



INVESTING IN

KENYA'S

FIBRE, TEXTILES AND APPAREL INDUSTRY



MINISTRY OF INDUSTRIALIZATION,
TRADE AND ENTERPRISE
DEVELOPMENT



MAKE IT KENYA



2021

Contents

Join a Growing Textile and Apparel Industry	10
Success Stories	12
Operational Success Factors for Garment Manufacturing	14
Young, Ambitious and Productive Talent	16
Powered by Green Energy	18
Tap into Reliable Utilities and High-Speed ICT	20
Connect to Your Markets	22
Plug into Kenya's Raw Materials Opportunities	24
Ahead of the Curve	26
Making Business a Pleasure	28
Take the Risk Out of Your Investment	30
Preferential Access to Key Global Markets	32
Promoting and Facilitating	34
EPZA - Invested in your Success	36
Fast and Favourable Set-up of Operations	38
A Lifestyle to Embrace	40
Industrial Parks for Textile and Apparel	42



10

Join a Growing Textile and Apparel Industry



16

Young Ambitious and Productive Talent



18

Powered by Green Energy



22

Connect to your Markets



24

Plug into Kenya's Raw Materials Opportunities



Kenya's vision 2030, its Medium Term Plans and Big Four Agenda has prioritized Textile and Apparel as a key industry of focus to deliver the industrialization and social transformation for investment attraction, creation of multiple jobs, and growth of export earnings. As a country we are aware that global production costs continue to rise in the traditional markets of Asia and Europe and thus expect Textiles & Apparels manufacturing to move to Africa; we are prepared to capture this opportunity growth.

The opportunities for the sector are enormous; with duty free quota free market access to the United States, European Union, UK, EAC, COMESA and the upcoming AFCFTA. We sit in a privileged position. We are the fifth-largest economy in sub-Saharan Africa; we have a well-educated labour force; our financial services and information technology capabilities are amongst the most developed in the region; and our infrastructure is the most advanced among peers as well (with substantial further investment being planned). We have access to vast agricultural resources and are home to some of the most innovative entrepreneurs globally

Strategies to improve the investment environment in the country in general and in this sector in particular

have been put in place. These include enactment of necessary legislations and strengthening of key Institutions to support investment across the Farm-to-Fashion value chain, and also establishment of dedicated economic zones. The zones are planned to include among other common user facilities, an Inland Container Depot, railway marshalling yard, logistics zone and public utility area with supporting modern infrastructure. They will also offer state of the art trans-shipment facilities to allow the seamless interchange between Standard Gauge Railway(SGR) and Meter Gauge Railways (MGR), to handle the cargo destined for EAC and Central African Countries. Government of Kenya offers a reduced preferential power tariff of US\$ 5 Cents per KWh which is a significant incentive at the Naivasha SEZ Industrial Park.

We therefore believe that investors will find all the information they require about investing in the sector and we welcome them to explore the rich investment opportunities.

**Ms. Betty C. Maina, CBS
CABINET SECRETARY,
MINISTRY OF INDUSTRIALIZATION,
TRADE AND ENTERPRISE DEVELOPMENT**



This Fibre, Textile and Apparel Investor's Guide has been developed through elaborate discussions between public and private sectors, allowing for a realistic evaluation of the opportunities across the value chain. The Government assures all investors of seamless, well-coordinated and dedicated facilitation services throughout their investment journey in Kenya.

I wish to thank and express my deepest appreciation to our valuable partners, Msingi EA, for their industrial insights, technical and financial support in the production of the guide. I also express gratitude to the officers from the State Department for Industrialization, the Kenya Investment Authority (KenInvest), Export Processing Zones Authority (EPZA) and Special Economic Zones Authority (SEZA), as well as stakeholders from the private sector for their invaluable input in developing the Investors Guide.

**AMB. Kiri P. Kaberia, CBS
PRINCIPAL SECRETARY**





The Fibre, Textile and Apparel sector is at the core of Kenya's economic development programs, principally the Kenya Vision 2030 and Big Four Agenda. Manufacturing and Industrialization are central to these development blueprints, and the Fibre, Textile and Apparel sector is a top priority. The sector contributes significantly to the country's export and employment creation and is expected to contribute much more.

Kenya boasts of a number of attractive investment strengths, including its strategic location as a gateway to East Africa, a fully liberalized economy, a large domestic market, availability of skilled and productive human resource, advanced infrastructure, policy ambition and clarity, numerous investment opportunities arising from an aggressive development programme, and a very strong private sector that offers foreign investors partnership opportunities.

Kenya Investment Authority (KenInvest) and all the other public agencies responsible for investment promotion and facilitation (especially Export Processing Zones Authority and Special Economic Zones Authority) assure all investors across the Fibre, Textile and Apparel value chain of our seamless, well-coordinated and dedicated facilitation services throughout their investment journey in Kenya. The Kenya Export Promotion and Branding Agency undertakes market research and surveys in prioritized markets (including AfCTA, EAC, COMESA, AGOA, EU under EPA among others) to identify export opportunities. These findings inform the appropriate export promotion strategies to be employed in target markets. The Market research will be availed to investors that target export markets.

The support of Msingi E.A. in the production of this Guide, and that of all the other Institutions and individuals who have played a role in it, is highly appreciated. Contact us for any information you need that is not available in this Guide.

**Dr. Moses Ikiara, MBS
MANAGING DIRECTOR
KENYA INVESTMENT AUTHORITY**



The Textiles and Apparels sector is a priority sector in Kenya. The Kenya Association of manufacturers houses the sector under 2 subsectors namely the Exports Apparels sector that exports over 95% of its production to USA under AGOA and to the European Union.

The other subsector is the local textiles and apparels sector that serve the domestic and regional markets.

The opportunities for the sector are enormous with duty free quota free market access to the United States, European Union, UK EAC, COMESA and the upcoming ACFTA. The sector targets to grow exports to USD 8 billion annually, directly employing 2.1 million within the next 10 years.

We are requesting all investors to come take advantage of the favourable investment climate and opportunities within the sector as we work towards realising the sectors' and country's aspirations.

**Phylis Wakiaga,
CEO
KENYA ASSOCIATION
OF MANUFACTURERS**

Join a Growing Textile and Apparel Industry

Kenya has a proven track record in attracting and retaining world class apparel manufacturers who have made great success of their investments in the country.

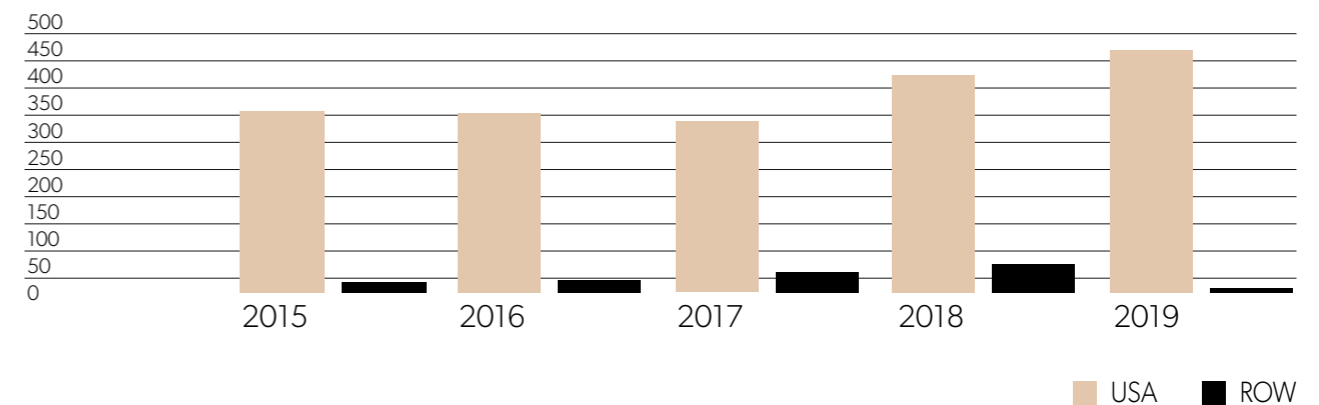
For the last five years, companies located here, have positioned Kenya as the largest exporter of apparel to the USA under AGOA. In 2019, textile and apparel exports to AGOA from Kenyan-based companies were valued at over US\$450 million.

There's not just one but many reasons companies choose to invest in Kenya. Its this combination of factors that offer a compelling location for operational and commercial success.

In addition to the fundamental requirements for efficient manufacturing operations such as access to talent, good value utilities, sustainable energy, attractive incentives, investment and global connectivity, the Kenyan Government's commitment to the sector is seen in attractive tax and investment incentives, investment in transport infrastructure and the development of special economic zones in strategic locations.

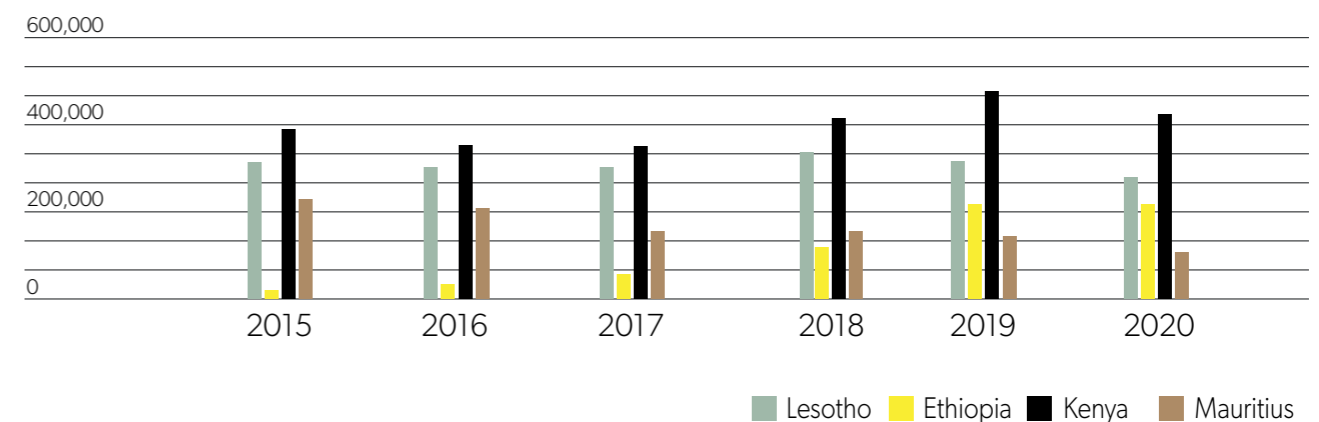
Kenya's largest CTA export market is the USA

Million USD\$



Kenya is the largest apparel exporter under AGOA (US\$450 Mn)

Million USD\$



EPZA

- Export Processing Zones Framework
- An investor must export a minimum of 80% outside the EAC
- An investor can sell up to 20% into the EAC market provided all applicable duties are paid
- Duty free trade between SEZ and EPZ companies if final product is for export outside EAC
- 0% corporate tax incentive for first 10 years of operations, 25% for the next 10 years

SEZA

- Special Economic Zones framework
- Investors can export up to 100% outside of the domestic and EAC market
- Investors can sell up to 100% into the EAC market provided all applicable duties are paid
- 10% corporate tax incentive for first 10 years of operations, 15% for the next 10 years

For further information on EPZA and SEZA zones please contact KenInvest at info@invest.go.ke

Success Stories

New Wide Garments EPZ

Established: 2001 **Employees:** 6,400 **Location:** Athi River, Kenya

"New Wide Garments EPZ, which is part of the New Wide Group headquartered in Taiwan, was established in Kenya in the year 2011. Today the investment is worth \$4 Million dollars, covering a total factory area of 220,000 SQM.

New Wide Garments exports 1.5 million pieces of garments to the US market a month. This involves employing 6,400 directly and over 30,000 indirectly that includes their dependants as well as service providers including housing, schools, supermarkets, Insurance, Banking, Shipping, Transport, Security, hospitals, among others.

In addition to their salaries, the workers receive all statutory social benefits. The company is also proud to support the transfer of technology by virtue of being world class garment manufacturer, having invested in the latest technology and resulted in skills transfer whereby most of their former employees are now offering valuable services in Ethiopia, Rwanda, Tanzania, Uganda, and Egypt.

Key advantages of Kenya include availability of skilled labour, provision of duty-free incentives by EPZA, the integrated Kenya Revenue Authority system that makes it easier to transact business. We also appreciate the support from various government institutions including the Export promotion Zones Authority, Kenya Bureau of Standards and Kenya Revenue Authority. It is also important to acknowledge the political stability and good infrastructure with accessibility to the port.

New Wide garments is also proud to adhere to the highest production and quality standards with certifications from WRAP, CTPAT, Higg Index, SLCP and GSV along brand specific certifications such as PVH."

Mr. Rudolf Isinga,
General Manager - New Wide Garments EPZ

Simba Apparel EPZ

Established: 1993 **Employees:** 3,000 **Location:** Mombasa, Kenya

"Simba Apparel EPZ was established in 2016. However, we have accumulated experience in EPZ operations dating back to 1993 when the first garment manufacturing unit was established under the Export Processing Zone in Mombasa, Kenya. We are now a dedicated Garment Manufacturing unit specialising in men's and women's fashion wear, casual wear, work wear, hospital wear and hospitality wear. We also have a fully staffed Merchandising department that works closely with our Production team to ensure that our customer's needs are met.

Simba Apparel Currently employs 3000 workers with a production capacity of 650,000 pieces per month. We are strategically located near the port of Mombasa which is very convenient considering that we import most of our inputs and export exclusively to the US Market.

A key strength that we have experienced in Kenya is the political stability that has enabled us to sustain and grow our investments over the years. We also appreciate the high efficiency of the port of Mombasa and along with other logistics which are critical to our business. We constantly engage with the Government to address any challenges in the business environment to sustain and grow our business."

Thomas Puthoor,
Managing Director - Simba Apparel EPZ

United Aryan EPZ

Established: 2002 **Employees:** 8,000 **Location:** Nairobi, Kenya

"United Aryan EPZ, a part of Balaji Group, was established in Kenya in 2002 with a vision of becoming the leading apparels and textiles manufacturer in Africa. United Aryan is the largest garment manufacturer in Kenya, directly employing 8,000 employees, having peaked at 11,000 employees before the Covid Era. Majority of these employees are young women therefore our company creates a source of livelihood for many families and provides opportunities for a demographic sector that is often marginalised.

United Aryan has created economic opportunities to a wide range of service providers and small-scale traders whose main customers are our employees. Our business directly and indirectly positively impacts thousands of people daily. We are proud to extend free technical training in apparel manufacturing to the surrounding community. To date we have trained more than thirty-five thousand people at no cost, targeting young men and women from disadvantaged backgrounds to empower them to earn a living.

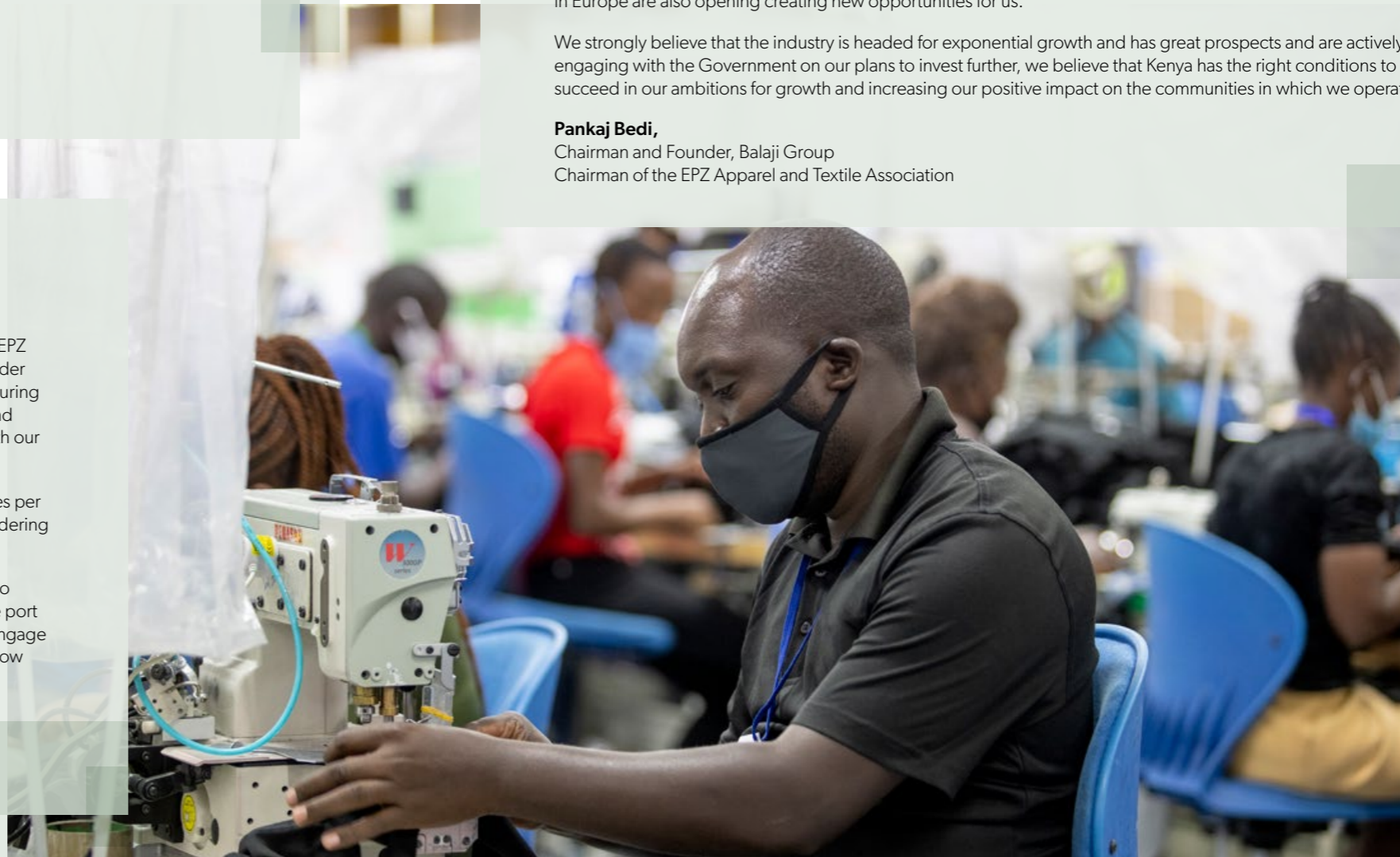
The promulgation of a new constitution in 2010 resulted in a great positive impact on the business environment by creating a more sustainable business environment and for both local and foreign investors. This included the recognition of the textile and apparel industry as a principal industry for implementing industrial transformation in the country aimed at boosting the country's exports.

Kenya is an important investment destination as the youthful population provides a hard-working labour-force that is keen to learn. In addition, Kenya has a good EPZ policy, open Forex, good banking systems and the port Mombasa port which is highly efficient and always improving to match the best global standards.

The United States is our key market which we access through AGOA, therefore, we are optimistic that the current FTA discussions between Kenya and USA will extend and secure our access to the US market beyond 2025. Our main buyers are large scale clothes retailers in the US with whom we have established strong business relationships by exceeding their quality and timeline expectations. We meet all operational and regulatory compliance standards as required by government authorities and our buyers who include global brands such as H&M, PVH, VF, Levi's, and Otto. New markets in Europe are also opening creating new opportunities for us.

We strongly believe that the industry is headed for exponential growth and has great prospects and are actively engaging with the Government on our plans to invest further, we believe that Kenya has the right conditions to help us succeed in our ambitions for growth and increasing our positive impact on the communities in which we operate.

Pankaj Bedi,
Chairman and Founder, Balaji Group
Chairman of the EPZ Apparel and Textile Association



Operational Success Factors for Garment Manufacturing

We're ready for your business

Kenya offers an opportunity to join an established hub of textile and apparel manufacturing with the critical conditions in place for efficient and effective operations for global export.

Staying ahead of the curve

The world of garment manufacturing is changing fast. Kenya has prioritised the Textile and Apparel sector for growth under its 2030 strategic economic plan and is undertaking a significant programme of investment in transportation networks, green energy production, communications and technology infrastructure, education and economic zone development.



Young, Ambitious and Productive Talent

Availability of highly skilled human capital

With a population of over 54 million and a median age of just 20 years, Kenya has a large youthful, well-educated, and literate workforce.

With a literacy rate of 82% and a high rate of English fluency the labour force is easily trained and capable of achieving high levels of efficiency.

Through its 43 established universities Kenya produces 60,000 graduates annually providing excellent potential for recruitment and training of staff into senior positions. In addition, Kenya has over 1,400 TVET institutions providing technical and vocational training.

Wages range from a minimum of \$125 per month to \$168 for a skilled machine operator. Normal working hours in industry are 45 hours per week.

Local talent

Kenya has a large pool of youthful, productive, and highly trainable labour and is ranked 4th in Africa on the economic and professional potential of its citizens. (World Bank Human Capital Index 2018)

Both primary and secondary education is free, and the language of instruction is English.

The perfect blend of expatriate and local talent

Kenya welcomes expatriates to operate and manage critical aspects of their businesses, especially as operations are being established and where skills and technical abilities are not locally available. Investors in the Special Economic Zones may employ up to 20% of their total workforce from foreign sources.

Kenya's combination of excellent transport, choice of housing, education, and access to a countryside rich in outdoor leisure activities makes it an attractive overseas destination for expatriates.

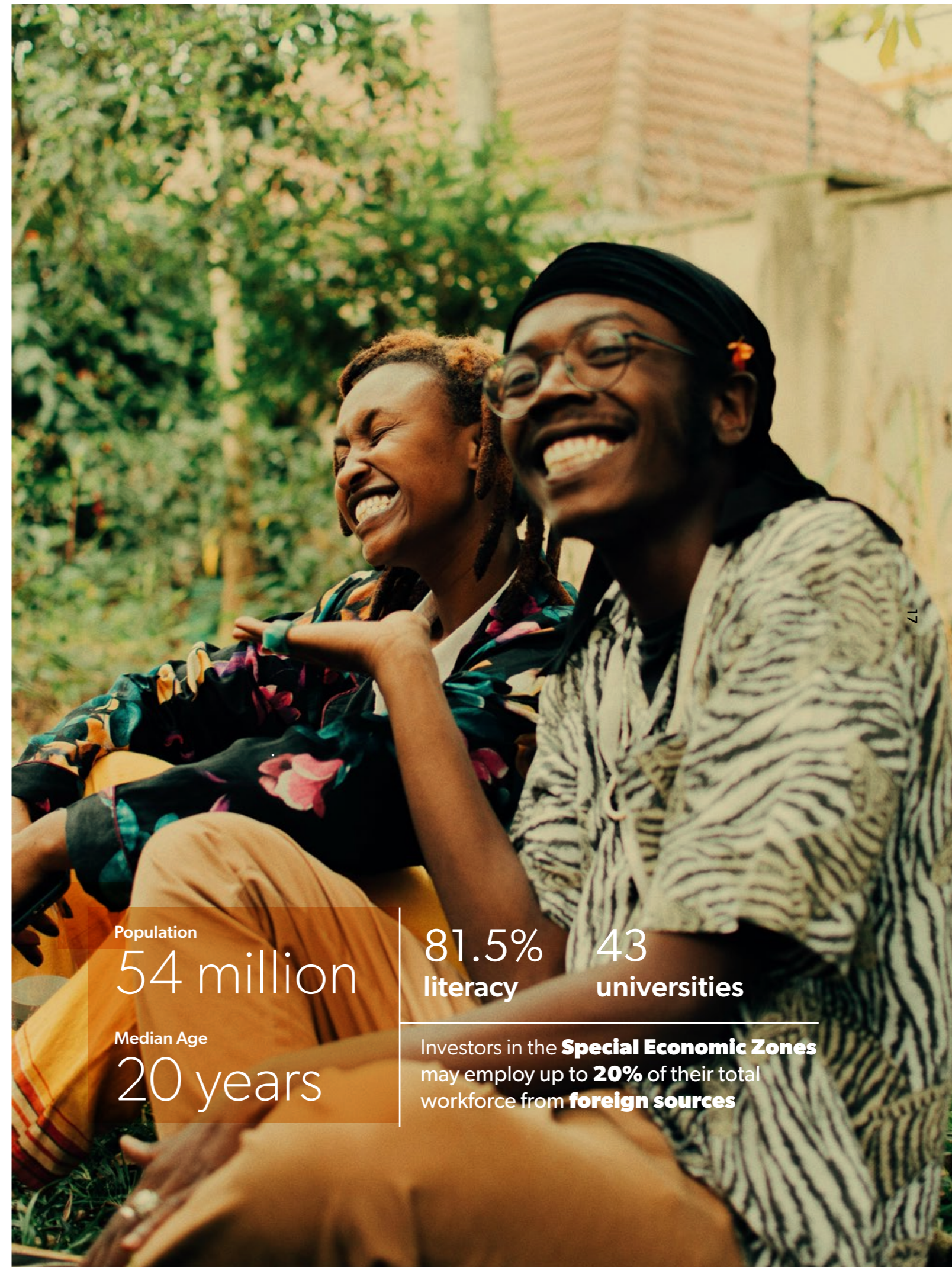
Building expertise in textile and apparel manufacturing

Moi University offers a five-year Bachelor of Technology in Textile Engineering degree course. The intensive curriculum covers all aspects of the manufacturing process, textile composition and chemistry, instrumentation, electronic and computerised processing. Students spend part of their training gaining in house experience in factories. In addition, other universities provide fashion and design related degrees and postgraduate courses.

NITA's Textile Training Institute (N-TTI) in Nairobi offers a wide range of courses geared towards the textile value chain in Spinning, Weaving, Processing and Garment Making. Training can be provided on site where the industrial training levy paid by employers is used to support in full or in part the cost of training.

Kenya Industrial Training Institute (KITI)

KITI offers Industrial/ Entrepreneurship skills training for school leavers and skills upgrading for industrial workers. The Institute also partners with academias (Jomo Kenyatta University of Agriculture and Technology (JKUAT), CDF committees and KCB Foundation) to train employees from Small & Medium Enterprises (SMEs) and Small & Medium Industries (SMLs) in Clothing and Textiles.



16

17

Population

54 million

Median Age

20 years

81.5%
literacy

43
universities

Investors in the **Special Economic Zones** may employ up to **20%** of their total workforce from **foreign sources**

14 sites generating over **690 megawatts** of geo-thermal power, projected to increase to between **7,000** and **10,000 megawatts**.

Green energy now exceeds **86%** of total electricity generation.

Largest solar power plant in Africa with **50** megawatts of installed capacity.

Africa's largest windfarm with **356 turbines** and an installed capacity of **310 megawatts**.

Powered by Green Energy

The government of Kenya is pursuing a policy of sustainable energy production and moving away from fossil fuels.

Kenya's is widely recognised for its excellent green energy credentials

Kenya has a low carbon and diverse energy mix, with geothermal and hydropower as the main sources of electricity supply. According to Kenya Bureau of Statistics total electricity generation increased by 3.9% to 11,620.7 GWh in 2019, with green energy constituting 86.2% of total electricity production. In the same year, peak demand increased by 3.5% to 8,702.3 GWh. Currently, power supply exceeds the demand, which provides opportunities for investment in high-power-dependent projects to consume the surplus power.

Ultimately, the majority of Kenya's power generation will be geothermal which provides cost effective and totally reliable supply. Geothermal generation uses a constant and consistent source of sustainable energy that is not subject to the vicissitudes of sunshine, wind, rain or, indeed the fluctuating price of fossil fuels.

Kenya has experienced an impressive expansion of access to electricity, and now has the highest electricity access rate in East Africa: total access stands at 75% both from grid and off-grid solutions, according to the recent Multi-Tier Framework Energy Access Study Report.

Kenya's Energy Act allows for internal energy generation with options to offload surplus energy back to the national grid.

Pic: Olkaria geo thermal power plant at Naivasha.

Tap into Reliable Utilities and High-Speed ICT

The Athi River EPZ has reticulated water, storm water drainage and sewage disposal facilities. Off-site facilities include bulk water storage, pump and supply line.

Depending on location, Kenya has a plentiful water supply. Water is a valuable resource and special consideration is given to investors who utilise water efficiently and ensure that waste-water is recycled where possible and effectively treated before discharge.

Kenya has a well-established, efficient and cost effective optical fibre broadband network connecting all major centres. Fibre to the Premises (FttP) services are widely available ensuring excellent connectivity to customers and suppliers internationally.

Optical fibre broadband offers **high-speed internet** and communications access at competitive prices.



US\$3.6 billion

invested in Kenya's standard gauge railway - it connects many economic zones with the port.

Jomo Kenyatta International Airport (Nairobi) projected to handle

25 million passengers by 2025.

Mombasa Port's 19 deep water berths on track to handle **2,000,000 containers** per annum.

Simba Apparel EPZ Mombasa

3,000 employees – 650,000 garments per month

"A key strength that we have experienced in Kenya is the political stability that has enabled us to sustain and grow our investments over the years. We also appreciate the high efficiency of the port of Mombasa and along with other logistics which are critical to our business."

Thomas Puthoor,

Managing Director - Simba Apparel EPZ

Connect to
Your Markets

With extensive Indian Ocean coastline, Kenya is well suited as a production and distribution base to service Africa, Europe, the Middle East, and South Asia.

Air transport hub

The Jomo Kenyatta International Airport in Nairobi is an effective Air hub between Africa, Europe, the US and Asia. Kenya also serves as the Communication Hub of the region with access to regional transport corridors. Kenya has three additional international airports, Mombasa, Eldoret and Kisumu, each of these services well-developed manufacturing hub.

The deep-water ports of Kenya

Mombasa is the largest port in East Africa. It consists of 19 deep water berths – six of these are for container ships, others include tanker berths, bulk and breakbulk cargo berths. Lighterage and Dhow berthing are also catered for.

The number of ships docking at the port is constantly increasing with cargo handling increasing by 5.7% between 2016 and 2019 from 22 million tons to 27 million tons.

Considerable investment has been made in upgrading port facilities to improve the cargo throughput. The new container terminal with an annual capacity of 550,000 20 foot equivalent units (TEUs) per year was commissioned in 2016.

Strong growth in cargo handling projected in the years ahead – a target of 45 million tons of cargo has been set to be achieved by 2022, equivalent to two million containers annually.

The Kenyan Port Authority is signed up to the International Convention for the Safety of Life at Sea 1974 and the International Ship and Port Facility Security (ISPS), and provides a range of facilities to support port security.

In 2021, Lamu Port, Kenya's newest mega infrastructure project opened, providing an alternative sea logistics network for Kenya and the East African Region.

Standard Gauge rail network

Completed in 2019 the new Standard Gauge Railway runs from Mombasa, through Nairobi to Naivasha and is planned to ultimately link through to Uganda. The railway runs 30 freight and two passenger services daily between Nairobi and Mombasa.

A state of the art internal container depot at Naivasha SEZ ensures seamless last mile connectivity to Athi River Industrial Park and Kisumu via a meter gauge railway.

Opportunities in raw materials

The Kenyan government wishes to increase the verticality of its textile and apparel industry by increasing the range of yarns and fabrics available to manufacturers. This will contribute to competitiveness of the industry by shortening response times and increasing speed to market.

Currently the East African Community produces in excess of 125,000 tons of cotton lint much of which is exported. The opportunity exists to spin more of this cotton lint in the region while also blending with a range of other fibres in order to produce a diverse range of yarns and fabrics.

There is a growing demand from brands for ethically sourced cotton including cotton that is sustainably or organically produced. Organic cotton is available within the region in limited supply but further expansion of organic production is a definite market opportunity.

Currently most raw materials and trims are imported from Asia. There are opportunities to work with existing textile mills in Kenya and the region. While there are well-developed packaging and labelling manufacturers in Kenya, there is strong demand for local production of other critical inputs such as thread, zips, braids and ribbons, buttons, studs and interlining amongst others. Major growth in textiles and apparel in the East Africa Region offers sizeable market opportunities for these inputs.

United Aryan EPZ
8,000 employees

“We strongly believe that the industry is headed for exponential growth and has great prospects and are actively engaging with the Government on our plans to invest further, we believe that Kenya has the right conditions to help us succeed in our ambitions for growth and increasing our positive impact on the communities in which we operate.”

Pankaj Bedi,
Chairman and Founder, Balaji Group
Chairman of the EPZ Apparel and Textile Association

Plug into Kenya's Raw Materials Opportunity

Ahead of the Curve



Kenya is moving away from fossil fuel to sustainable generated power and this trend is continuing. Manufacturers and brands can be confident of the green credentials of their products.

Kenya has a young, well-educated population ensuring a continuous supply of productive labour entering the workforce.

As the African Continental Free Trade Agreement (AfCFTA) is implemented and standards of living rise, new markets open up across the continent.

The expanding garment sector offers major opportunities for spinning and fabric production to service the expanding demand for fabric, both knits and woven.

Vertical manufacturing in the East African region will promote transparency and product integrity where control of ethical, environmental and social standards are paramount. Brands can ensure raw materials tainted by forced labour are excluded from their value chains.

Government understands the importance of the textile and apparel industry to economic development and is committed to ensuring the best possible business environment for current and future investors.

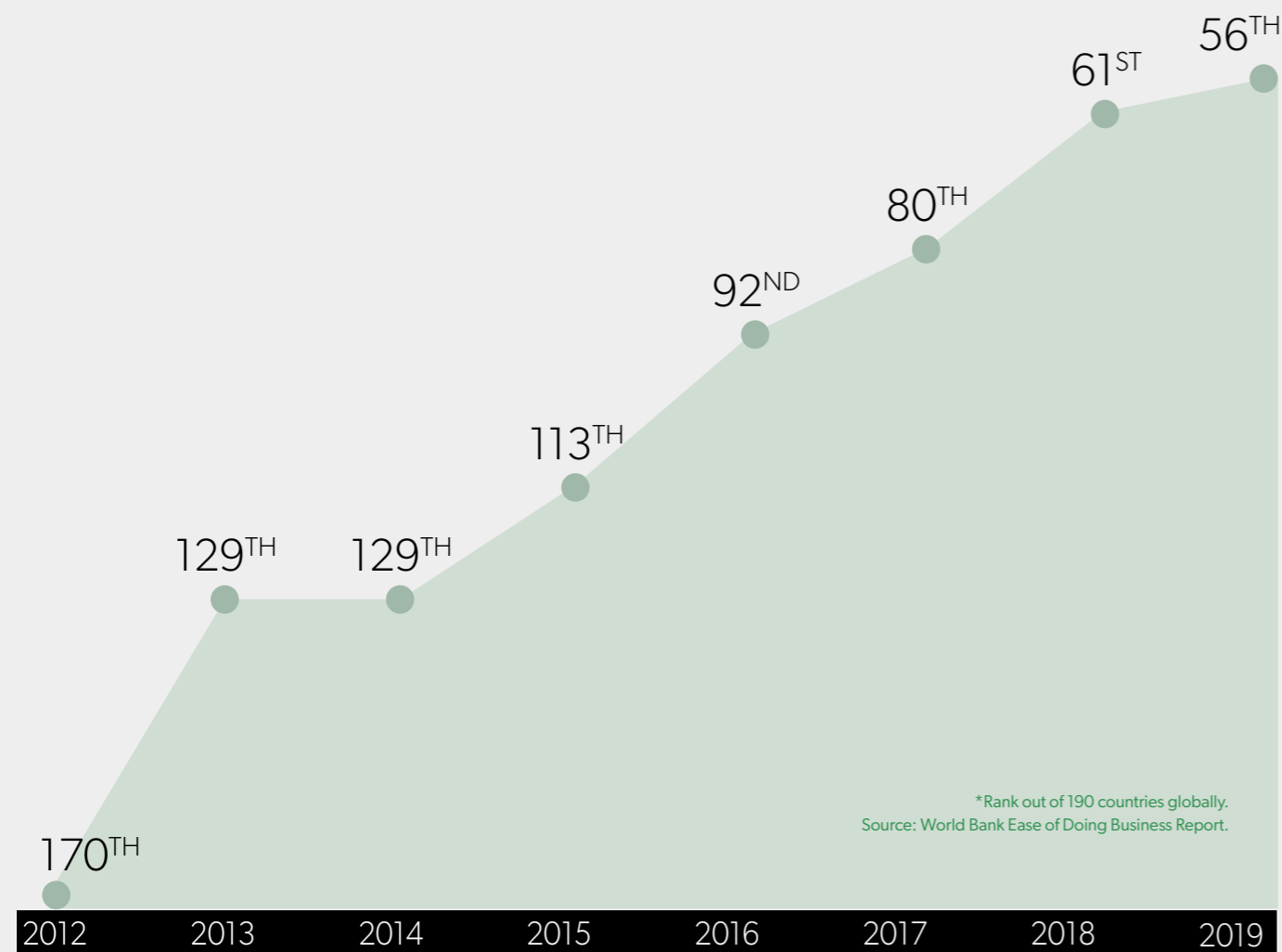
The fashion industry relies heavily on water - a defined and valuable resource. The Kenyan government gives special consideration to investors utilising low water usage dyeing, finishing, and recycling technologies.



Making Business a Pleasure

Kenya continues to improve its business environment for investors.

Behind only Morocco (#53), Rwanda (#38) and Mauritius (#13) in the ranking, Kenya's economy remains one of the most attractive business environments in Africa. Continued improvement is expected as the government remains committed to pro-market reforms, adopting a robust regulatory framework, and investing in systems that are aimed at improving the business environment further.



Participate in an established sector

Government agencies are familiar with the requirements of Textile and apparel industry. Commercial benefits of cluster development include collaboration, synergies, sourcing and access to trained human capital.

Supportive regulatory, business and financial services environment

A wide range of supports are available to investors, such as economic zone development, provision of competitive investment incentives, generous ex-patriot work permit provision and a dedicated "one stop shop" investment agency. Designated agencies provide helpful pre and post-investment consultation programmes.

Business environment

The government of Kenya and its agencies have made huge strides in improving the business environment for investors. The direct result of this sees Kenya rank 56th in the World Bank's Ease of Doing Business Report and 3rd in sub-Saharan Africa.

Industry consultation and partnership

Kenya listens to its investors and responds to their needs. It has introduced key reforms and infrastructural frameworks to support investment including:

- Presidential roundtables with the private sector to addresses emergent business issues.
- Cabinet committee on ease of doing business to follow up on investors' concerns.
- A one-stop centre to provide pre-establishment support to investors.
- Digitisation of government services.
- Special Operating Framework Agreement, between The Ministry of Industry, Trade and Cooperatives, the National Treasury, and Investors in order to establish 'mutual' trading regulations.

Kenya has well-developed private sector organisations Including Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KEPSA) and Kenyan National Chamber of Commerce and Industry (KNNCI). The Kenya Apparels Manufacturers Exporters Association under the Kenya Association of Manufacturers (KAM) provides a private sector platform for investors in the Fibre to Fashion Value Chain and provides self-industry regulation including the requirements of the AGOA visa system.



Take the Risk Out of Your Investment

Vibrant capital markets

Kenya is ranked third most attractive financial market in Africa after South Africa and Botswana. Key strengths include market depth and range of available products; access to foreign exchange; market transparency, tax and regulatory environment, and the legality and enforceability of standard financial markets master agreements.

Effective monetary policy

Kenya has adopted an accommodative monetary policy that aims to support a non-inflationary credit expansion into key sectors of the economy and promote stability in the foreign exchange market. Consequent to this, Kenya ranks 4th out of 191 economies in the ease of getting credit according to the World Bank's Ease of Doing Business Report, 2019.

Investment guarantees

Kenya is a liberal economy with no foreign exchange controls as guaranteed in the Foreign Investment Protection Act (FIPA), allowing for full repatriation of profits, capital, or interests after payment of the relevant taxes, principal and interest associated with any loan.

Further to the explicit protection against expropriation of private property as provided for in the Constitution of Kenya, the country is also a signatory to several investment protection schemes including the International Centre for Settlement of Investment Dispute (ICSID), Multilateral Investment Guarantee Agency (MIGA) and the African Trade Insurance Agency (ATIA), which guarantee the safety of investment.

Preferential Market Access

Kenya has a duty free and quota free access to a \$40 trillion GDP market (USA, \$19.4T, EU \$17.4T, UK \$2.62 T, COMESA \$735 BN) with a target market of approximately 1.7 billion people.

New Wide Garments EPZ

6,400 workers – 1.5 million garments per month

"The key advantages of Kenya include availability of skilled labour, provision of duty-free incentives by EPZA, the integrated Kenya Revenue Authority system that makes it easier to transact business. We also appreciate the support from various government institutions including the Export promotion Zones Authority, Kenya Bureau of Standards and Kenya Revenue Authority. It is also important to acknowledge the political stability and good infrastructure with accessibility to the port.

Rudolf Isinga

General Manager - New Wide Garments EPZ



Kenya is a mature stable low-cost economy

INDICATOR	UNIT	2015	2016	2017	2018	2019
Inflation	%	6.6	6.3	8.0	4.7	5.2
CBK interest rate	%	11.5	10.0	10.0	9.0	8.5
Current account as percent of GDP	%	-6.9	-5.8	-7.2	-5.8	-5.8
GDP per capita	USD \$	1,451.8	1,558.8	1,802.0	1,917.8	2,047.8
KES/USD exchange rate	KES	98.2	101.5	103.4	101.3	101.9

CBK foreign exchange reserves

October 2018

USD \$8,553.1m
(5.6 months of import cover)

October 2019

USD \$8,934.0m
(5.6 months of import cover)

October 2020

USD \$8,363.0m
(5.2 months of import cover)

Source: https://www.centralbank.go.ke/uploads/monetary_policy_reports/426623224_21st%20Monetary%20Policy%20Committee%20Report,%20October%202018.pdf

Kenya Investment Authority (KenInvest) is a statutory body currently operating under the Investment Promotion Act No. 6 of 2004. KenInvest's mandate is to promote and facilitate investments in Kenya for both domestic and foreign investors.

KenInvest has established a One Stop Center (OSC) for investors to ensure efficient and effective facilitation for the implementation of new investment proposals and cost-effective operation of existing investments. Some of the key functions currently facilitated at the OSC are:

- Company Registration
- Tax/PIN/VAT Registration
- Work Permit and Special Pass processing
- Environmental Impact Assessment licensing
- Set up within the Export Processing Zone or Special Economic Zone
- Electricity Connection

KenInvest has also set up digital platforms such as:

- eRegulations portal (<https://eregulations.invest.go.ke/>): providing investors with information and transparency on all investment related procedures in Kenya.
- eOpportunities portal (<https://opportunities.invest.go.ke/>): showcasing profiled bankable projects available in Kenya.

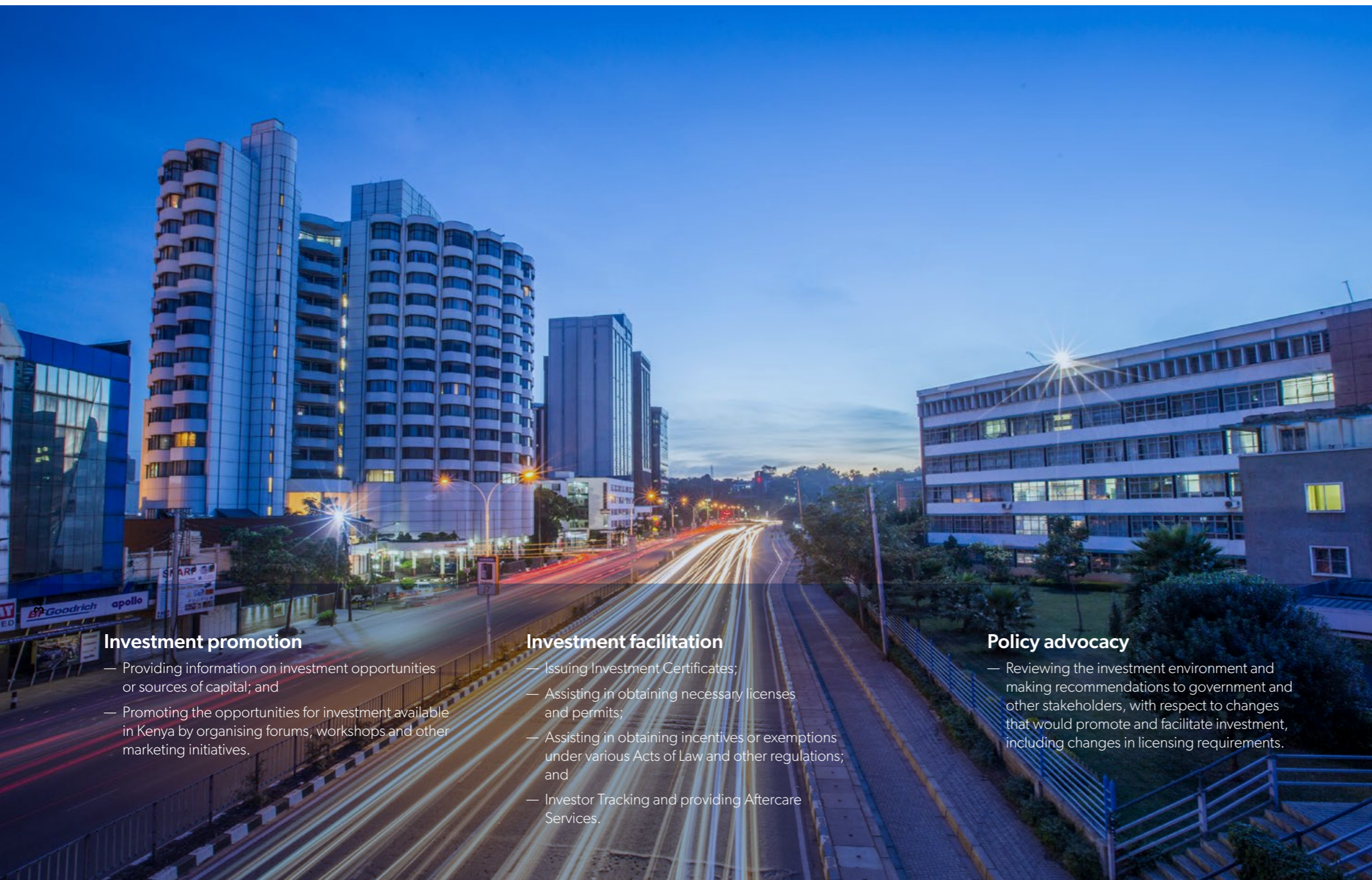
Contacts:

UAP Old Mutual Tower,
15th Floor, Upper Hill Road
P.O Box 55704 – 00200, Nairobi

Mombasa Regional Office:
Mombasa Trade Center, 6th Floor – South Wing,
Nkrumah Road

Eldoret Regional Office:
National Bank Building, 2nd Floor, Oloo Street

Kisumu Regional Office:
Jubilee House, 1st Floor, Angawa Avenue



Investment promotion

- Providing information on investment opportunities or sources of capital; and
- Promoting the opportunities for investment available in Kenya by organising forums, workshops and other marketing initiatives.

Investment facilitation

- Issuing Investment Certificates;
- Assisting in obtaining necessary licenses and permits;
- Assisting in obtaining incentives or exemptions under various Acts of Law and other regulations; and
- Investor Tracking and providing Aftercare Services.

Policy advocacy

- Reviewing the investment environment and making recommendations to government and other stakeholders, with respect to changes that would promote and facilitate investment, including changes in licensing requirements.

Promoting and Facilitating Investment

Visit KenInvest



The Export Processing Zones Authority (EPZA) is a State Corporation with the mandate to promote and facilitate export orientated investments and to develop an enabling environment for these investments. The EPZ programme offers a range of fiscal, physical, and procedural incentives to ensure low-cost operations, fast set up and smooth operations for export oriented businesses. A number of successful Export Processing Zones have been established in the coastal and highland areas.

Example – Athi-River EPZ

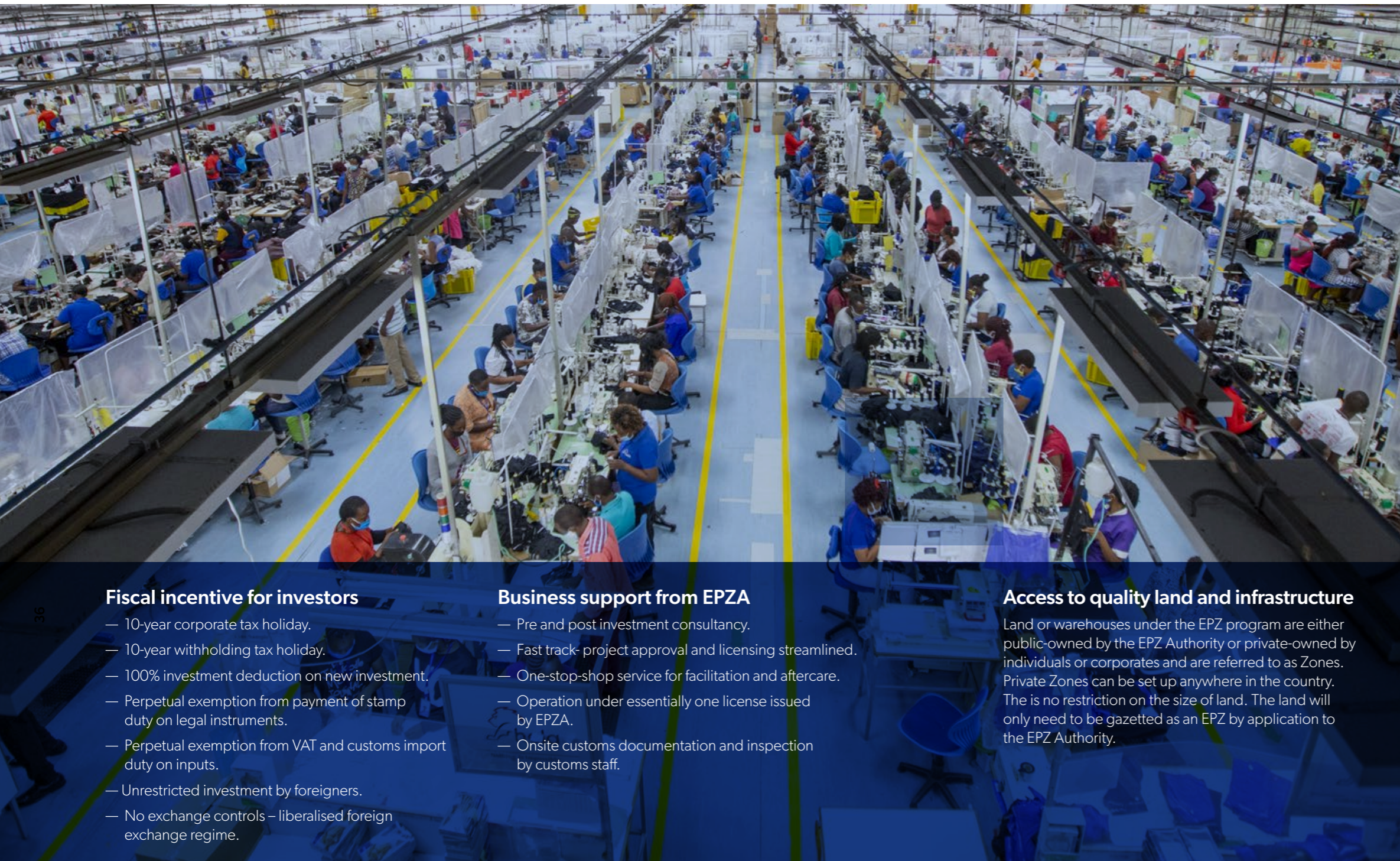
Athi-River EPZ is established as a publicly-owned zone near Nairobi offering convenient connectivity and on-site utilities. The zone covers an area of 454.4 hectares in total.

Athi-River EPZ offers the following advantages

- Accessibility through two highways; (Nairobi-Mombasa and Nairobi-Namanga)
- It is approximately 20 km from Jomo Kenyatta International Airport and 20 km from the Inland Container Depot.
- Plans to construct a railway siding to the zone from the Standard Gauge Railway that ferries cargo from the port are underway.
- Customs and Excise office are within the Zone.
- Availability of skilled labour.

In addition, the Athi-River Zone incorporates several off-site support facilities. These include:

- Water supply line, bulk storage tank and pump.
- Sewerage line and effluent treatment plant.
- 29.1 hectares land for residential housing (available for lease).
- 8.6 hectares commercial area for shops, petrol station, restaurant, hotel, bus station, etc.



Fiscal incentive for investors

- 10-year corporate tax holiday.
- 10-year withholding tax holiday.
- 100% investment deduction on new investment.
- Perpetual exemption from payment of stamp duty on legal instruments.
- Perpetual exemption from VAT and customs import duty on inputs.
- Unrestricted investment by foreigners.
- No exchange controls – liberalised foreign exchange regime.

Business support from EPZA

- Pre and post investment consultancy.
- Fast track- project approval and licensing streamlined.
- One-stop-shop service for facilitation and aftercare.
- Operation under essentially one license issued by EPZA.
- Onsite customs documentation and inspection by customs staff.

Access to quality land and infrastructure

Land or warehouses under the EPZ program are either public-owned by the EPZ Authority or private-owned by individuals or corporates and are referred to as Zones. Private Zones can be set up anywhere in the country. There is no restriction on the size of land. The land will only need to be gazetted as an EPZ by application to the EPZ Authority.

EPZA — Invested in Your Success

Visit EPZA Kenya



In Kenya, the Special Economic Zones Act was enacted in 2015. This Act allows for the development of both public and private zones in the country as either multi-sector or single sector zones.

The Act further establishes the SEZ Authority (SEZA), which is the institution responsible for attracting, facilitating and retaining domestic and foreign direct investments in Special Economic Zones (SEZs). As a dedicated development and regulatory agency, it is charged with overseeing the gazettelement, development, regulation, approval, promotion and administration of all zones in Kenya. To date, the Authority has facilitated the gazettelement of ten sites across the country, they include 3 (three) Public SEZs and 7 (seven) Private SEZs.

Naivasha Special Economic Zone

The proposed Naivasha zone is designated as a Textile and Apparel Park. A preferential power rate of USD\$ 5c / KWH is offered to investors, this is highly attractive to spinners, textile mills, fabric dyers and finishers.

The Government plans to develop the project with complete infrastructure inclusive of administrative buildings, internal roads, and utility infrastructure such as water and electricity connection. The Naivasha SEZ site is adjacent to the Naivasha dry port complex. This is the terminus of the Standard Gauge Railway (SGR) from Mombasa. An access road has been constructed connecting the dry port and the SEZ. Plans are underway to develop a centralised industrial water treatment and solid waste management system. Considerable benefits accrue to investors in the Special Economic Zones.



Financial benefits

- 10% corporate income tax for the first 10 years, 15% for the next 10 years and 30% thereafter.
- Withholding tax rate of 5% on all payments to non-resident persons.
- Perpetual exemption from Stamp Duty and Import Declaration Fee.
- The supply of goods and taxable services to an SEZ is perpetually exempt from VAT.
- 100% investment deduction allowance within Nairobi, Mombasa and Kisumu; and 150% elsewhere.

Business services

- Full operation under a single license issued by SEZA.
- Rapid project approval and licensing.
- Foreign currency accounts and offshore borrowing allowed – no exchange controls.
- One-stop-shop service for facilitation and after-care.
- On-site customs documentation.
- Work permit facilitation for up to 20% of full-time employees.

Advanced infrastructure

- Ready-made factory building and office premises.
- Readily available services – water, sewerage, electricity, landscaping etc.
- High-security standards – 24 hours security, illuminated perimeter fences.

Fast and Favourable Set-up of Operations

Visit SEZ Authority





40

41



Magical Kenya

A Lifestyle to Embrace

Kenya offers many advantages that make it a good choice for settlement and investment. There is the spectacular and diverse nature with landscapes ranging from mountains to beautiful beaches.

The country has many wild and spectacular animals and birds. All of these can easily be enjoyed due to a professional and very well-developed tourism industry, which is very open to investment and partnerships.

With nature scenes like the Maasai Mara that was recently branded as the 8th wonder of the world and Tsavo National Parks, which draw thousands of visitors every year and perfect beaches and

hotel infrastructure located on the east coast, near Mombasa, suppliers of tourist services have secured a large and expanding market.

Kenya also offers a rich cultural experience and many forms of entertainment where residents and visitors alike can gain insight into the many diverse and fascinating cultures found in the country.

Sufficient amenities such as well-stocked shopping malls open 24 hours a day, a wide range of quality restaurants, world standard primary and secondary schools and high-quality health care are widely available. Quality housing is also available in all the key towns.

Industrial Parks for Textile and Apparel

Existing Industrial Parks for Textile and Apparel

A Export Processing Zone – Athi-River (Public)

The largest public zone in Machakos County, set on 339-hectares of land.

32 km from Nairobi's Central Business District. 21 km to Jomo Kenyatta International Airport. 31.4 km to Nairobi Inland Container depot. Road and Railway link to Port of Mombasa: 460 km.

Currently hosting several Textile and Apparel Manufacturers. Land and Industrial sheds available.

USD \$25 per SQM per annum. Ready Sheds: Ranging from 5,000 SQM.

Athi-River EPZ is located in Athi-River Sub location with a population of 322,499 (51% male, 49% female) and is close to Kitengele sub location with a population of 147,097 (48.8% male, 51.2% female); (Source: 2019 Kenya Population and Housing Census: Volume II).

info@epzkenya.com
www.epzkenya.com

B Export Processing Zone – Changamwe (Private)

Changamwe EPZ is in Mombasa County, Kenya.

Changamwe EPZ is strategically located in the coastal region of Kenya approximately 9 km from the Port of Mombasa and 5 km from Moi International Airport.

Currently hosting several export-oriented Textile and Apparel Manufacturers. Land and Industrial sheds are available.

USD \$25 per SQM per annum. Ready Sheds: 23,000 SQM.

Changamwe EPZ is in Changamwe sub location with a population of 131,882 (52% male, 48% female) and close to two other sub locations: (2) Jomvu with a population of 163,415 (50.7% male, 49.3% female); and (3) Mvita with a population of 154,171 (49% male, 51% female); (Source: 2019 Kenya Population and Housing Census: Volume II).

infomsa@epzkenya.com
www.epzkenya.com

C Tilisi Industrial Park (incorporating ALP West Logistics Park)

Tilisi Industrial Park is in Tigoni Sub County, Kiambu County, covering 49 acres of industrial zoned land. It is also within Tilisi Logistics Park. Tigoni Sub County has a population of 62,735 (50.3% male, 49.7% female) and is also close to Limuru Sub County with a population of 159,314 (49.9% male, 50.1% female).

It is 25 km west of Nairobi on the Nairobi-Naivasha-Nakuru highway (A104) within Tilisi's Logistics Park, Limuru. The Industrial Park has been constructed to meet Excellence in Design for Greater Efficiencies (EDGE) green building rating system.

This includes PV Solar electricity with generator and mains backup systems; rainwater harvesting and recycling; skylight natural lights combined with LED low energy lighting systems to reduce electricity use by up to 70%.

USD \$72 per SQM per annum. Ready sheds: 5,000 SQM. The Industrial Park has both available sheds and land for development.

sales@tilisi.co.ke
<https://tilisi.co.ke>

Parks Under Development Targeting Textile and Apparel

1 Oserian Industrial Park (Private)

A Sustainable Textile and Apparel Park under development.

Located in Naivasha sub-county, within Nakuru County. Naivasha has a population of 355,383 (50.4% male, 49.6% female). It is 1 hour from Naivasha Inland Container Depot, 3 hours from Nairobi and 6 hours 45 mins from Nairobi to Mombasa via Standard Gauge Railway.

Currently has serviced land allocated for Textile and Apparel manufacturers within Industrial Park. Access to Geothermal and Solar Energy at competitive rates. Access to abundant Water.

Source of Power: Geothermal and Solar
Cost of Power: USD\$ 12-14 cents Per KWH

The Industrial Park has land available for manufacturers and developers.

OTL-IP@OserianTwoLakes.com

2 Special Economic Zone - Naivasha SEZ (Public)

Naivasha Special Economic Zone is a 1000 acre multi-sector SEZ located in Nakuru County along the Nairobi - Naivasha Standard Gauge Railway (SGR) line at Mai Mahiu.

It is planned to include among other common user facilities, an Inland Container Depot, Railway Marshalling Yard, logistics zone and public utility area with supporting modern infrastructure. The Park will also offer state of the art trans-shipment facilities to allow the seamless interchange between SGR and Meter Gauge Railways (MGR), to handle the cargo destined for EAC and Central African Countries.

Government of Kenya offers a reduced preferential power tariff of USD\$ 5 cents per KWh which is a significant incentive for investors in Naivasha SEZ.

info@sezauthority.go.ke
www.sezauthority.go.ke

3 Special Economic Zone - Dongo Kundu (Public)

Dongo Kundu SEZ is approximately 3000 acres touching the Mombasa Port sphere in Likoni Sub-County in Mombasa County. The area was chosen because of its strategic location and potential for development with high competitiveness in terms of logistics and facilities, endowed with a port, highways, railways (both SGR and MGR) and an airport. Connectivity is definitely a key strength of the SEZ as it connects to EAC countries and the rest of the world in the shortest possible routes.

The SEZ is designed as an all-inclusive well-organised and multi-function environment. Based on well-thought technical considerations, the land is allocated to various SEZ functions in order to maximise its potential. Industrial Park, Port, Free Port/Free Trade Zone, MICE (Meetings Incentives Conferences and Exhibitions) Zone are the major components of the SEZ as well as residential and commercial areas.

The SEZ is being developed with support from the Japanese Government from master planning (2015) to on-going off-site infrastructure development. The off-site infrastructure includes port, Mombasa Southern By-Pass,

port access road, power transmission, water supply and drainage system funded through a concession loan and grant aid from the Japanese government. Japan International Cooperation Agency (JICA) is also currently supporting the feasibility study for the Industrial Park (117 hectares) in the SEZ.

info@sezauthority.go.ke
www.sezauthority.go.ke

4 Kilifi Environmental Eco Park (Private)

A privately owned Eco Industrial Park under development. It is next to the coastal town of Kilifi 50 Km from the Port of Mombasa. Initially this park will be a phased development on 270 acres of 1500 acres of land which has been licensed as a Special Economic Zone and will afford tax and other incentives for investors and tenants into the park. Based on a feasibility study funded by TMEA, the park aims to attract anchor investors in Textiles and Apparel, agribusiness, blue economy, logistics and light manufacturing.

The vision is to create an Eco Park with strong sustainability credentials to reduce the carbon footprint and ensure inclusivity with the local economy.

Kilifi Ports Development Limited

Chris Wilson: cwilson@kpdil.co.ke

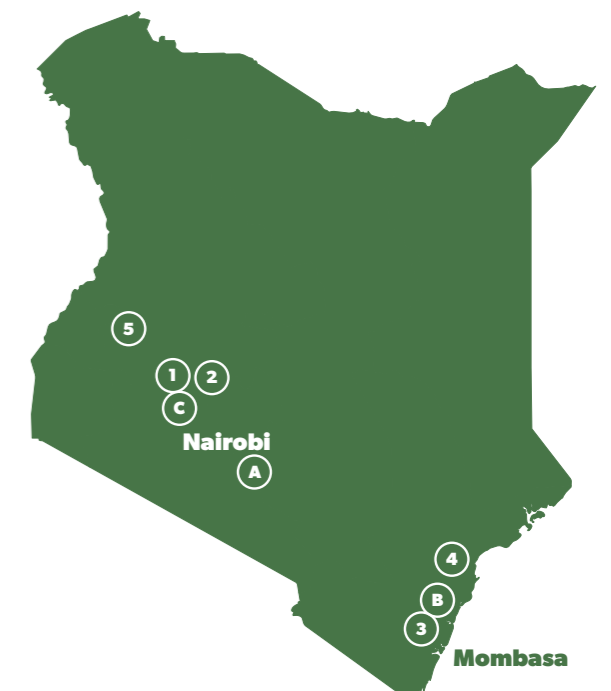
Neil Spooner: neilsponer1234@yahoo.co.uk

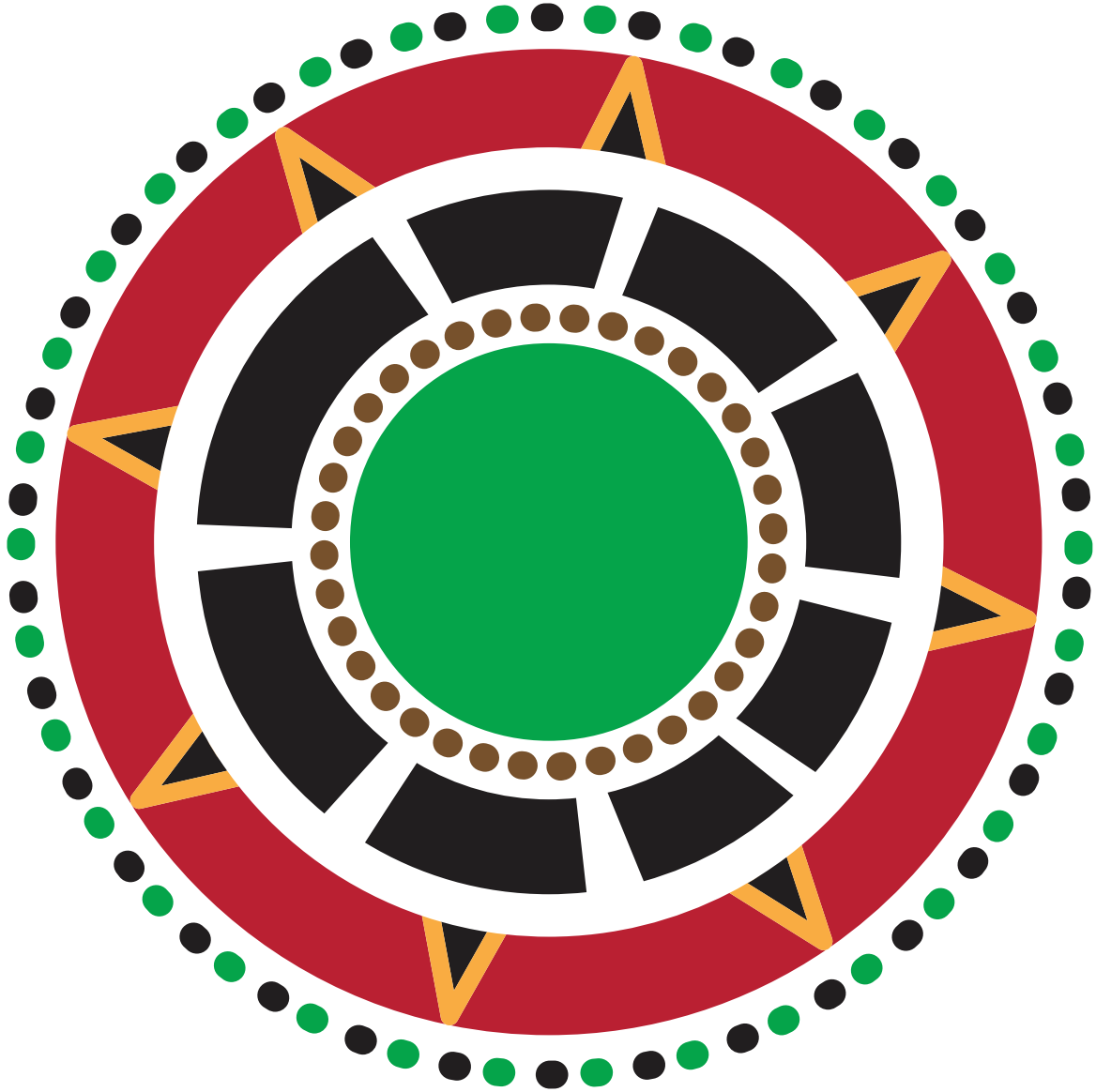
5 Special Economic Zone - Africa Economic Zone (Private)

Located in Eldoret, Uasin Gichu County, Kenya. It is a fully solar run Economic Zone, in the heart of Eldoret close to the Rivatex complex and the scenic town of Iten home of Kenya running champions.

Current Status: 94 MW Solar Plant completed and operational. Master Plan for Industrial Park in place with 700 acres set aside for Textile and Apparel. Construction of warehouses commencing in 2021.

ronald.kirui@dlgroup.co.ke





For more information, kindly visit our website and/or call or visit us in the following addresses:



Kenya Investment Authority (KenInvest)
UAP Old Mutual Tower, 15th Floor, Upper Hill Road
P. O. Box 55704 -00200 Nairobi, City Square,
Tel: (+254) 730 104200/ 210
Website: www.invest.go.ke | Email: info@invest.go.ke

Front Cover Photograph by **Jared G. Maina** assisted By **Peter Irungu**. Model **Jackline Kendi**
Aerial Photograph of Tatu City kindly supplied by **Africa Logistics Properties**.
Factory Photographs by **Mwangi A. Kirubi**