INVESTMENT AND TRADE OPPORTUNITIES IN KENYA

by

Amb. Johnson Weru

Kenya Embassy Brussels

12th Sept, 2017
The 21st Century Belongs to Africa

Africa Has
- Leaders
- Vision
- Strategy
- Plan
- Land
- Human Resource
- Tourism
- Agriculture
- Minerals
KENYA AT A GLANCE...

Population
45.5 million (2016 est.) with population growth rate of 2.67 percent

GDP per capita
US$ 1,445 (2016)

Credit Rating (Stable)
S&P B+
Moody B1
Fitch B+

Currency
KES 122 : €$ 1 (Aug 2016)

FDI Growth Rate
(UNCTAD, 2013) 98%

GDP at current US$
US$ 70.2 billion

Political System
Devolved State with Multiparty Democracy

Area
582,646 km2

Languages
Swahili and English are official languages.

Climate
Kenya lies on both sides of the equator and enjoys a varied climate ranging from tropical to temperate

7th Most Attractive place to do business among emerging markets (Fortune Magazine, 2015)

Credit Rating (Stable)
S&P B+
Moody B1
Fitch B+

7th Most Attractive place to do business among emerging markets (Fortune Magazine, 2015)
# EAC AND KENYA AT A GLANCE

<table>
<thead>
<tr>
<th>Parameter</th>
<th>EAC Countries</th>
<th>Kenya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Area (Inc. water)</td>
<td>1.8 million sq. km</td>
<td>580,367 sq km</td>
</tr>
<tr>
<td>Official language</td>
<td>English, Kiswahili, and French (Rwanda &amp; Burundi)</td>
<td>English &amp; Kiswahili</td>
</tr>
<tr>
<td>Total GDP</td>
<td>USD 157.88 billion (2016)</td>
<td>USD 70.53 Billion (2016)</td>
</tr>
<tr>
<td>Av. GDP per capita</td>
<td>USD 974 (2015)</td>
<td>USD 1,455 (2016)</td>
</tr>
<tr>
<td>Av. Annual GDP growth</td>
<td>6.1% (2016)</td>
<td>5.8% (2016)</td>
</tr>
<tr>
<td>Total exports volume</td>
<td>USD 11 billion</td>
<td>USD 5.78 Billion (2016)</td>
</tr>
<tr>
<td>Total imports volume</td>
<td>USD 26 billion</td>
<td>USD 15.3 Billion (2016)</td>
</tr>
<tr>
<td>Total investment flow</td>
<td>USD 1.7 billion</td>
<td>USD 259 Million</td>
</tr>
</tbody>
</table>
Kenya’s International Trade
Value of Exports and Imports by destination (2016)

### Europe

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>European Union</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>43,492</td>
<td>16,510</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>37,581</td>
<td>33,487</td>
</tr>
<tr>
<td>Germany</td>
<td>11,864</td>
<td>43,353</td>
</tr>
<tr>
<td>France</td>
<td>6,412</td>
<td>21,534</td>
</tr>
<tr>
<td>Belgium</td>
<td>5,395</td>
<td>13,496</td>
</tr>
<tr>
<td>Sweden</td>
<td>3,066</td>
<td>5,844</td>
</tr>
<tr>
<td>Italy</td>
<td>3,733</td>
<td>23,738</td>
</tr>
<tr>
<td>Spain</td>
<td>2,302</td>
<td>11,023</td>
</tr>
<tr>
<td>Finland</td>
<td>1,412</td>
<td>3,339</td>
</tr>
<tr>
<td>Poland</td>
<td>1,804</td>
<td>6,020</td>
</tr>
<tr>
<td>Other</td>
<td>4,205</td>
<td>12,157</td>
</tr>
<tr>
<td><strong>Total European Union</strong></td>
<td><strong>121,266</strong></td>
<td><strong>190,501</strong></td>
</tr>
</tbody>
</table>
## Kenya’s International Trade

### Value of Exports and Imports by destination (2016) cont..

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>East Africa Community (EAC)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>62,163</td>
<td>19,276</td>
</tr>
<tr>
<td>Tanzania</td>
<td>34,797</td>
<td>12,806</td>
</tr>
<tr>
<td>Rwanda</td>
<td>17,500</td>
<td>775</td>
</tr>
<tr>
<td>Burundi</td>
<td>7,242</td>
<td>-</td>
</tr>
<tr>
<td><strong>Rest of Africa</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>4,149</td>
<td>49,857</td>
</tr>
<tr>
<td>Egypt</td>
<td>20,619</td>
<td>-</td>
</tr>
<tr>
<td>Somalia</td>
<td>17,932</td>
<td>-</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>8,053</td>
<td></td>
</tr>
<tr>
<td>Sudan</td>
<td>5,361</td>
<td>-</td>
</tr>
<tr>
<td>south Sudan</td>
<td>16,326</td>
<td>-</td>
</tr>
<tr>
<td>Democratic Republic of Congo</td>
<td>20,035</td>
<td>-</td>
</tr>
<tr>
<td>Zambia</td>
<td>5,172</td>
<td>4,201</td>
</tr>
<tr>
<td>others</td>
<td>15,325</td>
<td>417,555</td>
</tr>
<tr>
<td><strong>Total Africa</strong></td>
<td>234,674</td>
<td>504,470</td>
</tr>
<tr>
<td>------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>China</td>
<td>10,061</td>
<td>337,450</td>
</tr>
<tr>
<td>India</td>
<td>11,919</td>
<td>205,499</td>
</tr>
<tr>
<td>Pakistani</td>
<td>40,254</td>
<td>18,175</td>
</tr>
<tr>
<td>Japan</td>
<td>4,071</td>
<td>82,409</td>
</tr>
<tr>
<td>Korea republic (South Korea)</td>
<td>1,869</td>
<td>14,211</td>
</tr>
<tr>
<td>Indonesia</td>
<td>934</td>
<td>45,372</td>
</tr>
<tr>
<td>Singapore</td>
<td>357</td>
<td>6,795</td>
</tr>
<tr>
<td>Afghanstani</td>
<td>10,686</td>
<td>-</td>
</tr>
<tr>
<td>Thailand</td>
<td>1,727</td>
<td>12,059</td>
</tr>
<tr>
<td>Other</td>
<td>8,132</td>
<td>15,404</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90,010</strong></td>
<td><strong>737,374</strong></td>
</tr>
</tbody>
</table>
Kenya’s International Trade
Value of Total Exports 2012-2016 by Destination cont..

America

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>43,354</td>
<td>47,819</td>
</tr>
<tr>
<td>Canada</td>
<td>5,729</td>
<td>7,807</td>
</tr>
<tr>
<td>Brazil</td>
<td>-</td>
<td>4,370</td>
</tr>
<tr>
<td>other</td>
<td>3,808</td>
<td>5,195</td>
</tr>
<tr>
<td><strong>Total America</strong></td>
<td><strong>52,891</strong></td>
<td><strong>65,191</strong></td>
</tr>
</tbody>
</table>

- Africa Remains the top destination for Kenya’s Exports accounting for 40.6% of the exports in 2016
## Kenya's Trade with EU

<table>
<thead>
<tr>
<th>year</th>
<th>Exports million Euros</th>
<th>Imports Million Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,234</td>
<td>1,864</td>
</tr>
<tr>
<td>2013</td>
<td>1,140</td>
<td>1,846</td>
</tr>
<tr>
<td>2014</td>
<td>1,800</td>
<td>1,200</td>
</tr>
<tr>
<td>2015</td>
<td>2,200</td>
<td>1,300</td>
</tr>
<tr>
<td>2016</td>
<td>1,900</td>
<td>1,300</td>
</tr>
</tbody>
</table>
### Kenya’s Trade with Belgium

#### Key exports
- Coffee and coffee substitute, Vegetables, non-ferrous base metal waste and scrap
- Fruits, Tobacco, unmanufactured; tobacco refuse, Fruit and nuts (not including oil nuts), fresh or dried, Crude vegetable materials, Baby carriages, toys, games and sporting goods

#### Key imports
- Medicinal and pharmaceutical products, Civil engineering and contractors' plant and equipment, Edible products and preparations, Metal containers for storage or transport, Flat-rolled products, of iron or non-alloy steel, Telecommunications equipment, Petroleum oils and oils obtained from bituminous minerals, Ferrous waste and scrap.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Exports Mil Euros</th>
<th>Imports Mil Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>48.64</td>
<td>147.7</td>
</tr>
<tr>
<td>2013</td>
<td>54.12</td>
<td>130.5</td>
</tr>
<tr>
<td>2014</td>
<td>45.58</td>
<td>126.2</td>
</tr>
<tr>
<td>2015</td>
<td>43.74</td>
<td>146.23</td>
</tr>
<tr>
<td>2016</td>
<td>49.52</td>
<td>146.29</td>
</tr>
</tbody>
</table>
INVESTMENT OPPORTUNITIES IN THE KEY SECTORS OF THE KENYAN ECONOMY
• Kenya is emerging as one of Africa’s key growth centers and is also poised to become one of the fastest-growing economies in East Africa,
• This is supported by lower energy costs, investment in infrastructure, agriculture, manufacturing and other industries.
• The most fertile sectors of the economy that are ripe for investment are:
  – Agro-processing,
  – Technology,
  – Infrastructure tourism
  – Manufacturing.
  – The infrastructure opportunity includes transportation, ICT, housing and energy production and grid infrastructure.
“To generate more energy at a lower cost and increase efficiency in energy consumption”

In 2012, the Government announced the discovery of oil in Turkana County. This followed extensive exploratory efforts in areas such as Lamu and Isiolo. The discovery has been described as a major breakthrough that will contribute significantly to the meeting the country's energy requirements.

Opportunities exist in:

- Geothermal power
- Wind power
- Rural Electrification Program
- Photo-Voltaic Solar Assembly facility
- Bio-fuel production

Financing agreements worth over US$870 million have been signed for the 300 MW Lake Turkana Wind Power project, planned for northern Kenya.
To undertake massive infrastructural development to supply the prioritized sectors.

Continued development of physical infrastructure is pivotal to economic growth and lowering business costs.

Opportunities exist in:

- Development of LAPSSET
- Building housing units
- Nairobi Metropolitan Mass
- Rapid Transit Program
- Rapid rail system
- Parking system

<table>
<thead>
<tr>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air transport</td>
</tr>
<tr>
<td>Leading regional airline</td>
</tr>
<tr>
<td>Major air hub for Africa</td>
</tr>
<tr>
<td>ICT</td>
</tr>
<tr>
<td>Major institutional reforms</td>
</tr>
<tr>
<td>Very high GSM coverage</td>
</tr>
<tr>
<td>Ports</td>
</tr>
<tr>
<td>Major regional shipping hub</td>
</tr>
<tr>
<td>Power</td>
</tr>
<tr>
<td>Major institutional reforms</td>
</tr>
<tr>
<td>Cost-recovery pricing</td>
</tr>
<tr>
<td>Railways</td>
</tr>
<tr>
<td>Large efficiency gains by KPLC</td>
</tr>
<tr>
<td>Strategic regional rail corridor</td>
</tr>
<tr>
<td>Roads</td>
</tr>
<tr>
<td>Sound road fund in place</td>
</tr>
<tr>
<td>Urban infrastructure</td>
</tr>
<tr>
<td>Water resources</td>
</tr>
<tr>
<td>Water-resources-management authority in place</td>
</tr>
<tr>
<td>Water and sanitation</td>
</tr>
<tr>
<td>Major institutional reforms</td>
</tr>
</tbody>
</table>
TOURISM

“To be a top 10 haul tourist destination with a high-end, diverse and distinctive visitor experience aimed at increasing contribution to GDP”

Tourism sector currently brings in:
• 1.8 million tourists annually, intend to increase tourists to 3 million,
• 1.2 M USD, intend to increase to 3M USD

Projects /Opportunities:-
• Development of 5 resort cities
• Development of amusement parks
• Business/conference tourism
• Develop health medical tourism
• Agro-tourism
• High end lodges in parks

• Kenya has diverse attractions to offer to its visitors.
• Kenya has 60 National Parks and Reserves all with abundant wildlife.
• The spectacular wildebeest migration that occurs every year in Kenya’s most visited Maasai Mara National Reserve is referred to as the 7th new wonder of the world.
The manufacturing sector has a strategic role in technology and innovation as it is a major channel for diffusion of new technology to other sectors of the economy.

Projects/Opportunities:

- Development of SME parks
- Development of Industrial & technology parks
- Development of Iron and mini steel mills
- Energy provision for manufacturing sector

"To become the prime supplier of basic manufactured goods"
WHY INVEST IN KENYA
Kenyans among top 3 most generous people worldwide

Why Invest in Kenya

A Regional Powerhouse

- The largest and the most advanced East and Central Africa largest
- Strong growth prospects supported by an emerging, urban middle class.
- Strong fundamentals: high returns to investment in most sectors
- Regional integration – strengthening all the times; NTBs being tackled + improving connectivity + preferential market access – AGOA, EPAs, Tripartite FTA
- Macroeconomic stability – stable exchange rate; low inflation; strong growth; sustainable debt level, Financial services hub
- It is the regional headquarters of major companies e.g Google (GOOG), IBM (IBM), Oracle (ORCL), Microsoft (MSFT), SAP (SAP), Coca-Cola (KO), General Electric (GE) and Cisco (CSCO).
The Kenyan Capital Nairobi has grown into East Africa's biggest city.
Strategic Geographical Location ....

...ideal for strategic partnerships

... gateway to the vibrant East African economy and market of 138 million

...Airport is an effective air services hub between Africa, Europe and Asia

...Kenya is the Business Hub of the East & Central Africa
Kenya Moving Forward

Proposed 9 corridors for Mass Rapid Transport Plans

Legend
- Bus Rapid Transit
- Light Rail Transit
- Metro Rail
- Commuter Rail
- Transit Hub
- Transit Terminal
- Transit Interchange
The Lamu Port South Sudan-Ethiopia Transport (LAPSSET)

- Will be the Country's second transport corridor.
- Current one; Mombasa port and Mombasa–Uganda transport corridor that passes through Nairobi and much of the Northern Rift.
- Will act as a gateway, transport and logistics hub to the East African sub-region and the Great Lakes region.
LAPSSET LAUNCH
4.) LAPSSET Oil Pipeline and 5) Refineries

OIL SOURCES
1. South Sudan Oil
2. Kenya Oil
3. Uganda Oil
4. DRC Oil
5. Ethiopia Oil
6. Somalia

Crude oil of Uganda is not considered for this pipeline.

INDUSTRIES EXPECTED TO BE ESTABLISHED
1. Refineries
2. Petrochemical Industries in Lamu and Isiolo
3. Manufacturing Industries along the Corridor
4. Thermal Power Generation
Why Invest in Kenya

Port and 2nd transport corridor

• Host the second largest port in sub-Saharan Africa after Durban handling up to 3.7 million tonnes of cargo per year.

• Transshipment center for the Eastern Africa region.

• Port serves most of the Eastern and Central African landlocked countries, including Burundi, Ethiopia, and parts of Northern Tanzania, Rwanda, Sudan, South Sudan and Uganda.
Air transport

- 4 international airports, 4 domestic airports and several airstrips
- a regional leader in the air sector
- Kenya Airways being one of Africa’s top 3 carriers.
- connectivity to key African, European, Asian and Middle Eastern cities.
- passenger traffic from all the airports amounts to 8 million people per annum.
KENYA AIRWAYS ROUTES

Discover the World of Kenya Airways.
ICT HUB OF THE REGION

- ICT innovations e.g. MPESA first mobile money transfer in the World
- Growing Middle Class and Highly tech Savvy Youth in Africa
- Twitter generation second in Africa
- Nairobi is home to several incubation hubs i.e. Nailab, I-hub IBM research lab.
- National optical fibre network
Why Invest in Kenya

Developed Energy Sector

Recent Developments

• Discovery of Oil in Turkana County
  In 2012, there was discovery of oil in Turkana County which is a major breakthrough contribution to country's energy requirements

- Confirmation of Coal Deposits
  – The confirmation of commercially viable deposits of coal in the Mui Basin, in Mwingi East, Mwingi Central and Mutitu Districts meant that Kenya is set to join the coal mining nations of the world.
  – This discovery of coal is expected to go a long way in filling the energy deficit in the country

- Geothermal Power Development
  Kenya is endowed with vast geothermal potential and is recognized as one of the leading generators of geothermal power in Africa; it is estimated that the country has 7,000 MW – 10,000 MW of geothermal potential and it is currently Africa's largest geothermal producer with 210 MW of capacity
GEOTHERMAL STEAM WELL
Coal is anticipated to provide at least 2,700 MW of the power requirements for Vision 2030.

Coal from Blocks C and D is to support development of the Kitui (Mui) and Lamu 960 MW each power plants being developed by private sector firms.


Procurement of concession of Blocks A and B undergoing.

MOEP has delineated 31 new coal exploration blocks for Gazettement and thereafter licensing to private investors for detailed exploration leading to possible development.

MOEP is currently conducting coal exploration in Isiolo, Meru, Kwale and Kilifi Counties.
Why Invest in Kenya

A well developed financial sector

49 Commercial banks
4 NBFIS
2 Mortgage finance companies
4 Building societies
47 Insurance companies
3 Reinsurance companies
6 Development Finance Institutions (DFIs)

A well developed stock market

- A developed stock market in the Eastern and Central African region
- Market capitalization of about USD 14.7 Billion.
- 4th largest (in terms of Market Capitalization as a percentage of GDP) in Africa.
- Tanzania market capitalization - USD 1.8 Billion
- Uganda market capitalization - USD 7.3 Billion
- Egypt market capitalization - USD 58 Billion
- Nigeria market Capitalization - USD 56.3 Billion
- South Africa market capitalization - USD 612.3 Billion
POLITICAL STABILITY

- Political stability as demonstrated by democracy maturity and respect for the rule of law
What Belgians are doing in Africa

• Pieter Huybrechts and Lobke Vermeulen have a special connection with Uganda and opened a new Belgian ViaVia Guesthouse. ViaVia's are meeting places for world travellers. They are intersections between East and West, North and South. http://viavia.world/en/africa/entebbe and https://traveluganda-viavia.com/

• Building on recent successes in the Region, Deme has been awarded several new contracts in Sub-Saharan Africa with a total value of approximately Euro 125 Million the Company said. https://www.deme-group.com/news/deme-wins-multiple-contracts-africa
MANY MULTINATIONALS increasingly CHOOSING KENYA!
LEGAL FRAMEWORK
Land (Agriculture)

- There are presently no restrictions on the ownership of any non-agricultural properties by foreign citizens or entities, except that foreigners can only have a maximum of 99 years of leasehold interest in such land.

Listed Companies

- Under the Capital Markets (Foreign Investors) Regulations, 2002 (the “Foreign Investor Regulations”) issuers or listed companies must reserve at least 25 percent of their ordinary shares for investment by local investors. Any proportion of the voting shares of an issuer or listed company in excess of the 25 percent (reserved for local investors) will be available for investment by local or foreign investors.
LEGAL AGREEMENTS

- **Double Taxation Agreements** - Kenya has concluded Avoidance of Double Taxation Agreements with; United Arab Emirates, United Kingdom, Germany, India, Canada, Norway, Sweden, Denmark, Zambia, France, South Africa, and is currently negotiating a number of others with various countries including the Kingdom of Belgium.

- Kenya and Belgium held round one negotiations in October 2014.

- The third and possibly final round of meeting of technical negotiators will be held on 13th November 2017 in Brussels.

- **Investment Promotion and Protection Agreements** - Kenya has concluded Investment Promotion and Protection Agreements with France, Finland, Germany, Italy, Netherlands, Switzerland, China, Libya, The Islamic Republic of Iran, Burundi and the United Kingdom, and is currently negotiating similar agreements with various countries.
Guarantees to Investors

DISPUTE SETTLEMENT

• The Constitution of Kenya, 2010
• Companies Act 2015
• The Judicature Act, Chapter 8 of the Laws of Kenya
• The Supreme Court Act, Chapter 9A of the Laws of Kenya
• Investment Disputes Convention Act, Chapter 522 of the Laws of Kenya
• Kenya is a signatory to the 1958, New York Convention. Kenya has adopted the UNCITRAL model of arbitration and has domesticated the convention through the Act
• Arbitration Act, Chapter 49 of the Laws of Kenya
• Foreign Judgments (Reciprocal Enforcement), Chapter 43 of the Laws of Kenya
• The Act sets out enforcement of foreign judgments in Kenya for countries that offer reciprocal enforcement to Kenya. Currently Kenya has reciprocal arrangements with Australia, Malawi, Seychelles, Tanzania, Uganda, Zambia, The United Kingdom and Rwanda
INVESTMENT INCENTIVES
100% to 150% investment allowance depending on location

- Capital goods are zero rated

- Duty exemption and VAT waiver for machinery and equipment

- Export Processing Zones programme (Special Economic Zones):
  - 10-year **Corporate Tax holiday** and 25% tax rate on profits thereafter (except for commercial activities)
  - 10-year **Withholding Tax** holiday
  - **Duty and VAT** exemption on inputs
  - **Stamp Duty** exemption
  - Single license
• Visit www.investmentkenya.com and fill application form
• Register your business at the Registrar of Companies;
• Apply for statutory requirements;
  ❖ Tax PIN /VAT Registration – Visit www.kra.go.ke
  ❖ Register with the National Social Security Fund (NSSF)
  ❖ Register with the National Hospital Insurance Fund (NHIF)
  ❖ Acquire a single business permit from the relevant Local Authority
• Submit application form with copies of Certificate of incorporation, registration or certificate of compliance and Memorandum & Article of Association to Keninvest;
• Issuance of the Investment Certificate from Keninvest upon conforming to Health, Environment and Security requirements.
• The Government legislations
www.kenyalaw.org

• National priority list of Projects
www.investmentkenya.com
Kenya is a Beautiful Country to Work & Live in
Kenya is a Beautiful Country to Work and Live in
Thank You Karibu Kenya
Thank You Karibu Kenya
Brics Summit 2017

- In a recent Brics summit held in China on 4\textsuperscript{th} September 2017, Kenya was invited as a guest among 4 other countries (Egypt, Tajikistan, Mexico and Thailand)

- Kenya will be applying to join BRICS as the Sixth Member and will be promoting change of the nomenclature to BRIC(K)S.
Contacts

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THANK YOU