9 BILLION (2017)
TOTAL IMPORTS VOLUME	USD 17.3 BILLION (2017)
AVERAGE ANNUAL CONSUMER PRICE INDEX	183.2 (2017)

Source: Kenya National Bureau of Statistics 2018

Kenya gained its independence from Britain in 1963 and has since maintained a diversified economy in which the private sector has always played a strong role. Today, Kenya's political system is democratic with numerous political parties. These include major parties such as Jubilee party, The Orange Democratic Movement (ODM), and The Wiper Democratic Party (WPD). In turn, the opposing coalition is National Super Alliance (NASA).

The 2010 Kenyan Constitution brought numerous changes to the country's political system, including devolution. As a result, two levels of Government were created: a Central Government and 47 County Governments. Unlike the federal system, in which sovereignty is constitutionally divided between the Federal Government and the States, devolution in Kenya offers a unitary political concept given the distribution of functions between the two levels of government. Devolution is only autonomous in the implementation of these distinct functions. While the National Government has the three main arms of government, county governments have only two: the County Executive, headed by the Governor, and the County Assembly (Legislature), made up of Members of County Assemblies (MCA), and headed by the Speaker. Each MCA represents a ward, which constitutes a single-member constituency.

For accountability of both levels of government, the Constitution introduced more checks and balances. The bicameral Parliament, consisting of the Senate and National Assembly, has much discretion on budgetary allocations to County Governments. The Commission of Revenue Allocation, meanwhile, makes recommendations to the Senate on the revenue-allocation criteria between the National and devolved Government levels and among the Counties. The Constitution bars the National Government from intruding willfully on county-government roles and functions unless approved by the Parliament.

Source: Kenya National Bureau of Statistics

OFFICIAL NAME

REPUBLIC OF KENYA

FORM OF STATE
UNITARY STATED WITH MULTI PARTY DEMOCRACY

2017 POPULATION
46.6 MILLION

DENSITY
77.9 PEOPLE PER SQ. KM

TOTAL AREA
580,367 SQ. KM

47 ADMINISTRATIVE GOVERNMENT COUNTIES

RELIGION
CHRISTIAN, MUSLIM, INDIGENOUS AFRICA AND OTHERS

CURRENCY
100KES = 1USD

TIMEZONE
GMT+3

TOTAL GDP (2017)
$77.5 BILLION

AVERAGE GDP PER CAPITA (2017)
$1663.1

AVERAGE ANNUAL GDP GROWTH
4.9%

TOTAL EXPORTS VOLUME (2017)
$5.9 BILLION

TOTAL IMPORTS VOLUME (2017)
$17.3 BILLION

AVERAGE ANNUAL CONSUMER PRICE INDEX
183 (0.2)

1.2.

STRUCTURE OF GOVERNMENT AND CHECKS & BALANCES

Traditionally the power of the Kenyan Government has been divided into three main arms: the Executive, the Legislature and the Judiciary. The 2010 Constitution includes a greater separation of powers between these three, as well as the introduction of checks and balances on the Executive and devolution of power on local matters to the 47 counties.

1.3.

LEGISLATIVE BRANCH

There is a bicameral Parliament consisting of the Senate and the National Assembly. The National Assembly consists of 290 representatives from single-member constituencies, 47 women elected from the counties and 12 nominated members to represent special interests. The role of the National Assembly is to exercise oversight over state organs, national revenue and expenditure and appropriate funds for National Government spend along with enacting laws that govern the country.

The Senate consists of 47 members, one elected from each county, and 16 women members nominated by the various parties, as well as two youth representatives and two representatives of persons with disabilities. The role of the Senate is to protect the interest of the counties, enact laws for the counties, and oversee state officers.


LG

1.4.

THE JUDICIARY

The Judiciary is repositioning itself in the context of the 2010 Kenyan Constitution. It is involved in a major transformation which includes the recruitment of the Chief Justice, as well as for other judicial officers, and administrative and paralegal staff. In aiming to fulfill its constitutional mandate under Article 159 and meet public expectations, it is structured along the following lines:

The Supreme Court
The Supreme Court hears and determines cases relating to presidential elections. It also hears appeals on cases that have been concluded by the Court of Appeal, and issues advisory opinions on matters concerning county governments in any case involving the interpretation or application of the Constitution, and in matters of general public importance. Furthermore, it hears appeals from any other court or tribunal as prescribed by the national legislation.

The Court of Appeal
The Court of Appeal is established under Article 164 of the Constitution, and consists of no fewer than 12 judges. It is organized and administered as prescribed by an Act of Parliament. The Court comprises the President of the Court of Appeal, who is elected by judges of the Court of Appeal from among themselves. The Court of Appeal has jurisdiction to hear appeals from the High Court and any other court or tribunal as prescribed by Parliament.

The High Court
The High Court is established under Article 165 and consists of a number of judges as prescribed by Parliament. It has unlimited original jurisdiction in criminal and civil matters, but no jurisdiction on matters reserved exclusively under the Constitution for the Supreme Court or falling within the jurisdiction of the courts considered in Article 162 (2).

The High Court has supervisory jurisdiction over subordinate courts and over any person, body or authority exercising a judicial or quasi-judicial function, but not over the Superior Court.

Subordinate Courts
Subordinate courts are provided for under Article 169 of the Constitution and include:

- The Magistrates Courts;
- The Kadhis' Courts.

Martial Courts
Section 84 of the Armed Forces Act gives court-martial power to try and punish any person subject to the Act.

Tribunals
Tribunals in Kenya are administrative bodies established by Acts of Parliament whose purpose is to exercise judicial and quasi-judicial functions. The members of a tribunal are empowered to listen to and rule on specific matters as set out in the statute that has established them. In exercising its powers, tribunals must adhere to the same standards as ordinary Courts and the rule of law.

Further, tribunals are subject to supervision by the High Court. A party who is dissatisfied with the outcome of a tribunal may appeal to the High Court.

1.5.

EXECUTIVE BRANCH

Executive authority derives from the people of Kenya and consists of the President, the Deputy President and the Cabinet. The President is the Head of State and Government, and Commander-in-Chief of Kenya's Defence Forces. Any citizen by birth qualifies for nomination as a presidential candidate but can be elected for no more than two five-year terms. A Presidential candidate wins if he or she receives more than half of all votes cast in an election and at least 25 percent of valid votes in more than half the counties. Where there is no outright winner in the first round, a fresh election is held and the candidate who receives the most votes is declared President-Elect.

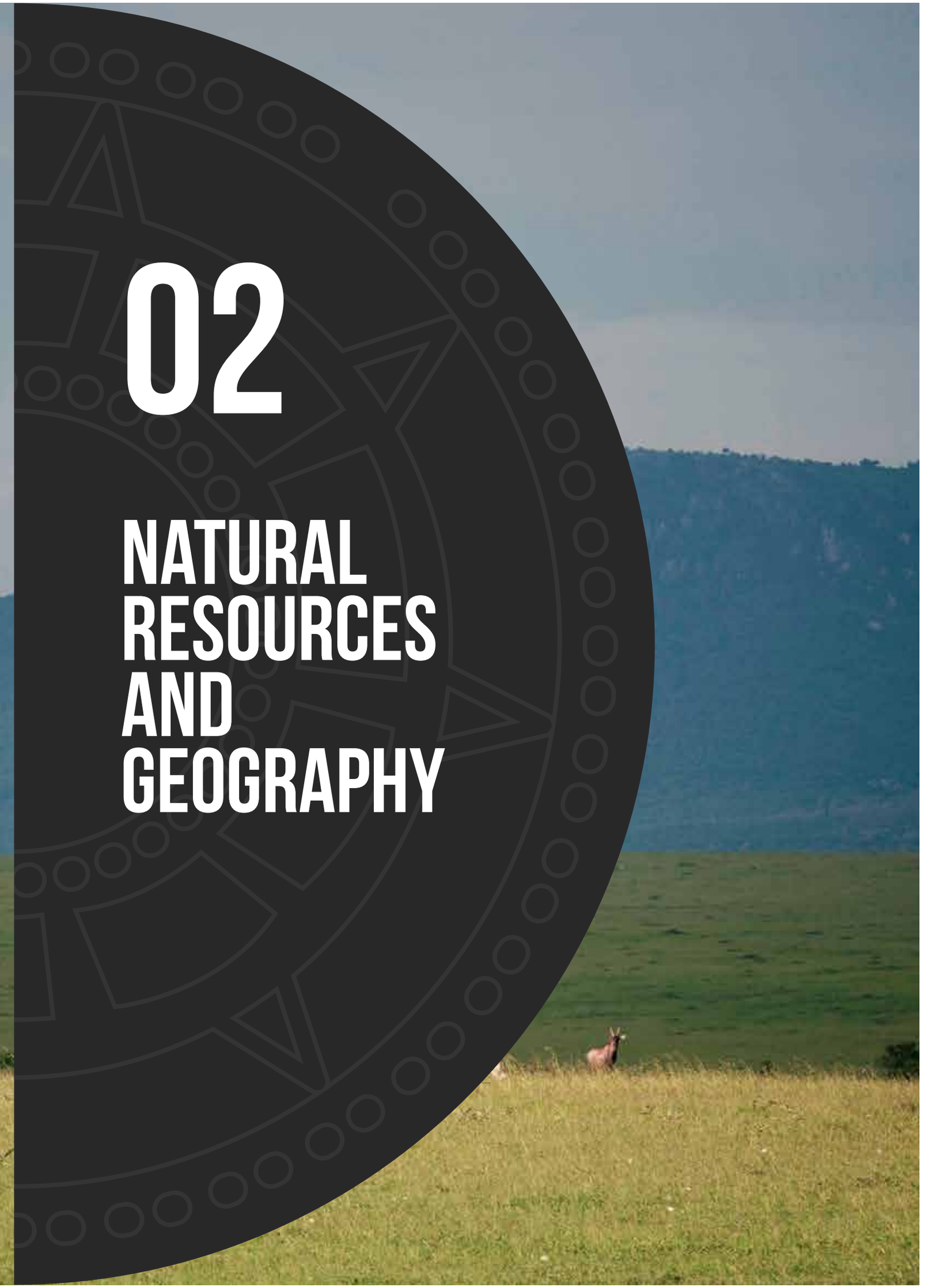
The Deputy President is the principal assistant to the President and deputises for the President. The Constitution requires that each Presidential candidate nominate a candidate for the position of the Deputy President. The Cabinet consists of the President, the Deputy President, the Attorney General and a maximum of 22 Cabinet Secretaries. Unlike before, the Cabinet Secretaries are not members of parliament.

1.6.

ELECTORAL SYSTEM AND PROCESS

Elections in Kenya are held at the national level for Head of State (the President), a Legislature and the county governments, which take place every five years.

The Independent Electoral and Boundaries Commission (IEBC), established under Article 88 of the Constitution, is mandated with conducting or supervising referenda and elections of any elective body or office established under the Constitution, and any other elections as prescribed by Parliament.



02

NATURAL RESOURCES AND GEOGRAPHY

2.1
LOCATION

Kenya officially known as the Republic of Kenya, is a Country in the eastern coast of Africa, and lies on the equator. With the Indian Ocean to its south-east, it is bordered by Tanzania to the south, Uganda to the west, South Sudan to the north-west, Ethiopia to the north and Somalia to the north-east.

Kenya has a land area of about 586,600km sq. Inland water bodies cover some 10,700km sq, the bulk of this in Lakes Victoria and Lake Turkana.

2.2
OVERVIEW OF MINERAL OCCURRENCE

A wide range of minerals, both metallic and industrial, are known to occur in Kenya. These include barite, gypsum, gold, silver, lead, talc, titanium, salt, a variety of gemstones, (mainly ruby and several varieties of garnets) dimension stones, silica sand, heavy mineral sands, manganese, zinc, wollastonite, graphite, kaolin, copper, nickel, chromite, pyrite, various clays, rare earth elements and pyrochlore. The Geological environments for the mineralization can be summarised as follows:

The Archean Nyanzian Craton area of Western Kenya where metallic mineralization of base and precious metals are known to occur: gold, copper and silver have been mined in the past. The area is also potential for ferrous and no-ferrous metals. Kimberlitic bodies have also been reported.

The Proterozoic Mozambique Belt that is most extensive in Central Kenya north to South in which minerals such as kyanite, corundum, graphite, wollastonite, marble, asbestos, fluorspar, magnesite, kaolin and a variety of gemstones are found together with minerals associated with basic and granitic rocks.

The sedimentary rocks of Palaeozoic to Quaternary are widespread. These rocks are sources and hosts of limestone, gypsum, clays, manganese and construction materials and possibly hydrocarbons. Base metal mineralization, lead-zinc-barite and copper are known to occur in the sedimentary basin along the coastal belt. Heavy mineral sands also occur along the coastal beach sands and Recent deposits of about 3.2 billion tons of titanium bearing have been discovered.

The volcanic rocks associated with Rift System host a variety of minerals and construction materials. The volcano-sedimentary accumulations have deposits of clays, evaporites, trona (soda ash), diatomite, natural carbon dioxide, kunkar and gypsum. Gem quality rubies have recently been discovered.

Carbonatites are known to be host of several minerals found in the Nyanzian shield area,around Lake Victoria shores and in the southern part of the coastal sedimentary basin. Mrima, one of the carbonatites known for potential of niobium and rare earth elements (REE) is found in the coastal basin, south of Mombasa.

Kenya's population data show that there are many more young than elderly people, with the age bracket of 0 to 15 making up a huge percentage. more than two of every five persons were under the age of 15, making up about 43% of the total population. Based on the current trend it is expected that, by 2030, Kenya's population will grow to about 65.9 million.

2.3

CLIMATE

Generally, Kenya enjoys a tropical climate. It is hot and humid on the coast, moderate inland, and very dry in the north and northeast. The country receives a great deal of sunshine all year round. While it is warm during the day at higher altitudes, it is often cool at night and early in the morning.

The country experiences two rainy seasons: the "long rains" from March to June and the "short rains" from October to December. The rainfall pattern of most of the country is associated with the monsoons of the Indian Ocean. The long rains are brought by southeasterly winds off the Indian Ocean, while the short rains are carried by northeasterly winds from India and across the Arabian Sea to Kenya. Western Kenya, which receives rain almost year-round, is also influenced by winds from across the Congo Basin, bringing rain in July and August.

Only about a quarter of the country receives enough rainfall to support rain-fed farming. The amount of rainfall varies considerably from place to place and from year to year. This means that people in different parts of the country have developed different economies and ways of living.

Climate and soils combine to create different agro-ecological regions. The lowland areas are dry, except for a narrow strip of land along the Indian Ocean where ocean winds bring a lot of rain. However, the desert areas of northern and eastern Kenya receive little rain.

Rainfall

The semi-arid plains in the south and the Great Rift Valley do not get enough rain to support rain-fed agriculture. These areas are home to communities such as the Rendille, Samburu, Turkana, Galla and Maasai who raise livestock for a living. They drink milk and eat meat from their animals and sell animals to buy grains such as maize. They also practice nomadic life especially during the dry season, moving from place to place looking for grass and water for their livestock. In places where water is available, crops, such as vegetables, rice and cotton, are grown under irrigation. Many of Kenya's national parks are also located in these areas. Tourists who visit the parks are an important source of income for the country.

The mountainous areas of the center and south west receive a lot more rain. These are the major agricultural areas of Kenya. Maize and beans are the principal food-crops in these parts, while coffee and tea are grown as cash crops. Some areas are also set aside for forests and national parks. Along the coast there is also a narrow strip of land that receives abundant rainfall. Here a variety of crops such as fruit, nuts, and cotton are grown. This is also where Kenya's beautiful beaches are located, bringing in vital tourist revenue.

Temperatures

Temperatures vary from season to season and by altitude. The lowlands are much hotter than the highlands. At cooler times of the year the highlands sometimes get frosts, and hail is quite common. Predictions for climate change made by Global General Circulation Models (GCM) states that by 2050 Kenya will generally be warmer and wetter. However, these trends may differ from area to area. In the highlands, for example, warmer temperatures are expected, along with shorter but more torrential rainy seasons. In contrast, areas in northeastern Kenya are expected to see an increase in rain that may lead to more vegetation. Recent satellite measurements suggest that this is already underway. However, the response of different regions to climate change will also be affected by local factors such as mountains, lakes, population and land use.

Kenya's highland areas provide most of the country's food such as maize and beans and mountain-grown cash crops that include coffee and tea. With climate change, some of these areas may become too warm to produce coffee and tea. Rising temperatures will make the growing season shorter (better) for maize and other food crops, especially if rainfall stays about the same or increases.

Lowland areas are also predicted to be warmer, especially along the Indian Ocean coast. Although climate-change models also predict more rainfall for lowland areas, rising temperatures may shorten the growing season for maize and many other crops that are now grown there. Farmers in lowland areas may seek to cope with these warmer temperatures by switching to more heat-tolerant crops.

2.4
SOILS

Many factors contribute to soil formation, including the original rock, climate, slope and height of the land, and the activities of living things. With its diverse landscapes and environmental conditions, Kenya has a wide variety of soil types. Some areas are sandy, while some are clay, and others are very stony. Their characteristics vary according to drainage and original rock matter; some areas are well drained while others become waterlogged during the rains. Kenyans are very aware of these characteristics and farmers and herders vary the use of the land, taking these issues into account.

2.5
HYDROLOGY

Kenya has many large lakes and a number of rivers. The largest lake in the country, Lake Victoria, which is shared with Tanzania and Uganda, covers 68,000 km2. Others include the Great Rift Valley lakes, from Lake Magadi in the south to Lake Turkana in the north. These lakes are important to Kenya's economy. The birds and animals they attract support the vital tourism industry.

The longest river in Kenya is the Tana. It rises on Mount Kenya and flows 700 km to the sea, 50 km north of Malindi. Athi River, which rises in hills near Nairobi, joins the Galana River and, after 550 km, flows into the Indian Ocean near Malindi. A third major river is the Ewaso Ngiro. This is a seasonal river; it only flows along its whole 530 km length across the dry lands of northeast Kenya into Somalia, during the rainy seasons.

Other important rivers are the Turkwell and Kerio, both of which flow for about 350 km before entering Lake Turkana. A number of shorter rivers flow into Lake Victoria.

2.6

WILDLIFE

A remarkable feature of Kenya's natural resources is the wildlife. Wildlife has survived largely because the Kenyan people did not hunt them recreationally, but preserved them. The Maasai, for example, believe that their god made them custodians of all animals, wild anddomestic. Today, a large proportion of the country has been setaside for national parks and reserves. There water is available, wildlife protected and dry-season grazing takes place. Among these A remarkable feature of Kenya's natural resources is the wildlife. Wildlife has survived largely because the Kenyan people did not hunt them recreationally, but preserved them. The Maasai, for example, believe that their god made them custodians of all animals, wild and domestic. Today, a large proportion of the country has been set aside for national parks and reserves. Their water is available, wildlife protected and dry-season grazing takes place. Among these parks are Lake Nakuru, known for its flamingos; Amboseli, famous for its elephants, and Maasai Mara, where the spectacular annual migration of the wildebeest takes place.

Kenya has many wildlife species, and over a thousand different birds. The animals range from the "Big Five" (elephant, rhinoceros, buffalo, lion and leopard) to numerous antelopes, including the world's smallest, the dikdik. One of the strangest animals is the rock hyrax, which is related to the elephant but is only the size of a rabbit.

2.7

FLORA

Given the diversity of ecological conditions in Kenya, it is not surprising that the country's flora is spectacular in its variety. To experience the range, imagine a trek from the summit of Mt. Kenya to the floor of the Great Rift Valley and across the lowlands to the coast. At the summit of Mt. Kenya are glaciers, where species that are able to survive the great cold can be found, such as alpine flowers and grasses. The descent then takes you through highland rain- and bamboo-forest into the savannas with their euphorbia trees, baobabs and acacias. The drier areas have sparse vegetation with occasional thorny bushes and cacti. Along the coast, the damp winds from the ocean support lush vegetation including palm trees and coastal rainforest.

2.8

MAJOR ENVIRONMENTAL REGIONS

Kenya has an exceptionally varied environment. It has forests and deserts, mountains and plains, all so close to each other that you can go from snow-capped Mt. Kenya to the near-desert in under 150 km. Along the Indian Ocean coast are glorious, white sandy beaches and coral reefs teeming with life and colorful fish.

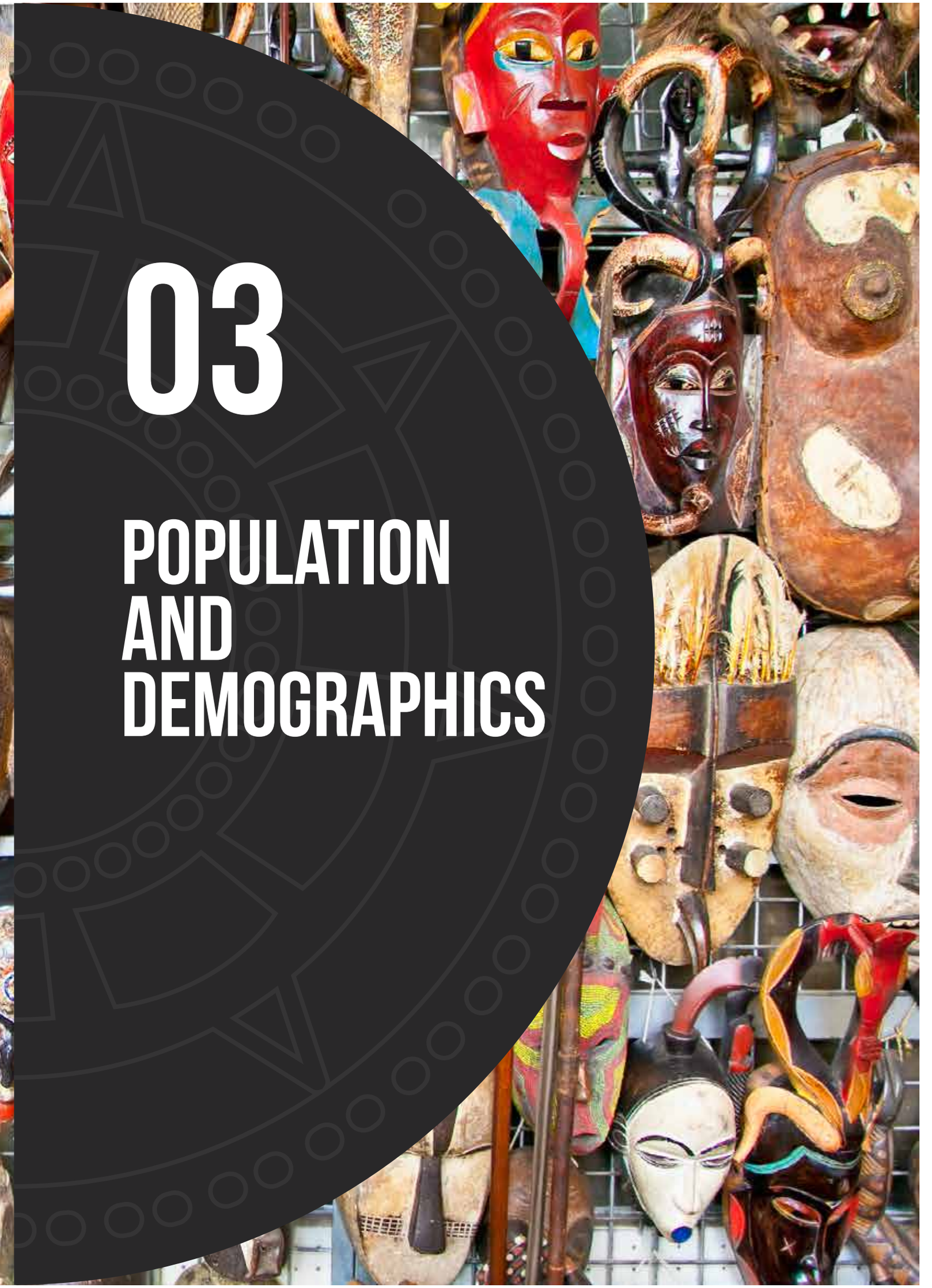
The Lake Victoria Basin
Lake Victoria, the world's second-largest freshwater lake, is bordered by Kenya, Uganda and Tanzania. Its shores are flat and fertile. Beyond them rise mountains with rainforests that receive year-round rainfall. The basin is one of Kenya's most-productive agricultural areas, with sugar being the principal cash crop. The lake is home to an important fishing industry.

The Central Highlands
These upland areas rise above 1,500 metres above sea level and include Mt. Kenya, the Aberdares, the Cherangani Hill sand the Mau Escarpment. These are among the most densely settled and agriculturally productive areas of the country. Here, farmers produce maize (corn), beans and bananas as staple food crops; tea and coffee, and - in some areas - horticultural crops are grown for export. The higher locations constitute of various National Parks such as the Mt. Kenya and Aberdare parks and are home to many wildlife species.

The Great Rift Valley
A spectacular feature of the Kenyan landscape, the Great Rift Valley divides the Highlands and is home to a number of freshwater and soda lakes. These include Lake Magadi, where the soda is mined commercially; Lakes Elementaita, Bogoria and Nakuru, where large populations of flamingos are found; Lake Baringo, which has an important fishing industry and, in the north, Lake Turkana, where many exciting discoveries about the origins of the human race were made in archaeological expeditions.

The Lowlands
Kenya's dry lowlands cover about 80 percent of the country. They extend from the deserts of the north, bordering Sudan, Ethiopia and Somalia, south and east to the semi-arid savannah on the border with Tanzania. The lowlands form an undulating plain, broken only by a few highland outcrops such as Mt. Marsabit, a volcano with a spectacularly beautiful lake in its crater. These dry areas are home to Kenya's nomadic people such as the Turkana, Rendille, Boran and Gabbra. Their livelihoods depend mainly on the herding of camels, cattle, sheep, goats and donkeys. These are among the most isolated and poorest areas of the country. In the southeast are two of the country's most famous national parks, Tsavo and Amboseli, which adjoin the territory of the Maasai people.

The Coast
Kenya's coastline extends for nearly 450 km from the border with Somalia in the north to Tanzania in the south. The coast receives rains from winds off the Indian Ocean, and the coastal plain has a productive agricultural economy, including coconuts, bananas and other fruits and nuts. The coast is fringed by coral reefs that have spectacular fish life. The coastal ports were part of an ancient trading network that extended across the Indian Ocean to Arabia, India and China. Mombasa, one of these ancient ports, remains the leading seaport on the east coast of Africa. The beaches, climate and historic sites are the basis of a tourist industry that attracts hundreds of thousands of tourists each year.



03

POPULATION AND DEMOGRAPHICS

3.1

POPULATION AND DEMOGRAPHICS

Kenya's population data show that there are many more young than elderly people, with the age bracket of 0 to 15 making up a huge percentage. At the time of this survey, statistics show that more than two of every five persons were under the age of 15, making up about 43% of the total population. Based on the current trend it is expected that, by 2030, Kenya's population will grow to about 65.9 million.

POPULATION	47,000,000
AGE STRUCTURE	0-14 years: 40.02% 15-64 years: 56.98% 65 years and over: 3%
DEPENDENCY RATIOS	Total: 78.3 % Youth: 73.7 % Elderly: 4.6 % Potential support ratio: 21.7 (2015 est.)
POPULATION GROWTH RATE	1.69% (2017 est.)
BIRTH RATE	23.9 births/1,000 population (2017 est.)
DEATH RATE	6.7 deaths/1,000 population (2017 est.)
NET MIGRATION RATE	-0.2 migrant(s)/1,000 population (2017 est.)
URBANIZATION	Urban: 26.5% of total population (2017) Rate of urbanization: 4.15% per year (2015-20 est.)
MAJOR CITIES - POPULATION	Nairobi (capital) 3.915 million (2015)
SEX RATIO	At birth: 1.02 male(s)/female 0-14 years: 1.01 male(s)/female 15-24 years: 1 male(s)/female 25-54 years: 1.02 male(s)/female 55-64 years: 0.84 male(s)/female 65 years and over: 0.77 male(s)/female Total population: 1 male(s)/female (2016 est.)
LIFE EXPECTANCY AT BIRTH	Total population: 64.3 years Male: 62.8 years Female: 65.8 years (2017 est.)
TOTAL FERTILITY RATE	2.98 children born/woman (2017 est.)
CONTRACEPTIVE PREVALENCE RATE	66.3% (any methods (% of women ages 15-49)) (2015)

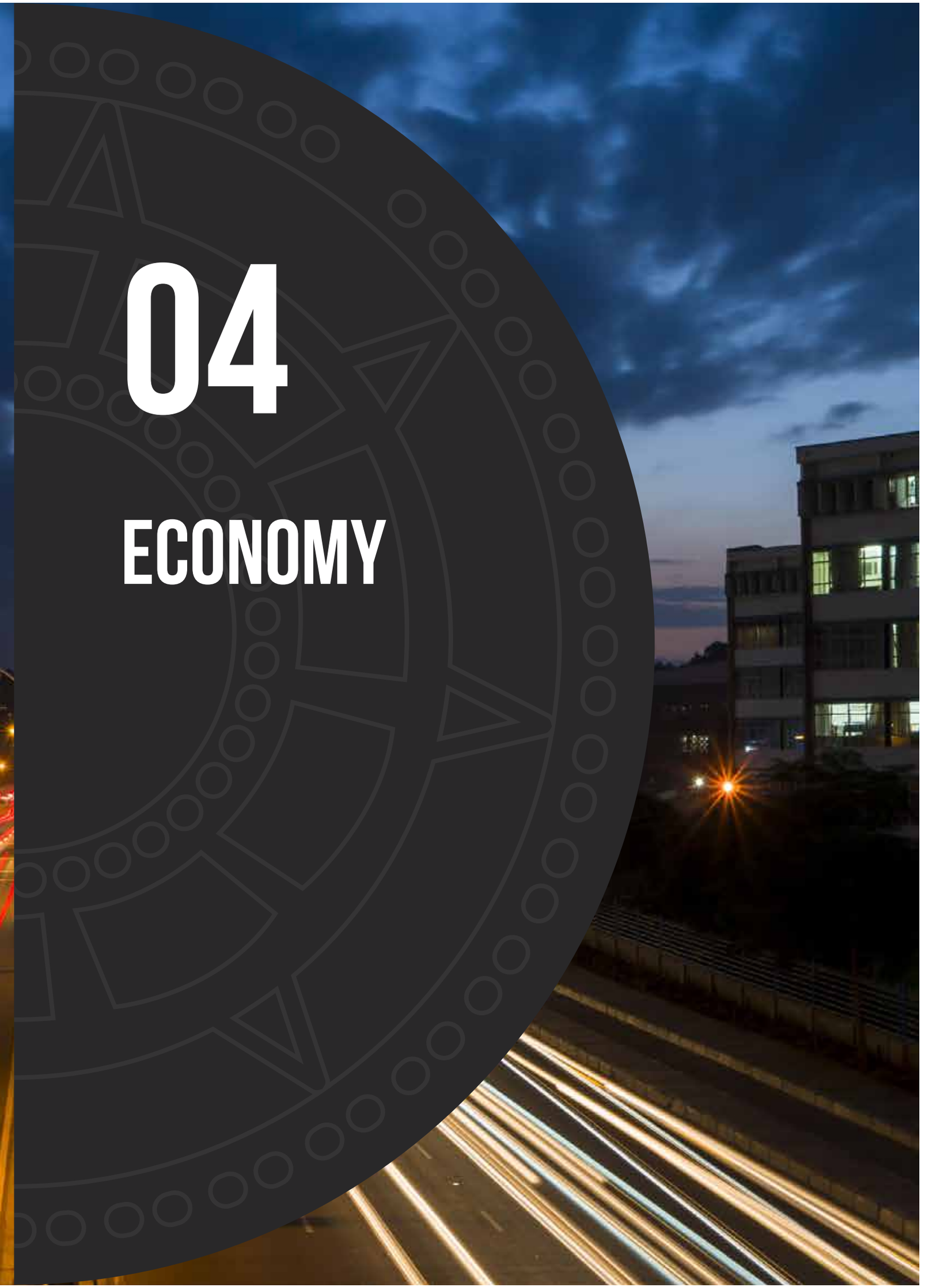
Source: World Bank

3.2

REGIONAL STATISTICS

2009 Kenya population statistics and distribution

ADMINISTRATIVE UNITS				
CODE	COUNTY	CAPITAL	AREA (SQ.KM.)	2009 POPULATION CENSUS
30	Baringo County	Kabarnet	11,075.3	555,561
36	Bomet County	Bomet	1,997.9	730,129
39	Bungoma County	Bungoma	2,206.9	1,375,063
40	Busia County	Busia	1,628.4	743,946
28	Elgeyo-Marakwet County	Iten	3,049.7	369,998
14	Embu County	Embu	2,555.9	516,212
07	Garissa County	Garissa	45,720.2	623,060
43	Homa Bay County	Homa Bay	3,154.7	963,794
11	Isiolo County	Isiolo	25,336.1	143,294
34	Kajiado County	Kajiado	21,292.7	687,312
37	Kakamega County	Kakamega	3,033.8	1,660,651
35	Kericho County	Kericho	2,454.5	752,396
22	Kiambu County	Kiambu	2,449.2	1,623,282
03	Kilifi County	Kilifi	12,245.9	1,109,735
20	Kirinyaga County	Kerugoya/Kutus	1,205.4	528,054
45	Kisii County	Kisii	1,317.9	1,152,282
42	Kisumu County	Kisumu	2,009.5	968,909
15	Kitui County	Kitui	24,385.1	1,012,709
02	Kwale County	Kwale	8,270.3	649,931
31	Laikipia County	Nanyuki	8,696.1	399,227
05	Lamu County	Lamu	6,497.7	101,539
16	Machakos County	Machakos	5,952.9	1,098,584
17	Makueni County	Makueni	8,008.9	884,527
09	Mandera County	Mandera	25,797.7	1,025,756
10	Marsabit County	Marsabit	66,923.1	291,166
12	Meru County	Meru	5,127.1	1,356,301
44	Migori County	Migori	2,586.4	917,170
01	Mombasa County	Mombasa	212.5	939,370
21	Murang'a County	Murang'a	2,325.8	942,581
47	Nairobi City County	Nairobi	694.9	3,138,369
32	Nakuru County	Nakuru	7,509.5	1,603,325
29	Nandi County	Kapsabet	2,884.5	752,965
33	Narok County	Narok	17,921.2	850,920
46	Nyamira County	Nyamira	912.5	598,252
18	Nyandarua County	Ol Kalou	3,107.7	596,268
19	Nyeri County	Nyeri	2,361.0	693,558
25	Samburu County	Maralal	20,182.5	223,947
41	Siaya County	Siaya	2,496.1	842,304
06	Taita Taveta County	Voi	17,083.9	284,657
04	Tana River County	Tana River	35,375.8	240,075
13	Tharaka-Nithi County	Chuka	2,409.5	365,330
26	Trans Nzoia County	Kitale	2,469.9	818,757
23	Turkana County	Lodwar	71,597.8	855,399
27	Uasin Gishu County	Eldoret	2,955.3	894,179
38	Vihiga County	Vihiga	531.3	554,622
08	Wajir County	Wajir	55,840.6	661,941
24	West Pokot County	Kapenguria	8,418.2	512,690
	TOTAL		**581,309.0**	**38,610,097**



04

ECONOMY

4.1.

GENERAL ECONOMIC INFORMATION

Kenya's macroeconomic performance remains broadly stable despite the global economic slowdown over the last few years. The economy's growth momentum has been strong supported by significant investment in infrastructure, construction and mining sectors, strong recovery in tourism, lower energy prices, and improved agricultural production following improved weather conditions. Inflation is within the target band due to prudent monetary policy management while interest rates are low and stable.

Following the rebasing of the national accounts in 2014, statistics indicate that the Kenyan economy grew by, 5.3 per cent, 5.6 per cent, 5.8 per cent and 4.9 percent in, 2014, 2015, 2016 and 2017, respectively. Key sectors of the economy include agriculture, manufacturing, construction, ICT and services. Agriculture remains the mainstay of the economy at 30 per cent of GDP. At 10 per cent, manufacturing is the second-largest contributor to GDP, with the processing of agricultural products a key factor in growth.

INDICATORS	2010	2011	2012	2013	2014	2015	2016	2017
Economic growth (%)	8.4	6.1	5.6	5.7	5.3	5.6	5.8	4.9
GDP (USD billion)	40.0	41.9	50.4	54.9	60.7	63.32	70.5	77.5
Per capita (USD)	1,040.1	1,061.0	1,240.5	1,314.9	1,418.7	1,435.4	1,553.5	1663.1

Source: Kenya National Bureau of Statistics, World Bank 2017Services sector plays a key role in the economy with key services being transport, tourism, financial services and professional services.

4.2.

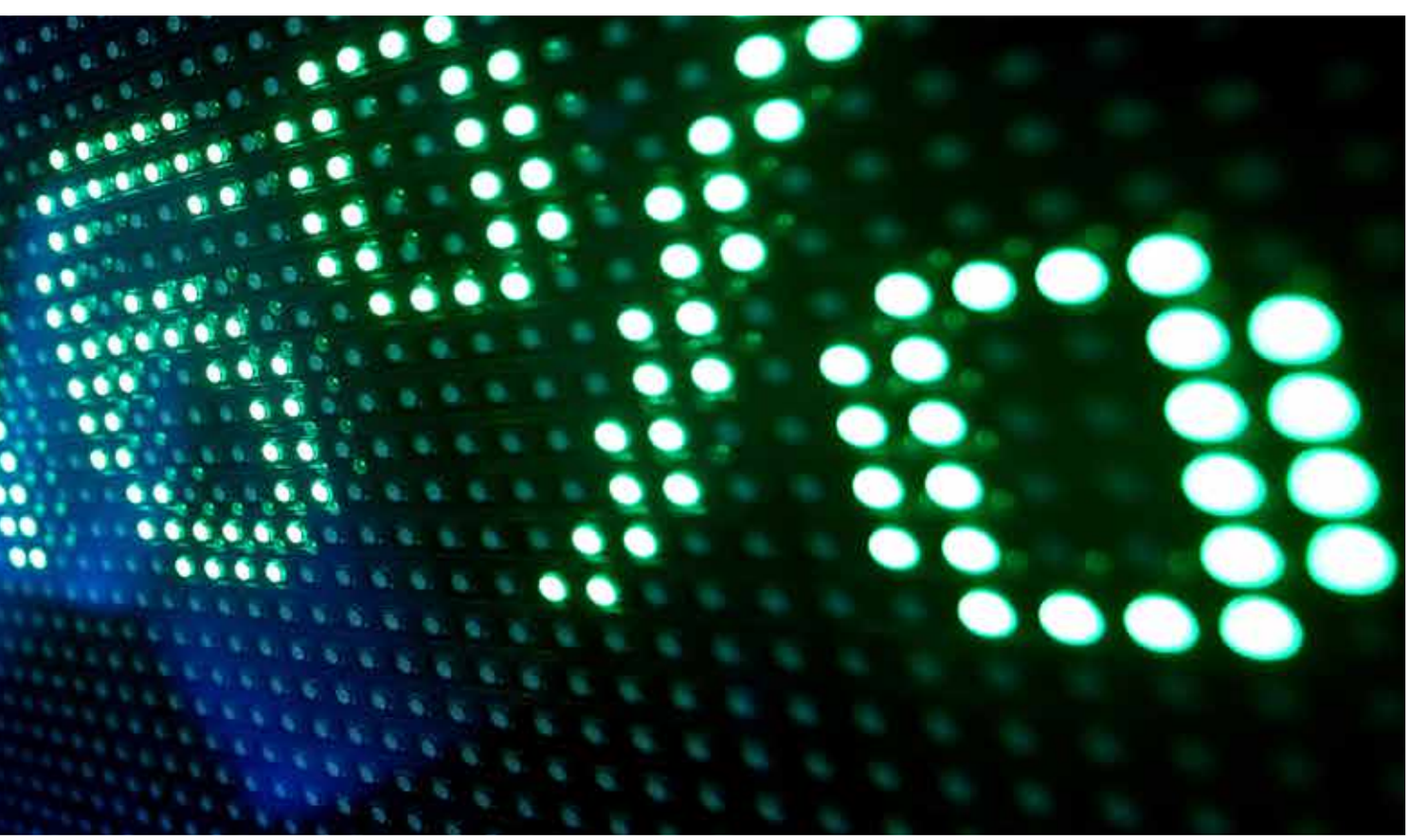
MONETARY POLICY AND INFLATION

The key aim of monetary policy is to maintain price stability by keeping inflation at a low level, normally within the target range of 5±2 per cent. It involves controlling liquidity in the economy in sync with the growth and price objectives set by the Government. Overall inflation was recorded at 6.3 per cent in 2016 down from 6.6 percent in 2015.. The easing in inflation was mostly due to significant slowdowns in prices of transportation; housing and utilities; and communication.

OVERALL INFLATION RATE, 2012 TO 2016

Year	2012	2013	2014	2015	2016	2017
Per cent (Average)	9.4	5.7	6.9	6.6	6.3	8.0

Source; KNBS 2018



4.3.

SECTORAL ECONOMIC INDICATORS

Kenya's economy is diversified and non-dependent on natural resources such as oil and minerals. The key drivers of growth are weather and input use in agriculture; cost of production in manufacturing; infrastructure investment and digital migration policies in ICT; public spending, income growth and affordability of credit in building and construction; and security in tourism.

SECTOR CONTRIBUTIONS TO GDP (%)

SECTOR	2011	2012	2013	2014	2015	2016	2017
Agriculture and Forestry	26.3	26.1	26.4	27.5	30.2	32.0	31.5
Manufacturing	11.8	11.0	10.7	10.0	9.4	9.1	8.4
Construction	4.4	4.5	4.5	4.8	4.8	5.0	5.8
Wholesale and Retail Trade	8.1	7.8	8.1	8.0	7.5	7.3	7.6
Transport and Storage	7.1	8.0	7.8	8.6	8.1	7.8	7.7
Finance and insurance activities	5.7	5.9	6.6	6.8	6.7	7.0	7.5
Information and communication	1.6	1.6	1.4	1.2	1.5	1.4	1.4

Source: Kenya National Bureau of Statistics, 2018

4.4.

FOREIGN EXCHANGE

According to 2014 World Bank data, the Kenya shilling held at below 10 to the dollar from 1963 to 1981, before rising to an average of almost 19 in the decade to 1992, just before foreign-exchange deregulation. With liberalization, the shilling continued to depreciate until 1999, followed by a period of relative stability in the four years to 2004. Between 2005 and 2007, in a break with the past, it appreciated, before declining again to a low of 107 in October 2011.

The Kenya Shilling exchange rate has continued to display less volatility compared with the major regional currencies and strengthened by 1.4 percent for the period October 2015 to October 2016. The stability of the Kenya shilling exchange rate reflects improved export earnings from tea and horticulture, a reduction in the imports of petroleum products due to lower oil prices, resilient Diaspora remittances and improved tourism performance

4.5.
PUBLIC DEBT

The total stock of public debt grew to KSh 3,971.4 billion as at June 2017. Total external debt to KSh 2,294.2 billion in 2017/18. Similarly, the stock of internal debt was KSh 623.1 billion during the same period. Growth in stock of bilateral debt in the review period was mainly driven by a rise in stock of debt from the People's Republic of China, which rose by 24.2 per cent to KSh 313.1 billion, accounting for more than half of the total bilateral. Most of Kenya's external debt remains on concessional terms, although its commercial component has increased. Kenya's public debt remains sustainable.

4.6.
BALANCE OF PAYMENTS

The balance of trade recorded a deficit of Ksh 1,131,494 million by the end of 2017, which was an increase from a deficit of Ksh 853.7 billion recorded in 2016. The leading export-earners have remained tea, coffee, horticulture, apparel and clothing accessories, collectively accounting for almost 56.7 per cent of total domestic export in 2016. Petroleum products, industrial machinery, transport vehicles and iron and steel are the leading imports, accounting for 45 per cent of total trade. Similarly, the current-account balance improved in 2016. This was partly due to a marginal decline of 0.7 per cent in merchandise exports and 1.8 per cent decrease in merchandise imports on free on board basis

TOTAL IMPORTS AND EXPORTS

	2011	2012	2013	2014	2015	2016	2017
Exports (KSh million)	512,604	527,847	502,287	460,572	581,045	578,067	594,128
Imports (KSh million)	1,300,749	1,374,587	1,413,316	1,618,321	1,577,557	1,431,745	1,725,623
Balance of trade	(788,145)	(856,740)	(911,029)	(1,081,085)	(996,512)	(853,678)	1,131,494

IMPORTS AND EXPORTS BY MAIN PRODUCT

EXPORTS (KSH MILLION)	2011	2012	2013	2014	2015	2016	2017
Tea	102,236	101,441	104,648	93,996	123,025	124,497	147,251
Horticulture	83,331	81,129	89,339	97,105	100,963	110,338	113,349
Apparel and clothing accessories	22,260	20,676	24,379	28,984	28,226	30,741	32,448
Coffee, unroasted	20,864	22,271	16,328	19,913	20,580	21,371	23,453

IMPORTS(KSH MILLION)	2011	2012	2013	2014	2015	2016	2017
Petroleum Products	199,120	237,557	252,673	292,643	214,695	183,842	234,896
Industrial Machinery	177,174	194,666	231,440	256,672	211,724	253,541	238,366
Road Vehicles	62,870	73,768	83,330	101,792	117,637	85,838	85,220
Iron and Steel	62,087	56,667	80,749	75,526	88,153	75,400	83,580

Source: KNBS 2018

4.7.

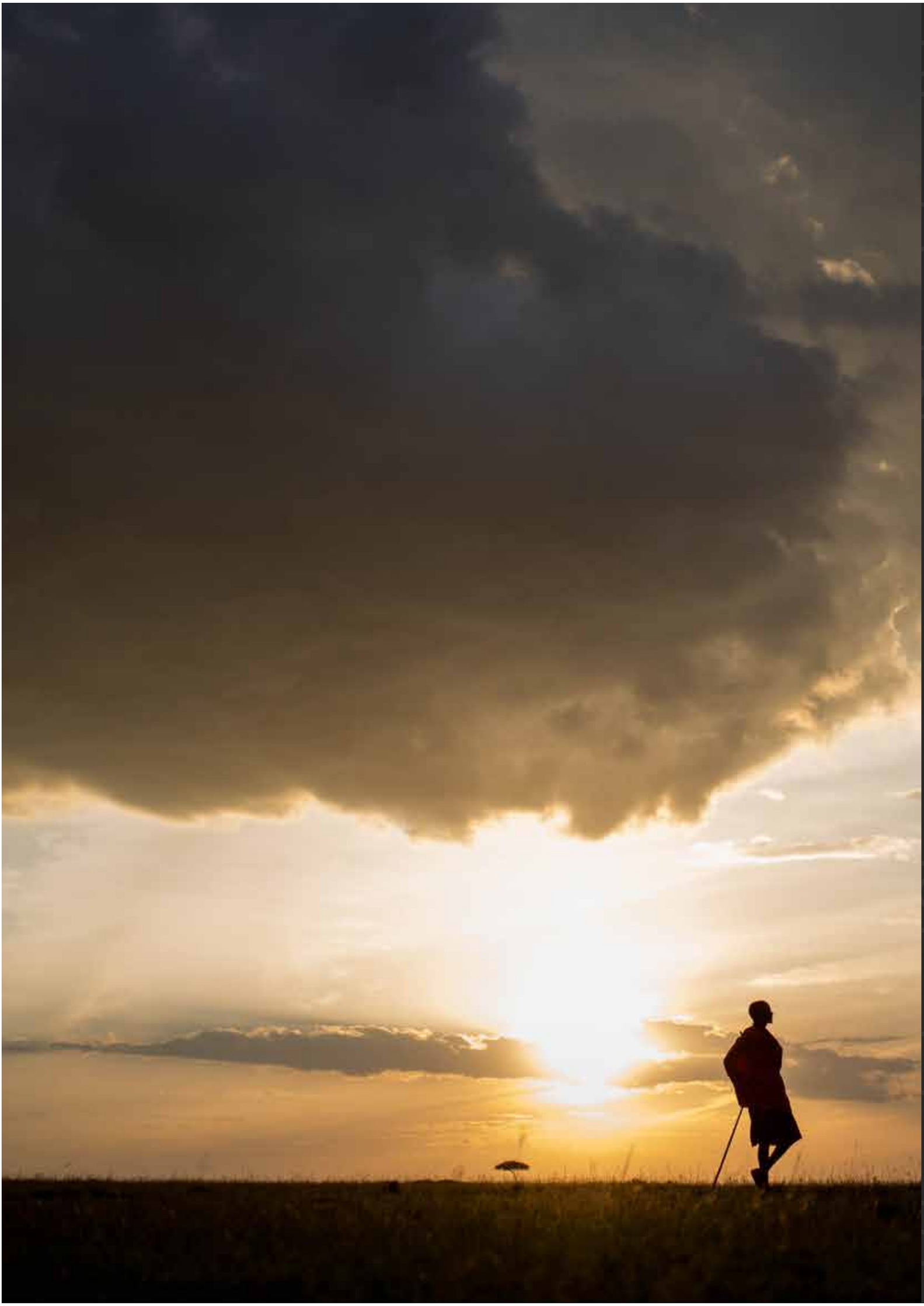
FOREIGN DIRECT INVESTMENT (FDI)

FDI is a significant source of funding for Kenya's economic development, as well as for the transfer of skills and technology, and job opportunities. According to The United Nations Conference on Trade and Development (UNCTAD), FDI in flows to Kenya reached a record level of $1.4 billion in 2015 up from $ 987 million in 2014, driven mainly increased consumer demand. Major recipients of FDI include Manufacturing, financial services, information and communications technology and business-support services. Traditionally the UK, US, India, Mauritius, South Africa and Japan have been the major sources of FDI to Kenya. More recently, however, FDI has grown from other countries such as China, Belgium, Nigeria, France and Germany.

FDI INFLOWS TO KENYA, 2009 TO 2015

YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017
FDI (USD million)	115	178	335	259	514	989	1,437	394	672

Source; UNCTAD 2018



05

SECTORS AND OPPORTUNITIES

5.1

INVESTMENT OPPORTUNITIES IN LINE WITH BIG 4 AGENDA

The Government has recently launched the "Big 4" National Economic Transformation Agenda which seeks to achieve a better quality of life for all Kenyans by the year 2022. Sectors identified include:

1. **Value addition thus raising the manufacturing sector's share of GDP to 15% by 2022**.

Investment opportunities include:
- Textile/Apparel/cotton
- Agro processing
- Iron and ore
- Fish processing
- ICT

2. **Focusing on initiatives that guarantee food security and nutrition to all Kenyans by 2022.**

Investment opportunities include:
- Fisheries- establishing a fishing port and developing a fish processing industry
- Sugar sector- Production of industrial sugar, Generation of electricity production from Bagasse, Establishment of new sugar processing factory and Production and processing of stevia.
- Tea and coffee- Value Addition, production of flavored tea, converting coffee husks to charcoal, making furniture from coffee husks, Coffee Roasting, Coffee blending and Processing and packaging of instant coffee
- Vegetable and fruit processing- Production of fruit concentrates, Processing of frozen vegetable products like French beans and Cold storage facilities
- Meat and Dairy farming- Setting up of a large-scale production and processing facility to supply chicken, Beef processing for

large scale canning factory, Setting up of slaughterhouses and cold storage facilities for meats and Fish products processing.

- Commercial dairy farming- Value addition on milk to produce yogurt and curd, Milk processing to produce cheese, butter, ghee, milk powder, baby formula, Cold storage facilities for milk and milk products.
- Development of quality seeds that are disease and drought resistance through research
- Fertilizer production
- Growing of bamboo for edible sprouts and furniture
- World class packaging
- Warehouse facilities (dryers, cold chains
- Avocado oil production

3. **Providing Universal Health Coverage to guarantee quality and affordable Healthcare to all Kenyans.**

Investment opportunities include:

- Community based health insurance
- Digitizing health- telemedicine
- Financing
- Private Health Insurance Coverage
- Health- Care Systems

4. **Providing at least 500,000 affordable and decent housing.**

Investment opportunities include:

- Development of residential houses
- Development of commercial buildings
- Manufacture of building materials
- Urban Planning
- Project financing
- Joint venture development e.g. through land swap
- Provision of mortgage facilities

5.2

INVESTMENT OPPORTUNITIES UNDER THE VISION 2030

5.2.1

AGRICULTURE AND AGRO-PROCESSING

Agriculture is the mainstay of the Kenyan economy, contributing to approximately 30 per cent of GDP and providing a livelihood to approximately 75 per cent of the population. Agricultural products account for 65 per cent of Kenya's exports and almost 20 per cent of formal employment. . Agricultural exports include traditional exports, such as tea and coffee, and non-traditional exports such as horticulture. There is considerable scope for diversification and expansion of agriculture through accelerated food-crop production, adding value and developing more non-traditional exports such as pulses, sesame and nuts.

The country prioritizes increasing land-under-irrigation to reduce dependence on rain-fed agriculture. Under the plan, more than 400,000 hectares of irrigated land will be added in the five years to 2017, . In addition, the plan envisages a more mechanized agricultural production, reviving cooperatives and farmers unions and subsidizing farm inputs to raise productivity.

Investment opportunities include:

- Establishment of disease-free zones (DFZ): Four DFZs are to be established to facilitate access of Kenyan meat, leather and leather products to local, regional and international markets. The first to be established is on the coast in the counties of Kwale, Mombasa, Kilifi, Tana River, Lamu and parts of Taita-Taveta outside Tsavo National Park. The other three to be established are in the Laikipia-Isiolo complex, and Uasin Gishu and Garissa counties;

- The Galana-Kulalu Scheme is a one-million irrigation and agro-processing project. Its aim is to enable Kenya to become a food secure nation with opportunities for private sector investment in 50,000 acres of maize, 200,000 acres of sugarcane and 150,000 acres for livestock among others.

5.2.2

MANUFACTURING

Kenya Vision 2030 identifies manufacturing as a key sector in Kenya's economic development, not just in its contribution to national output (about 10 per cent of GDP) and exports but for job creation as well. The sector is mainly agro-based. It plays a vital role in adding value to agricultural output and providing forward and backward linkages with the agricultural sector.

To achieve objectives in Vision 2030, a Kenya Industrial Transformation Programme (KITP) has been developed. .Its targets are the development of Special Economic Zones, industrial parks and clusters and niche products. They also cover the promotion of small- and medium-scale manufacturing firms and attracting investors in strategic sectors, such as iron and steel, leather processing, fertilizers, agro-processing, machine tools and machinery, motor-vehicle assembly and spare parts.

- Investment opportunities.

- Agro-processing, textiles and apparels leather processing,

- The assembly of automotive components and electronics,

- Plastics, paper,

- Chemicals, pharmaceuticals, metals and engineering products for domestic and export markets.

5.2.3
WHOLESALE AND RETAIL TRADE

Trade has been identified as a key engine of the economy due to its significant contribution to GDP (10.1 per cent) and job creation, employing about 190,000 people a year. It has expanded considerably over the years, in line with a growing middle and upper-income group. Other key factors include improved infrastructure, which have facilitated the movement of goods and led to better quality products at lower prices. Meanwhile, a sustained property boom has encouraged retailers to open outlets in prime locations near residential neighborhoods, offering greater convenience to consumers. Furthermore, the Government has reviewed the regulatory regime to allow for elimination, simplification, consolidation or harmonization of the business-license process.
Aggressive competition has also promoted innovation among Kenyan supermarkets, where the retail sector is dominated by companies such as Nakumatt, Uchumi and Naivas. In an effort to secure consumer loyalty and boost revenue, Kenya's nascent supermarket chains are now doing their own packaging and creating their own brand-labels. A recent increase in online retailing platforms is also spurring growth.

Opportunities for investment include:

- Development of Vision 2030 flagship-projects such as building a hub wholesale market and tier-1 retail markets;
- Opening more supermarkets, hypermarkets and luxury outlets (e.g. in clothing and cosmetics);
- Establishing modern, world-class trade, exhibition and convention centres;
- Internet retailing and;
- Establishing trade logistics, such as warehouses

5.2.4
MINING AND MINERALS

The mining sector has been identified as one of the key drivers for economic growth and transformation. It is currently contributing less than 1 percent of GDP but this is expected to rise to at least 10 percent by 2030 with the discovery and exploitation of new minerals. Kenya is one of the world's leading producers of natural carbon dioxide, fluorspar, soda ash and titanium. Twenty other minerals have been identified and confirmed, including a unique type of ruby.

Total mineral output increased by 7.6 per cent from 1,596.3 thousand tonnes in 2015 to 1,718.4 thousand tonnes in 2016. Production of soda ash declined by 5.6 per cent to 301.7 thousand tonnes in 2016. In contrast, production of titanium ore minerals recorded a growth of 7.0 per cent from 549.9 thousand tonnes in 2015 to 588.4 thousand tonnes in 2016. Fluorspar output declined from 70.1 thousand tonnes in 2015 to 42.7 thousand tonnes in 2016. The decline could be attributed to the temporary closure the local firm and constraints faced in production following low demand and slump in prices since 2013.

The overall value of mineral output declined marginally from KSh 23.8 billion in 2015 to KSh 23.3 billion in 2016. During the review period, earnings from titanium ores increased from KSh12.8 billion to KSh 13.3 billion. In contrast, value of soda ash declined by 6.1 per cent from KSh 6.6 billion in 2015 to KSh 6.2 billion in 2016.

In 2014, the first shipment of Kenyan-mined titanium occurred. By end of 2015, 0.6M metric tonnes of titanium, 340kg gold, 64,000 metric tonnes of Fluorspar, 0.5M metric tonnes of Soda Ash, and 3,700 M metric tonnes were mined. Overall, mineral output value rose by 14.7 percent from Ksh 21.1 billion to Ksh 24.2 billion in 2015, while in terms of current prices, the contribution of mining and quarrying activities rose from Ksh 23.0 billion in 2011 to Ksh 53.8 billion in 2015. Recent discoveries of oil in the tertiary rift basin and of natural gas in one of the offshore wells in the Lamu Basin indicate commercially viable quantities of oil and gas, and the potential for Kenya to become a petroleum-producing country.

To support an attractive climate for investors, a new Mining Act, 2016 was enacted in order to make the sector stable, predictable and transparent. In addition, 16 set of regulations were drafted to fill in the gaps in the new law and help operationalize it. The licensing process has been strengthened through the Online Transactional Mining Cadastre Portal (OTMCP), which has enhanced transparency and accountability.

Opportunities include:

5. Petroleum exploration, on- and off-shore;
6. Mineral exploration and extraction and;
7. Investment in mining logistics and related infrastructure.

5.2.5
FINANCIAL SERVICES

Through Kenya's Vision 2030, the Government aims to create a ''vibrant and globally competitive financial sector that drives high levels of savings to finance Kenya's investment needs", and make Kenya the regional financial-services hub. The financial sector has defied economic challenges to grow faster than the economy. The total net assets in the banking sector stood KShs 3.7 trillion from KShs 3.5 trillion in 2015

Opportunities:

In banking, there are opportunities to increase scale and enhance the capital base through consolidation and mergers of smaller players. Out of 43 commercial banks, only seven (7) are classified as large, controlling 58.3 per cent of Market share. The rest of the banks are small and have limited reach, thus restricting competition. Key opportunities include:

- Nairobi International Finance Centre (NIFC), a flagship project under Vision 2030;
- initial public offerings to raise capital, and investment in both treasury and corporate bonds;Increase insurance via development of new products.

5.2.6
TOURISM

Tourism is one of Kenya's most important industries, and has strong linkages with transport, food production, retail and entertainment. Kenya is one of the world's most popular tourism destinations, attracting millions each year to its wildlife, beaches, rich culture, striking geographical diversity and landscapes. This makes the country an ideal destination for hospitality investment. Though other attractions include museums, snake parks and historical sites, many of these resources remain largely unexploited.

More than half the tourists come from Europe, including the United Kingdom, Italy, Germany and France, as well as from the United States. Tourist numbers from emerging markets, such as India and China, are on the rise. The Government targets to double the number of tourists and the revenue they generate by diversifying the source countries and the country's tourist offering.

Investment opportunities include:

- **Conference facilities:** Kenya has only one large international conference centre. Given rising demand for conference and exhibition space, the country is seeking investment in this niche area in its three major cities;
- **Film industry:** The vast open spaces, clear blue skies and starry nights, with misty moonlights and inviting camp fires offer a prime destination for Hollywood and global film fans. Many world-famous films such as Born Free, Walking With Lions and Lion King have been shot in arid and semi-arid lands of Kenya;
- **Water sports:** The waterways of Kenya have not been fully developed as a leisure product. Investment is needed in the west of the country where Lake Victoria connects with Kenya's neighbors and on the Indian Ocean coast;
- **Vision 2030 flagship projects:** These include two new resort-cities on the coast (Lamu) and one in Isiolo.

5.2.7
INFRASTRUCTURE

Kenya is banking on major infrastructure projects, including roads, rail, sea and airports and pipelines to spur private investment. As part of Vision 2030, the Government is seeking to deploy world-class infrastructure facilities and services to cut the cost of doing business, improve productivity and enhance competitiveness. Closing the country's "infrastructure deficit" is an important part of the Government's plan to attract quality foreign direct investment (FDI), and expand opportunities for domestic enterprises and individuals.

While significant gains have been made in developing infrastructure over the last five years, there is further room to enhance Kenya's competitiveness.

Opportunities in the sector include:

- Expanding the Port of Mombasa;
- Constructing the new Lamu Port in Manda Bay;
- Expanding major airports (Mombasa, Malindi, Kisumu)
- Building new airports (Isiolo, Turkana);
- Developing a light-railway system for Nairobi and its suburbs;
- Developing (LAPSSET) – the country's second transport corridor, comprising of a new port at Lamu, highways, railway, three airports, three resort cities and an oil pipeline;
- Road construction: The Government plans to tarmac 10,000 km of roads in the five years through annuity financing;
- Upgrade urban water systems.

5.2.8
TRANSPORT AND LOGISTICS

Rapid cargo-throughput growth at Kenya's airports and ports has generated increased business for companies in freight, storage, distribution, clearing and forwarding. Most imports are capital goods and raw materials for industrial production while exports are generally of agricultural products. The Government continues to invest heavily in transport infrastructure to improve efficiency.

With continued development of roads, rail, water and air transport networks, competition in the logistics industry is rising. The biggest players now include Kenya Airways, Saudi Airlines Cargo Company, Aramex, Transglobal Cargo Centre, Swissport Cargo Services and DHL.

Opportunities in the sector include:

- Cargo-handling and storage facilities;
- Domestic air-freight routes;
- Road-cargo transport to serve the LAPSSET corridor;
- Rail-cargo transport, especially with the completion of the standard gauge railway and;
- Acquisition of local courier companies;

5.2.9
ENERGY

Energy is one of the key infrastructural "enablers" in the Vision 2030. Kenya is expected to use more energy as it moves towards being a middle-income country by 2030. As incomes rise and urbanization intensifies, household demand for energy will also increase.

Kenya's main sources of energy are wood and other biomass fuel, fossil fuel and hydropower. Generally, petroleum and electricity provide power to the modern commercial sector, while wood-fuel provides energy for the traditional sector including rural communities and urban poor. Biomass accounts for about 70 per cent of total primary energy consumption, while electricity is the most desired.

Hydro-electrical power accounts for more than 36 per cent of total electricity generation by source, while oil, thermal, geothermal and wind make up the rest. The Government plans to add an additional 5,000 megawatts (MW) of power-capacity. The 5,000MW power policy will help meet Kenya's growing demand for electricity through geothermal sources in order to transform it into an industrialized country.

Kenya had no known commercial reserves of petroleum until 2012 when oil was discovered in the north, generating interest in the sector. Though natural gas was discovered in Block L8 at Lamu, it was not commercially viable.

Opportunities in the sector include:

- Generating electricity using renewable sources such as geothermal, hydro, solar, wind, biomass, biofuels, biogas and municipal waste
- Energy generation through coal;
- Petroleum exploration, on-shore and off-shore;
- Building hydrocarbon-processing and distribution structures, such the oil pipeline along The Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) Corridor project, a major pan African transport and infrastructure project

5.2.10
INFORMATION AND COMMUNICATIONS TECHNOLOGY

The information and communications technology (ICT) sector is the success story of the decade in Kenya. New information technologies are playing an increasingly important role in nearly all areas of the economy. The installation of a broadband-backbone connected to three under-sea fiber-optic cables (Seacom, TEAM System and EASSY) has significantly improved Kenya's connectivity and its ICT prospects, be it in business-process outsourcing (BPO) or the development of IT-enabled services (ITeS). The Government has identified ICT as a key enabler in attaining the goals and aspirations of Vision 2030, with the vision to transform Kenya into a knowledge and information-based economy.

Broadband subscriptions have grown immensely over the last four years. Though broadband penetration rose to 3.4 per cent in 2013, it remains below the African average of 7.4 per cent.

Investment opportunities;

- Front office operations, including call and contact centers-BPO
- Back office operations, including data hosting, archiving and processing, as well as software development, maintenance and customization, and e-commerce;
- KONZA Techno City – a Vision 2030 flagship project, available ICT investors, 60km from Nairobi.

5.2.11
EDUCATION

The gross total expenditure by the Ministry of Education is expected to grow by 16.1 per cent from KSh 294.9 billion in 2015/16 to KSh 342.3 billion in 2016/17. Similarly, recurrent expenditure is expected to increase by 13.5 per cent to KSh 318.2 billion in 2016/17. Recurrent expenditures for State Departments of Basic Education, University Education; and Vocational and Technical Training are expected to increase by 1.1, 60.8 and 2.7 per cent, respectively, in 2016/17. Teachers Service Commission (TSC) remains the largest beneficiary of recurrent expenditure in the Ministry of Education with expenditure expected to register a 7.3 per cent increase in 2016/17.

Total development expenditure is also expected to grow substantially from KSh 14.6 billion in 2015/16 to KSh 24.2 billion in 2016/17. The increase is mainly attributable to a new policy put in place on financing of universities based on enrolment by course. This also covers the expansion of universities, financing of FPE and FDSE as well as the provision of loans and bursaries due to increased enrolment in university education, and vocational and technical training during the reference period. Development expenditures for State Department of Basic Education and University Education are expected to account for 46.7 per cent and 38.6 per cent of the total development expenditure of the ministry, respectively, in 2016/17.

5.2.12
HEALTHCARE

Through the Bill of Rights, the Constitution places a heavy responsibility on the health sector to ensure the right to health. The Government's goal is to provide equitable, affordable and quality healthcare to all its citizens. To support this goal, the Government has developed a Health Sector PPP Strategy, which provides for a number of investment opportunities in health-service provision. This includes private-sector partners managing public hospitals for a rate of return that does not hamper public access.

Vision 2030 recognizes the role of the private sector, in partnership with the public sector, in improving the delivery of healthcare. Kenya intends to become a regional provider-of-choice for highly specialized healthcare to develop 'health tourism'. Kenya's growing middle class, which is increasingly able to pay for better health-services and pharmaceutical products, has contributed significantly to the development of the sector. The country spends the equivalent of 7 per cent of GDP on health. It also earns about USD 30 million from some 3,000 foreigners who visit the country annually for medical services. In turn, about 10,000 Kenyans spend USD 100 million on specialized treatment overseas each year.

Opportunities in the sector include; medical and health tourism and medical equipment manufacturing, private health care tourism; telemedicine; referral or sharing of medical resources; local manufacture of generic drugs, adjusting products to meet unmet demand; remote and home-based healthcare; and new opportunities around the rapid growth of mobile-phone technology.

- **Incentives in this sector include: a range of tax incentives;** stable pro-investment government; business friendly reforms; a large pool of skilled, enterprising workers; Kenya's strategic location as a financial, communications and transport hub; improved physical infrastructure; a well-established legal and regulatory framework; low cost of internet connectivity, with an undersea and terrestrial fibre-optic infrastructure connecting Kenya to the world; and no foreign-exchange controls, with capital repatriation and the remittance of dividends and interest being guaranteed to foreign investors.


THE FIRST PRESIDENT OF
MZEE JOMO KENYATTA

06

BANKING AND FINANCIAL SERVICES

6.1

GENERAL INFORMATION

The financial-services sector in Kenya is made up of banking, insurance, capital markets, pension schemes and quasi-banking institutions. The latter include Savings and Credit Cooperative Societies (SACCO), Microfinance Institutions (MFI), building societies, the Kenya Post Office Savings Bank (KPOSB) and Development Finance Institutions (DFI). A notable recent development has been in mobile banking. Kenya was the first country in the world to launch mobile money, dubbed M-PESA, which allows users to transfer cash using mobile phones. Based on this success, M-PESA has now been replicated in many countries. Taken together, and supported by its market size and history as a regional centre, this makes Kenya a financial hub in east Africa.

The total population with access to financial services, either through conventional or mobile banking platforms is now 77 percent. According to the World Bank, M-Pesa, Kenya's largest mobile banking platform, processes more transactions within Kenya each year than Western Union does globally. As of September 2015, 37.8 million Kenyans were using mobile phone platforms to transfer money, according to CBK figures

6.2

COMMERCIAL BANKS

As of end of 2017 Kenya's banking sector comprised of the Central Bank of Kenya, as the regulating Authority, 43 banking institutions (42 commercial banks and 1 mortgage finance company), 9 representative offices of foreign banks, 13microfinance banks, 3 credit refrence bureaus(CRBs), 19 Money Remittance Providers (MRPs) and 73 foreign exchange (forex) bureaus. Out of the 43-banking institution, 40 were privately owned while the government had majority ownership in 3 institutions. Of the 40 privately owned banks, 25 were locally owned (the controlling shareholders are domiciled in Kenya) while 15 were foreign-owned (many having minority shareholding). The total net assets in the banking sector stood at Ksh. 4.0 trillion as of 31st December 2017 as presented in table below. Key commercial banks include Kenya Commercial Bank (KCB), Equity, Barclays, Standard Chartered, Cooperative, Diamond Trust, HSBC, Citibank and Eco Bank. The Central Bank of Kenya (CBK), meanwhile, provides supervisory and regulatory services

OWNERSHIP AND ASSET BASE OF COMMERCIAL BANKS (KSH MILLION)

The total net assets in the banking sector stood at Kshs. 4.0 trillion as at 31st December 2017. There were 22 local private commercial banks and 3 local public commercial banks which accounted for 64.8 percent and 3.5 percent of total net assets respectively. A total of 15 commercial banks were foreign owned and accounted for 31.7 percent of the sector's assets as indicated in Table 1 and Chart 3.

OWNERSHIP	NUMBER	% OF TOTAL	TOTAL NET ASSETS	% OF TOTAL
Local public commercial banks	3	7.5	139,718	3.5
Local private commercial banks*	22	55.0	2,592,294	64.8
Foreign commercial banks	15	37.5	1,270,729	31.7
Total	**40**	**100**	**4,002,741**	100

* Charterhouse Bank, Imperial Commercial Bank & Chase Bank which are under statutory management have been excluded

Source: Central Bank of Kenya (CBK) 2017

Kenya commercial banks are classified into three (3) peer groups using weighted composite index that comprise net assets, customer deposits, capital, capital and reserves, number of deposits accounts and number of loan accounts. A bank with a weighted composite index of 5 percent and above is classified as a large, between 1 to 5, medium and small bank if less than 1 per cent. Table bellows shows the market share as per the three peer groups as end of 2017.

COMMERCIAL BANK MARKET SHARE – DECEMBER 2016

PEER GROUP	WEIGHTED MARKET SHARE	NO. OF INSTITUTIONS.	TOTAL NET ASSETS (KSH. M)	CUSTOMER DEPOSITS (KSH.M)	CAPITAL & RESERVES (KSH.M)
Large	65.98%	8	2,640,684	2,019,840	414,894
Medium	26.10%	11	1,052,969	787,147	171,527
Small	7.92%	21	309,088	219,438	57,768
Total*	**100.00%**	**40**	**4,002,741**	**3,026,425**	**644,188**

*Charterhouse Bank under statutory management and Imperial Bank & Chase Bank under receivership have been excluded.

Source: CBK

6.3

BANK SUPERVISION DEPARTMENT

The mandate of the Bank Supervision Department (BSD) of the central Bank of Kenya, as stipulated in Section 4(2) of the Central Bank of Kenya Act, is to foster liquidity, solvency and the proper functioning of a stable, market-based financial system. BSD's main functions include:

- Development of legal and regulatory frameworks to foster stability, efficiency and access to financial services. It seeks to achieve this through:

- Continuous review of the Banking Act, Microfinance Act and Building Societies Act, as well as of regulations and guidelines issued under them. These lay the legal foundation for banking institutions, non-bank financial institutions, deposit-taking microfinance institutions and building societies.
- Continuous review of regulations and guidelines for foreign-exchange bureaus licensed under the Central Bank of Kenya Act and of credit-reference bureaus licensed under the Banking Act.

- Processing licences of commercial banks, non-bank financial institutions, mortgage-finance institutions, building societies, foreign-exchange bureaus, microfinance banks and credit reference bureaus.

- Conducting onsite evaluation of the financial condition and compliance with statutory and prudential requirements, of institutions licensed under the Banking Act and Microfinance Act, as well as of foreign exchange bureaus licensed under the Central Bank of Kenya Act.

- Carrying out offsite surveillance of institutions licensed under the Banking Act and Microfinance Act and of foreign-exchange bureaus licensed under the Central Bank of Kenya Act through the receipt and analysis of returns received periodically. The BSD also processes corporate approvals for banking institutions looking to open and close places of business; appoint directors, senior managers and external auditors; introduce new products or services, and increase charges.

6.4

MONEY REMITTANCE REGULATIONS

The salient features of Money Remittance Regulations 2013 are:

- All persons wishing to operate in the money-remittance business shall be licensed by the CBK.

- On starting operations, the minimum core capital required for money remittance providers is KSh20 million.

- Shareholders, directors and management will be vetted prior to appointment.

- Application and license fees will be KSh20,000 and KSh100,000 respectively.

- Money-remittance providers will be required to obtain a security bond of not less than KSh 5 million. This will be held as security against obligations to customers who deposit money for remittance.

- Money-remittance providers will be required to maintain a sound information system and adequate records, including the identity of customers, transaction receipts and sources of funds.

- Money-remittance providers will be required to comply with the Proceeds of Crime and Anti-Money Laundering Act 2009 and relevant regulations.

- The CBK will have powers to regulate and supervise all licensed money-remittance providers to ensure compliance.

6.5

INTERNATIONAL FINANCE CORPORATION

The International Finance Corporation (IFC), an affiliate of the World Bank, finances private-sector investment projects in agriculture, manufacturing, infrastructure and tourism. IFC extends long-term loans and makes equity investments in projects worth more than USD 20 million. Long-term loans are generally in foreign currencies. IFC also manages the Africa Enterprise Fund, which can support lower-cost projects for small- and medium-sized enterprises.

6.6

EAST AFRICAN DEVELOPMENT BANK

The East African Development Bank (EADB), which was established in 1967 with its headquarters in Kampala, Uganda, provides medium- and long-term foreign-currency loans for projects, and offers a broad range of financial services for member states to strengthen regional economic cooperation. Primary owners of the bank are the governments of Kenya, Uganda and Tanzania.

6.7

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK

The Eastern and Southern African Trade and Development Bank (PTA Bank) was established in 1985 to provide financial and technical assistance to projects and trade activities with the potential to promote economic growth and integration in the Common Market for Eastern and Southern Africa (COMESA) trading block. The PTA Bank provides financial resources to both public and private sector projects in manufacturing, agro-industry, mining, infrastructure and tourism

6.8
INSURANCE

Kenya's insurance industry, which is governed by the Insurance Act and regulated by the Insurance Regulatory Authority(IRA), makes a valuable contribution to national development by providing a broad range of insurance products and services, fostering entrepreneurship; and encouraging investment, innovation, market dynamism and competition. Alongside the state, it also offers social protection; as well as easing pressure on public-sector finance, enhancing financial intermediation, creating liquidity and mobilising savings.

As a result, the industry has grown steadily over the years, both quantitatively and qualitatively, with expansion in both the number of industry participants and range of services. As of End 2015, there were 51 licensed insurance companies and 3 licensed re-insurance companies in Kenya. Four (4) insurance companies were licensed to operate liaison offices in Kenya. Kenya is also home to Africa Reinsurance Company, PTA Reinsurance Company and Africa Trade Insurance Agency (ATIA) are regional insurance organizations that operate under the various regional charters and are therefore not regulated by IRA.

The insurance industry has enjoyed stable business volume growth over the last ten years. There has been a rapid uptake in life, medical and new micro-insurance where lower-earning citizens have been able to secure coverage. As at the end of 2015, insurance premiums amounted to KES 174.06 billion, representing an increase of 10.4% from that reported in 2014. General insurance business contributed up to about two thirds (63.8%) of the total premiums. The industry's asset base has continuously improved in 2015 to amount to at KES 478.75 billion, an improvement of 11.2% from KES 430.54 billion reported at the end of 2014

6.9
CAPITAL MARKETS

The Nairobi Stock Exchange (NSE) offers a world class trading facility for local and international investors looking to gain exposure to Kenya and Africa's economic growth. It offers trading in both equities and bonds, playing a vital role in the growth of Kenya's economy by encouraging savings and investment, as well as helping local and international companies access cost-effective capital. The NSE has four equity market segments: Main Investment Market Segment (MIMS), Alternative Investment Market Segment (AIMS), Real Estate Investment Trust (REITs), and Growth and Enterprise Market Segment (GEMS). Fixed Income Market Segment (FIMS), is composed of corporate and Government-issued securities. It is the market of choice in the region for organisations requiring debt finance for projects, expansions and working capital

The NSE is the largest exchange in East and Central Africa. After an initial public offering in 2014, the NSE listed its shares on the MIMS, completing its demutualization process. It also rebranded to be more inclusive of Kenyans and to encourage an investment culture among citizens to embrace the capital markets fully.

There are over 60 companies listed on the exchange and over 75 listed bonds.

The exchange will avail new products including Exchange traded Funds (ETFs), Financial and Commodity Derivatives and Carbon Credits.

07

INFRASTRUCTURE & THE COST OF DOING BUSINESS

7.1

AIR TRANSPORT

Jomo Kenyatta International Airport (JKIA) is Kenya's largest and the busiest airport in eastern and central Africa.it is a regional air-transport hub where many carriers call for passenger and cargo traffic. The airport handles an average of 7.1 million passengers every year with a traffic growth of 12 percent per annum and is expected to hit the 25 million mark by 2025. Today, JKIA boasts of over 40 passenger airlines and 25 cargo airlines. Its importance as an aviation center makes it the pace setter for other airports in the region. In order to expand and modernize JKIA, a screening yard and security toll gate has been completed and work on construction of the Second runway; work has commenced and is expected to be completed by end of the year 2018

In addition to JKIA, Kenya has three other international airports; Moi International in Coastal City of Mombasa, Kisumu International in Kisumu and Eldoret International in Eldoret Town. Further, rehabilitation work at five airstrips (Nanyuki, Ikanga, Lodwar, Embu and Malindi) and expansion and modernization of Isiolo and Kisumu airports are ongoing. Expansion of the Eldoret International Airport to enable large cargo planes to land and position it as a transport hub is in pipeline.

7.2

ROAD TRANSPORT

Kenya's Road Network is estimated at 177800km. A visual condition survey done in 2009 by Kenya Roads Board for the road network estimated the road network condition as here below:-

SURFACE CONDITION	PAVED	UNPAVED	TOTAL			
	Km	%	Km	%	Km	%
Good	4,697.20	42%	12,582.40	8%	17,279.59	11%
Fair	4,150.30	37%	48,665.40	33%	52,815.67	33%
Poor	2,350.40	21%	89,005.60	59%	91,356.00	56%
Total	**11,197.90**	**100.00**	**150,253.40**	**100.00**	**161,451.26**	**100.00**

Source: Kenya Roads board, 2016

However, great strides have been made in the road construction and rehabilitation which include construction of new roads, rehabilitation and maintenance of existing roads. The major achievements include the construction of 1247 km of new roads and rehabilitation of 684km of existing roads, and maintenance of 149,604km of roads in recent past.

The Government is committed to decongest major urban centres through the expansion of major roads in urban areas, such as the Outering, Ngong Road in Nairobi City and Mombasa road section dual carriage way. In her quest to boost regional trade, Kenya has prioritized the advancement of the LAPSSET project implementation on the first three berths at the port of Lamu and the construction of major roads under the East African and Transport Facilitation Programs and the South Sudan – East African Regional Transport, Trade and Development Facilitation Program.

7.3

RAIL TRANSPORT

Kenya's railway network is comprised of

i) 2100 km metric gauge connecting the ort of Mombasa in Kenya to Uganda.it is under a concession to a private operator till 2031.

ii) 609 km Standard gauge railway (SGR) line connecting Mombasa to Nairobi. The project was finalized in June 2017. Construction of phase II of this line, connecting Nairobi-Naivasha (120km) commenced in 2016.It is expected to eventually reach Kisumu and Uganda.

iii) The standard gauge railway has reduced travelling time from Mombasa and Nairobi to approximately 4.5 hours. And less than 8 hours for goods.

iv) A railway line has also been planned for in the LAPSSET Corridor in the future.

v) Latest developments can be obtained from the Kenya Railways Corporation(KRC) website(http://krc.co.ke/)

7.4

SEA TRANSPORT

The Port of Mombasa is the gateway to East and Central Africa, and is one of the busiest ports along the East African coastline. The port provides direct connectivity to over 80 Ports worldwide and is linked to a vast hinterland comprising Uganda, Rwanda, Burundi, Eastern Democratic Republic of Congo, Northern Tanzania, Southern Sudan, Somalia and Ethiopia by road. A railway line also runs from the Port to Uganda and Tanzania.

The Government has made good progress on reforms and modernization of the port of Mombasa, especially in expansion of the container terminals and cargo handling and storage, which has reduced significantly the time required to clear cargo. The first phase of the second container terminal has been completed which is capable of handling fourth generation vessels of 60,000 twenty foot equivalent units (TEUs) capacity. Moreover, the Kipevu Oil Terminal will be relocated to a more suitable location to allow for expansion. The multi-billion shilling project will involve the decommissioning of the existing Kipevu Oil Terminal and the construction of an off-shore jetty near Dongo Kundu. In addition, a framework has been developed to encourage private investments and participation in port expansion and port operations

These developments, together with the integration of the single window system with other related systems to facilitate faster, efficient and competitive clearance of cargo, will ultimately position the port of Mombasa as a preferred hub in Eastern and Central Africa. The Government will continue to develop several commercial ports within the next 5 years, including the Lamu Mega Port, Kisumu Port as well as other smaller but highly developed ports along the coastline.

CLAUSE12. STEVEDORING – CONTAINERISED CARGO

CHARGES SHALL BE LEVIED ON STANDARD 20 FEET (20') AND 40 FEET (40') ISO CONTAINERS TO/FROM SHIP, PER MOVE AS FOLLOWS

		RATE PER MOVE (20')	RATE PER MOVE (40')
12.1	Discharging, loading and shifting on board without landing on cellular vessel.	USD 99	USD 148
12.2	Discharging, loading, shifting on board without landing on non-cellular vessel	USD 120	USD 180
12.3	Discharging, loading, shifting on board without landing on a RORO vessel	USD 74	USD 110
12.4	Transhipment containers	USD 80	USD 120
12.5	Containers loaded and re-landed and re-landed and re-loaded shall be charged **2 times** the rates applicable in clause 1 to 3	_	_
12.6	Empty containers shall be charged at **60%** of the rates shown in **12.1 to 12.3**	_	_
12.7	Containers holding in whole or in part dangerous cargo shall be surcharged at 10% above rates in **12.1 to 12. 4**	_	_
12.8	Out of gauge container (export/import)	USD 200	USD 300

NOTES

Opening and closing of hatch covers will be performed on request. When such opening or closing exceeds **15 minutes** idle time charges $100 shall apply

12.9. Hatch cover or pontoon can be lifted using a standard ISO twist locks spreader USD 75

12.10. Other covers or pontoon USD 100

12.11. Penalty for late submission of Documents as provided in B (m) of this tariff shall attract penalty of **$30** per container or per bill of lading for Conventional Cargo up to a maximum of **$ 2,000** per vessel.

CLAUSE14. SHORE-HANDLING – CONTAINERISED CARGO

		RATE PER UNIT (20')	RATE PER UNIT (40')
14.1	Imports – domestic- full	USD 105	USD 160
14.2	Exports – domestic- full	USD 53	USD 80
14.3	Imports – transit- full	USD 85	USD 125
	Exports – transit- full	USD 40	USD 65
14.4	Exports – empty (except direct loadings) - full	USD 40	USD 65
14.5	Out of gauge container (export/import)	USD 200	USD 300
14.6	Domestic & Transit FCL Imports to CFS (KPA Nominated)	USD 65	USD105
14.7	Domestic & Transit FCL Imports to CFS (Consignee Nominated)	USD 85	USD125
14.8	Import containers handled at ICDs (Including Shore-handling)	USD 103	USD 157
14.9	Exports containers handled at ICDs (Including Shore-handling)	USD 48	USD 74

WHERE EXTRA HANDLING OF CARGO IS REQUIRE, ADDITIONAL CHARGES SHALL BE LEVIED AS FOLLOWS:-

		RATE PER UNIT (20')	RATE PER UNIT (40')
14.10	Transfer within the Port Area at customer's request or shut-out containers not removed from the port	USD 33	USD 50
14.11	Stripping or stuffing	USD 80	USD 120
14.12	Survey Fee	USD 60	USD 100
14.13	Reefer containers plugged onto reefer points, per hour or part thereof	USD 2	USD 3
14.14	Re-marshalling charge on expiry of free period for both domestic import containers	USD 110	USD165
	Empty containers shall be charged **60%** of the above		
14.15	In addition to the above, containers holding in whole or in part dangerous cargo shall be **surcharged at 10%** of the rest in **clause 14**		

CLAUSE15. WHARFAGE – CONTAINERISED CARGO

WHARFAGE CHARGES SHALL BE RAISED ON ALL CARGO INCLUDING EMPTY CONTAINERS PASSING OVER THE QUAYS, WHARVES, JETTIES, BUOYS AND OTHER INSTALLATIONS WITHIN THE HARBOUR LIMITS EXCEPTS FOR TRANSHIPMENT CARGO.

UNIT

		RATE PER UNIT (20')	RATE PER UNIT (40')
15.1	Domestic and transit import full both imports and Exports	USD 70	USD 105
15.2	Domestic and transit import Empty both imports and Exports	USD 30	USD 45
15.3	In addition to the above, containers holding in whole or in part dangerous cargo shall be **surcharged at 10%** of the rest in **clause 15.1 & 15.2.**	USD 60	USD 100

CLAUSE16. STORAGE CHARGES AND PENALTIES

CONTAINERS REMAINING IN THE AUTHORITY'S PREMISES IN EXCESS OR FREE PERIODS SHALL ACCRUE STORAGE CHARGES AS FOLLOWS

		RATE PER UNIT (20')	RATE PER UNIT (40')
16.1	Domestic import containers,		
	- first **4** consecutive days	Free	Free
	- Thereafter up to the date container is removed from the Port		
	• 5 to 7 days	USD 30	USD 60
	• 8 to 15 days	USD 35	USD 70
	• 16 to 24 days	USD 40	USD 80
	• Over 24 days	USD 45	USD 90
16.2	Domestic export containers,		
	- first **9** consecutive days	Free	Free
	- Thereafter up to the date vessel is berthed	USD 20	USD 30
	- Free period not applicable for Withdrawn Containers		
16.3	Transit import containers,		
	- first **9** consecutive days	Free	Free
	- Thereafter up to the date container is removed from the Port;		
	• 10 to 11 days	USD 30	USD 60
	• 12 to 18 days	USD 35	USD 70
	• 19 to 24 days	USD 40	USD 80
	• Over 24 days	USD 45	USD 90
16.4	Transit export containers,		
	- first **15** consecutive days	Free	Free
	- Thereafter up to the date vessel is berthed	USD 16	USD 24
	- Free period not applicable for Withdrawn Containers		
16.5	Shut-out export containers, first two consecutive days		
	- first **2** consecutive days	Free	Free
	- Thereafter up to the date vessel is berthed	USD 20	USD 30
	- Free period not applicable for Withdrawn Containers		
16.6	Domestic and transit export containers through ICDs;		
	- first **11** consecutive days	Free	Free
	- Thereafter up to the date container Is removed from the depot	USD 20	USD 30
16.7	Transit import containers through ICDs;		
	- first **15** consecutive days	Free	Free
	- Thereafter up to the date container is removed from the depot	USD 16	USD 24

16.8	Domestic and transit export containers through ICDs;		
	- first **15** consecutive days	Free	Free
	- Thereafter up to the date vessel is berthed	USD 16	USD 24
	- Free period not applicable for Withdrawn Containers		
16.9	Dangerous cargo, from second day of receipt or landing (export/import)	USD 44	USD 66
16.10	Out of Gauge containers from date of receipt or landing (export/import)	USD 80	USD 120
16.11	Empty import containers through ICDs;		
	- first **30** consecutive days	Free	Free
	- Thereafter until the container Is removed from the depot or loaded onto vessel	USD 15	USD 22.50
16.12	Empty import containers;		
	- first **2** consecutive days	Free	Free
	- Thereafter until the container Is removed from the port or loaded onto vessel	USD 15	USD 22.50
16.13	Nominated Empty Export containers		
	- first **4** consecutive days	Free	Free
	- Thereafter until the container Is removed from the port or loaded onto vessel	USD 15	USD 22.50
16.14	Transhipment full containers;		
	- first **15** consecutive days from arrival of the vessel	Free	Free
	- Thereafter up to the date container is re-shipped		
	• 16 to 30 days	USD 15	USD 30
	• 31 to 40 days	USD 20	USD 40
	• Over 40 days	USD 25	USD 50
16.15	Empty transhipment full container;		
	- first **15** consecutive days from arrival of the vessel	Free	Free
	- Thereafter up to the date container is re-shipped	USD 15	USD 22.50
16.16	Over landed full container,		
	-From first day of landing to the date of re-shipment	USD 27	USD 40
16.17	Empty over landed full containers from the date of landing to the date of removed from port	USD 16.50	USD 24.50
16.18	Containers under through bills of lading (BL);		
	- For ICDs;		
	- first **15** consecutive days from date of landing for Kampala	Free	Free
	- first **21** consecutive days from date of landing	Free	Free
	Thereafter up to the date containers is railed/trucked	USD 15	USD 22.50

Source: KPA

Note: *Current charges for various port services can be obtained from the Kenya ports Authority website. https://www.kpa.co.ke/)*

7.5.
ENERGY

In 2013, the government initiated a programme to add 5,000 MW of affordable and competitive electrical energy to the national grid. Today, significant progress has been made towards generation of 5000 MW of power. Since March 2013, more than 615 MW of electricity have been added to the national grid; of which, 371 MW are from geothermal. With this additional power, total power available on the national grid is 2,339.9 MW in 2017 and this has significantly reduced the cost of power.

The Government has also continued to raise its power production by further exploiting the vast geothermal, wind and solar resources that Kenya is endowed with. These resources are expected to increase the clean energy mix cementing Kenya's position as a world leader in renewable energy.

7.6.
COST OF UTILITIES

CURRENT INSTALLED CAPACITY OF ELECTRICITY IS AS FOLLOWS	
Installed capacity MW	2 333
Effective capacity MW	2 253
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, KNBS

USER CHARGES

TARIFF		ENERGY CHARGE (PER KWH)	DEMAND CHARGE (PER KVA)
DC (Domestic, 240 V or 415 V)	DC - Lifeline DC - Ordinary	Not exceeding 10 units KSH 12 10 - 15,000 units KSH 15.8	N/A
SC (Small Commercial, 240		Not exceeding 15,000 units KSH 15.6	N/A
CI1 (Commercial, 415 V)		Peak: 12 Off-peak: 6	800
CI2 (Commercial, 11 kV)		Peak: 10.90 Off-peak: 5.45	520
CI3 (Commercial, 33 kV)		Peak: 10.50 Off-peak: 5.25	270
CI4 (Commercial, 66kV)		Peak: 10.30 Off-peak: 5.15	220
CI5 (Commercial, 132kV)		Peak: 10.10 Off-peak: 5.05	220

NOTES

The Government of Kenya announced special off-peak rates for commercial customers with effect from December 2017. Off-peak rates are applicable as follows:

DAY	OFF PEAK HOURS
• Weekdays	22:00 to 00:00 and 00:00 to 06:00
• Saturdays and public holidays	14:00 to 00:00 and 00:00 to 08:00
• Saturdays and public holidays	14:00 to 00:00 and 00:00 to 08:00

In addition, the tariff notice states that:
CI1-CI5 customers operating at 100% production capacity during on peak and off peak hours, will be given a 5% discount on the applicable Energy Rate for the off peak consumption upon satisfactory confirmation by KPLC that their production is at 100%.

7.7.
WATER TARIFFS

According to the Water Services Regulatory Board, below are highlights of the regular water tariff adjustments for Nairobi, as of November 2014:

TYPE OF CUSTOMER	APPROVED TARIFF PER M3 (KSH)
Domestic/Residential	
Consumption Block(m3)	
• 0- 6 m3	• Flat rate 204
• 7 - 60 m3	• 53.00
Above 60	• 64.00
Commercial / Industrial	
Consumption Block	
• 0- 6 m3	• Flat rate 204
• 7 – 60 m3	• KSh 53.00
Above 60	• 64.00
Bulk Water to residential flats/ gated communities(from 25 households and above)	• 53.00
Pre-paid Meter customers	• 52.00

7.8.

STARTING A BUSINESS

INDICATOR	KENYA	SUB – SAHARAN AFRICA	OECD
Procedures (number)	11	8	4.7
Time (days)	26	26.8	8.3
Cost (% of income per capita)	35.3	53.4	3.2
Paid-in min. capital (% of income per capita)	0	45.1	9.6

NO.	PROCEDURE	TIME TO COMPLETE	ASSOCIATED COSTS
1	Reserve a unique company name at the Huduma Center or the Companies Registry	1 day on average	KES 100 per name reservation
2	Apply for company registration	12 days on average	KES 10,000
3	Registering for taxes at the Kenya Revenue Authority	1 day	No Charge
4	Apply for a business permit	5 days	KES 15,200(KES 15,000 Single business permit + KES 200 single business permit)
5	Register with the National Security Social Fund (NSSF)	1 day	No Charge
6	Register with the National Hospital Insurance Fund (NHIF)	1 day	No charge
*7	Make a company seal	2 days simultaneous	Between KES 2.500 and KES 3,500

* Takes place simultaneously with previous procedure.

Source: Doing Business 2017

7.9.

CONSTRUCTION PERMITS

INDICATOR	KENYA	SUB-SAHARAN AFRICA	OECD
Procedures (number)	17.0	14.5	12.1
Time (days)	160.0	155.6	152.1
Cost (% of warehouse value)	6.3	7.6	1.6
Building quality control index (0-15)	7.0	7.2	11.3
Procedures (number)	17.0	14.5	12.1

Source: World Bank Doing Business 2016

NO.	PROCEDURE	TIME TO COMPLETE	ASSOCIATED COSTS
1	Obtain a survey plan from Survey Kenya	1 day	KES 500
2	Submit and obtain approval of the architectural plans	45 days	KES 340,439
3	Submit and obtain approval of the structural plans	10 days	no charge
*4	Obtain a project report from an environmental expert	5 days	KES 50,000
5	Obtain approval of the environmental impact study	30 days	KES 2,936
*6	Obtain stamps on architectural and structural plans from the Nairobi City County - Development Control Section	1 day	no charge
7	Notify the Nairobi City Council of commencement of work	1 day	no charge
8	Request and receive set out inspection	1 day	no charge
9	Request and receive foundation excavation inspection	1 day	no charge
10	Apply for permit to connect to the city sewage system	7 days	KES 7,500
11	Request and receive final inspection by the Municipal Authority after construction	5 days	no charge
12	Obtain occupancy certificate	14 days	no charge
*13	Apply for water connection	1 day	KES 5,000
14	Receive inspection for assessment of connection fees	1 day	no charge
15	Obtain water connection	30 days	no charge

* Takes place simultaneously with another procedure.
Source: World Bank Doing Business 2017

7.10.

REGISTERING PROPERTIES

INDICATOR	KENYA	SUB-SAHARAN AFRICA	OECD
Procedures (number)	9.0	6.2	4.7
Time (days)	61	59.7	22.4
Cost (% of property value)	6.1	8.0	4.2
Quality of the land administration index (0-30)	16.0	8.4	22.7
Procedures (number)	9.0	6.2	4.7

Source: World Bank Doing Business 2017

NO.	PROCEDURE	TIME TO COMPLETE	ASSOCIATED COSTS
1	Apply and Obtain Land Rent Clearance Certificate from the Commissioner of Lands	19 days (simultaneous with Procedures 2, 3 and 4)	no cost
*2	Apply, pay and obtain Rates Clearance Certificate from the Nairobi City Council	5 days (simultaneous with Procedure 1, 3 and 4)	KES 10,000
*3	File the transfer instrument at the Lands Office and obtain appointment for valuation	4 days (simultaneous with 1,2 and 4)	KES 500
*4	Apply for a search on the title at the Lands Office	3 days (simultaneous with Procedures 1, 2 and 4)	KES 500
5	Apply and obtain consent to transfer from the Commissioner of Lands	9 days	KES 1,000
6	Receive site inspection by Government valuer and obtain valuation report	20 days	no cost
7	Endorsement of value for stamp duty purposes and assessment of Stamp duty	4 days	no cost
8	Payment of Stamp Duty at Commercial Bank and receive confirmation of payment from Kenya Revenue Authority	4 days	KES 110 (charge for Banker's check) + 4% of property value (stamp Duty)
9	Lodge stamped transfer document for registration and receive duly registered documents	5 days	KES 500

* Takes place simultaneously with another procedure.
Source: World Bank Doing Business 2017

7.11.

TAXES

TAX OR MANDATORY CONTRIBUTION	PAYMENTS (NUMBER)	NOTES ON PAYMENT	TIME (HOURS)	STATUTORY TAX RATE	TAX BASE	TOTAL TAX RATE (% PROFIT)	NOTES ON TTR
Corporate income tax	5		52	30%	taxable profit	29.81	
Standards levy	2			0.20%	net sales	3.54	
Employer paid - Social security contributions (NSSF)	12		63	5% Upto KES 200 per person per month	gross salaries	1.52	
Single business permit - manufacturer	1			KES 100,000	fixed fee	1.06	
Tax on interest	0			15%	interest income	0.38	included in other taxes
Employer paid - Training or apprentice tax	2			KES 50 per employee per month	number of employees	0.38	
Land rates	1			0.60%	land value	0.3	
Road maintenance levy	0	jointly		KES 0.4 per liter	fuel consumption	0.01	
Advance motor vehicle tax	1			KES 1,500 per ton	vehicle weight	0.24	included in other taxes
Single business permit - trader	1			KES 20,000	fixed fee	0.21	
Petroleum development duty	0	jointly		KES 0.4 per liter	fuel consumption	0.01	
Land rent	1			various rates		0.01	
Tax on check transactions	1			KES 2 per check	number of checks	0.01	
Value added tax (VAT)	1	online	81	16%	value added	0	not included
Fuel tax - excise duty	1			KES 10.31 per liter	fuel consumption	0	small amount
Stamp duty on contracts	1			various rates	type of contract	0	small amount
Employee paid - Social security contributions (NSSF)	0	jointly		5% upto KES 200 per employee per month	gross salaries	0	withheld
Employee paid - National hospital insurance fund (NHIF)	0	jointly		various rates	gross salaries	0	withheld
TOTALS:	31.0		195.5			37.4	

Source: World Bank Doing Business 2017

7.12.

TRADING ACROSS BORDERS

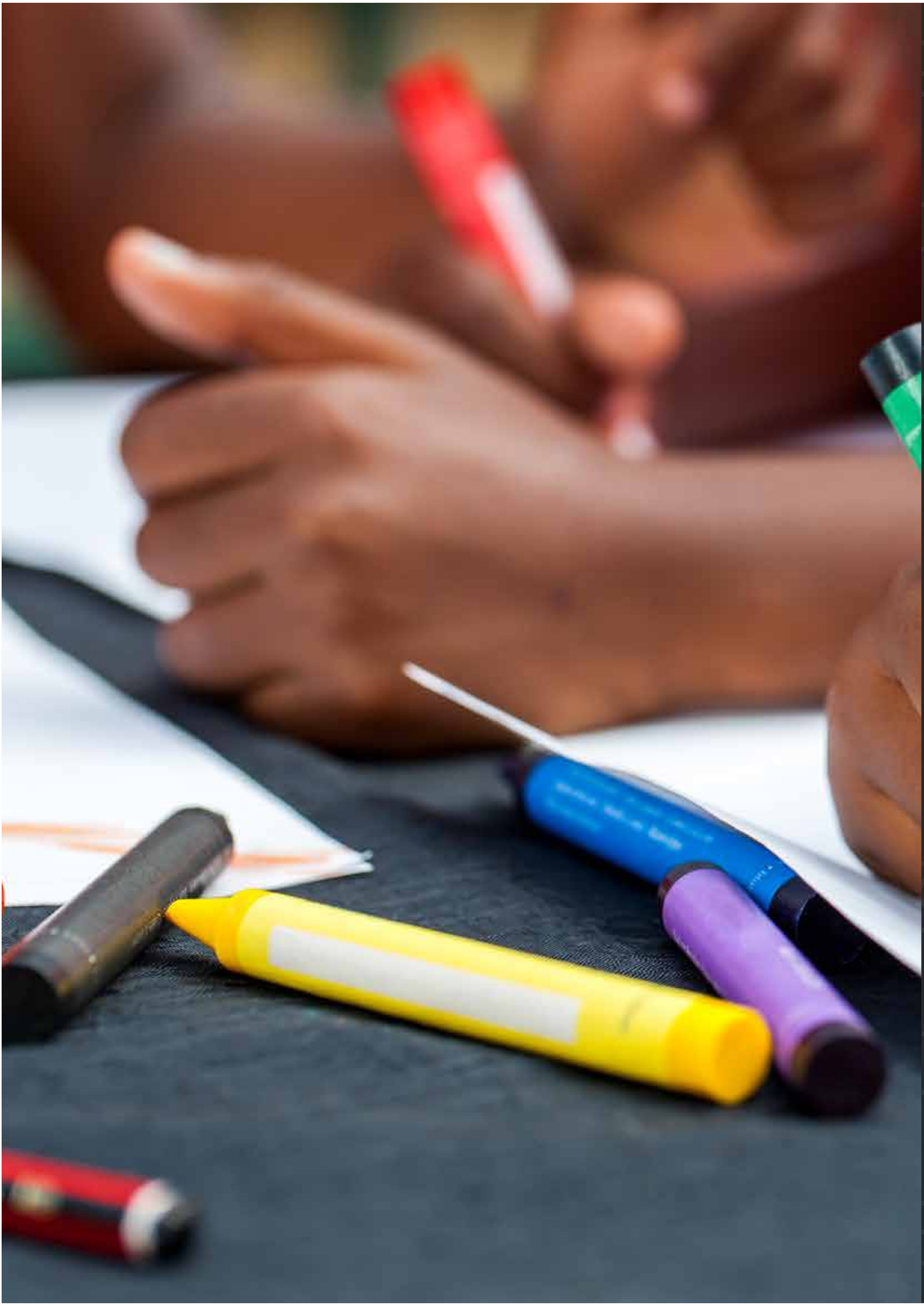
INDICATOR	KENYA	SUB-SAHARAN AFRICA	OECD HIGH INCOME
Time to export: Border compliance (hours)	21	103	12
Cost to export: Border compliance (USD)	143	583	150
Time to export: Documentary compliance (hours)	19	93	3
Cost to export: Documentary compliance (USD)	191	230	36
Time to import: Border compliance (hours)	180	144	9
Cost to import: Border compliance (USD)	833	676	115
Time to import: Documentary compliance (hours)	84	107	4

Source: World Bank Doing Business 2017

EXPORT DOCUMENTS	IMPORT DOCUMENTS
Inland Bill of Lading	Bill of lading
Release Order	Cargo release order
Certificate of origin (COMESA)	Pre-Import verification of conformity (PVoC)
Commercial Invoice	Commercial invoice
Exit Note	Import Declaration Form (IDF C-61)
Certificate of Export	Packing List
Export Declaration	Proof of payments of customs duties
Packing list	
	Terminal handling receipts
	Declaration of customs value (Form C-52)

source: World Bank Doing Business 2017


Kalmar
TRITON
MAERSK
SEALAND
P&O Nedlloyd
CAPITAL
MAERSK
TRITON
msc
18



08

EDUCATION AND HUMAN RESOURCES

8.1.

GENERAL INFORMATION

Kenya views Education and Training (E&T) as a primary means of upward social mobility, national cohesion and socio-economic development. Kenya's Vision 2030 places great emphasis on the link between E&T and the labour market, the need to create entrepreneurial skills and competencies and strong public and private partnerships. The Government is further committed to achieving international development objectives such as the Millennium Development Goals (MDG) and Education for All (EFA). The Constitution includes provisions for children's rights to free and compulsory basic education, as well as quality services and access to educational institutions and facilities for all persons, including those with disabilities and from minorities and marginalized groups.

Some of the challenges as Kenya moves towards Vision 2030 include meeting human-resource requirements for a rapidly changing and increasingly diverse economy; ensuring that the education system meets high-quality standards and that its content is relevant to the needs of the economy and society; as well as raising standards in regions that lag behind in school enrolment to bring them to par with other leading areas.

To address these and other challenges, the Government is implementing key programmes including mainstreaming of Early Childhood Development Education (ECDE), curriculum review and reform, integrating information, communication and technology in teaching and learning; establishment of Education Management Information System (EMIS) centres, and the establishment of Technical, Vocational Education and Training (TVET) infrastructure and equipment

8.2

UNIVERSITY EDUCATION

Kenya's university education system continues to evolve. Accredited universities include 31 public universities, six public-constituent colleges, 18 private chartered universities, five private university constituent colleges and 14 institutions with letter-of-interim authority. Challenges and opportunities created by the internationalization of university education are impacting the sector. E-learning and other forms of open and distance learning have increased, prompting the need for greater vigilance on quality. As a result, institutions are putting in place appropriate regulations, standards and guidelines to deal effectively with these developments. Increased access and mobility of students nationally and internationally calls for the harmonization of credit accumulation and transfer systems to enhance the free flow of students.

Some initiatives and opportunities in this area include:

- Establishing open distance education in existing universities;
- Expanding facilities and adding training equipment in newly created university colleges;
- Training faculty staff at Masters and PhD levels, especially in science, technology and innovation;
- Expanding TVET at the national, county and constituency level, particularly in technical-training institutes, institutes of technology, vocational training centres, national polytechnics and technical universities;
- Provision of information and communications technology (ICT) equipment, software and expertise for integrating ICT;
- Establishing specialized technical-training colleges in priority economy areas such as petroleum and mining;
- Establishing centres of excellence in bio-technology research;
- Developing core technologies and innovation to drive economy growth;
- Establishing a national physical-science research laboratory for engineering and new production technologies;
- Rolling out the Kenspace science and technology programme;

- Establishing a centre for nuclear research for peaceful purposes.
- Establishing a centre for nuclear research for peaceful purposes.

UNIVERSITY STUDENT ENROLMENT

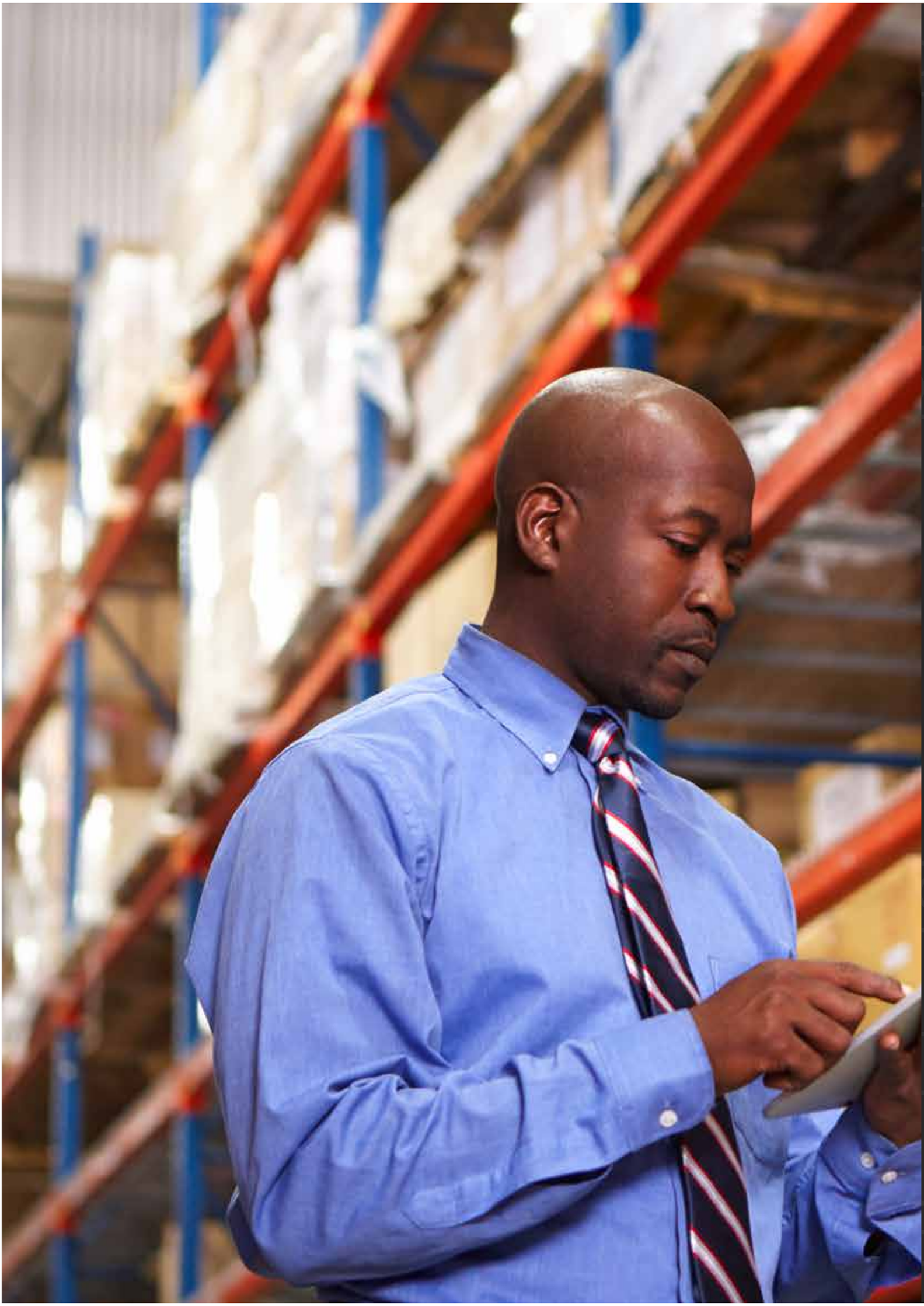
	2010/11		2011/12		2012/13		2013/14		2014/2015		2015/2016	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Public Universities	85,931	53,839	94,358	63,558	109,821	85,707	167,046	109,303	217,164	146,170	257,326	169,708
Private Universities	21,793	16,055	23,342	17,002	25,615	19,408	26,139	22,072	42,454	45,259	45,259	40,630
Total	107,724	69,894	117,700	80,560	135,436	105,115	193,185	131,375	259,618	191,429	302,585	210,338

8.3 PRIMARY AND SECONDARY SCHOOLS

Free primary education was introduced in 2003. In the four years to 2012, the number of primary school pupils rose to almost 10 million, while the number of secondary school students increased from 1.3 million to 1.9 million, still below the target of 2.2 million. The number of secondary schools increased from 6,566 in 2008 to 8,197 in the same period. There are a number of reputable international schools available and are a popular choice for expatriate families seeking schooling options.

8.4 HUMAN RESOURCE

Kenya's population and the labour force are increasing fast. There is a relatively mobile, well-educated workforce with entrepreneurship skills. Kenya prides itself in its large pool of highly educated, skilled and sought after work force in Africa, trained from within the country and in institutions around the world. Kenya's education system has prioritized the formal academic education while the Technical, Industrial, Vocational and Entrepreneurship Training (TIVET) have experienced setbacks of student enrolment. Almost 10 times fewer Kenyans are in vocational training in comparison with the Sub-Saharan Africa's average. There is a huge gap of technical training for youth that are entering the labour market.



09

THE LABOUR MARKET

9.1.

TRADE UNIONS

he Labour Relations Act of 2007 provides for the regulation of employee-employer relationship including the establishment and registration of trade unions and employers' organisations. Article 4 gives a worker the right to join and exit any legal trade union, while Article 6 gives the employer the right to participate in forming an employers' organisation or a federation of employers' organisations. The trade union movement is strong with an estimated 11 per cent of the Labour force in the modern sector being members of it.

The Central Organisation of Trade Unions (COTU) is the national umbrella-body consisting of 44 affiliated trade unions. The Federation of Kenya Employers (FKE) is the premier employers' organisation, established in 1959 representing the collective interest of employers in Kenya. The Federation's overall objectives are to maintain good industrial relations, promote sound, fair Labour practices.

9.2.

CENTRAL TRIPARTITE STRUCTURES

NATIONAL LABOUR BOARD

National Labour Board, advises the Minister of Labour on Labour legislation and Labour matters. The Minister of Labour also has to consult the board, when various sensitive changes to the Labour law are made

THE WAGE COUNCILS

The Wages Councils consists 10 members being the chairman, three members each representing worker, employer and independent experts. The Councils gives advice to the Minister for Labour on matters of minimum wages and conditions of employment in agriculture and various sectors of the economy. The members of the wages council are appointed for a period of three years

EMPLOYMENT AND LABOUR RELATIONS COURT

The Court has original and apparent jurisdiction to hear and determine all disputes referred to it in accordance with article 162 (2) of the constitution and any other written law which extends jurisdiction to the court relating to [employment and Labour relations.(Refer to section 12 of the employment and Labour relations act)

9.3.

NATIONAL LABOUR LEGISLATION

The Ministry of Labour, Social Security, and Services is currently reviewing and ensuring that Kenya's Labour laws are consistent with the 2010 constitution. Kenya's Labour laws comply, for the most part, with internationally recognized standards and conventions. The government also continued to implement a range of programs for the elimination of child Labour with dozens of partner agencies, and has actively pursued the elimination of forced Labour. Current laws include;

THE 2010 CONSTITUTION OF KENYA
The 2010 Constitution, enshrines several Labour rights including the freedom of association, independence of social partners, a fair remuneration, reasonable working conditions and the right to strike

EMPLOYMENT ACT 2007
The Employment Act of 2007various aspects of employment, including rights at work, working hours, sick and maternity leave, discrimination, sexual harassment, forced and child Labour, protection of wages, termination of employment and dispute settlement procedure

LABOUR RELATIONS ACT 2007
The Labour Relations Act of 2007 provides for the establishment, registration and management of trade unions and employers' organizations, collective bargaining, strikes and lockouts, trade dispute resolution and also recognizes the freedom of association.

OCCUPATIONAL HEALTH AND SAFETY ACT
Occupational Health and Safety Act of 2007 deals with safety, health and welfare of persons employed at workplaces.

WORK INJURIES BENEFIT ACT
This law provides for compensation of injuries incurred out of and in course of injuries.

LABOUR INSTITUTION ACT
Labour Institutions Act of 2007 establishes Labour and regulates the National Labour Board, the Industrial Court, Committee of Inquiry, Labour Administration and Inspection, Wage Councils and Employment Agencies. It provides for their functions, powers and duties.

9.4.

LABOUR ISSUES

ABILITIES AND DEXTERITY
Education and training play a critical role in the development of skills and competencies for employability. The creation of demand-oriented capabilities in Kenya has been hampered by weak linkages between education and training institutions on one hand and with industry on the other in development of curricula. The absence of integrated industrial-training and attachment programmes has also not helped. In addition, there is a gap in technology used by industry, and that used by the education-and training-service providers.

The skills-upgrade nexus between secondary and tertiary institutions, universities and industry is further compounded by an increasing conversion of a number of mid-level colleges, especially national polytechnics and technical institutions, into public universities, without much effort to establish or upgrade other institutions to fill the void. This situation is however being addressed.

WAGE DISPARITIES
There are wage disparities across economic sectors in Kenya, with financial and real-estate activities in both the private and public sector paying the highest wages. Following closely on the wage scale are transport and communications activities, public-sector activities related to trade, restaurants and hotels. Compared with the lowest-earning activities (agriculture, forestry, mining and quarrying) workers in the financial and real-estate sector earn, on average, around four to five times more per month. Importantly, Kenya has one of the highest minimum wages in the East African region. The government announced the increase of the minimum wage by 5%in May 2018.

MOBILITY
There is free movement of Labour in Kenya, with no restriction on where one can work. However, a lack of decent employment opportunities in rural areas has generally led to rural-urban migration.

9.5.

HUMAN RESOURCE MANAGEMENT

SEVERANCE PAY

The Employment Act 2007 allows for the termination of employment on account of redundancy after following process (Section (40) of the employment act). An Employee declared redundant shall be entitled to 15 days' pay for every completed years of service.

EMPLOYMENT RIGHTS AND BENEFITS

The Employment Act provides for the following basic minimum conditions of an employment contract:

- All fixed-term and permanent employees are entitled to a minimum of 21 working days leave with full pay after completion of 12 months continuous service with an employer.
- An employee is entitled to at least one rest day in every seven
- Where employment is terminated after two or more months of service, the employee is entitled to payment for 1 ¾ days of leave for each completed month of service
- A female employees entitled to three months maternity leave with full pay and shall not forfeit her annual leave.
- A male employee is entitled to two weeks paternity leave with full pay
- Sick leave (at least seven days with full pay, thereafter seven days with half-pay in each year). This may vary by industry. The General Order Legal Notice 120/1982 provides for 30 days with full pay and 15 days with half pay for a calendar year.
- Housing allowance - Employer is obliged to provide housing or housing allowance (15% of Basic wage.)
- Overtime payments

A) Normal working day- 1.5 times the normal hourly rate

B) Rest days and public holidays double the hourly rate

- Severance pay in case of redundancy
- Safe working conditions

HIRING AND TERMINATION

- Any contract of employment that is beyond 3 months must be in writing and it is the duty of the employer to ensure the said contract is made.
- The said contract must be signed by the employer and employee and it needs to be witnessed by employee of the same organization/company.
- Either party to a contract of employment may terminate employment by giving one month notice in writing or pay in lieu of notice.
- A terminated Employee is entitled to moneys, allowances and benefits earned while in employment, e.g. salary, accrued-leave payments, bonuses, retirement benefits, etc.
- Certificates of service should be given to an employee who has worked for four weeks and above and should not include testimonials.
- Casual employment is allowed in law. However, if the work is continuous for a period of not less than one month, or in aggregate not completed within three months the casual employee will be deemed to be on a monthly contract.(Section 35(1)(c)&37)

DISMISSAL

- Due to wrongs done in connection with employment
- Dismissal can be effected after warning or summarily/instantly in cases of gross misconduct
- In the case of dismissal after warning, warnings should be in writing and kept in the employer's records for the particular employee
- Summary dismissal is for serious misconduct. Grounds include absenteeism, crime, intoxication, disobedience, etc.
- Dismissed employees are entitled to moneys, allowances and benefits earned while in employment, e.g. salary, accrued-leave payments, retirement benefits, etc.
- Dismissed employees are entitled to certificates of service
- Upon dismissal, the employer should make a written report to the district Labour-office explaining the circumstances leading to, and reasons for the dismissal, as well as giving other specified details of the employee's terms of employment
- All Terminations and dismissals must be based on a valid reason and adherent to the due process.
- An employee accused of a misconduct must be charged in writing.He should be given enough time to reply to the alleged misconduct.
- In the event that the employer is not satisfied, he should invite the employee for the hearing of his case and advice him to be accompanied by a union official or an employee of his choice.
- After the hearing the employer may make a decision of either to dismiss employee depending on evidence given.
- Under the rules of natural justice the employee may choose to appeal.

REDUNDANCY

- Occurs when employees cannot be utilized for any work, e.g. during a period of recession or due to autonomization or job abolishment.
- Termination of employment in this manner should be carried out according to the law. (Section 40 of Employment Act 2007)

10

INVESTMENT PROMOTION AND PROTECTION

10

INVESTMENT PROMOTION AND PROTECTION

Protection of all investors in Kenya is governed primarily by the Kenya Constitution (2010), contracts and domestic legislation. These instruments provide substantive protections and allow private enterprises to freely establish, acquire, and dispose of interest in business enterprises.

10.1.

INVESTMENT PROMOTION LAWS AND REGULATIONS

The major regulations governing FDI are found in the Investment Promotion Act (2004). The Act aims to promote and facilitate investment by assisting investors, for instance, in obtaining the relevant licences and incentives. The National Treasury oversees investment policy and most investment-related institutions, aside from Kenya Investment Authority (KenInvest), which is overseen by the Ministry of Industry, Trade and Cooperatives. KenInvest is responsible for promoting and facilitating local and foreign investments and issuing an investment certificate, which allows the holder to start operations as they seek other licences and permits. The holder is also entitled to three work-permits for management and technical staff, as well as three others for owners, shareholders, partners and dependents. Both are for an initial but renewable two-year period.

Kenya's Foreign Investment Protection Act (FIPA) (CAP. 518) guarantees capital repatriation and the remittance of dividends and interest to foreign investors. They are free to convert and repatriate profits, including un-capitalized retained profits (proceeds of an investment after the payment of the relevant taxes, and the principal and interest associated with any loan). Kenya has no restrictions on converting or transferring funds associated with investment. Kenyan law requires the declaration of amounts above KShs. 500,000 (about USD 5,600) as a formal check against money laundering. Foreign exchange is readily available from commercial banks and foreign-exchange bureaus, and can be bought and sold freely by local and foreign investors. The Kenyan Shilling has a floating exchange rate tied to a basket of foreign currencies.

Kenya's Foreign Investment Protection Act (FIPA) guarantees capital repatriation and remittance of dividends and interest to foreign investors, who are free to convert and repatriate profits including un-capitalized retained profits (proceeds of an investment after payment of the relevant taxes and the principal and interest associated with any loan). Kenya has no restrictions on converting or transferring funds associated with investment.

Other laws; Important regulatory institutions for investment in Kenya include the Central Bank of Kenya (CBK), which provides opportunities for investment in treasury bills and bonds; the Export Processing Zones Authority (EPZA), which manages EPZs that provides investors with tax incentives, a facilitates operating environment and good physical infrastructure; the Capital Markets Authority (CMA) which regulates of portfolio investments; and the Nairobi Securities Exchange (NSE) for securities-trading and listed companies. Other key institutions are the National Environment Management Authority (NEMA) for environmental certification and audit, and the Communications Authority (CA) on regulation of investments in ICT. Investments that may have an adverse effect on health and security are subject to scrutiny before approvals are granted.

Further, other sector regulators which play a key role in investments in Kenya such as Energy Regulatory Commission (ERC) regulates the electrical energy, petroleum and related products, renewable energy and other forms of energy; Kenya Plant Health Inspectorate Service (KEPHIS) which is the lead regulator and facilitator of globally competitive agriculture; Competition Authority which promotes and protects effective competition in markets and prevents misleading market conduct throughout Kenya and also regulates mergers and acquisitions; Registrar of Companies which is mandated to register business names and companies; Kenya Revenue Authority (KRA) which is charged with the responsibility of collecting revenue on behalf of the Government of Kenya; National Social Security Fund (NSSF) which provides social security protection to workers in the formal and informal sectors, registers members, receive their contributions, manages funds of the scheme, processes and ultimately pays out benefits to eligible members or dependents; National Hospital Insurance Fund (NHIF) which provides medical insurance cover to all its members and their declared dependants (spouse and children); Directorate of Immigration and Registration of Persons which is under the Ministry of Interior and Coordination of National Government and is responsible for population registration and maintenance of

an inclusive population register, migration management, border control and refugees welfare supervision;

Investment Incentives
Kenya's Government offers fiscal incentives to attract both local and foreign investors. Special Economic Zones (SEZs) and Export Processing Zones (EPZs) offer special geographically based incentives (see chapter on Investment Zones). Investors in manufacturing and hotels are able to deduct from their taxes a large portion of the cost of buildings and capital machinery. The Government exempts from VAT all locally financed materials and equipment (but not motor vehicles, and goods for regular repair and maintenance) used in the construction or refurbishment of tourist hotels. The National Treasury Principal Secretary must approve such purchases.
The Government permits some VAT remission on capital goods, including plant machinery and equipment for new, expanded and replacement investment. The investment allowance under the Income Tax Act is set at 100 per cent. Materials imported for use in manufacturing-for-export or for the production of duty-free items for domestic sale qualify for investment allowance. Approved suppliers, which manufacture goods for an exporter, are also entitled to the same import-duty relief. The program is also open to Kenyan companies producing goods that can be imported duty-free, goods for supply to the armed forces or to an approved aid-funded project.
There are a number of additional sector-specific investment incentives, the details of which can be provided by KenInvest.

10.2. PROTECTION

Kenya has a steadily improving environment for foreign direct investment (FDI). Foreign investors seeking to establish a presence in Kenya generally receive the same treatment as local investors, and multinational companies make up a large percentage of Kenya's industrial sector. There is little discrimination against foreigners in investment, ownership, or access to government-financed research, and the government's export promotion programs do not distinguish between local and foreign-owned goods.

Kenya has signed various **Bilateral-Investment Agreements** to guarantee further investment protection. Kenya is also a member of the Multilateral Investment Guarantee Agency (MIGA), the Africa Trade Insurance Agency (ATI) and the International Centre for Settlement of Investment Disputes (ICSID), which arbitrates cases between foreign investors and host governments.

10.2.1 PERFORMANCE REQUIREMENTS

The Government encourages investment in sectors that create employment, generate foreign exchange, and build forward and backward linkages with rural areas. The law applies local-content rules but only for the purposes of determining whether goods qualify for preferential-duty rates within the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC). Kenya is a World Trade Organization (WTO) member. It has not notified the WTO of any measures that are not in conformity with its Trade Related Investment Measures (TRIMS) obligations.

10.2.2

EXPROPRIATION AND COMPENSATION

The Constitution of Kenya 2010 guarantees safety from expropriation except in cases of eminent domain or security concerns subject to the payment of prompt and fair compensation. The Land Acquisition Act governs compensation and due process in acquiring land

10.2.3

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Private enterprises can freely establish, acquire and dispose of interests in business enterprises. The Kenyan legal system is quite flexible on exit options, which are normally determined by agreement between one investor and the others. The Companies Act specifies how a foreign investor may exit from an incorporated company. In practice, a company faces no obstacles when divesting its assets in Kenya, if the legal requirements and licenses are satisfied. The Companies Act gives the procedures for both voluntary and compulsory winding-up processes.

10.2. 4

PROTECTION OF PROPERTY RIGHTS

Kenya has a comprehensive legal framework to ensure intellectual property rights (IPR) protection, which includes the Anti-Counterfeit Act, the Industrial Property Act, the Trade Marks Act, the Copyright Act, the Seeds and Plant Varieties Act, and the Universal Copyright Convention. Kenya's Copyright Act protects literary, musical, artistic, and audiovisual works; sound recordings and broadcasts; and computer programmes. Kenya is a member of the Convention establishing the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property and the Patent Co-operation Treaty. Kenya is a signatory to the Madrid Agreement Concerning the International Registration of Marks.

These laws can be found in The National Council for Law Reporting also known as Kenya Law. *www.kenyalaw.org*

10.2. 5

INSOLVENCY

The Insolvency Act 2015 consolidates the laws relating to insolvency in Kenya previously contained in the Bankruptcy Act and the Companies Act. It creates a legal framework to govern the administration of companies (as an alternative to liquidation), both solvent and insolvent, under the supervision of an insolvency practitioner. The Act aims to provide for and regulate the bankruptcy or liquidation of natural persons, incorporated and unincorporated bodies to enable their affairs to be managed for the benefit of their creditors. It seeks to redeem insolvent companies through administration as opposed to liquidation

The Insolvency Act further introduces the concept of cross border insolvency, but the regulations are still being prepared. However, regulations on cross-border insolvency are currently being developed by the United Nations Commission on International Trade Law (UNCITRAL) working group V (Insolvency); Kenya is a member of the working group. Once the UNCITRAL regulations are developed, Kenya will adopt and domesticate the same.

10.2. 6

COMPETITION LAW

The Competition Authority of Kenya regulates competition law and its enforcement. It regulates mergers, abuse of dominance, and other competition- and consumer-welfare related issues in Kenya. Recently, it imposed a filling fee for mergers with a turnover of between 1 to 50 billion shillings (USD 11.6 million to 578 million), and KSh.2 million (USD 23,108) for larger mergers. All mergers and acquisitions require the Authority's authorization before they are finalized. In 2011, a new Competition Act replaced the 1989 law. The Act put in place a new competition framework, which aims to foster a well-functioning competitive environment, provide consumer protection, and establish and define the role of the Competition Authority and the Competition Tribunal. Following best practices, the new framework separated policymaking from enforcement, with policymaking the responsibility of a board in the National Treasury. The final approval of mergers and acquisitions rests with the Competition Authority, which also has the power to set the relevant thresholds. The Act prioritises enforcement in sectors that have a high impact on vulnerable members of society, such as food, energy and infrastructure development.

10.2. 7

BILATERAL INVESTMENT AGREEMENTS

BITs/IPPAs provide a reciprocal arrangement for protection and promotion of investments and are intended to provide investors of one state investing into the territory of the other state with special protections under international law. Some of the key provisions covered by these BITs include: Expropriation; Convertibility and repatriation; National treatment; Treatment of Investors; Dispute resolution. As a measure of strengthening investor confidence, Kenya has negotiated, signed and ratified BITs with the Burundi, Finland, French, Italian, Netherlands, Korea, Kuwait, Qatar, Swiss Confederation, United Kingdom of the Great Britain, Ireland governments and republics and the OPEC Fund. Other BITs have been negotiated and signed but not yet ratified.

Kenya is currently looking at reforming the treaties regime in order to align treaties based on the changing international investment agreements arena, especially the investor state dispute resolution mechanism and international arbitration in order to safeguard Kenya's development agenda and goals and establish clauses that will protect both the investor and the state from any untoward arbitration threat.

Kenya is also a member of the Multilateral Investment Guarantee Agency (MIGA), the Africa Trade Insurance Agency (ATI) and the International Centre for Settlement of Investment Disputes (ICSID), which arbitrates cases between foreign investors and host governments.

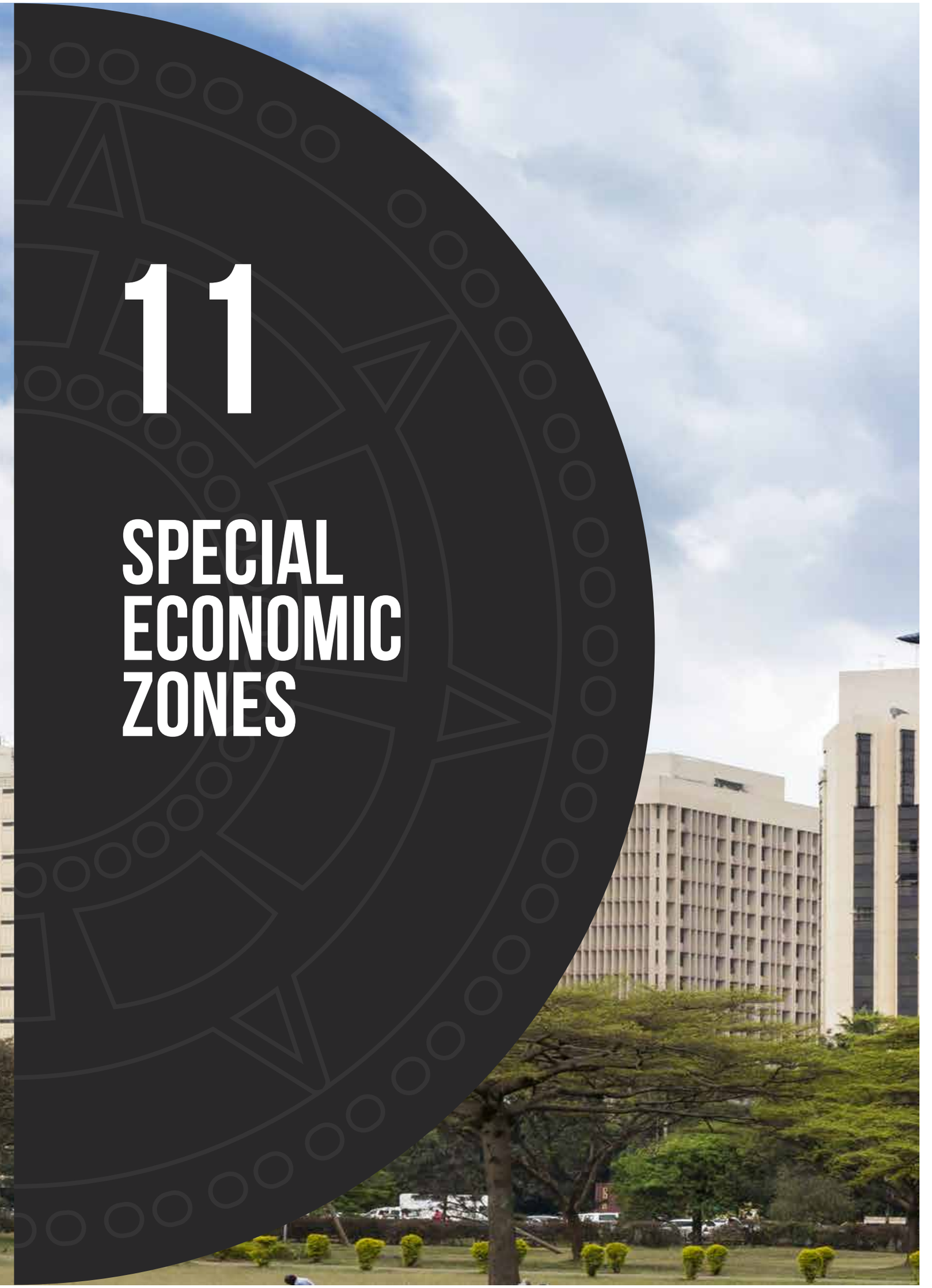
10.2. 8

REMITTANCE POLICIES

Kenya's Foreign Investment Protection Act (FIPA) guarantees capital repatriation and remittance of dividends and interest to foreign investors, who are free to convert and repatriate profits including un-capitalized retained profits (proceeds of an investment after payment of the relevant taxes and the principal and interest associated with any loan). Kenya has no restrictions on converting or transferring funds associated with investment.

11

SPECIAL ECONOMIC ZONES



11. INVESTMENT ZONES AND INCENTIVES

Kenya has adopted cluster development as part of regional and national competitiveness strategies with plans underway to develop industry clusters in strategic locations across the country. Investors can take advantage of existing arrangements with attractive incentives and simple investment procedures.

11.1. EXPORT PROCESSING ZONES

The first Export Processing Zone (EPZ) was established in 1990 to provide an attractive investment opportunity in designated areas for export-oriented businesses. This sought to support the economy through increased productive-capital investment, job creation, technology transfer and diversified exports.

Managed and promoted by the Export Processing Zone Authority (EPZA), the scheme offers a range of attractive incentives to support low-cost operations, fast set-up, smooth operations and high profitability. An effective one-stop-shop at EPZA aims to facilitate the investment process. Individually and collectively, the seven EPZs-- strategically located around country -- make a compelling case for companies to invest. The EPZs are located in:

- Nairobi;
- Athi River (only 25 km from Nairobi);
- Mombasa;
- Kilifi and Malindi on Kenya's northern coast;
- Voi
- Kimwarer, located in the Great Rift Valley region.

As a catalyst for investment and economic growth, the EPZA has created programmes and policies intended to foster investment and encourage investors to take advantage of the country's numerous opportunities, notably its distinctive location as the 'gateway to East Africa'. The EPZA also aims to capitalize on Kenya's investor-friendly fiscal and monetary policies, a supportive political framework, a well-established private sector, entrepreneurial facilities and social amenities; as well as a good quality of life.

The EPZA welcomes all export-oriented investments but is particularly keen to develop projects and attract companies in:

- Food processing
- Fresh produce
- Packaging for shelf-ready products
- Wooden products
- Leather and animal-based products
- Jewelry and gemstones
- Pharmaceutical products and herbal medicines
- Medicinal supplies
- Cosmetic and personal care products
- Packaging products
- Textiles
- Commercial handicrafts
- Transport equipment
- Electronic and electrical goods
- Building materials and furnishings
- Data processing and audio-visual services, and consultancy
- Professional services

EPZ TAX BENEFITS

The following are EPZ tax benefits for investors:

- 10-year corporation tax holiday and 25 per cent tax for 10 years thereafter
- 10-year withholding-tax holiday
- Stamp duty exemption
- 100 percent investment deduction on initial investment applied over 20 years
- Perpetual-duty and VAT exemption on company inputs, including machinery, spare parts, construction and raw materials, office equipment, packaging, heavy diesel and fuel oil (excluding other petroleum-based fuels, motor vehicles from outside the zone and motor-vehicle spare parts)

11.2.

SPECIAL ECONOMIC ZONES

SEZs are zones that liberalize a country's ability to integrate into the global economy, offering special tax rates, business laws, and financing terms to attract investment and commerce into specific geographic regions. They are specifically demarcated areas within the country where raw materials and capital goods can be imported duty-free from abroad or the domestic market and a special package of tax holiday and incentives are given with view to boost exports from the country.

The Government of Kenya has enacted the Special Economic Zones Act 2015 aimed at creating an enabling investment environment for global and local investors in specifically designated areas once. The SEZ Act, 2015 creates a SEZ Authority to administer all regulatory responsibilities in the SEZs, allowing for a much simpler and efficient interface between government and SEZ enterprises.

Kenya launched the first economic zone project in Edoret, Uasin Gishu county in July 2017. The project is expected to attract about 2 billion U.S. dollars of foreign investments with the first phase consisting of a 700-acre industrial park that will house firms focusing from agro-processing to other value add industries. The project was made possible after the signing of an agreement between the Kenyan and Chinese firms in China during the Belt and Road Forum (BRF) for International Cooperation. Africa Economic Zones (AEZ) and Guangdong New South Group will jointly be responsible for the development of the zone's infrastructure and other factors contributing to the ease of doing business.

The SEZ Act also introduces numerous incentives including protections and benefits for enterprises, including a strong dispute resolution system, fast licensing procedures, and duty-free importation of goods and services

PROPOSED INCENTIVES UNDER SEZ

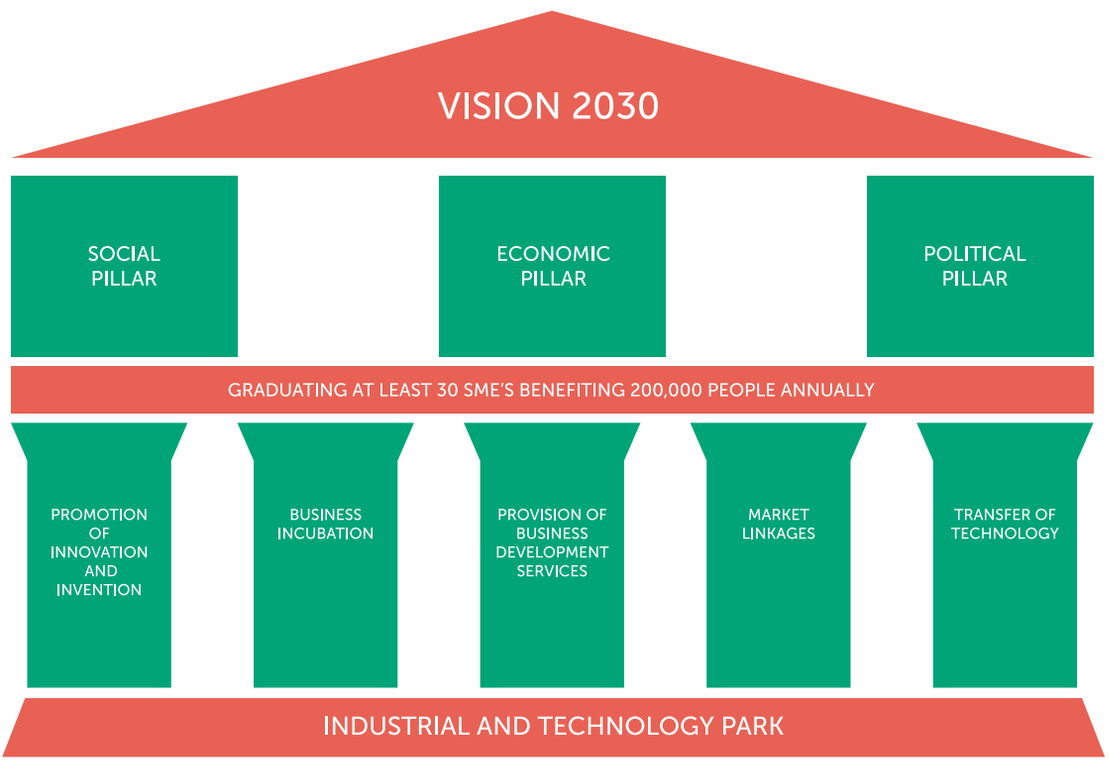
- Exemption from all taxes and duties payable under;
  - Excise Duty Act,
  - Income Tax Act,
  - EAC Customs Management Act and
  - VAT Act
- Exempt from stamp duty
- Entitlement to work permits of up to 20% of their full-time workers
- Exemption taxes on dividend income.
- Corporate tax rate applicable for SEZ enterprises, operators and developers will be 10% for the first ten years and thereafter 15% for next ten years
- Payments, except dividends, made by SEZ enterprises, operators and developers to non-residents shall be subject to the withholding tax rate of 10%

11.3.

INDUSTRIAL PARKS

Industrial and Technology parks are key elements of the infrastructure supporting the growth of today's global knowledge economy. By providing a location in which government, private sector and universities cooperate these parks create environments that foster collaboration and innovation. They enhance the development, transfer and commercialization of technology

Link to Vision 2030
www.vision2030.go.ke



Industrial Park Strategic Objectives

- To facilitate the transfer of technology and promote local knowledge-based enterprises
- To create an environment for inventiveness and innovation
- To stimulate and manage the flow of knowledge and technology among universities, research and development institutions, as well as companies and markets
- To provide other value-added services, with high-quality space and services
- Promote business planning
- Promote productivity and competitiveness of enterprises
- To translate government policies into sector strategies and action plans

Priority Sectors

- Agro-processing
- Agro-machinery
- Electric and electronics
- Metal
- Bio-technology
- ICT
- Packaging

Examples of proposed parks

- Kinanie, Leather Park
- Infinity Industrial Park
- Nairobi Industrial and technology park

11.4.

OTHER INVESTMENT INCENTIVES

In Kenya Incentives are mainly in form of capital deductions. These deductions are made at the point computing the gains or profits of a person /company for any year of income. They include:

11.4.1

INVESTMENT DEDUCTIONS

This is a once-for-all claim granted in the year the asset is first used based on cost of building and machinery installed therein as an incentive to encourage investments mainly in the manufacturing sector.

Applicable rates

- Investments situated within Nairobi, Mombasa and Kisumu - 100% investment allowance
- Investments worth 200 Million Kenya shillings situated outside Nairobi, Mombasa, Kisumu attract a 150% investment allowance
- Investment Deduction- Manufacturing Under Bond- For production of export goods under bonded warehouses
- Investment Deduction-Export Processing Zones- 100% investment deduction
- Shipping Allowance - applies to the purchase of a new and unused power driven ship of more than 125 tons gross or the purchase and subsequent refitting for the purpose of that business of a used power-driven ship of more than 125 tons- 100% investment deduction

11.4.2

INDUSTRIAL BUILDING DEDUCTIONS

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 so as to enjoy the industrial building deduction.

11.4.3

FARMWORKS DEDUCTIONS

This refers to expenditure by the owner or tenant of agricultural land on construction of farm works.
Wear and tear deduction

11.4.4

WEAR AND TEAR DEDUCTIONS

This is an allowance that is granted to the investor to cater for wear and tear on machinery.

12

LICENSING AND PERMITTING

12.1.

BUSINESS LICENSING

Due to regular improvement of the Licensing and permitting regime, one is also advise to visit *http://eregurations.invest.co.ke*

ESTABLISHING A COMPANY

The principal types of business enterprises in Kenya are:

- Registered companies (Private and Public) – companies are registered as limited-liability companies and regulated by the Companies Act 2015
- Branch offices of companies registered outside Kenya – the branch will be issued with a Certificate of Compliance;
- Partnerships – A partnership is restricted to a maximum of 20 persons, each of whom is jointly and separately liable for all debts incurred and is regulated under the Partnership Act 1981;
- Sole Proprietorships;
- Company and business registration processes in Kenya are done by the registrar of business and companies which is a division under the office of the attorney general. Kenya has made huge milestones in regards to company registration. It has moved from an era of manual applications to online applications of company registration. The registration of companies is now being done through Ecitizen portal

COST AND PROCEDURE OF INCORPORATING A COMPANY

INCORPORATING LOCAL COMPANY

STEP	REQUIREMENT	DURATION(MIN-MAX)	COST
Company Name reservation	Proposed Company name	3hrs-3days	150
Company incorporation (Private and Public)	Fill online forms and attach › Passport with bio data page › Passport photo.	1-7days	10650
Download filled forms , sign , scan and upload back into Ecitizen (all attachments must be in pdf)			

REGISTERING BRANCH

Registration of branches is also being done on the Ecitizen platform. An investor needs to open an Ecitizen account then follow the steps below

STEP	REQUIREMENT	DURATION	COST
Company Name reservation (Ecitizen)	Proposed Company name	3hrs-3days	150
registration(Ecitizen)	Fill online form. Attach • Notarized certificate of incorporation from country of origin • Notarized charter/memorandum/constitution • Passport showing bio data page for the directors and local representative if non kenyans • Passport photo • A list containing the names of the company's directors and their personal details • Address of the company's proposed registered office • A notice specifying the address of that office	1-7days	
Download forms, sign, scan and upload into Ecitizen. (All documents uploaded should be in pdf) **Applicable only if the local representative is Kenyan.** PIN certificate for the local representative if Kenyan. Identity card For the local representative if Kenyan			

Source: Registrar of Companies

COMPANIES ACT 2015

The said procedures are expected to change significantly once the new Companies Act, 2015 assented in September 2015 comes into force once it gazette. The 'old' Companies Act, Cap 486, will continue to operate until the new Companies Act, 2015 come into force through legal notices prepared by the Cabinet Secretary in the Kenya Gazette. The major changes in relation to company formation include;

- Formerly at least two members were required for a private company and seven for a public company however with Companies Act, 2015, a single person to form a private and 2 persons to form a public company. A private company is still restricted to 50 members

- A company's articles of association will become its main constitutional document and the company's memorandum will be treated as part of its articles. While it will still be important to file a memorandum of association to incorporate a new company, it will no longer form part of the company's constitution.

12.2.

TAX ADMINISTRATION

TYPES OF TAXES
The Kenyan tax system comprises both direct and indirect form of taxes. This includes Income Tax, Customs and Excise Duties and Value Added Tax (VAT). New investors are advised to familiarize themselves with the tax regime in Kenya. Penalties and interest levied on non-compliance with tax legislation is punitive.

Brief description of varies taxes is given below;

CORPORATE TAX
Is a direct tax on profits made by corporate bodies and it has its legal basis in the Income Tax Act (Cap 470). It's payable at the corporation rate by companies and unincorporated organizations and associations (excluding partnerships, sole proprietorships, and interest or dividend paid by a designated co-operative society) that have taxable income as defined by the Act. The income of a partnership or a sole proprietorship is not taxable on the business entity but is taxed on the individual partner or the proprietor. The tax rates differ between resident and non-resident companies as outlined in the table below.

ITEM	% RATE
Resident Company	30%
Unincorporated entity with a turnover of up to Shs 5 million - on gross receipts	3%
Non-resident company operating as a branch under Certificate of Compliance	37.50%
Export Processing Zones Enterprises	
First 10 Years	Nil
Next 10 Years	25%
Newly listed companies following year of listing	
List at least 20% of its shares	27% for 3 yrs
List at least 30% of its shares	25% for 5 Yrs
List at least 40% of its shares	20% for 5 Yrs
Real Estate Investment Trusts	Exempt

WITHHOLDING TAX
Is deducted on payment by a resident person or non-resident person with a permanent establishment on certain income deemed to have been derived from Kenya (irrespective of whether paid to resident or non-resident persons)

For rates of withholding tax follow the link. *http://www.kra.go.ke/index.php/domestic-taxes/income-tax/type-of-taxes*

VALUE ADDED TAX (VAT)
The operation of VAT has its legal basis in the VAT Act 2013. Value Added Tax is charged on supply of taxable goods or services made or provided in Kenya and on importation of taxable goods or services into Kenya. Taxable goods and services are contained in the various schedules of the VAT Act. All goods and services are taxable except those excluded through the second and third schedules respectively..

The VAT Act constitutes the following schedules: -

1st Schedule -Specifies the exempt goods supplies, Exempt goods on transition and exempt services

2nd Schedule – Specifies Zero rated supplies

EXCISE DUTY
Excise duty is imposed under the excise duty Act 2015 of laws of Kenya. The tax is levied on various products including alcoholic beverages, tobacco products, petroleum products, motor vehicles, carbonated drinks and mineral water, cosmetics, jewelry, bank charges and cell phone airtime.

1st schedule of the act provides rates of excise duty and 2nd schedule on supplies exempt from excisable goods and services.

12.3.

ENTRY LICENSING/ PERMITS

Valid passports or other travel documents, including Seaman's Discharge Book, acceptable to the Government, are required for all persons wishing to enter Kenya. Passports must be valid for at least six months. Exemptions from permits are granted to all persons who are entitled to privileges and immunities under The Kenya Citizenship and Immigration Act 2011, section 34 (3) (a) to (g).

TYPES OF VISAS

- Ordinary Visa: Issued for single or multiple entries to nationals which require entry visas;
- Transit Visa: Issued for periods of not more than three days to nationals who require entry visas and intend to transit Kenya to another destination;
- Diplomatic Visa: Issued for single or multiple entries to holders of diplomatic passports on official duty;
- Courtesy/ Official Visa: Issued to persons holding Official or Service passports on official duty and to ordinary passport-holders who are not entitled to a Diplomatic Visa but where the Director may consider it desirable on the grounds of international courtesy;
- East Africa Tourist Visa: This is a joint multiple-entry tourist visa valid for 90 days that entitles holders to travel to and within Kenya, Rwanda and Uganda.
- Visa Fees:
  - « Transit: USD 20;
  - « Visa referral: USD 10, non-refundable;
  - « Ordinary or Single entry: USD 50;
  - « Multiple entry, for all nationalities: USD 100;
  - « East AfricaTourist Visa: USD 100

12.4.

ENTRY FOR FOREIGN WORKERS

INTRODUCTION

The Department of Immigration's functions and mandate are derived from the following: the Constitution, the Citizenship and Immigration Act No. 12 of 2011, the Kenya Citizens and Foreign Nationals Management Service Act No. 31 of 2011, and other relevant legislation and international conventions. These set the criteria for the issuance of various immigration documents including passports, passes and work permits to investors, missionaries, professionals and other persons working with private and public organisations.

CLASSES OF PERMITS AND THEIR REQUIREMENTS

Under new immigration laws, the Permits and Passes Section issues the following documents:

- Entry Permits (Classes A –M)
- Kenya Special Passes
- Kenya Dependent Passes

SUMMARY OF CLASSES OF PERMITS AND FEES

CLASS OF PERMIT	PROCESSING FEE (KSH)	FEE PER YEAR (KSH)
CLASS A	10,000	250,000
CLASS B	10,000	100,000
CLASS C	10,000	100,000
CLASS D	10,000	200,000
CLASS F	10,000	100,000
CLASS G	10,000	100,000

Note: Nationals of East African Community member states are issued permits free of charge.

CONDITIONS FOR ENTRY PERMITS

All foreign nationals seeking to enter:

- Must have sufficient funds for sustenance/ subsistence;
- Are not a prohibited immigrant or inadmissible person;
- Must indicate a known and traceable physical/ residential address;
- Are able to return to country of origin/ domicile;
- Have valid and acceptable reason for entry;
- Must present a valid and acceptable travel document;
- Must not suffer from a contagious disease and, if they do, must be accompanied by competent medical personnel;
- These conditions may not apply to refugees as described in the Refugees Act of 2006.

General Requirements for All Classes of Work Permits:

- Duly filled and signed application form 26. This form is downloadable at the Kenya Immigration websiteimmigration.go.ke, and must be completed and signed by the employer;
- Applicant's copies of passport (bio-data page and current visa page);
- Two passport-size photographs;
- Application letter detailing nature of company's activities.

PROSPECTING AND MINING

CLASS 'A' WORK PERMIT

Foreigners wishing to engage in prospecting and mining must apply for a Class 'A' permit. The requirements are:

- Documentary proof of capital to be invested/already invested, with minimum of USD 100,000 or equivalent in any other currency. This proof is either:
  - « Own bank statement from a local bank account;
  - « Company bank statement, shareholding certificate and Financial Audited Accounts in case you are joining an existing business.
- Copy of licences held for prospecting;
- Tax compliance for renewals;
- List of Kenyans employed;
- Fee of KSh250,000 per year (fee payable after approval of permit) and processing fee (non-refundable) of KSh 10,000. Payments are made with a Bankers Cheque addressed to The Director of Immigration Services.

AGRICULTURE AND HUSBANDRY

CLASS 'B' WORK PERMIT

This is for foreigners who wish to engage in agriculture and husbandry. The requirements for this permit are:

- Documentary proof of capital to be invested/already invested, with a minimum of USD 100,000 or equivalent in any other currency. This proof is either:
  - « Own bank statement from a local bank account;
  - « Company bank statement, shareholding certificate and Financial Audited Accounts in case you are joining an existing business.
- Proof of land acquired legally for the purpose;
- Tax compliance certificate for renewals;
- Fee of KSh100,000 per year (fee payable after approval of permit) and processing fee (non-refundable) of KSh 10,000. Payments are made with a Bankers Cheque addressed to The Director of Immigration Services.

PRESCRIBED PROFESSION

CLASS 'C' WORK PERMIT

This is for foreigners who belong to a prescribed profession. The requirements for this permit are:

- Documentary proof of capital to be invested/already invested, with a minimum of USD 100,000 or equivalent in any other currency;
- Proof of membership of a prescribed profession;
- Copies of personal and company Personal Identification Number (PIN) if business is running;
- Tax compliance for renewals;
- Fee of KSh100,000 per year (fee payable after approval of permit) and KSh 10,000 processing fee (non-refundable). Payments are made with a Bankers Cheque addressed to The Director of Immigration Services.

EMPLOYMENT

CLASS 'D' WORK PERMIT

The requirements are:

- Employee permits are only issued to foreign nationals who offer specific skills that are not readily available in Kenya;
- There must be a competent Kenyan understudy for eventual Kenyanisation of the post;
- Recommendation from a registered professional body/organization of which applicant is a member(for example, Kenya Medical and Practitioners Board, Architectural Association of Kenya, Nursing Council of Kenya, Institute of Chartered Accountants of Kenya and Law Society of Kenya).
- Detailed curriculum vitae (CV);
- Copies of academic and professional qualifications. If the certificates are not in English, they must be translated and certified by respective Embassies/High Commissions;
- A covering letter from the employer explaining why the applicant is suitable for the position, setting out his or her strengths (e.g. experience, training, ability and qualifications) and why the applicant - as opposed to a Kenyan citizen - got the job;
- Duly filled and signed Form 27 (Kenyanisation Form);
- Fee of KSh200,000 per year (fee payable after approval of permit) and KSh 10,000 processing fee (non-refundable). Payments are made with a Bankers Cheque addressed to The Director of Immigration Services

SPECIFIC MANUFACTURING

CLASS 'F' WORK PERMIT

This is foreigners who are engaged in specific manufacturing. Before applying for the permit, for which the requirements follow, the company must first be registered.

- Documentary proof of capital to be invested/already invested, with a minimum of USD 100,000 or equivalent in any other currency. This proof is either:
  - « Own bank statement from a local bank account;
  - « Company bank statement, shareholding certificate and Financial Audited Accounts in case you are joining an existing business.
- Copy of licence;
- Registration certificate of the company or Certificate of Incorporation;
- Copy of company's Memorandum, and Articles of Association;
- Copies of personal and company Personal Identification Number (PIN) if business is running;
- Tax compliance for renewals;
- List of Kenyans employed;
- Fee of KSh100,000 per year (fee payable after approval of permit) and processing fee (non-refundable) of KSh 10,000. Payments are made with a Bankers Cheque addressed to The Director of Immigration Services.

SPECIFIC TRADE /BUSINESS

CLASS 'G' WORK PERMIT

The requirements are:

- Documentary proof of capital to be invested/already invested, with a minimum of USD 100,000 or equivalent in any other currency. This proof is either:
  - « Own bank statement from a local bank account;
  - « Company bank statement, shareholding certificate and Financial Audited Accounts in case you are joining an existing business.
- Registration certificate of the company or Certificate of Incorporation;
- Copy of company's Memorandum, and Articles of Association;
- Copies of personal and company Personal Identification Number (PIN) if business is running;
- Tax compliance for renewals;
- List of Kenyans employed;
- Fee of KSh100,000 per year (fee payable after approval of permit) and processing fee (non-refundable) of KSh10,000. Payments are made with a Bankers Cheque addressed to The Director of Immigration Services.

DEPENDENT PASS

The application requirements are:

- The applicant must be:
  - Kenyan;
  - Holder of valid entry permit;
  - Exempted person under Immunities Act (Cap. 179) and who is covered under section 4(3) (a) to (g).
- Application form (Form 28) filled and signed;
- Passport copy of the dependent;
- Two passport-size photos of the dependent;
- Copy of birth or marriage certificate for immediate family members;
- Fees: KSh5,000.

SPECIAL PASS

This is a document issued to person(s) for specific employment by specific employer for a duration not exceeding three months.
Note: For more information and application, follow this link: *https://fns.immigration.go.ke/infopack/permits/*

BUYING & RENTING PROPERTY

Cost of land varies with regions and proximity to urban centres and major roads. For instance the cost of industrial land in Eldoret is Ksh 20 million (US $ 250,000) while the same will cost will cost Kshs 20-100 Million (US $ 250,000-1.2 Million) in Nairobi.

Commercial Rental Premises are also available on competitive rates ranging from Kshs 50-350 (US$ 0.7 – 7) Per Square Foot Per Month (p.s.f.pm) which may be exclusive or inclusive of service charges while residential premises range from Ksh 10,000 to Kshs 150,000 (US$ 120-2,000) depending on type, Size and location. You are encouraged to consult established property managers for competitive deals.

Kenyan land system is defined by the Constitution of Kenya, the Land Registration Act and the Land Act. It is classified into:

- Public land - reserved for public use or environmental protection. It is administered and managed by National Land Commission on behalf of the people of Kenya.
- Community land - it is held by communities on basis of ethnicity, culture or similar community interest.
- Private land - this is land held by natural or legal persons. The Ministry of lands is tasked with the registration of any interest in Private Land. It is classified into the following land tenure system;

1. Freehold land tenure system - it gives the holder absolute ownership of the land for life. A freehold title deed generally has no restrictions as to the use and occupation of the land. However there are some conditional freeholds which may restrict the use of land for agricultural uses only.
2. Leasehold land tenure system - this is the interest in land for a specific period of time subject to payment of land rent to the National government and land rates to the county governments. Once a lease expires the land reverts back to the owner or the leaseholder can apply for a renewal or extension of the lease.

Non-citizens can hold leasehold land only for 99 years.

Consent for Transfer of leasehold land is issued by the commissioner of lands while for freehold lands consents are issued by the land control board.

All land parcels are subject to rates payments which are payable to the respective county governments where the land is located. The land rates differ from one county to the other.

Land rent is also imposed on leasehold land parcels and its payable to the ministry of lands and physical planning.

TRANSACTION	WHO PAYS
Land search KES 500 land search from central registry and KES 520 from Nairobi registry	Buyer
Legal fees the fee will depend on the negotiations between the buyer and the advocate	Buyer
Stamp duty payment 4% valuation amount for leasehold properties located within towns and 2 % valuation amount for freehold land situated outside towns	Buyer
Land registration fees KES 500	Buyer

13

INTERNATIONAL ORGANIZATION MEMBERSHIPS, MARKET ACCESS AND SPECIAL TRADE REGIMES

13.1

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

Kenya is one of the 20 members of the Common Market for Eastern and Southern Africa (COMESA), the largest regional economic community in Africa, with a population of over 450 million and a combined GDP of more than USD 560 billion in 2016. After creating a customs union in 2009, COMESA now offers duty-free access to at least 16 member-states. COMESA continues on the road of regional integration by supporting the development of better investment conditions, thus making it an increasingly internationally competitive economic community. COMESA member states include: Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

Also notable is the free-trade area under negotiation between COMESA, the Southern African Development Community (SADC) and East African Community (EAC), covering a market of over 620 million in 26 countries, with a combined GDP of almost USD 1.2 trillion

13.2

EAST AFRICAN COMMUNITY (EAC)

The EAC is a fully-functioning customs union composed of five states (Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan) with a market of 177.57 million people and a combined GDP of USD 146 billion. The common market was set up in 2010 and negotiations for East African Monetary Union (which started in 2011). The fast-tracking of an East African Federation underscore the serious determination with which the regional leadership and its citizens are seeking to build a powerful and sustainable economic and political block.

13.3

MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)

The Multilateral Investment Guarantee Agency (MIGA) is a member of the World Bank group with a mission to promote foreign direct investment (FDI) in developing countries by providing political-risk-insurance guarantees to private-sector investors and lenders. MIGA protects investments against non-commercial risks and can help investors obtain access to funding with improved financial terms and conditions.

13.4

INTERNATIONAL CENTER FOR SETTELEMENT OF INVESTMENT DISPUTES (ICSID)

Kenya is a member state of the International Center for Settelement of Investment Disputes (ICSID) that was established to resolve legal dispute resolution and conciliation between international investors. ICSID encourages international flow of investment and mitigate non-commercial risks.

13.5

BILATERAL INVESTMENT AGREEMENTS

Kenya is a beneficiary of the African Growth and Opportunity Act (AGOA), which helps the country to export textiles, garments and other goods to the United States. Kenya has signed bilateral investment agreements with: Burundi, China, Finland, France, Germany, Iran, Italy, Libya, the Netherlands, Slovakia, Switzerland and the United Kingdom. However, only those with France, Germany, Italy, the Netherlands, Switzerland and the UK are in force.

The EAC is also in the process of renewing an Economic Partnership Agreement with the European Union, with both sides optimistic about concluding negotiations soon.

13.6

DOUBLE TAXATION AGREEMENTS

Kenya has ratified double-taxation agreements with the following countries: United Arab Emirates, Zambia, Norway, Denmark, Sweden, the UK, Germany, Canada and India. It has also signed but yet put into force agreements with Italy, Tanzania and Uganda. It is also in negotiation with France, Thailand, Seychelles, Nigeria, South Africa, Mauritius, Finland, Russia and Iran.

14

QUALITY OF LIFE – ENTERTAINMENT AND AMENITIES

THE NAME "NAIROBI" COMES FROM THE MAASAI PHRASE "ENKARE NAIROBI", which translates to "the place of cool waters". It is also popularly known as the "Green City in the Sun." The second-largest city in the African Great Lakes area the city has a population of 3.1 million (KNBS, 2009) and is a bubbling melting pot for most of the country's 40-plus ethnic groups. As one of the fastest modern growing cities in Africa some independent analysts have acknowledged Nairobi as:

1.	The top entertainment destination on the continent
2.	Africa's Most Intelligent City (Intelligent Community Forum 2016, 2017)
3.	The Most Dynamic City in the African Continent (City Momentum Index (CMI), 2017)

Nairobi is surrounded by several expanding villa-suburbs and several tourist attractions. The most famous is the Nairobi National Park, which is unique in being the only game-reserve in the world to border a capital or major city. Nairobi has a diverse and multicultural composition; there are a number of churches, mosques, temples, and gurdwaras within the city. It is home to several museums, sites, and monuments.

Nicknamed the safari capital of the world, accommodation is an experience of lavishness and comfort, with an extensive variety available. Spectacular hotels to cater to safari-bound tourists and several four & five star hotels offering luxury and serene accommodation are available.

NO.	FIVE STAR HOTELS (*****)	FOUR STAR HOTELS (****)
1.	Villa Rosa Kempinski	Crowne Plaza
2.	Hemingways Nairobi	Ole Sereni
3.	Sankara Nairobi	House of Waine
4.	Fairmont The Norfolk and The Sarova Stanley	Weston Hotel
5.	Radisson Blu Hotel	Southern Sun Mayfair Nairobi
6.	Dusit D2	Sarova Panafric
7.	Tribe Hotel	Fairview
8.	Movenpick	Windsor Golf Hotel and Country Club
9.	The Sheraton	The Boma

Other international hotel-chain groups are also setting up prime properties in Nairobi.
Local and International shopping supermarket chains are available throughout the city. The shopping variety available is vast to suit any preference. Shopping Malls in Nairobi include:

NO.	SHOPPING MALL
1.	Two Rivers Mall
2.	The Yaya Center
3.	The Rosslyn Riviera
4.	The Sarit Center
5.	Westgate Shopping Mall
6.	The Village Market
7.	Garden City Mall
8.	The Hub
9.	Thika Road Mall (TRM)

FOOD

Nairobi's culinary scene has been on an upward trajectory in recent years, with new eateries, cafes, and bars popping up. A metropolitan city with a diverse restaurant culture, Nairobi's best dining experiences runs from food stalls to five-star dining establishments. With a collection of gourmet restaurants offering local and international cuisine, Nairobi has something to offer every age and pocket. The more discerning traveler can choose from a wide array of local cuisine specialties such as nyama choma (grilled/bbq meat, usually goat), Mediterranean, Indian, Chinese, Ethiopian and Arabian. One can find the usual array of international fast food outlets. KFC, Subway, Burger King, Domino's and Pizza Hut are well represented throughout the city.

The Nairobi Java House is a popular coffee house and restaurant chain with multiple branches around the city. Other coffee chains include Dormans Coffee House and Savannah. Kenyan tea and coffee are very popular, both locally and internationally. One can purchase premium gourmet blends at any of these outlets.

NIGHTLIFE & ENTERTAINMENT

The city's nightlife is mostly centred on friends and colleagues meeting up after work, especially on Fridays – commonly known as Furahiday (Happy Day), as well as on theme nights, events and concerts. The most popular clubbing spots are in upmarket Westlands, which has come to be known as "Electric Avenue", as well as in Karen, Langata, Hurlingham, and "uptown" venues in

CURRENCY

Kenya's unit of currency is the shilling (KSh), or 'bob' in slang. There are no currency-transaction restrictions; foreign-exchange bureau are available at the airport and in the city centre offering various currencies.

MONEY

- ATMs are available country-wide with 24-hour access;
- All major international cards are accepted;
- Travelers' cheques are accepted.

SECURITY

The Government of Kenya has taken a number of steps to tackle security issues. As a result, security has been heightened in recent years to safeguard members of the public.

HEALTH

Several vaccinations are highly recommended. These include Yellow Fever, Typhoid, Hepatitis A and Diphtheria. It is also recommended to be up to date with polio and tetanus vaccinations. Some of the hospitals include: The Nairobi Hospital, The Aga Khan Hospital, Mater Hospital, M.P Shah Hospital, Gertrude's Hospital, Karen Hospital and Kenyatta National Hospital.

TRANSPORT
Public transport in Nairobi is comprised of small vans carrying about 14 passengers (matatus) and mini-buses and buses carrying between 25 and 50 passengers. It's easy to rent a car in Nairobi provided you have an international driver's license. Driving is on the left side of the road. There are very many car rental companies to choose from. An array of cab/taxi companies are available including the international mobile hailing taxi 'Uber'.

TIPPING
Tipping is appreciated. Most hotels and restaurants include a 10 per cent service charge.

BUSINESS HOURS
08:00 to 12:00 and 14:00 to 17:00 Monday to Saturday. Many businesses work Saturday mornings.

ELECTRICITY
220-240 volts AC, with standard 13-amp three square-pin plugs.

WATER
Bottled water is readily available.

KenInvest
PROMOTING INVESTMENTS IN KENYA

COMESA

Regional Investment Agency
RIA
COMESA